



NARODOWY
BANK POLSKI

Hryvnia Exchange Scheme for Ukrainian refugees – a unique case study of central bank cooperation

Barbara Jaroszek

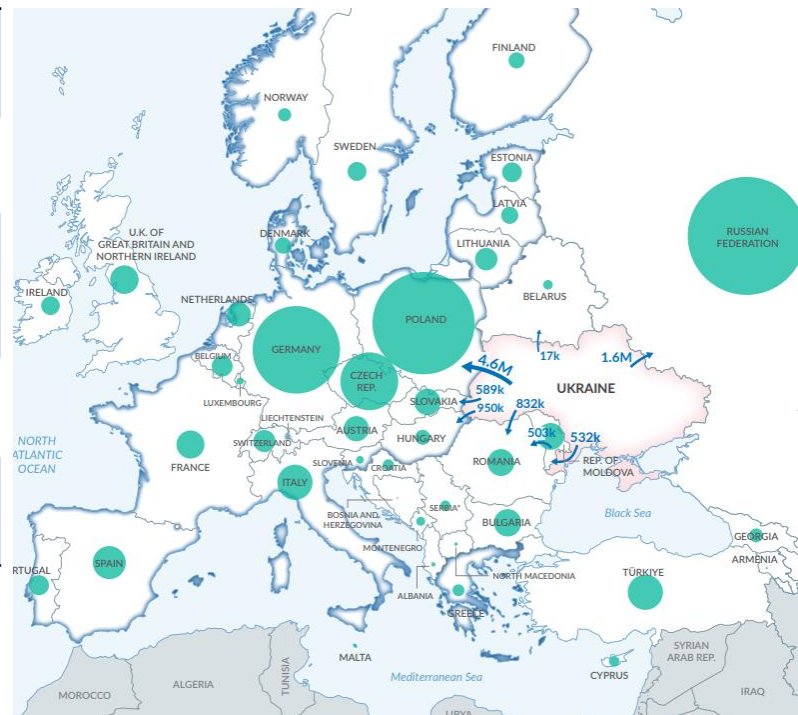
Cash and Issue Department

World Banknote Summit 2023, Antwerp, 20-22 February 2023



Key facts

Population	Poland 38 M Ukraine 44 M
Length of the Polish-Ukrainian border	535 km
Individual refugees recorded at the Polish border (since 24 th Feb 2022)	9.27 M
Back movement to Ukraine (since 24 th Feb 2022)	7.44 M
PESEL identification number – number of applications from Ukrainian refugees	1.5 M



Source:

* Polish Border Guard, 19th Jan 2023,

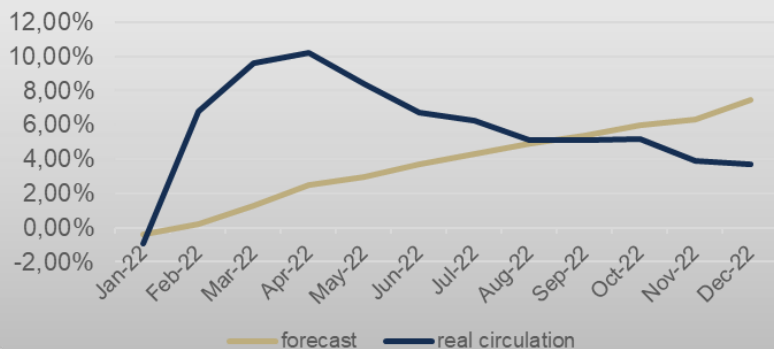
** Social Insurance Fund, 4th Jan 2023

*** UN Refugee Agency (UNHCR)

Was Poland prepared to help refugees from Ukraine ?

- For the first time in history Poland accepted 1.5 million refugees within a few days
- Poles invited refugees to their homes – no refugee camps were organised in Poland
- Shock increase in demand for cash in Poland

Increase in the value of cash in circulation



17 times more cash withdrawn from NBP during the peak demand days than the daily average in 2021

In 8 days the equivalent of the whole 1st quarter of 2021 of cash was paid out

14 months of stock was paid out within the first month of the war

How did the war change the financial situation of Ukrainian refugees?

UAH/PLN exchange rate in exchange offices plummeted
10-fold in one day



enable the refugees to exchange hryvnia in Poland at the UAH/PLN
fair exchange rate guaranteed by the National Bank of Ukraine

The UAH exchange scheme was not meant as a financial aid.

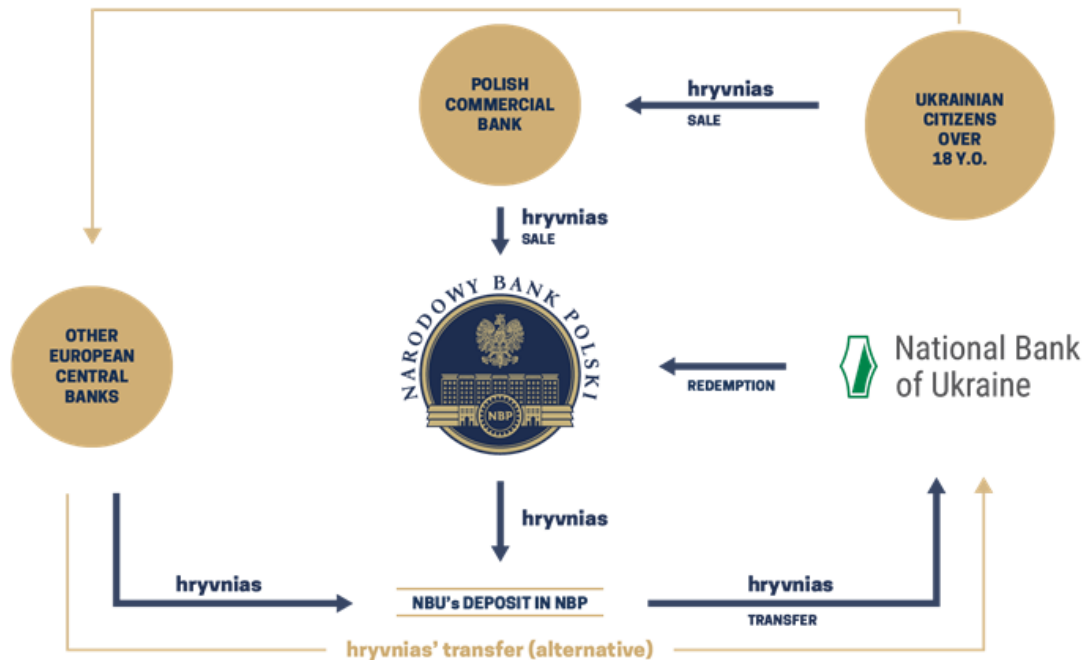
The challenges for NBP and NBU after the outbreak of war in Ukraine

ACT NOW!


- cooperation rules between the NBP and the NBU
- find a commercial partner for distribution
- organise processes: repurchase, sorting & authenticity checking, storage
- provide training
- legal and procedural risks
- stabilise the UAH/PLN exchange rate

start of the exchange scheme 30 days after the outbreak of war

How did we do it ?



Who could participate?



all citizens of Ukraine over 18 years old were entitled to exchange hryvnia



they had to prove their identity by presenting either: Ukrainian ID card in plastic form (internal passport), Ukrainian foreign passport or Polish PESEL certificate



one person could exchange up to the total limit of: UAH 10,000 (approx. EUR 290)

The same exchange rate applied between the NBU & NBP as well as NBP & the commercial partner

- duration: initially 3 months, starting from March 25, extended till September 09, 2022
- maximum total value to be exchanged: UAH 10 billion (approx. EUR 290 M)
- only banknotes with face value: UAH 100, 200, 500 & 1000
- exchange rate communicated weekly by the NBU to NBP
- no fees were charged



1 UAH =
0.14 PLN



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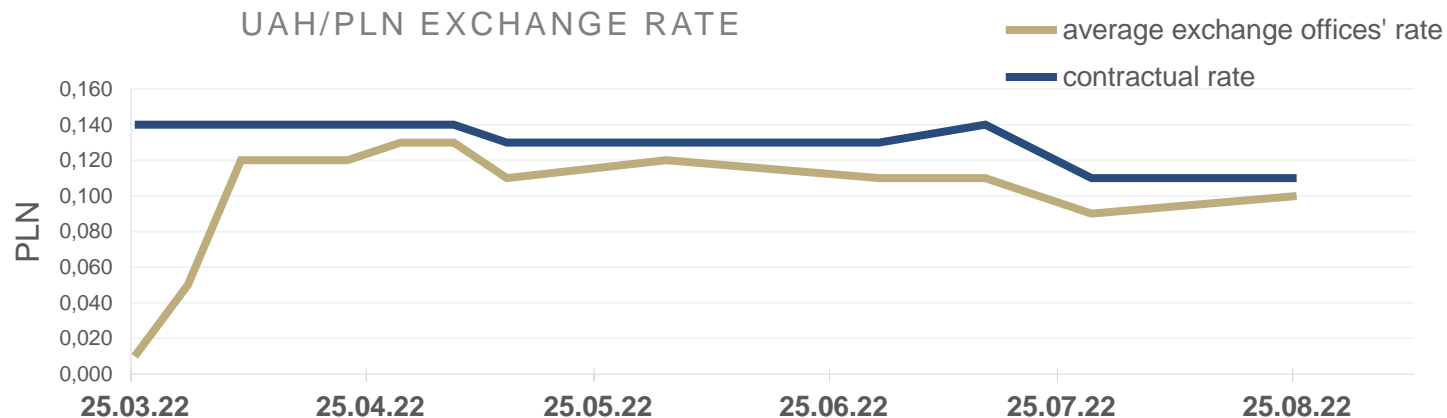


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National Bank
of Ukraine

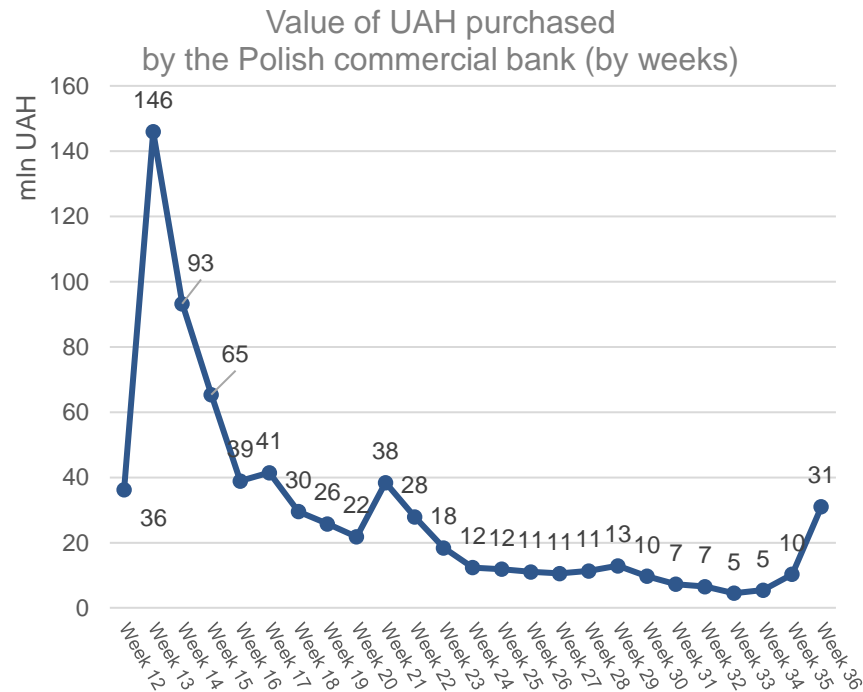
Stabilization of the exchange rate



The exchange rate was fixed by the NBU & communicated to the NBP on a weekly basis

Statistics of UAH / PLN exchange programme via the commercial bank

Value of purchased banknotes	UAH 728 M
Number of transactions	102.8 k
Average value of transaction	UAH 7,084
Used purchase limit	7% (of UAH 10 billion)



Unique proof of cooperation

- Smooth cooperation between the NBP and the NBU
- Neither technical, nor legal problems occurred
- All settlements were carried out exemplarily
- No counterfeits, no heavily damaged UAH banknotes detected by NBP
- Exchange Agreement between the NBP & the NBU served as a model draft agreement for other NCBs
- NBP acts as logistic hub for storage and future transfer of UAH banknotes exchanged in other countries



All this has been achieved in war time



**Although central banks do not serve private customers,
they do serve the public good.**



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