

The main goal of the project is the analysis of the **influence of the funding structure of the domestic banks on the Polish banking sector stability, taking into account in particular the new institutional and regulatory requirements.**

The project primarily concerned about the long-term liquidity ratio (NSFR). Moreover, in the studies on the future financing structure, the precautionary actions taken by the Financial Stability Board (FSB), namely a proposal for a new standard to absorb losses - TLAC (total loss-absorbing capacity) for global systemically important banks (G-SIBs) as well as similar measure implemented in the EU, namely MREL (minimum of requirement for own funds and eligible liabilities) will be taken into account.

These changes are crucial for the structure of financing sources of the domestic banking sector . They mean a necessity of change in the existing structure of liabilities of the domestic banking sector.

On the one hand we must expect an increasing share of long-term financing sources, so that long-term assets, including housing loans, can be financed by liabilities with long maturities, and not, as it is currently the case, primarily by short-term deposits, which in the long term raises systemic risk.

Secondly, due to the necessity of ensuring adequate capital and proper implementation of resolution of banks (introduced on the country-level and by the Banking Union), as well as reducing moral hazard of systemically important banks (either on global or domestic levels), still there may be a need to increase capital requirements. This may be important for the growth in costs of financing in the banking sector.

In this context, the study will address four main issues.

In the first stage, there will be an analysis of the current structure of funding sources, taking into account specific characteristic of the domestic sector against the European one. This stage will include the analysis of the scope and causes of the changes that have occurred in this area in the last few years as well as the analysis of the diversity of the banks' funding patterns in the domestic banking sector.

The second stage of the project will include the research of the impact of the banks' funding structure on the banking sector stability with the use of panel-data models.

The third stage of the research will focus on the analysis of the opportunities and threats for the domestic banking sector arising from the institutional and regulatory changes.

In the last stage, the conclusions about the optimal structure of liabilities of the domestic banking sector in the face of new institutional and regulatory framework, with particular emphasis on their impact on the stability of the banking sector and the cost of financing the banking business will be prepared.

The project tackles important subject from the point of view of stability of the Polish banking sector. The new regulatory framework is widely discussed both domestically and internationally.

Taking into consideration the fact that multifaceted analysis of the consequences of new prudential regulations introduction is a new issue, hitherto virtually not scientifically undertaken, the project results will be an important contribution to the development of sciences related to the development of the financial market.