



More detailed information on the handling of submissions received from financial consumers are available on the NBS website²⁷. In order to make the submission handling process more effective, NBS allows financial consumers to deliver submissions in electronic form by filling in an electronic form and ensures the acceptance of submissions personally at its head office, as well as at its branches, where printed forms for submissions by financial consumers are available.

The number of submissions delivered by financial consumers to NBS showed a growing tendency in 2013. During the year, NBS received a total of 1,410 submissions from financial consumers, which was 37% more than a year earlier. Since the time when NBS started to serve as a single contact point, the average number of submissions delivered to NBS had increased to 126 submissions per month.

Among the financial market sectors, most submissions in 2013 were again made in the insurance sector (896 or 64%). The insurance sector was followed by the banking sector with 339

submissions delivered, i.e. 24% of all submissions. In other sectors, the number of submissions as a percentage of all submissions ranged from 0.1% to 4%.

In the insurance sector, the submissions concerned mostly motor third-party liability insurance, i.e. claims for compensation for damaged windscreens on motor vehicles, and life insurance products, i.e. capital life insurance and investment life insurance products. The complaints again indicated that financial consumers do not understand financial products and often confuse them with saving products.

The most frequent subject matter of submissions in the area of banking concerned, as in 2012, mortgage loans and other housing loans, specifically the amount of bank charges, early loan repayment charges, and interest rate changes.

The subject matter of submissions concerning financial intermediation was the method, range, and quality of information supplied to financial consumers before the financial service was provided.

²⁷ <http://www.nbs.sk/sk/dohlad-nad-financnym-trhom/ochrana-financneho-spotrebiteľa> (in the Slovak language only).

²⁸ Since euro banknotes and euro coins in circulation in Slovakia include banknotes and coins issued in other euro area countries, Národná banka Slovenska does not record the actual value and volume of currency in circulation, but only the euro banknotes and euro coins that NBS itself has put into and withdrawn from circulation. The cumulative net issuance as at 31 December 2013 refers to the difference between the value (volume) of euro banknotes and coins put into and withdrawn from circulation between 1 January 2009, when Slovakia joined the euro area, and 31 December 2013.

²⁹ The NNI increased by 12.7% in 2012, by 21.6% in 2011, and by 30.8% in 2010.

³⁰ The value of currency in circulation throughout the euro area as at 31 December 2013 was €956.2 billion, and the share of that currency issued in Slovakia was 0.9100%, or around €8.7 billion.

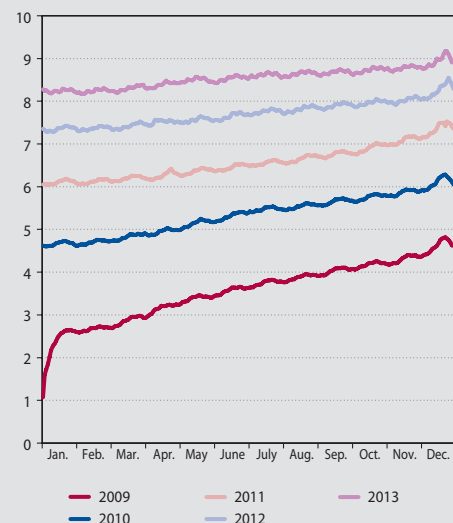
3 ISSUING ACTIVITY AND CURRENCY CIRCULATION

3.1 CUMULATIVE NET ISSUANCE

The cumulative net issuance (CNI)²⁸ of euro banknotes and coins in Slovakia had a total value of €8.9 billion as at 31 December 2013, with a year-on-year increase of 7.5% (€620.9 million). The CNI's growth rate in 2013 was lower than in 2012 and indicates that the CNI value is stabilising.²⁹ The value of the item *currency in circulation*, corresponding to Národná banka Slovenska's allocated share in the Eurosystem's production of euro banknotes (Banknote Allocation Key), amounted to €8.7 billion as at 31 December 2013.³⁰

Looking at the CNI development on a daily basis, it was virtually the same in 2013 as in previous years, with the year-on-year difference ranging between 0.7 billion and 1.0 billion (Chart 18). The CNI usually peaks during the pre-Christmas pe-

Chart 18 Cumulative net issuance of euro cash on a daily basis (EUR billions)



Source: NBS.

**Table 6 Composition of the cumulative net issuance of euro banknotes and coins**

	Cumulative net issuance				Share in %	
	CNI as at 31 December 2013		Difference versus 31 December 2012		Share as at 31 December 2013	
	number	value (EUR)	number	value (EUR)	number	value (EUR)
€500 ES1	6,634,028	3,317,014,000.00	478,091	239,045,500.00	1.03	37.23
€200 ES1	531,084	106,216,800.00	-133,070	-26,614,000.00	0.08	1.19
€100 ES1	24,316,517	2,431,651,700.00	1,545,977	154,597,700.00	3.76	27.29
€50 ES1	40,241,839	2,012,091,950.00	3,102,804	155,140,200.00	6.23	22.58
€20 ES1	31,017,549	620,350,980.00	2,858,364	57,167,280.00	4.80	6.96
€10 ES1	24,184,381	241,843,810.00	3,199,774	31,997,740.00	3.74	2.72
€5 ES1	6,173,543	30,867,715.00	-2,825,830	-14,129,150.00	0.96	0.35
€5 ES2	3,442,615	17,213,075.00	3,442,615	17,213,075.00	0.53	0.19
Total banknotes	136,541,556	8,777,250,030.00	11,668,725	614,418,345.00	21.13	98.51
€2	37,277,566	74,555,132.00	2,760,419	5,520,838.00	5.77	0.84
€1	21,021,424	21,021,424.00	-612,345	-612,345.00	3.25	0.24
50 cent	25,580,038	12,790,019.00	-26,469	-13,234.50	3.96	0.14
20 cent	32,999,469	6,599,893.80	-837,380	-167,476.00	5.11	0.07
10 cent	47,154,786	4,715,478.60	2,481,718	248,171.80	7.30	0.05
5 cent	60,268,819	3,013,440.95	4,345,191	217,259.55	9.33	0.03
2 cent	128,757,710	2,575,154.20	9,346,865	186,937.30	19.92	0.03
1 cent	156,365,341	1,563,653.41	21,892,053	218,920.53	24.19	0.02
Total coins	509,425,153	126,834,195.96	39,350,052	5,599,071.68	78.83	1.42
Collector coins	291,184	5,643,490.00	42,732	891,200.00	0.04	0.07
Total	646,257,893	8,909,727,715.96	51,061,509	620,908,616.68	100.00	100.00

Source: NBS.

Note: ES1 – euro banknotes of the first series; ES2 – euro banknotes of the second series. The second series will replace the first series, with the other banknotes in the second series to be introduced gradually over several years in ascending order of denomination.

riod and in 2013 it reached a high of €9.17 billion) on 20 December.

Euro banknotes accounted for almost the entire value of the CNI (98.5%) but only for 21% of the CNI in terms of volume, with euro coins (including euro collector coins) making up the remaining 79%.

The cumulative net issuance as at 31 December 2013 comprised almost 136 million euro banknotes, more than 509 million euro circulation coins, and approximately 291,000 euro collector coins (Table 6). The €50 banknote accounted for the largest share of the total number of banknotes included in the CNI, almost 30%. The most-issued

euro coins were the lowest-value coins of 1 and 2 cent, which made up more than half (56%) of all the coins included in the CNI. In value terms, however, their share was a mere 3%.

Looking at the CNI breakdown, NBS has reported negative net issuance of €200 banknotes since approximately mid-2010, meaning Slovakia is a net recipient of these banknotes.³¹

The average value of the currency mark,³² calculated on the basis of the net-issued euro cash (including collector coins), was €14. For euro banknotes, the average value of the currency mark was €65 and for euro coins (including collector coins) it was €0.26.

³¹ In other words the number of the given banknote denomination that the NBS puts into circulation is lower than the number it withdraws from circulation.

³² All the average values are calculated on the basis of the average issuance, which in 2013 stood at €8.5 billion. Average value of the banknotes and coins = average value of the CNI / average number of banknotes and coins included in the CNI.



ISSUING ACTIVITY AND CURRENCY CIRCULATION

The €50 was the most numerous denomination with around seven per capita in circulation. As for euro coins, the most numerous denominations were the lowest-value coins of 1 and 2 cent, with an average volume of 23 and 27 per capita respectively.

On 5 July 2013 NBS issued a €2 commemorative coin marking the 1150th anniversary of the arrival of the mission of Constantine and Methodius to Great Moravia.

ISSUANCE OF THE SECOND SERIES OF THE €5 BANKNOTE

On 2 May, in accordance with a decision of the ECB, Národná banka Slovenska and other euro area NCBs began issuing the second series of the €5 banknote. By 31 December 2013 a total of 3.4 million €5 banknotes of the second series (€5 ES2) were included in the CNI. The share of ES2 banknotes in the total volume of €5 banknotes in the CNI was 35.8%.

SLOVAK KORUNA BANKNOTES AND COINS

On 2 January 2014, redemption period for the coins of the former Slovak koruna currency expired. Národná banka Slovenska will continue to exchange koruna banknotes and commemorative coins for an indefinite period.

In the last three months of 2013, NBS stepped up efforts to inform the public about the forthcoming deadline for the exchange of koruna coins, and consequently there was increased public interest in returning these coins.

A total of 1.8 million koruna coins worth approximately SKK 4.9 million were returned to NBS in 2013 (including 2 January 2014),³³ with the coins returned in the last month accounting for almost half of that volume and value. Of the total value of koruna coins in circulation as at 31 December 2008,³⁴ 51.3% were returned. The unreturned coins had a total volume of 390.5 million and value of SKK 716.3 million (€23.78 million).

By 31 December 2013 unreturned koruna banknotes and commemorative coins totalled, respectively, 19.2 million (including 10.1 million 20 koruna banknotes) and 934,000. Their combined value was SKK 3.1 billion, or around 2% of the total value of banknotes and commemorative coins issued.

3.2 PRODUCTION OF EURO BANKNOTES AND COINS

In 2013 Národná banka Slovenska procured for the Eurosystem the production of 32.35 million €20 banknotes (first series). The banknotes were produced by the German company Bundesdruckerei GmbH. The central bank also made preparations for the production of €50.04 million €10 banknotes of the second series.

Besides euro banknotes, NBS procured the production of 26.06 million 1 cent euro coins and the production of one million €2 commemorative coins marking the 1150th anniversary of the arrival of the mission of Constantine and Methodius to Great Moravia. All the euro coins commissioned by NBS are produced by the state-owned mint Mincovňa Kremnica. The coins minted in 2013 included 28,000 euro coins of each denomination that were used in annual collector sets of Slovak euro coins.

In addition to ordinary and commemorative euro coins, Národná banka Slovenska issued four silver collector coins and one gold collector coin in 2013 (Table 7) in accordance with its issue plan for commemorative and collector euro coins.³⁵ Further information about the themes of these collector coins can be found on the NBS website.³⁶ NBS arranges the sale of commemorative and collector euro coins through contractual partners in Slovakia and abroad.

3.3 PROCESSING OF EURO BANKNOTES AND COINS

In 2013 NBS put into circulation more than 359 million euro banknotes, while 347.5 million euro banknotes were returned to it.

During the year NBS processed over 345 million euro banknotes in accordance with the common procedures laid down by the ECB for all national central banks in the euro area. The total number of euro banknotes returned to NBS was approximately three times higher than the average number of euro banknotes issued by NBS. Therefore each euro banknote issued by NBS was returned to it once every four months on average. In order to maintain public confidence in the currency, NBS checks

³³ In January 2014 NBS was still exchanging koruna coins that had been returned by post during the last days of 2013 and on 2 January 2014.

³⁴ The value of koruna circulation coins as at 31 December 2008 did not include the value of 10 and 20 halier coins.

³⁵ <http://www.nbs.sk/en/banknotes-and-coins/euro-coins/issue-plan>

³⁶ www.nbs.sk/en/banknotes-and-coins/euro-coins/collector-coins



Table 7 Collector coins issued by Národná banka Slovenska in 2013

Denomination	Theme	Issuing volume		NBS notification of coins issuance
		Total	of which proof	
€10 ¹⁾	20th anniversary of Národná banka Slovenska	13,250	9,150	408/2012 Coll.
€20 ¹⁾	Historical Preservation Area of Košice	9,700	6,350	407/2012 Coll.
€10 ¹⁾	300th anniversary of the birth of Jozef Karol Hell	8,850	5,750	55/2013 Coll.
€10 ¹⁾	150th anniversary of Matica slovenská	9,100	5,950	93/2013 Coll.
€100 ²⁾	Bratislava coronations – 450th anniversary of the coronation of Maximilian	4,300	4,300	386/2013 Coll.

Source: NBS.

1) Silver collector coin.

2) Gold collector coin.

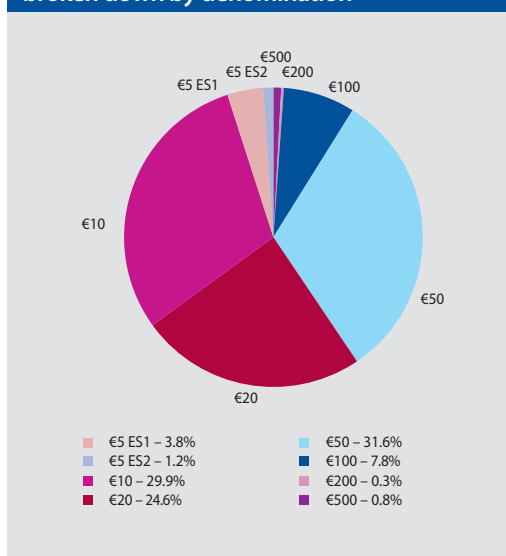
returned banknotes for both authenticity and fitness for circulation. The €50 banknote was the most frequently processed in 2013 (Chart 19), being the most numerous euro banknote in circulation and the most frequently issued via cash dispensers.

In the processing of euro banknotes during 2013, 43 million banknotes were identified as being unfit for circulation. The average unfit rate of euro banknotes was 12.6%, (i.e. the share of banknotes that needed to be replaced because they became unfit in banknotes that NBS processed), which is one of the lowest such rates in comparison with other euro area countries.

In 2013 NBS put more than 312 million euro coins into circulation, while more than 273 million euro coins were returned to it. The coins were processed in automated coin processing machines, which checked the coins for both authenticity and fitness for circulation. Since coins have a longer lifespan than banknotes, only around 304,000 of the 275 million coins that NBS processed were sorted as unfit. The number of euro coins that NBS processed did not vary significantly between denominations.

Not only does NBS process and recirculate euro banknotes and coins, so too do banks and other cash handlers which have received approval from NBS to process euro cash. The activities of these cash handlers are subject to regular supervision by NBS.

Chart 19 Euro banknotes processed in 2013 broken down by denomination



Source: NBS.

Note: ES1 – first series; ES2 – second series.

3.4 COUNTERFEIT BANKNOTES AND COINS RECOVERED IN SLOVAKIA

A total of 35,288 counterfeit banknotes and coins were recovered in Slovakia in 2013 (Table 8), including 2,801 banknotes and 32,487 coins. The vast majority (99%) of these counterfeits were euro counterfeits. The number of counterfeits recovered was far higher in 2013 than in 2012 owing to one operation in which the criminal law enforcement authorities seized 26,735 counterfeit €2 coins before they entered circulation. Only 24%



Table 8 Number of counterfeit banknotes and coins recovered in Slovakia

	EUR	SKK	Other	Total
2009	2,903	297	267	3,467
2010	2,837	14	83	2,934
2011	7,888	15	64	7,967
2012	4,451	22	65	4,538
2013	35,202	19	67	35,288

Source: NBS.

of the total counterfeits were recovered from circulation by banks, branches of foreign banks, non-bank entities, and cash handlers. As for the regional breakdown of counterfeit recoveries, more than three-quarters of the total were found in Banská Bystrica Region, where the above-mentioned operation occurred. Abstracting that case, Bratislava Region accounted for the largest share (27%) and Trenčín Region for the smallest share (1.6%).

Of the total counterfeits removed from circulation in 2013, NBS recovered around one-fifth, commercial banks operating in Slovakia almost one-half (49.5%), cash handlers 15%, the police 7%, and other non-bank entities recovered the rest.

A moderate improvement in the quality of counterfeits was observed in 2013, especially in counterfeits of euro banknotes and coins. Nevertheless, neither the number of counterfeits recovered, nor the technical level of their production posed a serious risk to the integrity and smooth operation of cash circulation in Slovakia.

EURO COUNTERFEITS

The number of counterfeit euro banknotes and coins recovered in Slovakia in 2013 was 35,202 and they had total face value of €400,482.

The number of counterfeit euro banknotes detected was 2,715, of which 2,648 were recovered from circulation. Of counterfeit euro banknotes recovered from circulation, the €100 denomination accounted for 50.6%, €50 for 18.1%, and €20 for 13.3%. Banks and foreign bank branches recovered more than half of the counterfeit euro banknotes. Only 2.5% of the counterfeits were recovered other than from circulation. In addition to the counterfeit banknotes, 23 altered banknotes comprising different parts of banknotes of the same denomination were recovered.

As for euro coins, the total number recovered in 2013 was 32,487 and the number removed from circulation stood at 5,752, representing a year-on-year increase of 91%. Counterfeit €2 coins accounted for by far the largest share (86%) of counterfeit euro coins recovered from circulation. Although the number of counterfeit coins increased, their share of the total number of euro coins in circulation remains very low.

The counterfeit euro banknotes and coins recovered in Slovakia represented only 1.0% of the total number of such counterfeits recovered

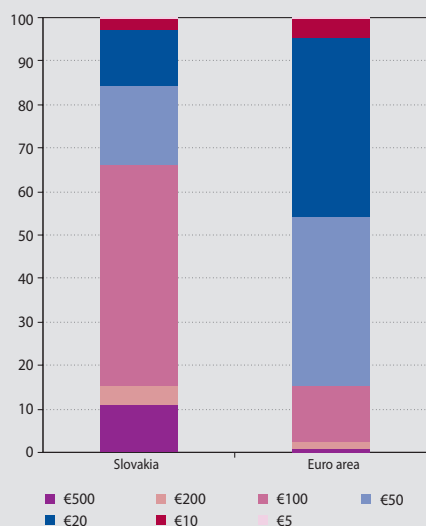
Table 9 Number of euro counterfeits recovered in Slovakia

	Denomination										Total
	50 cent	€1	€2	€5	€10	€20	€50	€100	€200	€500	
2009	37	109	664	29	37	274	827	775	144	7	2,903
2010	208	224	977	35	38	313	503	392	91	56	2,837
2011	348	239	1,041	29	31	425	495	4,103	91	1,086	7,888
2012	476	245	2,286	16	28	400	359	289	254	98	4,451
2013	580	247	31,660	9	59	412	481	1,341	123	290	35,202

Source: NBS.



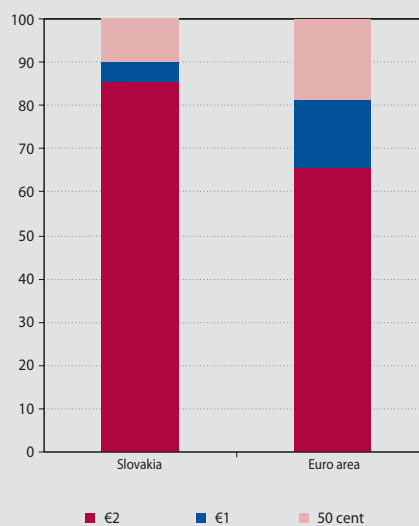
Chart 20 Counterfeit euro banknotes recovered in 2013 in Slovakia and in the euro area as a whole (%)



Source: NBS.

Note: Chart presents counterfeit euro banknotes recovered from circulation.

Chart 21 Counterfeit euro coins recovered in 2013 in Slovakia and in the euro area as a whole (%)



Source: NBS.

Note: Chart presents counterfeit euro coins recovered from circulation.

in the euro area as a whole in 2013. In Slovakia, euro counterfeits make up a very low proportion of the currency in circulation and therefore the probability of a natural or legal person coming into contact with a counterfeit euro banknote or coin is very small.

SLOVAK KORUNA COUNTERFEITS

Following the introduction of the euro into cash circulation, the number of Slovak koruna counterfeits fell sharply. Only 19 Slovak koruna counterfeits were recovered in 2013. Although the period in which Slovak koruna banknotes may

be exchanged for euro is indefinite, further incidence of koruna counterfeits is expected to be only sporadic.

COUNTERFEITS OF OTHER FOREIGN CURRENCY

US dollar counterfeits recovered in Slovakia totalled 44 in 2013, slightly more than in 2012. As in 2012 the \$100 dollar banknote was the most counterfeited denomination, accounting for 93% of the recovered counterfeits. The number of counterfeits of other foreign currencies fell slightly, to 23, including 16 British pound counterfeits.

4 PAYMENT SERVICES AND PAYMENT SYSTEMS

4.1 PAYMENT SERVICES

One of the main tasks of Národná banka Slovenska is to provide for the smooth and efficient functioning of payment systems. Payment services and payment systems in Slovakia are governed mainly by Act No 492/2009 on payment services and on amendments to certain laws (hereinafter „the Payment Services Act“),

which transposes into Slovak law Directive 2007/64/EC of the European Parliament and of the Council on payment services in the internal market.

Slovak law in the area of payment services also includes Decree No 8/2009 of Národná banka Slovenska (laying down the structure of domestic and international bank account