

SYSTEM AND NORMATIVE ADAPTATION OF THE FINANCIAL SYSTEM IN POLAND TO THE EUROPEAN UNION STANDARDS – THE NEXT STAGE

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Abstract

Adjustment of Polish financial system to the EU standards is being continued. It is determined by globalization as well as by improving the safety of financial system and introducing euro, if any. It became more intensive since May, 2004, i.e. the accession of Poland to European Union. At the same time global macroeconomic processes influence Polish economy due to market integration processes in Europe. This is why Poland has visibly intensified the policy of open economy also in case of the cross-border capital flows. On the background of these processes for more than 20 years Polish economic systems and the regulations of functioning particular branches, sectors and institutions are gradually adjusted to the EU requirements. Polish financial system belongs to particularly important sectors and this is why it is being adjusted to the very requirements with special intensity. Its continuation may lead in future to the introduction of euro in Poland.

Key words: globalization, law and economic integration, the financial system, the euro, market structures, security system

Introduction

For twenty-seven years Polish economy has increasingly become vulnerable to global economic cycles and it is subject to international processes

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of economic globalization. An ongoing for a quarter of century period of economic transformation laid the foundations of sustainable development, economic conditions for investment and education have gradually improved. Citizens activity, entrepreneurship and innovation was liberated as a result of socio-economic transformation of the 90's. These changes led to development of market mechanisms which generate increase in production efficiency and competitiveness. This process was correlated with the economic globalization, which also encompassed Polish economy by the same token. The continuation of this process was Polish accession to the economic structures of the European Union in 2004. The significance of this fact is underlined by the rapid growth of trade between Poland and the euro area countries since 2004.

Financial systems are particularly important segments of the economies of developed and developing countries, where national and supranational legislation underwent successive adaptation to changing economic and market conditions. These processes were determined mainly by growing volume of cross-border trade and capital flows, including investment financial capital. They intensified globally well before the beginning of socio-economic transformation in Poland in 1989. Liberalization of capital flows, developing since the 70's, was determined by many economic and political factors, including the change in the international monetary system. Along with globalization several processes took place, such as the liberalization of capital flows, deregulation of international financial markets and progress in the field of IT technology. These processes are among the main determinants of the globalization of the world economy as well as the internationalization of financial markets³.

The financial system is one of the sectors of the Polish economy, which was the subject to the processes of economic globalization as a first and to the relatively greatest extent. The main directions of development of the financial system in Poland are determined through the prism of integration of the national economy with market and institutional structures of the European Union⁴. Objective economic conditions of this integration determined to a large extent the adjustment processes of Polish financial system to similar systems of highly developed countries in Western Europe. The process of bringing the national financial system, including the various internal procedures of banking operations and the services to international standards, ie. mainly those of the European Union and the OECD, is the result of top-down requirements of Polish accession to the European Community

³ A. Zielińska-Głębocka, *Współczesna gospodarka światowa*, Seria Akademicka, Wydawnictwo Wolters Kluwer Polska, Warszawa 2012, p. 49.

⁴ M. Wrzesiński, *Dostosowanie Polski do Unii Europejskiej i wnioski stąd płynące w zakresie finansowania i wysokiego ryzyka*, in: *Studia i Prace SGH*, 2000, no. 13, p. 89.

on the one hand and on the other hand bottom-up objective process of improving the quality of financial products through their adaptation to similar instruments offered by foreign banks, some of which have already operated in Poland⁵. In this second more microeconomic approach, pace and effectiveness of the adjustment process was determined to a large extent by opportunity for foreign financial institutions to take over banks operating in Poland. Entering of foreign capital in the Polish financial services market was one of the forms of the transformation and restoration of market financial system, including the banking sector in Poland⁶.

Adjustment process occurring since the 90's is the subject of research to determine the scope and effectiveness of banking supervision and the quality and price level of offers provided by domestic banks. The key issue is to determine the adequacy of adjustment of the national legal norms to the corresponding EU regulations. These adjustment processes of Polish banking legislation to the EU standards included among other instruments, prudential regulation in order to increase security of financial transactions. Since 1999 banking institutions and supervisory bodies have been increasingly interested in protecting the interests of bank customers and related regulations defining consumer credit⁷.

In 1989 in Poland the process of rebuilding the financial system has began with the aim to adjust to the new market conditions of economic activity and also to the standard of institutional, technological and legal entities operating in the countries of Western Europe. The process of adapting started as early as possible, ie. at the beginning of the socio-economic transformation of the country what allowed its effective implementation. Financial system currently operating in Poland, including the banking sector is considered to be almost fully adapted to the standards of the European Union which also means a high level of globalization of this segment of the economy. Then, this process has intensified since the Polish accession to the European Union in 2004. Therefore, social and economic determinants of globalization were activated. A few years later, the level of globalization of Polish economy begins to match that of Western Europe. The key determinants of this process are direct investments made by foreign corporations in Poland.

⁵ B. Domańska-Szaruga, *Financial Instability and the New Architecture of Financial Supervision in European Union* [in] B. Domańska-Szaruga, T. Stefaniuk (ed.), *Organization in changing environment. Conditions, methods and management practices*, Wydawnictwo Studio Emka, Warszawa 2014, p. 268.

⁶ J. Harold, *Koniec globalizacji. Czego nauczył nas wielki kryzys?*, Wydawnictwo Scholar, Warszawa 2010, p. 37.

⁷ J. Koleśnik, *Bezpieczeństwo systemu bankowego. Teoria i praktyka*, Wydawnictwo Difin, Warszawa 2012, p. 167.

Modern technologies and business standards developed in an earlier, long-term functioning of the foreign company leading the so created the group were introduced in an economic entity taken over by a foreign company or a financial institution. This type of investment processes, often linked with privatization and restructuring operations of the acquired entities in Poland also affected institutions in the banking sector. The first such direct investments in the banking sector in Poland were carried out already at the beginning of the 90's, ie. almost immediately after beginning of social transformation and activation of entrepreneurship in the society. These processes were directly linked with the socio-economic transformation started in 1989⁸.

Liberal policy of the Polish National Bank and banking supervision allowing foreign financial institutions to acquire national banking entities quickly (in the late 90's) led to the acquisition of most of the assets of the Polish banking sector by foreign capital. Initially, virtually no risks was noticed in this process. Besides, several positive aspects of the participation of foreign financial institutions in the process of privatization of the national banking entities were pointed, eg. the huge financial capital, which was lacking in Poland, improvement of banking operations standards and introduction of more advanced technology. These processes perfectly matched the international trends of economic globalization and increased scope of the integration of the national financial system in Poland with similar systems of other countries, especially members of the European Union. These integration processes in the financial sector were motivated by the need for harmonization of procedural and technological standards of bank entities, branches of commercial banks and other financial institutions localized in different countries of the European continent and in other regions of the world. Additionally there is a process of accelerated development of developing countries, which are trying to activate entrepreneurship and innovation through the instruments of an active social and economic policy in order to effectively reduced the disparity in their development, the level of welfare and manufacturing and technological potential of economy in relation to the developed countries. In the context of these active socio-economic policies banking systems of developing countries are increasingly trying to imitate fully developed similar systems of developed countries⁹.

⁸ S. Gwoździewicz, D. Prokopowicz, *Globalization and the process of the system and normative adaptation of the financial system in Poland to the European Union standards* [in] "Globalization, the State and the Individual. International Scientific Journal" No 1 (9) 2016. University of Varna. ISSN 2367-4555. Varna, Bulgaria 2016, p. 68.

⁹ S. Gwoździewicz, *The European Union Towards the Threats in Cyberspace* [in:] International Scientific Journal "Verejna Sprava a Spolocnost", Vol. XV, No. 2/2014, ISSN 1335-7182, Košice, Slovakia 2014., p. 75.

With the growth of transnational capital flows and trade, share of financial transactions settled electronically is also growing. Besides, Polish regulations regarding the safety of electronic data transfer and protection of classified information are in line with the standards of the EU because Poland is a member of the European Union. This process is also regarded as a component of external regulations improvement and it is associated with the current globalization of financial systems.

The economic globalization and therefore constantly growing ties of the Polish economy with the world make that the improvement of national legislation concerning the security of IT systems and protection of classified data is carried out, among other as a process of adjusting Polish legislation to EU regulations. On the other hand, it does not ensure the full adequacy of legal norms vis-à-vis the booming sector of electronic banking and online services. It is assumed that the current regulations provide only the most elementary level of protection of classified data processed during certain commercial orders and financial transactions, however, it may be insufficient in regard to permanent progress of IT technology used by Internet providers and especially companies that offer usually cost-free social networks.

1. System and normative adaptation of the financial system in Poland to the European Union standards – the next stage

The view which dominates today is that after 25 years of development of the banking system in Poland, a key issue of the evaluation of this phenomenon is to verify the adaptation process of domestic banking in relation to EU standards. The result of this verification shall be to determine the level of safety of the banking system in Poland in relation to the standards prevailing in the developed countries of Western Europe. An important factor for defining the level of security system is to examine the effectiveness of the instruments used in banking risk management¹⁰. During the development of the banking system in Poland we can identify several milestones differing among others in the importance of individual risks as well as normative and institutional solutions enhanced system security. In the last stages we can observe growing importance of the new category of risks that arise now as a result of the dissemination of information technology in the process of banking service, including sales of active products, ie. credits. It is assumed that conducted in the Polish banking system improvement

¹⁰ M. Kalinowski, M. Pronobis, *Rynki finansowe a gospodarka realna. Aktualne wyzwania*, Wydawnictwo CeDeWu, Warszawa 2015, p. 59.

of controls, credit risk management as well as the risk of IT systems is mainly correlated to the same process taking place in banks of developed countries of the European Union.

Carried out in previous years, comparative analysis of the functioning of banks operating in Poland and foreign financial institutions showed that in the mid-90's in the Polish banking financial system there was still a lot of issues to improve and adapt to the terms of the EU standards in the field of applied risk management solutions and controlling their effectiveness as well as the level of security system¹¹. However, in the next decade when Poland was entering market structures of the EU and in the context of the prosperity of the Polish economy, observed imbalances significantly reduced. In recent years, after global financial crisis, the scope of these disproportion even more decreases. Even in some aspects, the level of security in the banking system in Poland is fully analogous with terms of safety standards and solutions applied risk management in the banking sector of developed countries of the EU¹².

Relatively many examples of full adaptation has been shown in commercial banking management processes for conventional categories of banking risk. On the other hand, there are also areas of national banking, in which generated levels of risk during global financial crisis were significantly lower in relation to banking in developed countries of the EU. It is a result of the underdevelopment of investment banking in Poland and significantly lower capital engagement in banks' or conducted at the request of customers activities in the capital markets and applications in the field of derivative instruments of foreign exchange, credit and other derivatives. This situation determined the generation of much smaller financial losses by domestic banks operating in Poland in relation to foreign banking operating outside Poland. This is an important factor that determined shifting of profits generated in the banks operating in Poland to parent companies of these banks invested in the developed countries of the EU¹³.

One of the derivatives of the financial crisis, which emerged in developed countries in the autumn of 2008 was a significant deterioration in the financial performance of many investment and universal banks operating mainly in the areas of Anglo-Saxon financial system. The high financial

¹¹ J. Jaworski (ed.), *Ekonomiczne i społeczno polityczne problemy współczesnej gospodarki*, Wydawnictwo CeDeWu, Warszawa 2011, p. 41.

¹² M. Iwonicz-Drozdowska, W. L. Jaworski, A. Szelałowska, Z. Zawadzka (ed.), *Bankowość, instytucje, operacje, zarządzanie*, Wydawnictwo Poltext, Warszawa 2013, p. 38.

¹³ J. Świdarska (ed.), *Współczesny system bankowy. Ujęcie instytucjonalne*, Wydawnictwo Difin, Warszawa 2013, p. 92.

losses reported by some banks operating in western Europe were also the reason for decisions about the sale of certain subsidiaries, ie. national banks operating in Poland and acquired earlier usually in the 90's by the said foreign banks. Some of the banks sold in Poland has been bought back by the national capital, including the few banks in Poland controlled by the State Treasury, ie. mainly PKO BP and Bank Gospodarstwa Krajowego. So we can formulate a thesis that the global financial crisis has greatly accelerated the processes of acquisition of banks by domestic capital, initiated a few years ago.

Therefore, with the increasing globalization of markets and the financial system in Poland during the 90's it increased level of acquisitions of financial institutions, mainly commercial banks by foreign banks. Already at the turn of the century, this level has reached the limit of more than 80% acquisition of the domestic banking system by foreign financial institutions. However, in the context of processes running in the background of the financial crisis which began in the autumn of 2008, some foreign banks have begun to sell its subsidiary, ie. the commercial banks operating in Poland. Because some of these assets taken over by the national entities with major shareholding of the State Treasury (ie. the above mentioned PKO BP), we can observe for several years a decrease in the extent of acquisitions in the banking system in Poland by foreign financial institutions¹⁴. This process is referred as "repolonization" of financial system in Poland. Currently, the level of acquisition is estimated to "only" about 65% with the prospect of declining trend. Now it dominates the positive interpretation of repolonization process. The main premise of positive interpretation is that the positive aspects of early globalization process, especially performing in the 90's, was broadly implemented. The financial system in Poland is rebuilt by the standards of of Western Europe, especially the French-German model of classical deposit and credit banking, formed on the foundations of the market using all the security systems of individual categories of banking risk, known from western countries. Therefore, the stage of transformation connected to the recapitalization of the domestic banking system has already been implemented in the 90's¹⁵. These processes were taking place and were coordinated to the ongoing successively growth of the globalization of the Polish economy. The effectiveness of these processes provides a high level of resilience of the banking system in Poland on the factors causing the crisis,

¹⁴ S. Bukowski, J. Misala, *Wzrost gospodarczy i finanse międzynarodowe*, Wydawnictwo CeDeWu, Warszawa 2011, p. 61.

¹⁵ J. Fila, B. Filipiak, *System finansowy a rozwój gospodarczy. Szanse i zagrożenia*, Wydawnictwo Difin, Warszawa 2012, p. 62.

which in a dual way influences on the Polish economy, ie. by convergence on capital markets, including stock exchanges as well as macro-economic cross-border decline in aggregate demand and a fall in demand including the Polish products, mainly observed in Germany. However, the scale of these unfavorable factors emerging in Poland as a result of the global financial crisis was much more limited than in most other European Union countries. Post-crisis decline in economic growth in Poland was much lower than in most other countries and to the EU average. These positive aspects of the Polish economy were mainly conditioned by a number of macroeconomic factors, including lack of bankrupt of financial institutions in Poland at the time of the global financial crisis, the growth of investment generated by the financial subsidies the European Union, as well as earlier building of a system controls and credit protection in the banking system based on the standards of developed countries and the dominating model of banking deposit and loan with limited use of derivatives market transactions¹⁶.

Despite effectively carried out and ongoing a quarter of a century transformation of the Polish financial system, the banking system in Poland still significantly differs in terms of competitiveness in relation to foreign banking¹⁷. The main barrier to reach full competitiveness and efficiency of continuous adaptation of domestic banking in Poland to procedural and organizational standards of financial institutions in developed countries of the EU is that Polish banks are still relatively small financial institutions in the context of foreign banking¹⁸.

The above-described adjustment processes and improvement of risk management in banks operating in Poland go continuously and gradually, what should lead to create in the next several years a save and effectively organized banking system in Poland. Ultimately, the process of formation of the national banking system, mainly in the model of classical banking deposit and lending activities and adjustment of the offer quality, as well as the efficiency of the internal procedures and risk management instruments should lead to the strengthening of the security market financial system in Poland¹⁹.

Among the management personnel of banks dominates the view that as a result of the growth of transnational capital flows and trade, external supervisory regulations still will be subject to ongoing globalization. It means

¹⁶ M. Wiatr, *Bankowość korporacyjna*, Wydawnictwo Difin, Warszawa 2015, p. 139.

¹⁷ A. Alińska, B. Pietrzak, *Stabilność systemu finansowego instytucje, instrumenty, uwarunkowania*, Wydawnictwo CeDeWu, Warszawa 2012, p. 29.

¹⁸ M. Wiatr, *op. cit.*, p. 38.

¹⁹ M. Białas, Z. Mazur, *Bankowość wczoraj i dziś*, Wydawnictwo Difin, Warszawa 2013, p. 74.

that increasingly fuller degree they will be adapted to EU requirements and guidelines of the Basel Committee and the banking system in Poland will be subject to the full terms of homogenization European Union standards²⁰. The confirmation of these processes are the declarations of the government, taken a few years ago, according to which Poland is to participate in EU projects, such as the banking union, which aims to unify standards for the banking systems of individual countries, creation of a common supranational supervisory authority, common international institutions such as bank guarantee fund and a European rating agency. If at the same time, on the background of the global economy improvement, the Polish macroeconomic situation stabilize, fiscal and monetary policy are subordinated successively by activated market oriented reforms, there will be conditions for modification and improvement of the determinants of banking competition²¹. Thus the banks will compete in a smaller degree by short-term actions improving financial results, such as marketing activities joined with dishonest informing customers about the products and financial services. On the other hand, having regard to the long-term development of the stock loan, the planned growth in revenues and profits as well as an increase in total assets and positions in the financial system, commercial banks will compete to a greater degree improving internal procedures of the operation and prudential regulations. This process will perfectly fit into the continuation of the development of safe financial system in Poland²².

Therefore, the economic and financial aspects of globalization of the financial system in Poland are important but are not the only determinants of homogenization of standards and procedures. Apart the determinants of economic and financial globalization in banking systems there are also social factors. These factors, among others, shape expectations of customers regarding the provision of financial services, which is growing dynamically due to technical and technological progress in the field of data transmission and use of the Internet for banking services and contact customers with banks. Specific features of social determinants of globalization processes in the banking system are unification, unification and standardization of similar offers of products and services launched by banks to their customers in different European countries, but also in other developed regions of the world²³.

²⁰ E. Polak, *Globalizacja a zróżnicowanie społeczno-ekonomiczne*, Wydawnictwo Difin, Warszawa 2009, p. 71.

²¹ A. M. Chisholm, *Wprowadzenie do międzynarodowych rynków finansowych*, Wydawnictwo Wolters Kluwer, Warszawa 2013, p. 56.

²² M. Białas, Z. Mazur, *op. cit.*, p. 153.

²³ D. Prokopowicz, A. Dmowski, *Rynki finansowe*, Wydawnictwo Centrum Doradztwa i Informacji Difin sp. z o.o., Warszawa 2010, p. 193.

2. System and normative determinants of the possible introduction of the euro in Poland

Since the early 90's of the last century a growing importance of globalization processes in the field of socio-economic and cultural unification of the community in Poland has been noticed. Due to the ongoing process of the transformation of the Polish economy, this process was also determined by successively increasing integration of financial markets and the development of information and communication technologies. A key role is played by the social and economic determinants, formed on the basis of standards transferred from the countries of Western Europe to Poland. These mentioned social aspects have influenced the functioning of various spheres of Polish society and sectors of the economy, including the financial system.

Current financial system in Poland, including the banking sector is considered to be almost fully adapted to the standards the European Union what also means a high level of globalization in this segment of the economy. This process has intensified since the Polish accession to the European Union in 2004 when social and economic determinants of globalization processes have been activated. A few years later, the scale of the globalization of the Polish economy is beginning to match that of Western Europe. The key determinants of this process include direct investments made by foreign corporations in Poland. As part of these investments, more modern technology and business standards developed in the previous, long-term functioning of the leading foreign company in the so-formed capital group were introduced in economic entity taken over by a foreign company or a financial institution. This kind of investment processes, often linked with privatization and restructuring of acquired Polish companies, have also concerned institutions in the banking sector. The first such direct investment in the banking sector in Poland were made already at the beginning of the 90's, ie. almost immediately after the start of social changes, activation of the society in the field of entrepreneurship, that is, the processes associated with the socio-economic transformation since 1989²⁴.

Effective adaptation process have also related to the financial system, including the banking sector in Poland, reconstructed in the market conditions. Arbitrarily determined and coordinated by the central bank adaptation processes of the banking system in Poland to the EU standards were significant determinants of globalization processes. A broad scope of globalization

²⁴ S. Gwoździewicz, D. Prokopowicz, *op. cit.*, p. 68.

of financial markets in Poland was exposed in the context of the course of the last financial crisis of 2008²⁵.

According to currently predominant view, Polish accession to the European Union market structures was conditional upon the fulfillment of a number of adjustment processes at the legal and institutional level as well as in the financial services sector, mainly through appropriate changes in banking regulations and rules defining the activity of the credit market in Poland.

This adjustment process was formally started with the signature the Europe Agreement on 16 December 1991 in Brussels. Poland committed then to unify legislation with norms and standards of the European Union²⁶. Because the shape of the banking system in Poland has been followed the EU model, the safety level of banking has increased and the risk of collapse of individual banks has been reduced. On the other hand, it also gradually improves in the longer term the quality of the banks offer. Improved quality of banking products offered by domestic financial institutions is correlated indirectly with the issue of upgrading the instruments of credit risk management process. It should result in higher level of security of the entire financial system in Poland²⁷. Better system security will also limit the potential risk of the bankruptcy of commercial banks and thus losing deposits by clients. For this purpose the deposit guarantee limit from the Bank Guarantee Fund in the event of bankruptcy of the bank in Poland was raised. In the context of growing systemic risk, including economic fluctuations of the national economy, which derived from the global financial crisis in 2008, the limit of this fully guaranteed amount was raised from 25 000 euro to 100 000 euro. This step increased significantly the credibility of the domestic financial institutions from the point of view of the depositories²⁸.

The above-mentioned adjustment process including standardization of rules for the application of instruments of credit risk management initially was based mainly on the so-called. Second Banking Directive adopted on 15 December 1989. It was a constitution of European banking supervision law. The unification of standards in banking sector was the basis and the first stage of the adjustment process of Polish banking sector to financial systems in the developed countries of the EU. Therefore this stage of arrangement

²⁵ B. Domańska-Szaruga, *Common banking supervision within the financial safety net*, [in] *The Economic Security of Business Transactions. Management in business*, Chartridge Books Oxford 2013, p. 264.

²⁶ H. Davies, D. Green, *Globalny nadzór i regulacja sektora finansowego*, Seria Wyzwania globalne, Wydawnictwo Naukowe PWN, Warszawa 2010, p. 28.

²⁷ M. Wiatr, *op. cit.*, p. 47

²⁸ J. Świdorska (ed.), *op. cit.*, p. 63.

and modernization of the banking procedures and instruments ensuring a high level of security was started with the appropriate homogenization of legal norms, EU and national banking regulation. The beginning of a long process of recapitalization of domestic banks and raising the management standards in Polish banking sector was possible only after reaching this stage²⁹. It has already been initiated in the 90's when foreign financial institutions took-over banking entities in Poland. In 1994 Narodowy Bank Polski, the central bank of Poland obliged foreign financial institutions to recapitalize the acquired banks. This requirement significantly reduced the risk of a financial crisis in Poland in the mid-90's which had stemmed from drastically deteriorated quality of the loan portfolio of the national commercial banking³⁰.

Therefore, the banking system in Poland at the end of the last century was one of the branches of the Polish economy, which was ready in the highest degree to integrate with international and in particular the EU financial system. On the other hand, despite adjustment processes carried out for the quarter of century, there are still issues that need to continue their process of adaptation to EU standards both in terms of legal regulations and banking procedures. Currently, economists generally assume that the positive side of the adjustment processes is standardization and efficiency of banking procedures, improving the efficiency of financial operations, modernization of IT systems and the improvement of products and financial services provided to clients in a traditional form or via the Internet³¹.

Poland is still in many ways a developing country, which does not belong to the richest ones. Therefore, according to dominated opinion, the above mentioned adjustment process will continue in the future. In the case of favorable macroeconomic conditions and a full exit from post-crisis economic slowdown in Europe, globalization of the Polish economy may enter into another significant step towards integration with the markets of other countries in Europe, and especially the euro zone. The importance of this thesis is determined by the possible future Polish accession to the common currency area. If it ever would happened, banking system in Poland should be technologically and procedurally adjusted to efficient transition to handling transactions in euro³². Currently, the vast majority of economists indicate

²⁹ B. Domańska-Szaruga, *op. cit.*, p. 27

³⁰ L. Witkowski, *Zasady zarządzania ryzykiem kredytowym. Komitet Bazylejski ds. Nadzoru Bankowego*, Konferencja Polskiego Stowarzyszenia Ryzyka Finansowego PRMIA, 29.10.2001, p. 57.

³¹ T. Banasik, A. Kosztowniak, M. Sobol, *Pośrednictwo finansowe a rozwój gospodarczy*, Wydawnictwo CeDeWu, Warszawa 2013, p. 73.

³² *Jaka przyszłość czeka wspólną walutę* [in], „e-Gospodarka.pl”, 2012, (<http://www.e-gospodarka.pl>), p. 2.

that the adjustment processes of the financial system run efficient as well as the adjustment processes of monetary policy. While the most remains to be done in the area of fiscal policy and level of public debt in Poland³³.

Economists agree that costs of international transaction should fall after the Polish accession to the euro zone and domestic businesses operating in foreign markets would not born the cost of the risk of exchange rate fluctuations. Significant reduction of currency and investment risks should enhance economic growth, additional inflow of foreign capital and thus speed up the long-term process of reducing disparities in the level of civilization development, including the level of income and standard of living in Poland in relation to highly developed countries of Western Europe³⁴. However, if such a scenario could be fulfilled, Poland must enter the euro zone as a developed country and equal economic partner of other major economies of the EU and not as a country clearly poorer at the stage of a developing country. Only then the positive economic aspects of the introduction of the euro in Poland will occur and generated in this way development boost will have a long-lasting character.

Conclusions

The processes described above, ie. mainly the liberalization of capital flows, deregulation of international financial markets and progress in the field of IT technology have created favorable conditions for the growth trend of economic globalization of the world economy as well as the internationalization of financial markets³⁵.

This study demonstrated that the globalization processes ongoing in increasingly supranational financial systems also apply to the banking in Poland. The nature of these global processes are changing as they go beyond the mere improvement of information technology and using Internet for banking operations. Current globalization processes are determined by progressing since the 70's of the last century process of liberalization of capital flows, deregulation of the currency markets and increasing involvement of investors in the capital market instruments, including derivatives.

³³ A. Alińska (ed.), *Polityka monetarna i fiskalna a stabilność sektora finansowego*, Wydawnictwo CeDeWu, Warszawa 2012, p. 159.

³⁴ A. Matysek-Jędrych (ed.), *Instytucje i rynki wobec kryzysu finansowego – źródła i konsekwencje kryzysu*, Wydawnictwo CeDeWu, Warszawa 2011, p. 38.

³⁵ A. Hryckiewicz-Gontarczyk, *Anatomia kryzysów bankowych*, Wydawnictwo Poltext, Warszawa 2014, p. 132.

Analogous processes are also observed in the banking system in Poland in the field of financial instruments and organizational structures of the capital market.

This paper shows that the key economic determinants of globalized banking in Poland include integration processes in the banking system in Poland with similar structures of the European Union, including an increase in homogenisation and gradually rising adaptation of procedures and banking systems to EU standards.

Carried out in previous years integration processes in the Polish financial system with the corresponding structures of the EU are co-ordinated by the need to harmonize procedural and technological standards in specific bank entities, branches of commercial banks and other financial institutions operating in the European countries and other economic regions of the world. On the other hand, the globalization processes of banking systems as well as other areas of the economy and other social areas of modern economies generate not only positive aspects, what elicit criticism of these processes in alter globalization circles. The most important aspects interpreted as negative include in many countries:

- estimated by economists relatively significant probability of global crisis of international financial system,
- the growing risk of hacking intrusion into banking IT systems.

On the other hand, the processes of economic globalization affect not only the economic and financial aspects relating to the entities participating in these processes. Apart from the most frequently reported in various studies economic and financial determinants of globalization of banking systems there are also significant social conditions. Certain social factors form, among others, expectations of banks' customers concerning offer of financial services. More and more dynamically they are subjected to modifications determined by technical and technological progress in the field of data transmission and use of the Internet for banking services and contact between customers and banks.

A key feature of social determinants of globalization processes occurring in the banking systems is their international character. It goes beyond the realm of transnationality and sometimes has over cultural nature, as branches of the same bank, subsidiary of the same capital group of internationally operating financial institutions are established and effectively operate in different countries, diversified culturally and demographically. Sometimes the differences may relate to the dominant forms of organization of the state, politics and religious issues.

Several aspects interpreted in positive terms were pointed out in regard to the processes of economic globalization of the financial system in Poland

that took place in previous years. many positive aspects of the globalization processes are indicated in areas other than financial and relating to various other social aspects of the functioning of the present communities in developed and developing countries. The exception to this rule may be only a problem of terrorism underpinned ideologically by a so called religious fundamentalism. On the basis of considerations concerning international terrorism it is possible to analyse the sources and effects of relations of social, cultural and other factors with economic ones, which are among the major determinants of globalization processes.

In conclusion, it was found that according to this article, the origins of economic globalization goes back to 70's of the last century, when processes of deregulation, informatization and internationalization of financial systems have intensified in many countries. Similar processes have occurred in Poland, mainly since 1989, due to the economic transformation and, above all, marketization and commercialization, privatization, restructuring of many previously state companies. The next stage of social and economic changes is gradual adaptation of the various aspects of the economy, businesses and the society to the standards constituted in the countries of Western Europe as well as the norms of the European Union, which Poland joined in 2004.

Intensification of globalization processes in the field of socio-economic and cultural unification of the community has been noticed in Poland since the early 90's. Due to the ongoing process of the transformation of the Polish economy, this process was also determined by successively increasing integration of financial markets and the development of information and communication technologies. A key role is played by the social and economic determinants, formed on the basis of standards transferred from the countries of Western Europe to Poland. These mentioned social aspects have influenced the functioning of various spheres of Polish society and sectors of the economy, including the financial system.

Process of systemic transformation and adjustment of the domestic financial system to the standards prevailing in the European Union is generally evaluated in positive terms. Now, after 27 years of socio-economic transformation and integration with market structures of the EU, financial system in Poland, including the banking sector is considered to be almost fully adapted to the standards the European Union what is also related to a high level of globalization in this segment of the economy. Currently in post-crisis economic conditions, it is widely accepted that the process of globalization of financial markets and the banking system in Poland is determined mainly by factors such as administrative and supervisory functions of central banking and supervisory bodies in the financial system, as well as the adaptation of legal norms to the standards of Western developed countries.

In the context of globalization and adaptation to EU standards especially important was the Polish accession to the European Union market structures. Integration of market structures in Europe also encompassed Poland in 2004. By this token, Poland has significantly increased the scope of the openness of its economy for the development of trade and cross-border capital flows³⁶. In the context of these processes Polish economic systems and legal rules regulating the various branches, sectors and institutions have been gradually adapted to the EU standards since the 90's of the last century. One of the key sectors of the economy, which effectively and efficiently have been adapted institutionally and legally to the requirements of the EU is the financial system in Poland. Continuation of these processes under favorable economic conditions could lead to the introduction of the euro in Poland in the future. If the implementation of the preparatory plan of the Polish adoption of the common currency were to start, it would be necessary to complete the adjustment to EU standards of national financial and fiscal systems as well as monetary and budget policies³⁷.

The global financial crisis which started in autumn 2008 significantly modified the development of financial systems in many countries. In the context of this financial crisis and the debt crisis in the countries of southern Europe other states, which want to adopt a common currency will be forced to use full customization of interchangeable systems and shaping them legal norms to EU standards. This issue will also apply to Poland³⁸. However, fulfillment of formal standards required by the EU authorities will need further adaptation of national legislation but they are not the only institutional and economic requirements to meet. The key issue, however, is the achievement of a certain level of economic development which should turn Poland into fully developed country. It should cover not only the institutional and structural side but also the level of productivity, innovation and profitability of businesses, including the income of the population³⁹. The levels of these determinants of economic growth should be much closer to the average for the European Union.

³⁶ R. Plókarz, *op. cit.*, p. 163.

³⁷ A. Alińska (ed.), *op. cit.*, p. 81.

³⁸ T. Kaczmarek, *Globalna gospodarka i globalny kryzys*, Wydawnictwo Difin, Warszawa 2009, p. 163.

³⁹ W. Przybylska-Kapuścińska (ed.), *Funkcjonowanie współczesnego rynku pieniężnego i kapitałowego*, Wydawnictwo CeDeWu, Warszawa 2013, p. 112.

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