Opening speech at the 16th European Financial Congress

Sopot, 1 June 2026

Ladies and gentlemen!

I.

This is another European Financial Congress where I have the pleasure of speaking at the opening session. This time it is a special year, a jubilee year, as Komisja Nadzoru Finansowego celebrates its 20th anniversary. The KNF has been supervising the Polish financial market for two decades. Such a moment always provokes reflections about what comes next.

And there is one more reason for an in-depth reflection about the future – the Polish economy experiences a special moment: on the one hand, it is as close to the economic core of the West as it has never been in its history, and it has a chance of joining G20. On the other hand, the previous sources of growth are coming to an end; it is enough to mention negative demographic trends.

Transition is necessary: from the economy based on low labour costs to the economy which is more innovative, capital-intensive, and based on a considerably higher level of investments. Experts of the International Monetary Fund are right when they write in one of their reports: '*After two decades of impressive convergence, Poland's growth model needs to adjust to a new economic landscape.'*

This requires reflection on the future place of the financial market in the new model of the Polish economy and on what the supervision authority can do to support the building of the market in new circumstances.

II.

This is why today I am going to talk about a regulatory strategy. I will use my opening speech as an opportunity to outline matters that I consider particularly important from the perspective of financial supervision. I also want to ask questions that can be answered during panels or side discussions at this year's EFC. I take this speech as an invitation to such talks and discussions.

Perhaps you expect me to talk about the need to have a larger financial market and the need for this market to undergo a qualitative change, involving in particular more lending on banks' balance sheets instead of predominance of treasury bonds but also a larger capital market, including its private segment, as well as about the need to build capital. I have discussed those aspects on many occasions and I am not retracting from anything I have said.

Today, however, I want to emphasise the role of institutional capital: confidence, reliability, competence, ability to act in a fair, technocratic manner, and professional communication with the market. This capital is largely non-measurable, and only partially reflected in the level of generalised confidence and in the confidence of market entities in the state. It is built over decades but may be lost very quickly, often due to a single bad decision or even utterance.

III.

According to the most recent economic studies, long-term development requires balance between a strong state and a strong civil society; this is an idea of the narrow corridor by Daron Acemoglu and James Robinson, the winners of the Noble prize in economics in 2024.

Development requires space where creative destruction may happen: space of, first and foremost, economic freedom but also freedom in political life and in the market of ideas. This was, in turn, the concept of Philippe Aghion and Peter Howitt, as well as Joel Mokyr – the Noble prize winners of 2025. The precondition for all of that is confidence: institutional capital.

Today, we have a special reason to refer to that. This year marks the 250th anniversary of 'The Wealth of Nations' by Adam Smith, the founding father of modern economics, who created the concept of an invisible hand in the market. For the invisible hand to work, it is necessary to have the visible hand of the state, namely appropriate regulations to minimise transactional costs of exchanges, guarantee property rights, and ensure tools for dispute resolution.

The claim is that the functioning and development of the market requires quality of institutions understood both as the quality of principles governing the rules of operating in the market (namely in our case: regulations), and the quality of their application, and consequently, of entities responsible for their application.

For this reason, the central notions of my today's speech are 'regulatory strategy' and 'institutional capital'.

V.

What is a regulatory strategy for the financial sector then? It is not about a set of specific regulatory instruments, for example capital requirements, concentration limits, as this is the domain of regulatory design. A regulatory strategy is, first and foremost, a set of overarching objectives that the state wants to achieve and of threats it wants to prevent. For instance: how much risk and orientation towards short-term profit and how much long-term resilience do we want to have in the financial system? What level of paternalism do we consider appropriate in the context of customer protection? Referring to the classic text by M. Porter on strategy[1], one could say that 'regulatory strategy' is a long-term logic of actions taken by institutions responsible for that market. 'Regulatory strategy' is also the ability to ask fundamental questions and provide answers to them.

I want to emphasise that when referring to 'regulatory strategy' for the financial market I do not mean the drafting of a document that could be titled as such; this is about building a long-term logic and coordinating the actions of institutions that shape the environment for the financial market.

VI.

As for the overarching objectives of regulatory strategy for the financial market, three are essential: building its resilience, profitability and potential for supporting economic development.

Due to the recent shocks and crises, such as the COVID-19 pandemic, Russia's attack against Ukraine, and subsequent chapters of the conflict in the Middle East, resilience is of the essence. The introduction to the last global financial stability report of the IMF of April 2026 ends with the following conclusion: "*As the global financial system navigates an increasingly complex risk environment, the task for policymakers is not to predict the next shock, but to ensure that vulnerabilities are understood, buffers are rebuilt, and the system remains capable of absorbing stress without amplifying it. In that sense, the resilience observed so far is best viewed not as an endpoint, but as a reminder of the work that remains to be done.*[2]"

[1] M. Porter, What is strategy?, Harvard Business Review 1996, 74(6), p. 61–78.
[2] https://www.imf.org/en/publications/gfsr

VII.

Building a regulatory strategy for the financial market requires taking into account the context in which it is to be implemented, and this context can be embraced to a large extent by a single word: uncertainty. The supervision authority also operates in the conditions of uncertainty, and this is much more difficult than operating in the conditions of risk as risk can be estimated quantitatively, while uncertainty is inherently non-measurable. However, uncertainty accompanies us, and black swans appear in the financial market from time to time.

For this reason, I am going to go back now to the matter of institutional capital and the state's agency, also in the context of deregulation. Research, carried out among others by the IMF, shows that the higher the quality of institutional environment, the lower the increase in risks related to deregulation. This means that in some countries it is possible to liberalise regulations without any excessive increase in risk, while in others the cost of liberalisation would be too high.

Why is it so? One of explanations refers to the theory of contractual incompleteness: every contract is incomplete as it is difficult to include clauses for all the events that could happen in the future. Thus, it is of key importance to efficiently fill in those gaps and solve issues, if any – this is about courts but also cultural norms and confidence.

The issue of contractual incompleteness also affects the supervision authority as its recommendations will always be equally incomplete, simply because reality is changing faster than the regulatory framework. The supervision authority, in turn, when taking actions, must be assured that it has a mandate to act and to fill in the gaps in those incomplete contracts, and that in the event of court disputes, court resolutions will be reasonable, fair and as quick as possible. This sense of mandate and courage to act is also important as regulatory strategy and institutional environment should favour an active approach of the financial supervisor. This is corroborated by the observation that the most developed global financial markets serving as benchmarks are those where financial supervisors are active and enjoy a strong position.

VIII.

In Poland, legal uncertainty remains one of key challenges for the financial sector. The diagnosis is, unfortunately, that our political, regulatory and judiciary system creates such a risk and has a limited capacity to mitigate it. Political polarisation is yet another factor that amplifies that risk. According to the most recent research, Poland is the most politically polarised country in the European Union[3]. I do not want to delve into a discussion on the social and economic costs of polarisation. Probably each of us can intuitively give examples of such costs, in various area. One of them is limited capacity of the state to reduce uncertainty and build the sense of predictability.

I also believe that an important role of the institution responsible for the functioning of the financial market should be to reduce uncertainty through improving predictability. Uncertainty has a number of external sources: we have no influence over some of them, and in the case of some our influence is limited. There are, however, certain areas of uncertainty that are in our hands. They include, first and foremost, legal uncertainty, the antithesis of which is legal predictability and predictability of law's application. For this reason, I am glad that as part of the EFC, a new initiative is being launched this year: the Legal and Regulatory Roundtable, which I consider to be an extremely necessary and valuable forum for a discussion aimed at

[3] https://ourworldindata.org/grapher/political-polarization-score

improving the quality of law, its predictability and rationality of its application. I am glad that as the financial supervisor we will be involved in that initiative.

IX.

Since a regulatory strategy is to be the logic of actions taken by the regulator and the financial market supervisor, one of its elements must be evidence-based law making. In this context, I would like to refer briefly to five aspects.

Firstly, one must not create regulations to solve non-existing problems, thus generating real problems.

Secondly, one must not create regulations that include promises that the regulations cannot keep.

Thirdly, one must not lose sight of what is important but less visible and, at the same time, respond to what is less important but visible and constitutes a subject of interest for the political class.

Fourthly, regulatory costs tend to be concentrated, while benefits are dispersed and often difficult to spot. Indeed, how can one see a crisis that has not materialised?

Fifthly, self-regulation often brings benefits similar to regulatory measures, but the cost of self-regulation is lower.

X.

A regulatory strategy must also refer to a wide array of simplification and deregulation measures. As the UKNF, we are included in those processes, in cooperation with the market and the Ministry of Finance, and we support them. In the context of regulatory strategy, I will allow myself to make a few comments.

Firstly, it is always worth asking: is a specific regulation really unnecessary or badly designed in terms of its goal or is it only costly for the industry?

Secondly, we are well aware that various regulatory changes may be disguised by their proponents with the narrative of deregulation to improve the chances for adoption, but they do not always have a lot in common with deregulation.

Thirdly, particular attention should be paid to calls for simplification of regulations through harmonising them at the EU level as this may involve introducing harmonisation through the backdoor in those areas where harmonisation is not an optimal solution.

XI.

This moves us to yet another topic: how states can create and implement their regulatory strategies, having in mind that in many areas it is the EU law that sets directions and objectives or even defines tools to implement them. On the one hand, a regulatory strategy of a Member State may consist in defining the manner of positioning oneself within the EU framework, with the specificity of the national market being taken into account. On the other hand, it may also be about exerting influence on solutions adopted at the EU level. The current manifestation of such an action is, for instance, Poland’s involvement in the E6 initiative.

XII.

Regulatory strategy is not supposed to be a written document that could be ceremoniously signed without bringing any measurable outcomes. Indeed, as argued by researchers in the area of management and strategy, effective strategies arise from actions: they form themselves rather than are formed. Henry Mintzberg, one of the most important management and strategy theorists next to Michel Porter, wrote that a good strategist was not a planner outlining a scheme and writing a document but a potter who knows their material, feels the clay under their fingers and shapes it, staying in connection with it. A strategy is not formed but forms itself[4].

I would like us to treat the time here, and the presence of leaders of the Polish financial market in Sopot, as an occasion to consciously start shaping a regulatory strategy for our financial market. I hereby declare that both my colleagues from the financial supervision authority, many of whom are actively participating in the EFC, and me are ready to be involved in this task. Let us make a good use of our time together in Sopot!

[4] Original: "*In my metaphor, managers are craftsmen and strategy is their clay*"; https://hbr.org/1987/07/crafting-strategy