



NARODOWY
BANK POLSKI

Immersion session: Narodowy Bank Polski's experience in crisis management – a look behind the scenes

Barbara Jaroszek

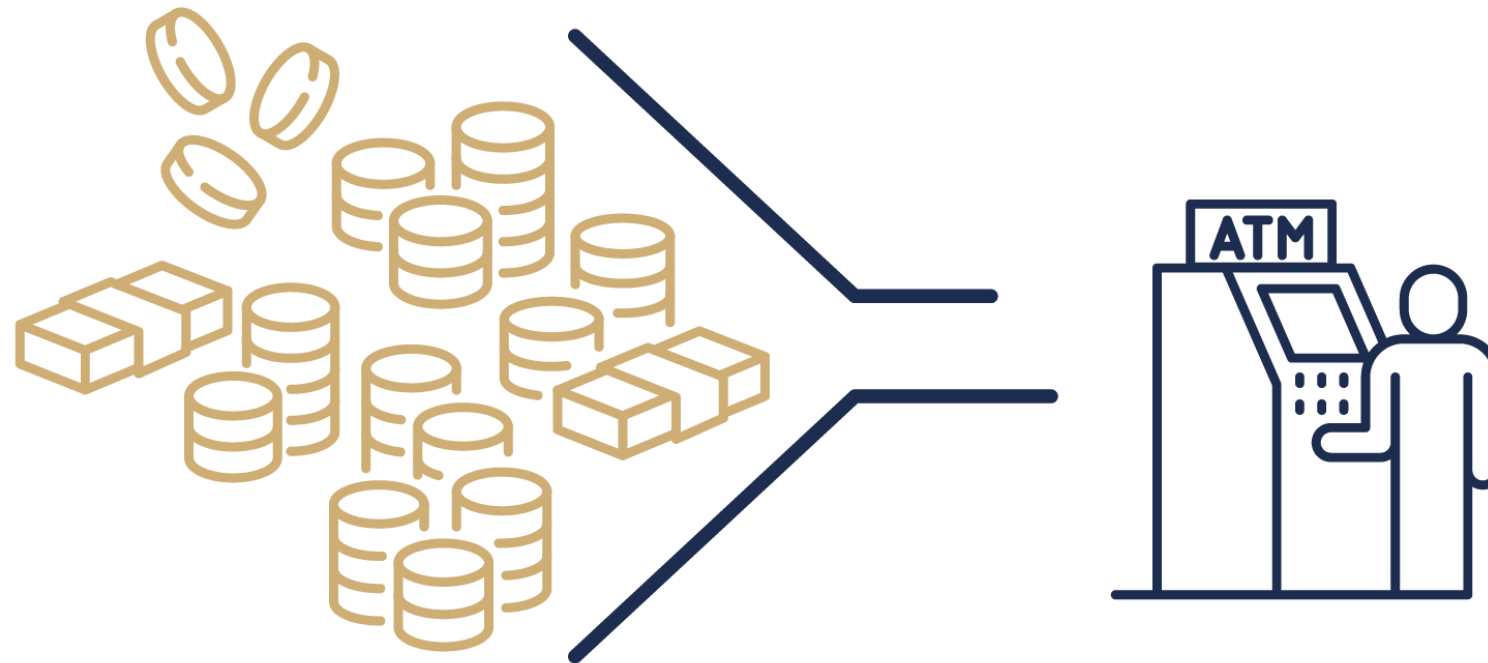
Cash and Issue Department

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



Where is my money?

Cash is a measure of the public mood in times of crisis



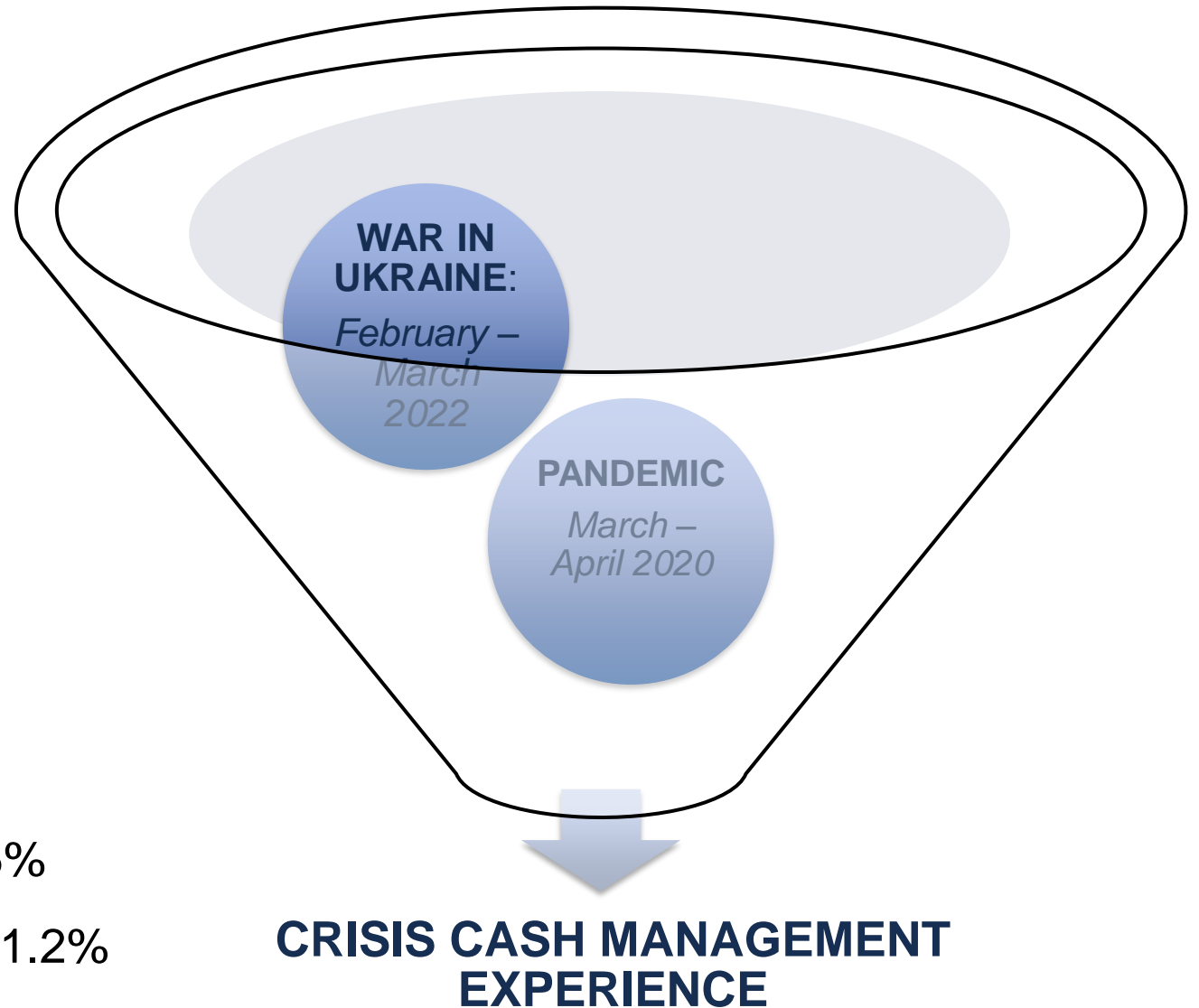
Where were we?

After the first phase of COVID-19:

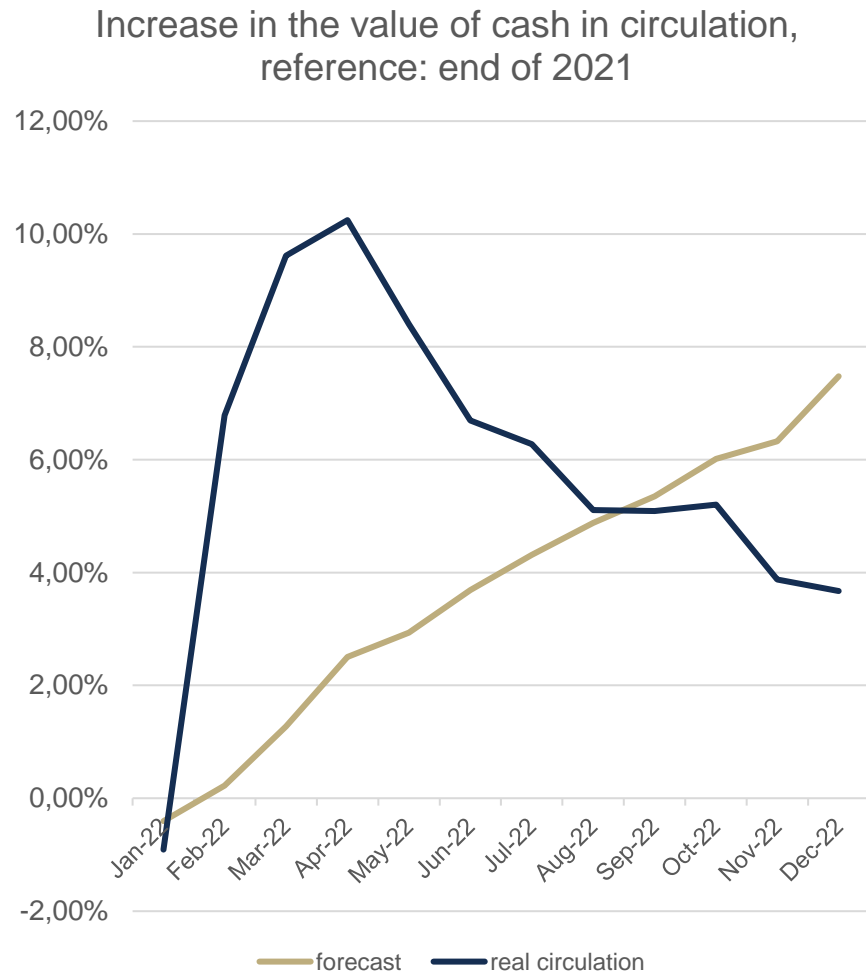
- Rebuilding cash stocks
- Increased presence of second highest banknote in ATMs
- Increase of CIC in 2020: approx. 35%

At the beginning of the war:

- COVID-19 still present
- Forecast of value of CIC for 2022: +9.5%
- Peak CIC value on March 13, 2022: +11.2%



Forecast vs. demand shock, war crisis 2022



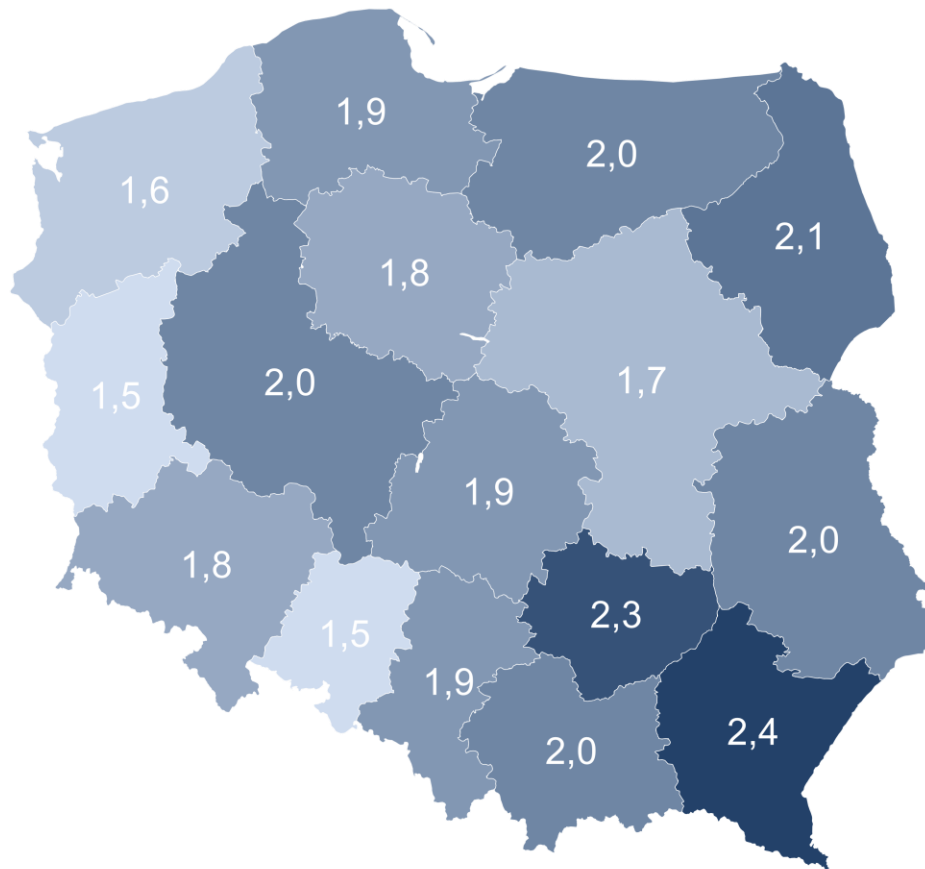
17 times more cash withdrawn from NBP during the peak demand days than the daily average in 2021

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

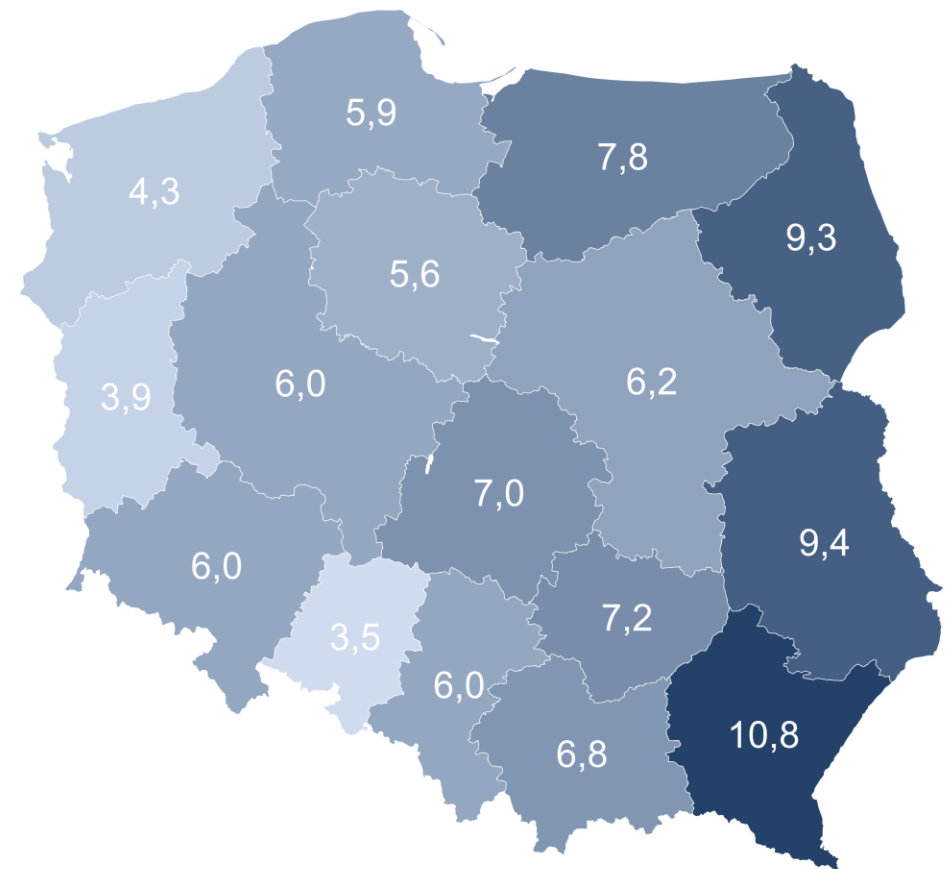
14 months of stock was paid out within the first month of the war

Cash withdrawals from NBP – unstable vs. stable times (daily multiplication)

Beginning of pandemic in Poland (March – April 2020)
average of 43 business days vs. daily average of 2019

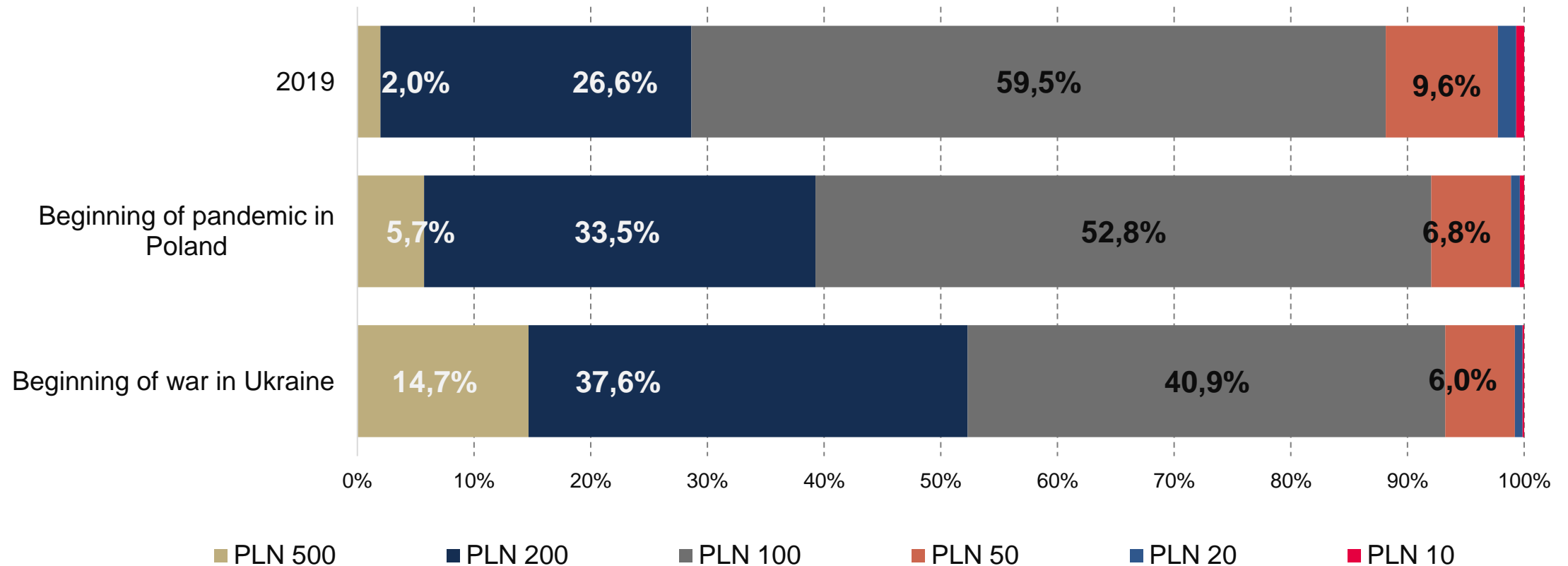


Beginning of war in Ukraine (24.02-7.03.2022)
average of 8 business days vs. daily average of 2019



Cash withdrawals from the NBP – denomination structure in stable and unstable times

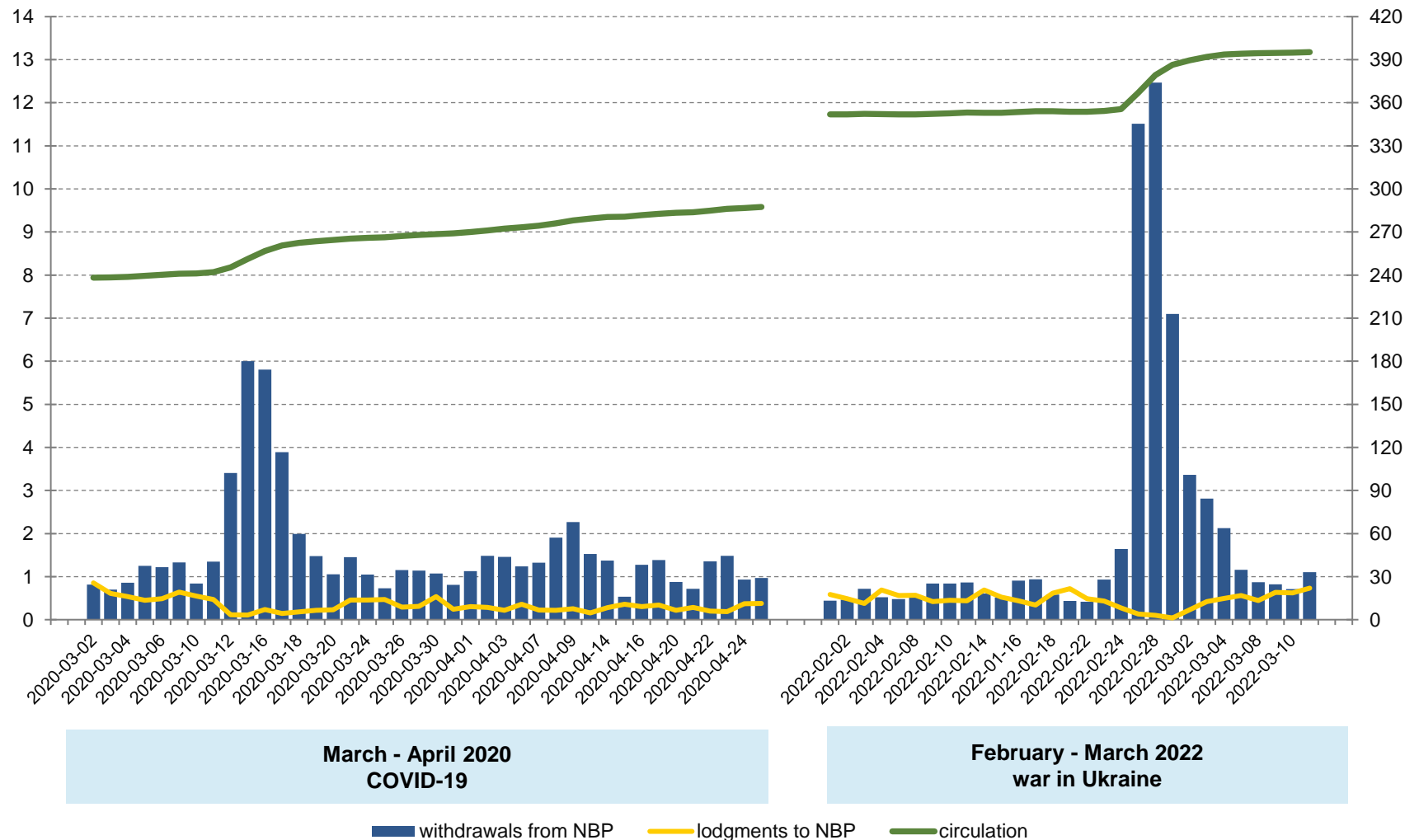
Denomination structure by value of banknotes



Every crisis is different - Covid in 2020 vs. war 2022

duration
43 vs 8
operational days

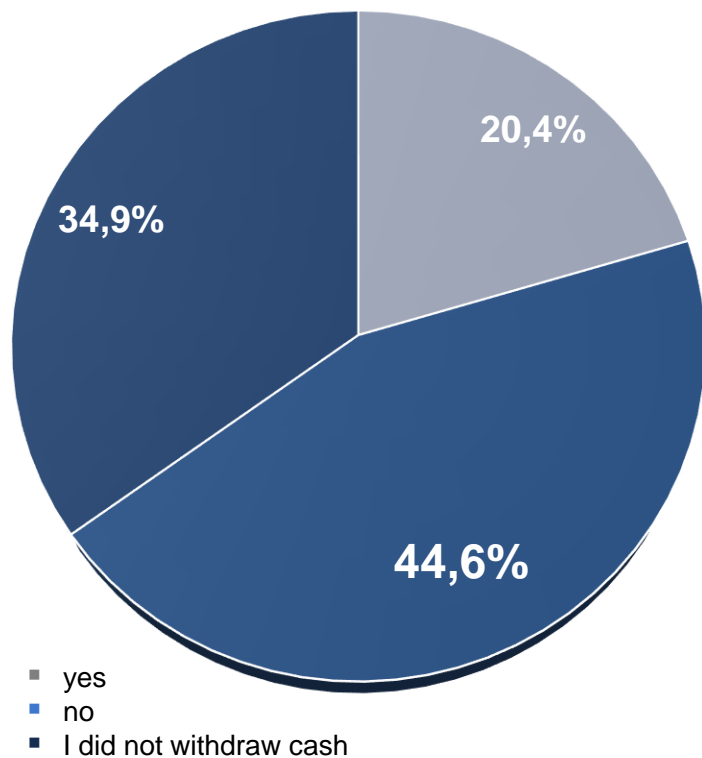
cash return to NBP after the crisis period
low vs high



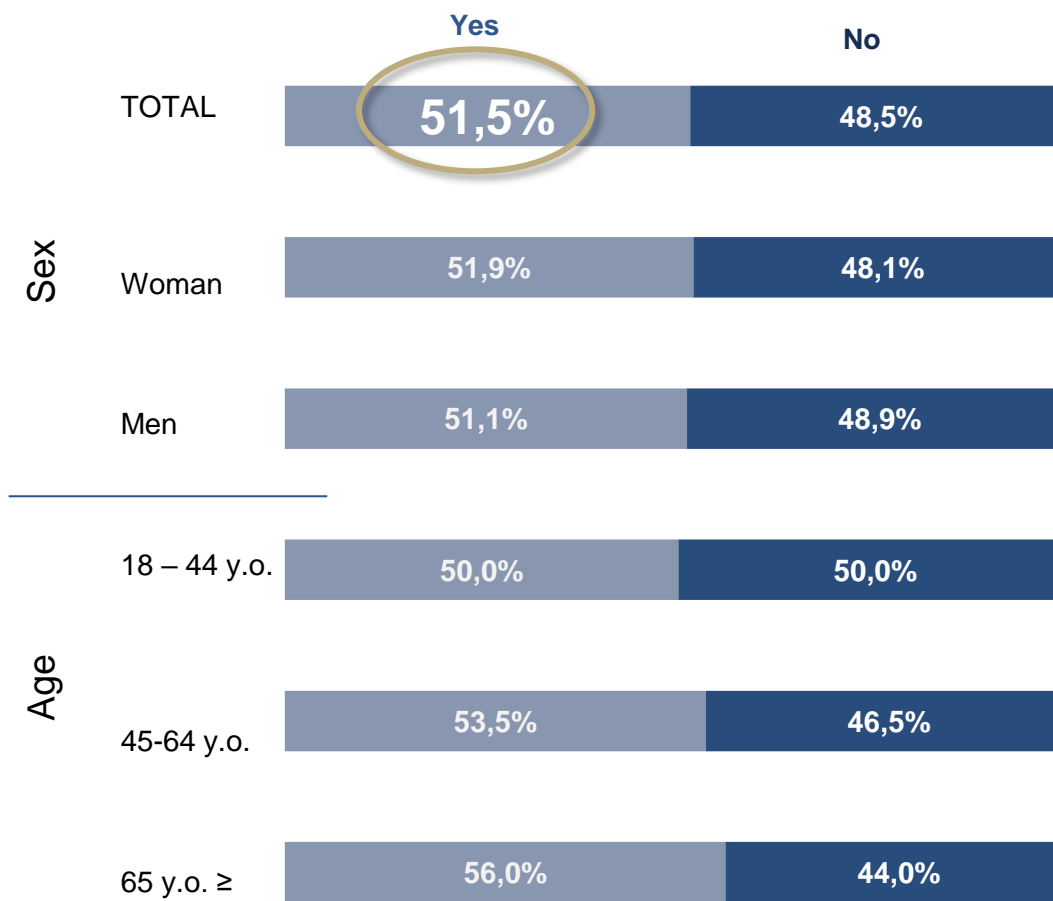
EUR 1 → PLN 4.75

Access to cash (public poll)

Problems with cash withdrawal due to the war in Ukraine in Feb/March 2022 (increased demand)?



If you usually pay cashless, did you withdraw cash after the beginning of the war in Ukraine?



War crisis - up to 40% ATM-s in Poland empty

- Providing ATMs with high denominations by banks and CITs (over 21,000 ATMs operating in Poland)
- Availability of CIT staff
- Necessity to involve the means of transportation provided by NBP in order to fulfil the delivery schedule of currency
- Long queues at petrol stations
- Changes within the organisation of transportation at the border regions
- Implementation and performance of the exchange of hryvnia scheme (in the case of the war in Ukraine crisis)



**During both crises NBP supplied cash to banks
and Polish Post in an uninterrupted way**

Operational

- Banknote manufacturers
- Replenishment of Central Bank's cash deposits held at credit institutions/ depositaries
- Cash stock management within Central Bank
- Banks' orders structure
- Strategic stock
- Transports
- Organisational changes in Central Bank

Communication

- Communication with the public
- Communication with professional market participants and regulators
- Cashless payments

Legislation

- Legal changes
- Contracts with banks/ credit institutions
- Cash withdrawal limits

Long – term
Short – term

How to meet the challenges



Currency manufacturers

- Excluding suppliers of components who are business related to the Russian Federation
- Adjustment of the order schedule placed at the manufacturer
- Mandatory reserves of the components
- Reserve production locations

Behind the scenes



Communication & cooperation



Logistics



Emergency plans

- Cash Circulation Council
- National Strategy for Cash Circulation Security
- Be available for all shareholders on a daily basis

- Be involved for logistics to work
- Transport efficiency
- Ongoing monitoring of the withdrawals and transports
- Transports provided by NBP in most needed cases

- Using other sources of money
- Understand the market
- Recommendations for business continuity at all stages of cash supply chain

Lessons learnt

- Access to cash gains in importance in times of crisis
- Cash is a measure of public mood in times of crisis
- Central Banks, not commercial banks, will be ultimately held responsible for providing cash to the public
- Great importance of providing high denomination banknotes - rising demand due to precautionary reasons

To be warned means to be prepared



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