Institutional aspects of a co-ordination between public debt management and monetary policy

Kamilla Marchewka-Bartkowiak

Co-ordination of public debt management and monetary policy is a highly important issue. It enables more and more independent agencies for debt management and central banks as well as governments to implement new and developed strategies. In addition, it renders the state's financial policy more transparent and credible.

With the functional and institutional separation of the types of policy, strategies or operations of one institution cannot be directly influenced by or subordinated to any other. Hence, co-ordination boils down to consultation and information.

The analysis confirms, that a number of countries have already implemented the idea of establishing co-ordination groups or committees operating as official institutions and working groups. The Institutional form of coordination of both types of policy is also more and more extensively imposed on independent institutions managing public debt worldwide.

Mutual relations between various interest rates in Poland and certain other countries

Leszek Jerzy Jasiński

The paper compares various interest rates valid in the nineties and at the beginning of the present decade in Poland and in certain European and non-European countries: the Euro Zone countries, Switzerland, The Czech Republic, Slovakia, Hungary, the Baltic countries, the USA, Japan, South Korea, South Africa and others. The subject of the analysis is the interest rates set by a central bank and this effective on a financial market, namely the main interest rate set by a central bank, the main interest rate of a monetary market, deposit rate and credit rate. The paper was to determine the degree of similarity between the Polish finance market and finance markets in other countries – both these with well-established markets and those where the markets had developed at the same time as that in Poland. A huge amount of statistical data fed into conclusions.

The research showed considerable similarity between interest rates in Poland and in other countries. The final conclusions were based on annual data. Had a shorter period been analysed, the conclusions would not always have been the same. Yet, contrary to the popular opinion, in the long-term, Poland's situation in this respect has not been much different from that of other countries, not even from those where better efficiency in monetary policy might have been expected.

The European banking system profile – institutional and legal aspects. The legal system and the organization of the finance market in the european union

Piotr Zapadka & Sławomir Niemierka

This paper presents the basic principles governing the EU legal system, and specially its finance market.

The Polish law must comply with the EU regulations in line with Poland's international obligations, stemming from the provisions of the

Europe Agreement of 16th December 1991. This Act established an association between the European Communities and their Member States, of the one part, and the Republic of Poland, of the other part and began the process of Poland's integration with the EU structures.

Since the European Union does not enjoy an international status and is a *sui generis* subject of international law, the legal regulations of the EU (thanks to the European Communities functioning within its framework) have only an international dimension and lack the "internal" one. This leads to a duality of the legal regimes, i.e. to the existence of parallel regulations – at EU and domestic levels. Bearing the above in mind, it may be said that the basic feature of the EU legal system is the duality of legal regimes:

- EU regulations of supra-national nature are created in a legal process based on co-operation of all Member States of the EU, which are at the same time members of the European Community. These regulations take precedence over domestic legal systems within individual Member States;

- the domestic law of the individual EU Member States, whose regulations should be in accordance with the European Union law.

The *Treaties* were discussed as an example of the first category. These are the fundamental legal acts of the EU and contain basic comprehensive guidelines reflecting the economic and social policies of the EU. Next comes the characteristics of *Directives*. They contain recommendations to be implemented in domestic legal systems of the Member States. Domestic legal systems have been committed to modify their regulations, both those already in force as well as those to take effect, in line with the recommendations of the Directives to achieve the "minimum harmonisation level". As an effect, the regulations adopted in each Member States are uniform to the extent determined in the Directives.

The duality of regimes described in the article refers also to the EU financial market. Entities active on this market have to act in accordance with comprehensive regulations contained in the Treaties, with the legal framework determined in the Directives and with the domestic regulations which should be in accordance with European Union Law.

The evaluation of private capital involvement into infrastructure projects on base of selected case studies

Krystyna Brzozowska

The paper presents the analysis of 5 case studies of infrastructure projects, which have been executed upon concession contracts between governments and private investors and financed according to project finance rules. Projects have been evaluated in frame of risks allocation, SWOT and scoring analysis.

The results confirm the dichotomy between aims of governments and private capital activity. The governments are keen on provision of public services to community, and private sector is interested on efficient rate of return. To overcome such dichotomy the close co-operation between contract sides is needed, like as an implementation of regulation instruments like as legal, administrative, control and economic provisions. The success of private infrastructure project depends also on stable and transparent government police on infrastructure development.

A fallacity of removing regulations concerning contracts of bank accounts (Articles 725 – 733) from the Polish Civil Coole and inserting them into the banking law act

Ryszard Tollik

During the work on amendments to the Banking Law Act, there has been a proposal to remove regulations concerning contracts of bank accounts (Book Three, Title XX, Articles 725 – 733) from the Polish Civil Code and transfer them to Chapter Three of the Banking Law Act, apparently to facilitate the accurate interpretation of the regulations on bank accounts and promote better understanding of these regulations among clients and banks. This issue is of great importance for the legal system – both for banking legislation and for the civil law. The paper denounces this idea as erroneous and detrimental if implemented.

1. The issue of transferring regulations on contracts of bank accounts from the Civil Code to the Banking Law Act has never been raised in any legal study on civil and banking law. Off-hand and haphazard changes in this respect are unnecessary.

2. Poland introduced the contracting of bank accounts into the Polish Civil Code in 1964 as a second country in the world after Italy (1942). There is no need to withdraw from this legislative achievement.

3. A number of works praise these regulations, their flexibility and applicability, despite changes that have taken place in bank account systems.

4. The context of the civil code facilitates, rather than hampers their accurate interpretation in accordance with the civil law.

5. Difficulties in interpretation of the regulations on bank accounts so far have not referred to the regulations of the Civil Code, but to those included in the Banking Law Act.

6. The division of the regulations on bank accounts between the Civil Code and the Banking Law Act creates no difficulty in the understanding and the interpretation of these regulations.

7. The removal of the regulations concerning bank accounts from the Civil Code is inconsistent with a general tendency to strengthen the Code as a basic source of civil law. Since 1989, the Code has been constantly supplemented and its regulations modified in a very considered manner. Not so much as one type of contract has been removed from the Code.

If the bank account regulations remain part of the Civil Code, their future modification will remain possible. Such modifications should concern regulations whose interpretations have already been well established.

The influence of banking supervision on the banking sector in the light of the latest research

Krzysztof Zalega

The theory that economy is a financial system consisting of communicating entities implies that economic stability and growth are largely dependant on the mitigation of the risk of loss in the institutions financing business activities. The state's supervision over banking activities (banking supervision) shall primarily maintain the stability and reliability of the banking system by assuring its secure and sensible operation. A key element in the banking supervision is its effectiveness. This is understood, in general, as achieving the basic aims set out for banking supervision. The effectiveness of banking supervision is the product of various factors. The legal framework under which the economic system has to operate is of primary importance here. From the organisational and technical point of view, prerequisites for effective state supervision of the banking system have been formulated by the Basel Committee on Banking Supervision. Also, the organisational structure of banking supervision, and its connections with central banks in particular is considered to be an important factor, influencing the effectiveness of State supervision of the banking sector.

Research on banking supervision is conducted mostly from the perspective of its system and regulations. Banks and their environment form a system consisting of markets, markets' participants, relations between them and the legal framework

defining the nature of these relations. Regulations also determine the scope of banking supervision; relations between the parties to the supervision process; available supervision tools, rights and responsibilities of the parties. The prerogatives and the extent of the state's supervision of banking system depend on the economic system, specially on its nature - defined in terms of the extent of its liberalization, of state intervention or of its development level and regulations. The analysis of the banking supervision's influence on the banking sector, from the perspective of its system and regulations, focuses on: public ownership in the banking sector; the powers of banking supervision officers; including the power to issue licenses and to limit the scope of the banks' activities as well as their freedom to enter markets; safety measures and finally; possibilities and incentives for a market-based supervision of banks.

What is the influence of the regulating and supervisory activities upon the stability, performance and development of the banking sector? What kind of mechanisms for the banking supervision better serve the development and stability of banks – market-based or administrative ones? Does direct state interference, whether through state ownership or regulations, facilitate the competitiveness and development of the banking sector? Is formal banking supervision, particularly its broad (in terms of powers) and restrictive nature, an effective state mechanism, to its interference in the development and stability of the banking system? The paper also discusses the effectiveness of the safety and security regulations. Can the capital requirements be an effective tool, leading to sensible bank management? Can more restrictive safety and security measures, particularly those concerning capital requirements, have a positive influence on the banking sector's performance?

The debate is still going on about those issues. The outcome of various research projects which have been undertaken within the last few years, and which are discussed in this article, is a source of new arguments referring to controversial issues, opinions and theories.

Basel Committee on Banking Supervision and its influence on the world banking supervision

Mariusz Koterwas

The paper presents the Basel Committee on Banking Supervision. The Committee consists of representatives of central banks and institutions responsible for banking supervision. It was founded in 1974 in response to the crisis in the early seventies and to the growth of international banking which brought forth new kinds of risks to the stability and security of the banking systems. Preventive measures employed in individual countries failed in the case of banks operating internationally. Another destabilising factor was the absence of uniform regulations on banking activities in various countries. Hence, the need appeared to create a supra-national institution which would standardise supervision and harmonise the rules and regulations. The Basel Committee first met in 1975. In the context of the changing banking business, the Committee proved to be a highly professional and effective body. It has been operating ever since, gaining influence year by year.

The Basel Committee is in on-going liaison with the supervisory institutions of its member and co-operating countries. Endowed with no legislative power, it can only issue recommendations and suggestions. The Committee shall primarily secure supervision adequate and proportional to the risks carried in some banking activities, and the extension of this supervision over all banking transactions.

Over thirty years, the Committee has issued a number of recommendations facilitating the business of the banking system and increasing its security and safety. All of them are presented in the article. They have been implemented in many countries, due to the Committee's strong and influential position, and to the co-operation of the member countries.

Not only has the Basel Committee recommended, but has also developed co-operation among various international institutions: those connected with supervision, but also those active on the share market or those setting standards in accounting. This is also discussed in the article. This co-operation has produced numerous other recommendations which have been successfully implemented.

The paper also expands on capital adequacy and the principles of effective supervision; factors that considerably affect the business of banks as well as the supervision over the banking sector.

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Changes in the income structure of Polish households in the Years 1993–2001

Maria Jerzak

The census of 2002 confirmed the substantial social and economic changes which had taken place in Poland in period between the census of 1988 and that of 2002. The demographic structure of Polish society changed then, as did the structure of the households and their sources of income. Criteria for examining family budgets which have been used to date no longer reflect the actual situation. The data concerning households, published by the Central Statistical Office (GUS), can help in determining how the income structure of Polish households was changing in the said period. The paper presents changes in the level and structure of household incomes in connection with Poland's social and economic situation in the period from the beginning of the transformation process until 2001.