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PKO BANK POLSKI AS AN INSTITUTION OF SYSTEMIC IMPORTANCE FOR THE DEVELOPMENT OF THE POLISH ECONOMY

Summary: PKO Bank Polski is the biggest bank in the banking sector in Poland. It owns the major part of Polish banking capital. It dominates in financing households and enterprises of all sectors and participates in the biggest infrastructural projects. The condition and activity of PKO BP greatly influences the national economy, and therefore the economic growth. It is an important institution connected to the financial security of the real and financial spheres in Poland. The comparative analysis of the activity of PKO BP compared to its competitors showed the bank's stable position but also the necessity of changes in order to keep the correct parameters of activity and its position as a leader in the Polish banking market.

Keywords: banking sector, national economy, PKO Bank Polski.

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1. Introduction

Recently the consolidation processes in the Polish banking market have lead to considerations regarding the strong concentration of the banking sector and, consequently, its security. In the global and scientific discussions after the last global financial crisis, we recall the statement, which currently may be referred to our market: "too big to fail" (TBTF). Strong concentrations in the banking sector in developed markets cause justified fears of creating financial institutions which, regarding their scale of impact, will have too great an influence not only on the economy but also the sphere of regulation, and in the case of their financial problems, it will be justified to provide social help in order to save them [Shull 2010]. The influence of "too big banks" on national economies poses a question about the influence of their condition on systemic risk. Exaggerated concerns about systemic risk, sluggishness in closing large failing banks, and seemingly unjustified bailouts can reflect yet another motive–that is, the belief that large financial companies serve

the public interest. In Japan and other Southeast Asian countries where large banks provide a mechanism for the allocation of resources, there is evidence that this motive is important [Stern, Feldman 2004]. The existence of the TBTF problem is now widely accepted by academics, politicians and regulators across the world. In 2009, G20 leaders called on the Financial Stability Board to propose measures to reduce the systemic and moral hazard risks associated with systemically important financial institutions [Siegert, Willison 2015]. A similar position can be found in Polish literature, where banks are treated not only as enterprises, but also institutions of public trust [Owsiak 2002]. A significant number of studies, especially those carried out before the global economic crisis, prove the positive influence of the financial system, mainly the banking sector, on the real sphere [Moshirian 2011]. Consequently, this beneficial relation is reflected in a long-term economic growth [Levine 2004]. A slight scattering of the banking sector activity and its condition have a significant influence on the real sphere of the economy. However, the processes of the concentration on the world's financial markets are more and more common, despite the bankruptcy of one of the world's biggest financial institutions and the social costs paid at the time of the global financial crisis. The motivation of the consolidation processes is, first of all, increasing the effectiveness of activity and competence. The development of technologies, freedom of capital flow or the liberalization of regulations favour the process. Some large banking companies have, in recent years, been defended on the grounds that they operate efficiently, not only to meet the global financial needs of their large corporate customers, but also to help integrate world financial markets and promote economic growth in developing countries [Calomiris 2009]. A Polish example of a strong concentration in the banking sector is the merger of PKO Bank Polski (PKO BP) and Nordea Bank Polska (Nordea), whose combined business positions and results reach over 20% of the national banking market. The author hypothesizes that the performance of PKO Bank Polski is important not only for the stability of the banking sector, but also for the development of the Polish economy. The aim of the article is an analysis of the activity of PKO Bank Polski against the background of the biggest banks in Poland and its meaning in financing the Polish economy in the years 2011-2013. The efficiency and security of PKO BP were the subject of evaluation.

2. A historical outline of PKO Bank Polski

The history of PKO Bank Polski starts with the beginnings of the Second Polish Republic, on 8th February 1919. The Head of State, Józef Piłsudski, issued a decree under which Pocztowa Kasa Oszczędności (PKO) – a forefather of PKO BP, was appointed. It constituted a national institution of monetary turnover under the supervision of the Minister of Post and Telegraphs. The aims of PKO were to promote the idea of saving and accustom society to using banking services. In the 1920s, PKO noted a huge growth in setting up savings books. In 1928 there were about 180

thousand of them and before the outbreak of the Second World War about 3,5 mln – which constituted about 10% of the population of the Second Polish Republic. The assets accumulated by PKO in 1938 were about 800 mln PLN. The significant position of the bank on the Polish market enabled financing national investments and buying up securities issued by the Treasury. The biggest investment financed by PKO was building the port in Gdynia and creating the Central Industrial District.

As a result of the banking reform in 1948, PKO was replaced with Powszechna Kasa Oszczędności (later the acronym PKO), which officially started its activity in 1950. In 1975 Powszechna Kasa Oszczędności was absorbed by NBP in order to be separated again in 1987 as an individual financial institution. The statute of PKO, given to it at that time, stated that "PKO was a savings, credit and foreign currency bank, attending to individuals and corporations or units of the socialized economy, including cooperative housing and units of non-socialized economy".

Since 1992, because of adopting a new statute, PKO has been called the "Universal Commercial Bank". A year later the Bank's Board of Directors was appointed. It functioned on the basis similar to those included in the companies' code of commercial law. In the following period, 13 regional offices were created (in 1994) and a thorough technological modernization was carried out.

At the beginning of 2000, PKO BP was transformed into a single joint-stock company and in 2004 1 billion shares (each worth 1 PLN) were introduced into public trading. The stock exchange debut of PKO BP, because of the scale and 20% increase of the share price, is considered one of the best in the history of the Polish stock exchange.

In 2009 the share capital was increased from 1 to 1,25 billion PLN. Nowadays, PKO Bank Polski is the biggest bank in Poland and Central Europe, having a capital of 51,6 billion PLN[1]. It attends to the needs of individual clients, small and medium-sized enterprises, big corporations and local government units.

On 1st April 2014, PKO Bank Polski took over Nordea Bank Polska (legal merger on 1st September 2014), which should strengthen the position of PKO BP in the Polish banking market.

3. An analysis of the performance of PKO Bank Polski

3.1. PKO Bank Polski against the background of the banking sector

The strong consolidation processes in the Polish banking sector, i.e. the mergers of such banks as WBK, Bank Zachodni and Kredyt Bank as well as Getin Noble Bank and DnB Nord Polska in 2013, and the expected merger of BGŻ and PNB Paribas in 2014 are not able to match the magnitude of action and impact of the biggest bank in Poland – PKO Bank Polski – on the Polish economy. Its market share in many business sectors reaches over 20% in the Polish banking sector (Table 1). The scale

[1] Value according to the Stock Exchange from 27th May 2014.

of the bank's impact on the market increased after the planned merger of PKO BP with Nordea Bank Polska in 2014. After the merger, the combined amounts of bank accounts (24.4%), deposits (17.9%), loans (16.8%) and bank offices (11.1% of all the offices in Poland) will influence the banking services market in a crucial manner.

Table 1. Market share of PKO Bank Polski S.A. in the banking sector

Specification	31.12.2011	31.12.2012	31.12.2013
Loans for:	16.2%	16.1%	16.1%
Individual clients, including:	19.2%	19.0%	19.1%
Mortgage	19.9%	20.0%	20.6%
PLN	30.6%	28.6%	28.4%
Foreign currency	13.2%	12.9%	12.8%
Consumer and others	17.6%	16.6%	15.4%
Institutional entities	13.1%	13.2%	13.1%
Deposits for:	17.8%	16.8%	16.3%
Individual clients	22.3%	21.8%	21.7%
Institutional entities	12.1%	10.2%	9.4%

Source: made on the basis of annual reports of PKO BP and the data of PFSA for the years 2011-2013.

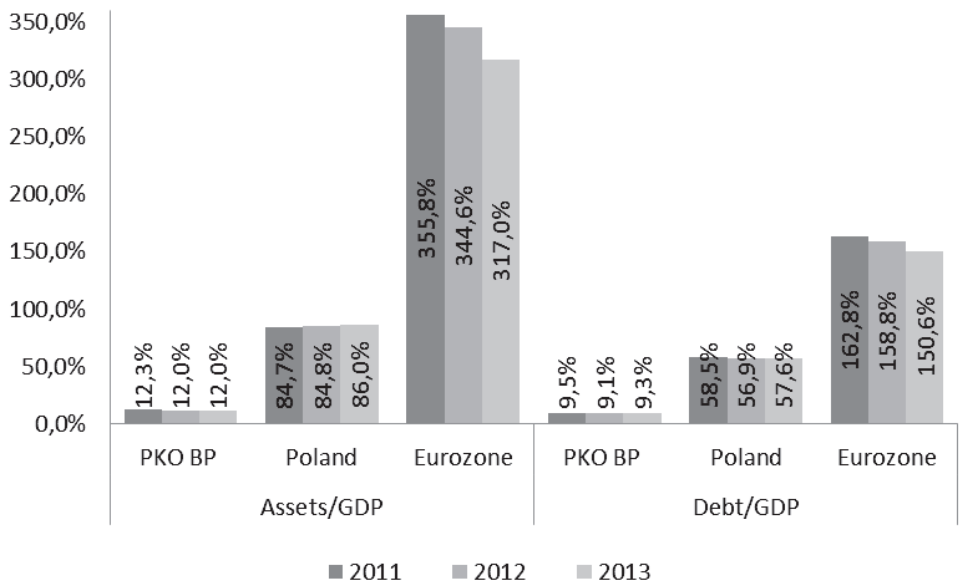

Fig. 1. The assets and debt to GDP ratio in Poland (with PKO BP) and in the Eurozone

Source: made on the basis of annual reports of PKO BP and the data of PFSA and EBC for the years 2011-2013.

The dominant contribution in financing households and enterprises of all sectors, as well as participating in the biggest projects in the country result in the impact of the bank on the condition of national economy and, simultaneously, on the economic growth. The assets to GDP ratio for Poland increased to 86 % (+1.2%) but was still significantly lower than in the Eurozone (317%; −27,6% year on year), see Figure 1. This resulted in a further reduction of the distance between Poland and the Eurozone. Such a situation was influenced by a reduction of the assets to GDP ratio in the Eurozone, being the result of a reduction in the assets of the banking sector with a small increase of GDP. PKO BP kept the assets to GDP ratio at the level of 12%. The total debt to GDP ratio for Poland increased to 57,6 % (+0.7%) in comparison to a reduction in the Eurozone to 150,6 % (−0.9%). This resulted in a reduction of the distance between Poland and the Eurozone. Such a situation was influenced by the stronger increase in the value of total debt than GDP in Poland, in comparison to a reduction of the debt volume and the increase of GDP in the Eurozone. PKO BP noted an increase of the debt to GDP ratio to 9.3%.

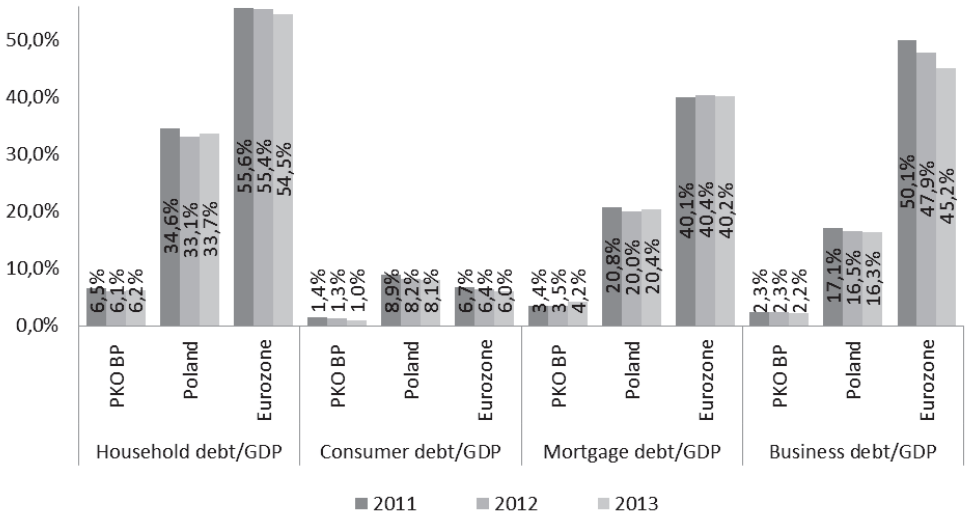

Fig. 2. The debt to GDP ratio in Poland (with PKO BP) and in the Eurozone

Source: made on the basis of annual reports of PKO BP and the data of PFSA and EBC for the years 2011-2013.

The consumer debt to GDP ratio for the Polish banking sector is higher than in the Eurozone (8.1% to 6.0%), despite the decrease of 0.4%, see Figure 2. Such a situation was influenced by the weaker than GDP growth of the consumer debt in the Polish banking sector. The mortgage debt to GDP ratio for the Polish banking sector increased to 20.4% (+0.4%). In 2013 in the Eurozone this ratio slightly deteriorated to 40.2 % (−0.2%), at the same time reducing the distance between Poland and the

Eurozone. PKO Bank Polski noted an increase of the mortgage debt to GDP ratio to 4.2 %. The business debt to GDP ratio, despite a slight reduction to 16,3 (−0.13%) for the Polish banking sector is over two times smaller than in the Eurozone, which also noted a reduction of this ratio to 45.2 % (−2.7%). The year 2013 registered a reduction of the distance of the ratio between the Polish banking sector and the Eurozone by 2.5%. PKO BP showed an increase in the business debt to GDP ratio to 2.2 % (+0.1%).

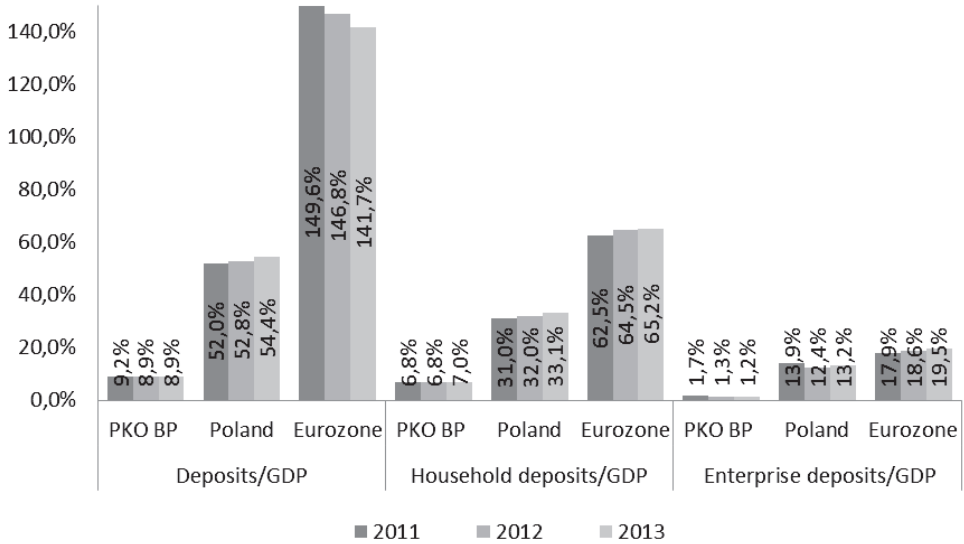

Fig. 3. The deposit to GDP ratio in Poland (with PKO BP) and in the Eurozone

Source: made on the basis of annual reports of PKO BP and the data of PFSA and EBC for the years 2011-2013.

The deposit to GDP ratio in the Polish banking sector in 2013 increased to 54.4 % (+1.6%) in comparison to the decrease in the Eurozone to 141,7% (−5.2%), see Figure 3. The increase of the deposits by about 5.6% in the Polish banking sector in comparison to the decrease in the Eurozone by 2,3% resulted in a reduction of the distance between Poland and the Eurozone. In PKO BP the deposit to GDP ratio was maintained at an unchanged level of 8.9%. The household deposit to GDP ratio increased both in the Polish banking sector and the Eurozone (to 33,1% and 65.2% respectively). We notice a stronger increase of the household deposits in the Polish banking sector than in the Eurozone (6.4% and 2.4% respectively). In PKO BP the ratio increased to 7,0%. The enterprise deposits to GDP increased both in the Polish banking sector and the Eurozone by 0.9% to respectively: 13.2% and 19.5%). Similarly as in households we are observing here a stronger increase of enterprise deposits in the Polish banking sector than in the Eurozone (9.6% and 6.2%

respectively). Against this background, PKO BP noted a slight decrease of this ratio by 1.2%.

3.2. PKO Bank Polski compared to the biggest banks in Poland

In the article, using the comparative analysis, the activity of PKO Bank Polski against the background of seven of the biggest banks in Poland[2] and the whole banking sector in the years 2011-2013 was presented. For comparative purposes, the analysis of PKO BP without and with the merger with Nordea Bank Polska was made. The data used for the analyses are taken from PFSA and the annual reports of the following banks: PKO Bank Polski, Nordea Bank Polska, Pekao S.A., BZ WBK, mBank, ING BSK, Handlowy, Milenium and Getin Noble.

In the analysed period of time, the whole banking sector operated within the same macroeconomic environment, which was characterized by the slow but stable increase of GDP, low inflation and the weakening of the exchange rate of PLN to EUR, USD and CHF. Regulative solutions, such as lowering the interest rates by MPC, introducing the prudential fees by BGF and introducing the S and T recommendations by PFSA also affected the banking market in the same manner. Hence, the performance of the analysed banks and its efficiency depended on their strategic and business decisions.

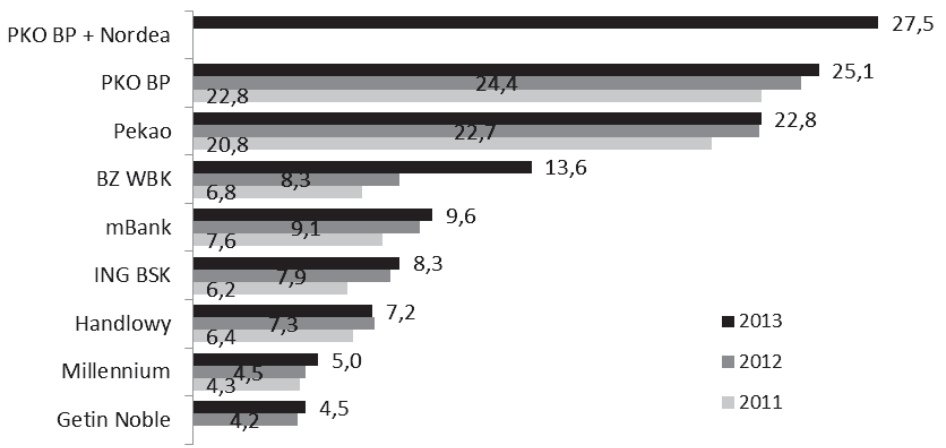

Fig. 4. The selected banks in Poland own funds in the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013.

[2] The total sum of the seven banks' assets that were used in the comparison of the whole sector is 43.2% and the contribution of all the compared banks in the assets of the banking sector is 59.5%. Data on 31st December 2013.

In the analysed period of time, own funds of all the banks in this comparison were increasing successively, only Bank Handlowy noted a decrease in 2013, see Figure 4. The greatest increase in own funds (by 100%) because of the consolidation processes and the obtained results can be observed in BZ WBK, then ING BSK (33.8%) and mBank (26.3%). In PKO BP the increase was 10.08 % and was smaller than the increase of capital in the banking sector, which was 18.76%. In the context of the global financial crises and higher than 60% contribution of foreign capital in the capital of the banking sector, the geographic structure of PKO Bank Polski shareholders is also not without significance. The shareholders from Poland amount to 81%. The rest of the shareholders come from: Europe (10.3%), USA (4.3%), Asia (2.7%), the Arabic Peninsula (1.4%) and Australia (0.2%).

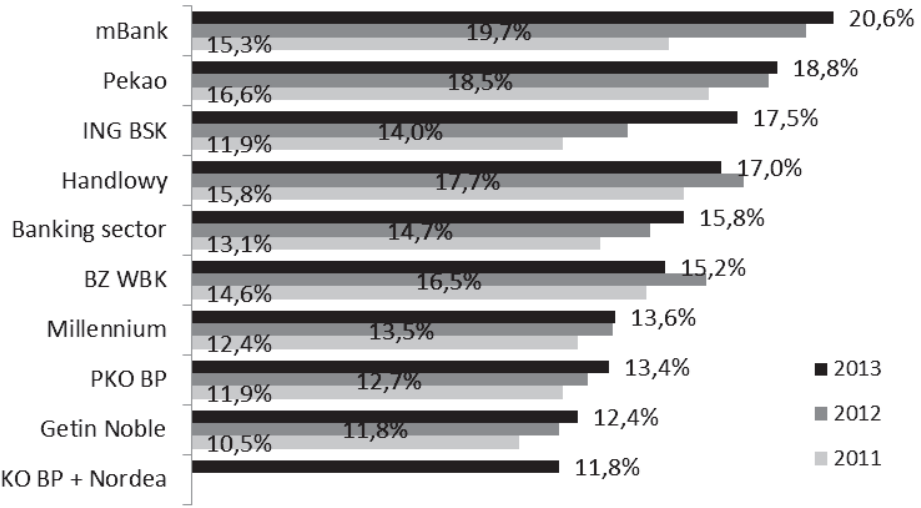

Fig. 5. The solvency ratio of the selected banks and the banking sector in Poland in the years 2011-2013

Source: made on the basis of annual reports of the banks for the years 2011 to 2013 and the data of PFSA.

The solvency ratio in the whole banking sector has risen by 2.7% since 2011, see Figure 5. It can be assumed that this has not been an essential increase, as after the good results in the last three years most banks decided to pay dividends, at the same time not supplying own funds. In PKO BP the solvency ratio rose by 1.5%, mainly because of the accumulation of the net profit worked out in 2011 and 2012. The ratio for the biggest bank in Poland was lower than the bank average by 2.4%. After merging with Nordea, its estimated value was 11.8%, i.e. by 4% lower than the average of the banking sector at the end of 2013.

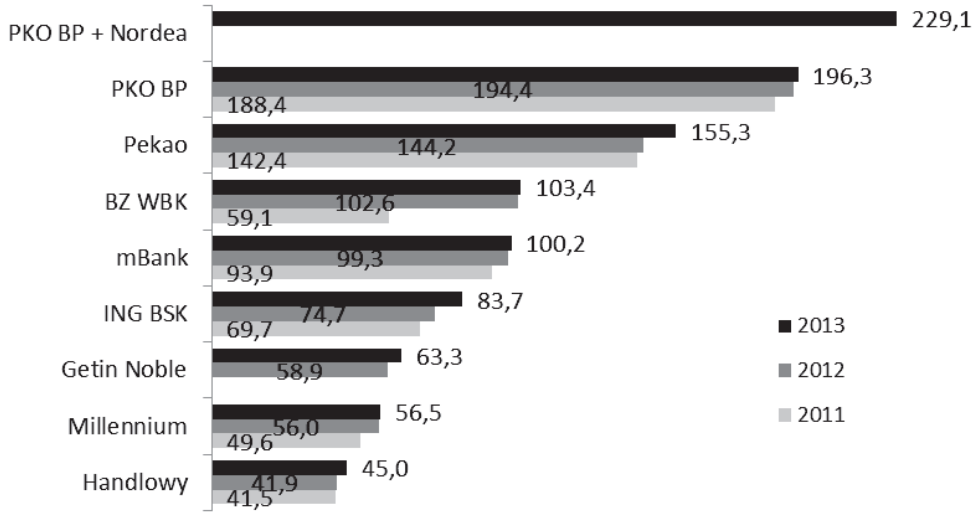

Fig. 6. The total value of assets for the selected banks in Poland for the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013.

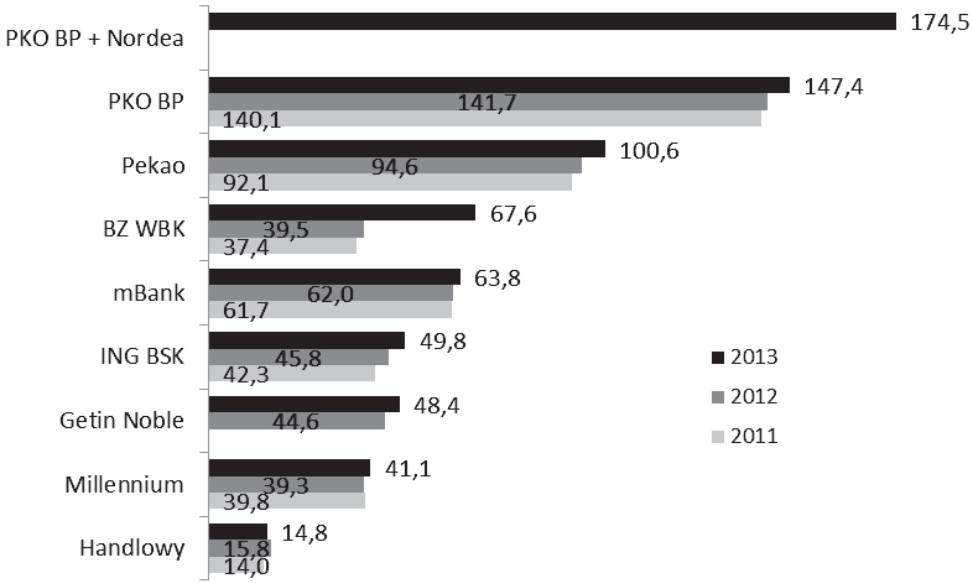

Fig. 7. Receivables from clients for the selected banks in Poland for the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011 to 2013.

The quantity of assets of PKO Bank Polski at the end of 2013 constituted 13.9% of the banking sector assets, see Figure 6. After merging with Nordea, this will be at the level of 16.3%. Taking into consideration the size of the merger, it should be noted that the differences between the connected assets of the above-mentioned banks, and the next largest bank Pekao S.A., is 74 billion PLN, which is the amount of assets comparable with the fifth bank in Poland. The greatest growth of assets can be observed in ING BSK, Pekao and PKO BP, where growth was respectively: 8,5; 8,2 and 5,6 billion PLN.

The greatest growth of loans in the analysed period of time was noted by BZ WBK, Pekao and PKO BP, and is, respectively 30,2, 7,8 and 7,3 billion PLN, see Figure 7. The market shares of loans for PKO Bank Polski at the end of 2013 were at the level of 16.1% of credits for the whole banking sector. They increased mainly due to the increase in financing housing (4,5 billion PLN). The bank was the biggest lender among 19 banks providing de minimis guarantee for the Ministry of Treasury, having a 31% share in this market. By the end of 2013, in PKO BP 16 950 entrepreneurs used this programme and the value of loans they received was 3,7 billion PLN. The rate of impaired loans in PKO BP at the end of 2013 was 8.2% slightly lower than in the banking sector, which was 8.5%.

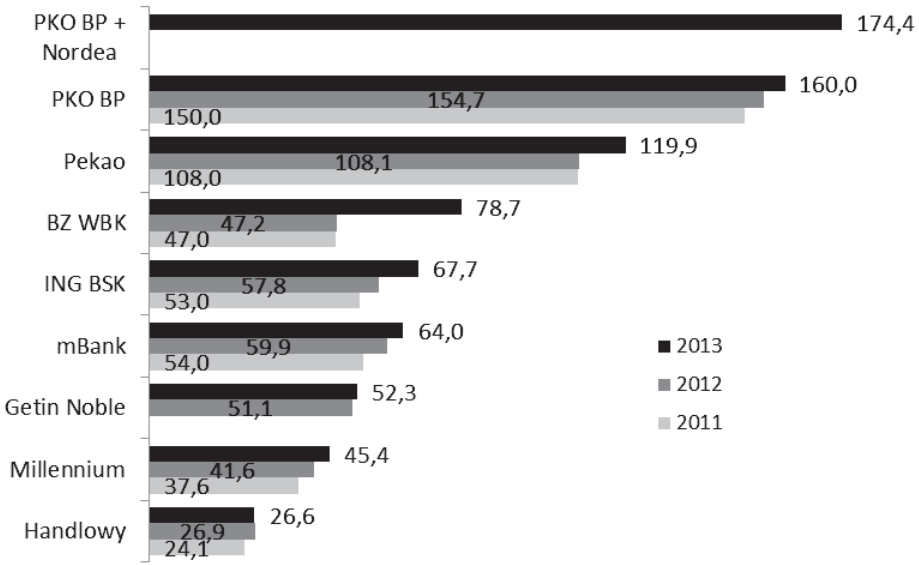

Fig. 8. Liabilities to clients of the selected banks in Poland in the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013.

The highest growth of deposits is noted in BZ WBK, ING BSK and Pekao – this growth is respectively 31,8, 14,7 and 11,9 billion PLN, see Figure 8. Deposits in

PKO BP increased by 10 billion PLN, while its market share in the banking sector was at the level of 17.8% in 2011 and 16,3% in 2013. After merging with Nordea this share increased to 17.9%. This growth was possible mainly because of the current deposits of the private individuals, with a slight decrease (by 0,5 billion PLN) of business entities' deposits at the end of 2013. The greatest share in the structure of deposits in all the banks are the liabilities to the private individuals and the amount is from 42% in Pekao to 72.4% in PKO BP. The next share in the structure is formed by the liabilities to business entities, which range from 25.4% in PKO BP to 53.2% in Pekao. The lowest position is held by the liabilities to budgetary units. The liabilities of PKO BP merged with Nordea and the second largest Pekao at the end of 2013 constitute 39% of the deposits of the banking sector's real sphere[3].

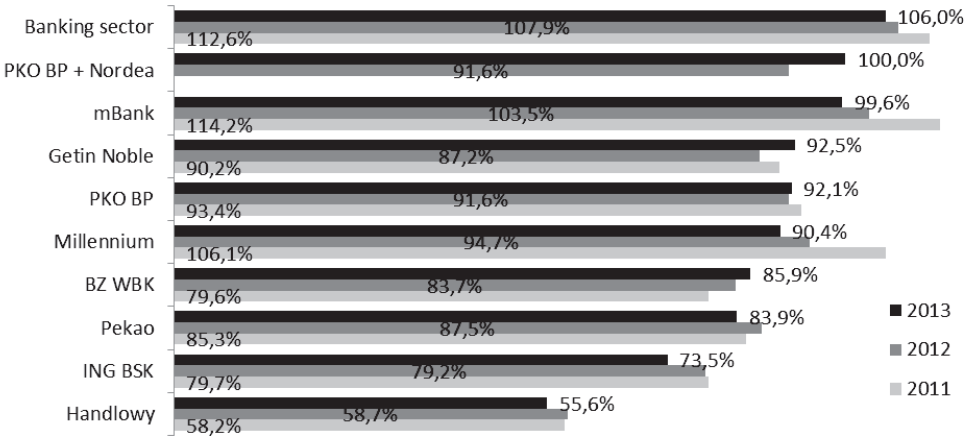

Fig. 9. The loan to deposit ratio in the selected banks and the banking sector in Poland in the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013 and the data of PFSA.

The reduced level of the loan to deposit ratio by 6.6% reached by the banking sector was an effect of the lower dynamics of the loan increase than deposits, se Figure 9. An optimal loan-deposit ratio is illustrated by the merger of PKO BP and Nordea. In the current performance, in order to diversify the financing sources and meet the requirements of CRD IV, the bank is realizing the programme of issuing securities in national and international markets for a longer time. At the end of 2013,

[3] According to the data of BGF placed in the BGF Report for 2012, at the end of 2012 the sum of the deposits of the non-financial sector's entities equaled 713,4 billion PLN, of which 496,2 billion PLN could be qualified to the guarantee of BGF. This gives the BGF a protection factor of 2.82 % *ex ante* and *ex post* resources taken together. As regards the *ex ante* resources, the factor equals 1.83%. Then, the resources gathered in PKO BP with the potential bankruptcy do not have the protection in the amount of guaranteed resources (100 thousand Euro). Such problems affect most of big Polish banks.

the resources collected in this way were 11,5 billion PLN. Additionally, with the cooperation of the Council of Europe Development Bank, a tranche of 75 billion Euro for financing the projects for Ministry of Treasury was obtained.

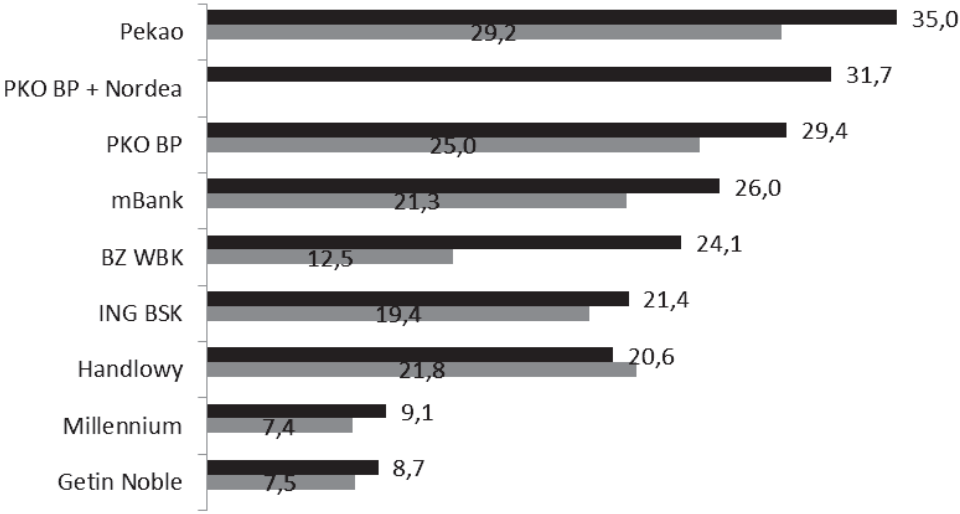

Fig. 10. The portfolio of securities of the selected banks in Poland in the years 2012-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013 and the data of PFSA.

The portfolio of debt securities collected in the bank assets of the whole banking sector amounted to 21.1% at the end of 2013. Its greatest share (46%) is possessed by Bank Handlowy. The assets collected in securities are mainly Treasury bonds and money market bills of the National Bank of Poland. Last year, the portfolio of securities grew mainly in BZ WBK, it was a growth of 11,5 billion PLN, see Figure 10. The total share of securities in the assets of PKO BP constitutes 15% is mainly made up of NBP bills (48%), Treasury bonds (34%) and other securities, i.e. corporate bonds. The dynamics of this portfolio's growth year on year in Bank Polski was lower than in the banking sector.

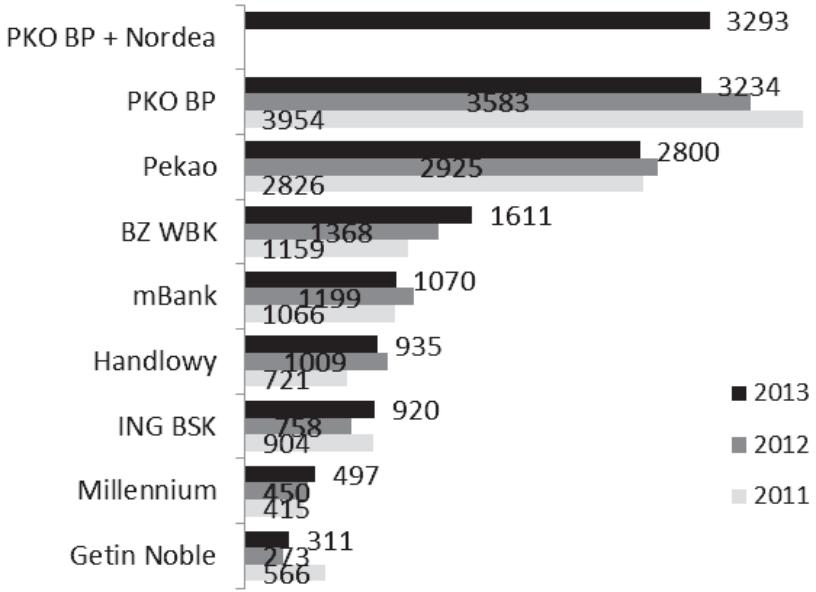

Fig. 11. The net financial result in the chosen banks and the banking sector in Poland in the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011-2013 and the data of PFSA.

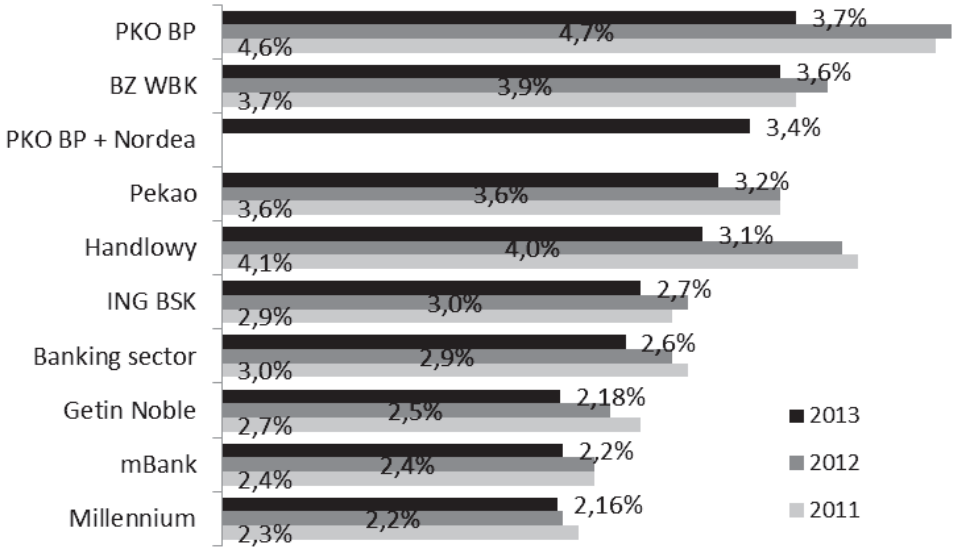

Fig. 12. The interest margin of the selected banks in Poland in the years 2011-2013 in billion PLN

Source: made on the basis of annual reports of the banks for the years 2011 to 2013 and the data of PFSA.

In 2011-2013 the continuous lowering of basic interest rates by MPC and falling margins were influencing the banking sector to a great extent. The financial results (mainly from the core activity) in 2013 fell in most of the analysed banks, see Figure 11. The biggest differences were noted in the position of the interest result, which is a consequence of the above mentioned change and term structure of the banking sector's deposits (the predominance of short-term deposits). In the analysed period, PKO BP noted a serious fall in the result (by 18.2%). In 2013 this was a consequence of lowering interest income (15% yoy), the result from the security tools' derivatives (47.8% yoy) and the income from securities (22.9% yoy). The greatest growth of the results (by 39%) was noted by BZ WBK. The net profit of the banking sector in Poland in 2013 equaled 15,47 billion PLN and is lower than the profits obtained by banks in 2012. In 2011-2013, PKO BP generated a high net profit in the banking sector, which made its share, respectively: 25.18%, 22% and 20.9%. In 2013, after the merger the share, equalled 21.28%.

Reducing the financial result of the banking sector is also a derivative of reducing the margin of the basic activities, see Figure 12. This is an effect of, among others, strong competence in banking services and the greater availability of other forms of financing economic activity and placing resources. In 2013 the greatest margin on activity (3.7%) was achieved by PKO BP. This margin was also subjected to the greatest change by o (-)1%, relative to the previous year.

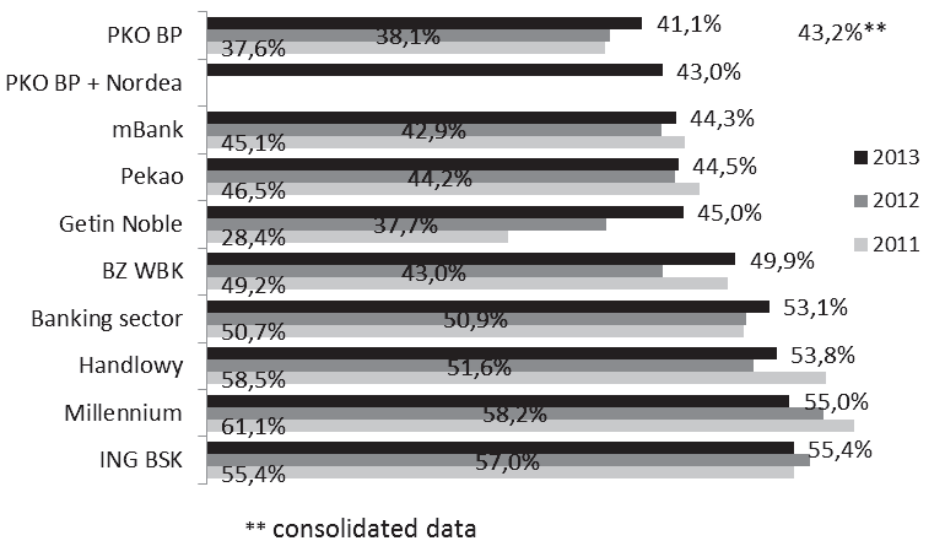

Fig. 13. Cost-effectiveness – C/I ratio in the selected banks and the banking sector in Poland in the years 2011-2013

Source: made on the basis of annual reports of the banks for the years 2011-2013 and the data of PFSA.

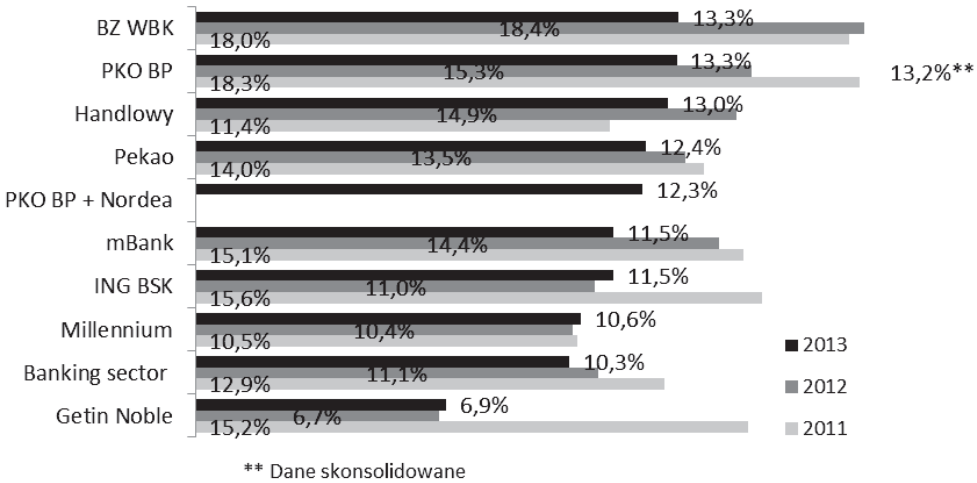

Fig. 14. Return on equity – ROE in the selected banks and the banking sector in Poland in the years 2011-2013

Source: made on the basis of annual reports of the banks for the years 2011 to 2013 and the data of PFSA.

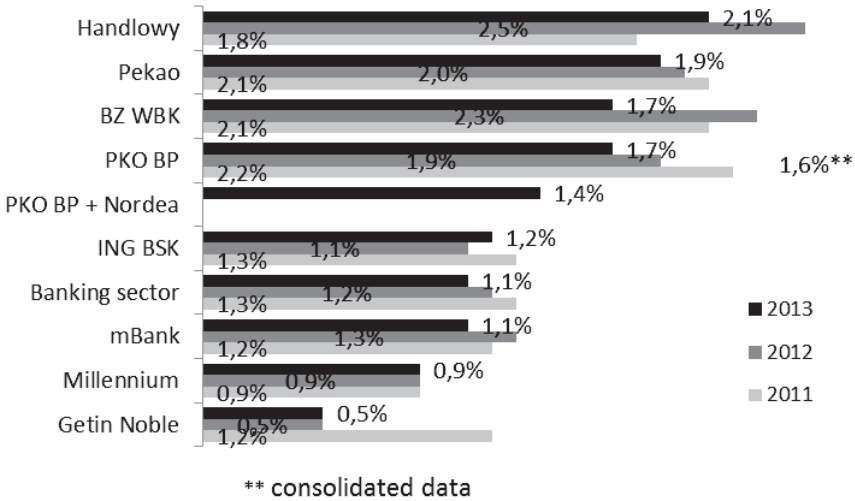

Fig. 15. Return on assets – ROA – in the selected banks and the banking sector in Poland in the years 2011-2013

Source: made on the basis of annual reports of the banks for the years 2011-2013 and the data of PFSA.

In 2013 the majority of banks noted an increase of the C/I ratio, see Figure 13. A distinctive value of this ratio, from 37.6% in 2011 to 41.1% in 2012, against the background of the sector, is noted for PKO Bank Polski. In recent years this has been the result of the discipline of material costs, which were lowered by 1.4% and 2.9% respectively in 2013.

The efficiency of performance expressed by the ROE and ROA indicators was higher in most of the leading banks in Poland than in the banking sector, see Figure 14 and Figure15. The year 2013 was worse as far as efficiency is concerned. The analysed banks noted decreases or kept the ratios at an unchanged level. The greatest decrease was noted by BZ WBK, where ROE dropped by 5.1% and ROA by 0.6%. Against this background, PKO Bank Polski did not differ from the other banks and noted a decrease of ROE by 2.05% and ROA by 0.2%.

The biggest bank in Poland, PKO Bank Polski, is also a leader in the region of Central Europe. This is the result of, first of all, the size of the Polish economy and its strong position in the local market. Comparing the capital in general, assets and the net profit in the period 2011-2013 of PKO BP with the biggest banks from the Czech Republic, Slovakia and Hungary (CSOB, Komercni Banka, Ceska Sporitelna and OTP, respectively), the Polish bank occupies the leading position in these parameters. It should be mentioned that the above-mentioned banks from the region are the banks with the advantage of foreign capital (hosting capital), and that is why they are to a greater extent prone to the impact of the European economic situation on their activity in the hosting countries.

4. Conclusions

In the countries of the EU, the main source of financing the economy is a bank loan and, to a smaller extent, the capital market, which is why countries like Poland are relatively more prone to the instability in the banking sector. These problems may be intensified by the high level of concentration and financial leverage in the banking sector. These terms may be dangerous for economic growth [Smaga 2014].

PKO Bank Polski, as a bank with the biggest share in the banking sector, is an institution that is systemically important for the Polish economy. That is why its condition and further possibilities of development are essential not only for the stability of the financial system in Poland, but also for maintaining the economic growth in our country. The security of the biggest bank in Poland is the security of the financial system and for this reason, as a global public good, it should be subject to special supervision [Koleśnik 2011]. As the analysis shows, this bank is one of the key business partners for the real sphere of the Polish economy; one that finances it and stores its funds. Contrary to many of the banks that were analysed, its assets, especially credit assets, have been growing substantially. First of all, the bank gives loans. Its dynamics of securities' growth is smaller than other banks, which safely place their surplus there. The bank's contribution in financing the national

economy is irreplaceable. The ratio of the bank's debt to GDP in Poland is over 9% and assets to GDP ratio is over 12%. The margin attained by PKO Bank Polski is among the greatest in the sector. How high it is depends on a few components: tradition and regular customers' attachment to the Polish bank, a specific "bonus for security" resulting from the origin of the capital and the possibility of financing high-cost projects by the bank. The margin is mainly gained on the basis of the bank's performance. The biggest bank in Poland conducts its activity with exceptionally low costs. For three years the C/I ratio has been the lowest in the banking sector in Poland and this is not seen in European countries. Notably, low costs are an effect of the constant reduction of personal costs, including lower salaries than in the market, which in a long term is not a positive action. It should be stated that the bank has a correct debt to deposit ratio, but it is worth noticing that the term structure of deposits is not correct. To a great extent, the bank finances its long-term assets with short-term liabilities. This requires rebuilding the structure of financing assets and the continuous diversification of the financing sources. Sadly, the problem regards most of the analysed banks and results, among others, from low interest rates and the source of capital origin. The bank's own capital and financial result constitute over 20% of the share in the banking sector. In spite of the fact that the result in the analysed period of time was falling, it kept a higher dynamics than the market, and the capital enables meeting the safety requirements. In the analysis these parameters indicate the bank's "contractual distance" from bankruptcy, which can be caused by the lack of profit stability and the lack of risk in covering own capital [Barry, Lepetit, Tarazi 2011].

PKO Bank Polski is also an unquestioned banking leader in Central Europe. Among the biggest banks in the analysed period of time, it occupies a leading position in respect of funds, assets and profit. This results primarily from its activity in the biggest market in the region. Despite the bank's aspirations to affect the neighbouring countries by its declared intention of taking the banks over, the plans have not been fulfilled.

The European Banking Authority, in cooperation with national authorities, including the Polish Financial Supervision Authority, in 2011 and 2013 analysed the capital position of 71 European banks. Of the Polish banks, PKO Bank Polski was analysed. The analysis carried out in 2011 showed that the Core Tier 1 capital ratio for PKO Bank Polski is at the level of 11,16%, which is higher than the threshold of 9% set in the analysis. Because of that, the bank does not need an urgent recapitalization and is not directly prone to a crisis connected to loan credibility, like the leading banks of some EU countries. A similar study from 2013 carried out on 64 EU banks placed PKO Bank Polski equally high and safe against the background of the European banking sector.

Paying attention to the meaning and role of banks in a modern economy, one should approach the consolidation processes in the Polish banking sector with caution. On one hand, mergers and acquisitions help to achieve efficiency of banks

and boost their attractiveness among investors; on the other hand, however, in case of problems with functioning or bankruptcy, they may cause too great a danger not only for the banking sector, but also for the whole economy. Nowadays, in many highly developed countries it is not possible to restructure the biggest banks without bearing huge social and economic costs. In the Polish markets, in cases of problems with the functioning of PKO BP or Pekao S.A. the situation would be analogical. After the last global financial crisis and the historically unusual public aid for the banking sector (mainly the biggest banks), many regulative changes were made to avoid similar threats. The changes are essential, however in cases of constant pressure by the competition and shareholders, they cannot replace the bank's self-discipline to keep a proper level of security and not to take excessive risks or activities termed as "moral gambling".

Because of that, the scattering of the banking sector and restrictive supervision of the important for economy consolidation processes and banks seem to be crucial for keeping the security of the Polish financial system.

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PKO POLSKI BANK JAKO INSTYTUCJA O ZNACZENIU SYSTEMOWYM DLA ROZWOJU POLSKIEJ EKONOMII

Streszczenie: PKO Bank Polski jest największym bankiem w sektorze bankowym w Polsce. Ma większościowy udział kapitału polskiego. Dominuje w finansowaniu gospodarstw domowych, przedsiębiorstw wszystkich branż oraz uczestniczy w największych projektach infrastrukturalnych. Kondycja i aktywność PKO BP istotnie wpływają na gospodarkę narodową, a przez to – na wzrost gospodarczy. Jest to ważna instytucja związana z bezpieczeństwem finansowym sfery realnej i finansowej w Polsce. Analiza porównawcza działalności PKO BP na tle banków konkurencyjnych i sektora bankowego wykazała stabilną pozycję banku, ale także i konieczność zmian, aby utrzymać właściwe parametry działania i pozycję lidera na polskim rynku bankowym.

Słowa kluczowe: sektor bakowy, gospodarka narodowa, PKO Bank Polski.