



conomic indicators for certain firms over a multi-year period, the research confirmed, using an econometric approach, the impact of most of the qualitative factors covered by the survey. The most significant qualitative factors in firms' competitiveness appear to be EU membership, energy costs, and the existence of developed consumer sectors.

As well as being published in NBS working papers, several research outputs are published

in papers of other central banks. Noteworthy results of joint research projects conducted in cooperation with other ESCB central banks were disseminated in ECB papers. One such paper examined the transmission of financial shocks to the economy. It addressed a number of pressing questions in this area, from the view of both specific countries and country groups.⁴⁴ A further two ECB papers focused on the results of the Europe-wide Household Finance and Consumption Survey.⁴⁵

7 EUROPEAN AFFAIRS AND INTERNATIONAL COOPERATION

7.1 EUROPEAN AFFAIRS

THE EUROSISTEM

On 1 January 2009 NBS became a member of the Eurosystem, which comprises the ECB and the national central banks of all the EU Member States that have adopted the euro. The NBS Governor is, by virtue of his position, a member of the ECB Governing Council, the ECB's highest monetary-policy authority (its main responsibility being to formulate monetary policy for the euro area). The Governor is also a member of the ECB General Council, a transitional decision-making body that will cease to exist once all EU Member States have adopted the single currency. The ECB's decision-making bodies are assisted in their tasks by the committees of the Eurosystem/European System of Central Banks, established for each of the principal areas of central bank activities. During 2013 more than 80 NBS employees participated directly in the work of these committees and their working groups. The participation of NBS departments in Eurosystem tasks constitutes a substantial part of the central bank's activities.

In May 2013, for the first time in its history, Slovakia hosted a meeting of the ECB Governing Council. On that same day the new €5 banknote of the second series was launched into circulation, and ECB President Mario Draghi marked the occasion with an address after the post-meeting press conference.

THE EUROPEAN UNION

In 2013 the NBS Governor attended the two informal meetings of the Council of Ministers for Economic Affairs and Finance (ECOFIN), which are hosted by the country that holds the rotating EU Presidency; the first was in Dublin in March and the second in Vilnius in September. A number of NBS staff members were involved in activities of committees, sub-committees and working groups of the European Council and European Commission.

7.2 NBS COOPERATION WITH INTERNATIONAL INSTITUTIONS

THE INTERNATIONAL MONETARY FUND (IMF) AND THE WORLD BANK (WB)

The main events of the Bretton Woods institutions in 2013 were the IMF/WB Spring Meeting in April and Annual Meeting in October, both held in Washington D.C. The NBS Governor attended each meeting in his capacity as Governor of the IMF for Slovakia.

Slovakia's exposure to the IMF increased in 2013. Under a bilateral loan agreement that entered into force in September 2013, Slovakia pledged €1.56 billion to the IMF as part of a €150 billion commitment by euro-area countries to IMF resources. As at 31 December 2013 Slovakia's commitments to the IMF under the Financial Transactions Plan (FTP) and bilateral loan agreement were, respectively, SDR 137.2 million and SDR 53.9 million.

⁴⁴ Occasional Paper 143: *Financial Shocks and the Macroeconomy. Heterogeneity and Non-linearities.*

⁴⁵ ECB Statistics Paper 1: *The Eurosystem Household Finance and Consumption Survey: Methodological Report for the First Wave* and ECB Statistics Paper 2: *The Eurosystem Household Finance and Consumption Survey: Results from the First Wave.*



At the end of May and beginning of June 2013, Slovakia hosted a regular IMF mission that conducts economic policy consultations under Article IV of the IMF's Articles of Agreement. Further discussions took place in December 2013, when an IMF Staff Visit came to Slovakia.

In November 2013 Slovakia contributed €3.2 million to the IMF Poverty Reduction and Growth Facility (PRGF), using funds received from the IMF's windfall gold sales profits. In 2013 Slovakia's contribution to the International Development Association (IDA) amounted to €820,000 and its contribution to the Multilateral Debt Relief Initiative (MDRI) was €70,000. The contributions were made under the terms of Slovakia's participation in the 16th replenishment of IDA funds and in the financing of the MDRI.

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

At the beginning of October 2013 the deputy governors of Národná banka Slovenska and Česká národní banka participated in a specialist seminar at the OECD's headquarters in Paris, held to mark the 20th anniversary of the two central banks. The presentations focused on how monetary policy and financial market supervision had developed in the Slovak and Czech republics over the previous twenty years. In recognition of the anniversary, the NBS exhibition *The Euro – Our Currency* was displayed on the OECD premises.

THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

In May 2013 the Board of Governors of the EBRD held its 22nd Annual Meeting in Istanbul, Turkey. The EBRD continued laying foundations for future growth in the southern and eastern Mediterranean (SEMED) by the establishment of a special SEMED Fund serving for project funding in the region. The meeting approved a contribution of €65 million to the Shareholder Special Fund in order to ensure the financial sustainability of projects in current countries of operation for 2014 and 2015. In November 2013 Jordan, Morocco, and Tunisia became recipient countries while Egypt remains a potential recipient country.

THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS)

The NBS Governor attended the regular BIS meetings of central bank governors in 2013. The issues discussed were closely related to current

challenges, including: the need for structured bank regulation; draft reforms of central banks' institutional framework; the impact of financial system structural changes on national economic growth; and the practice of 'forward guidance'. The 83rd Annual General Meeting of the BIS was held in Basel in June 2013, with NBS represented by its Governor. The main item on the agenda was the approval of the BIS's financial results and the distribution of its profit and dividends.

7.3 INTERNATIONAL ACTIVITIES IN THE FIELD OF SUPERVISION

EUROPEAN SYSTEMIC RISK BOARD (ESRB)

Main risks to the European financial system were the topic of discussion at meetings of the General Board of the European Systemic Risk Board (ESRB) in 2013, attended by senior NBS representatives. The gravest risks stem from weak economic growth and uncertainty surrounding the valuation of bank assets. Another significant area of activity for the ESRB was the EU's macro-prudential policy framework. In this regard, the ESRB issued a Recommendation on intermediate objectives and instruments of macro-prudential policy, in which it elaborated on the current intermediate objectives and potential instruments of such policy. In 2013 NBS sent the ESRB a report on its implementation of the ESRB's Recommendation on the macro-prudential mandate of national authorities. The ESRB also responded to certain consultations from European supervisory authorities and issued thematic publications on analyses conducted in 2013, which did not, however, lead to a formal ESRB recommendation. In addition, the ESRB continued to publish the quarterly Risk Dashboard, in which it identifies and measures risks to financial stability in the EU.

EUROPEAN BANKING AUTHORITY (EBA)

As a member of the European Banking Authority (EBA), NBS helped to ensure the fulfilment of tasks laid down by the EBA Management Board. Conducted through EBA committees, the cooperation between NBS and the EBA was largely related to the drafting of technical and regulatory standards in accordance with the EU's CRR Regulation and CRD IV Directive (CRR/CRD IV). NBS was actively involved in this agenda at all levels of competence, from working groups to the highest approval bodies. As regards anti-



money laundering and combating terrorist financing (AML/CTF) activities, NBS cooperated with the EBA through the Joint Committee by consulting and commenting on documents concerning a basic framework for performance of risk-based supervision in this area and a summary of grounds for refusing the registration of payment institutions' agents.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA)

In its cooperation with the European Securities and Markets Authority (ESMA), NBS in 2013 participated in a wide range of ESMA's regulatory activities, particularly in regard to prospectuses, corporate governance, takeover bids, and collective investment. Another priority was work related to the implementation of the European Market Infrastructure Regulation (EMIR). To support ESMA's activities in this regard, the NBS Financial Market Supervision Unit organised regular staff coordination meetings, the aim being to coordinate work and to ensure a uniform approach and common strategy in key areas of interest, based on specific financial market conditions and on information exchange between NBS staff in different working groups.

As part of the ESMA Review Panel's activities in 2013, NBS participated in three ESMA peer review assessments of the uniformity of the supervisory approaches and procedures followed by national supervisory authorities in supervision performance. In November 2013 the ESMA Management Board approved a new Review Panel Methodology, which inter alia will allow assessment teams to conduct on-site visits to national supervisory authorities in order to review specific areas of supervisory practice.

EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY (EIOPA)

As a member of the European Insurance and Occupational Pensions Authority (EIOPA), NBS was actively involved in EIOPA activities in 2013 through its representatives on many of the authority's working groups. Their work in these groups concerned mainly the preparation of guidelines concerning Solvency II Directive (a so-called Level 3 regulation), issues of supervision and group supervision, and regular monitoring and analysis of the financial market. In 2013 EIOPA carried out an impact assessment of the insurance market, focusing mainly on guaranteed insurance products and seeking to determine how financial entities in the insurance

sector would be affected by the proposed regulatory requirements. In November 2013 EIOPA published guidelines for the period before the coming into effect of the regulation under Solvency II Directive, the purpose being to encourage consistency among insurance and reinsurance companies in their preparations for the Solvency II regulatory environment and to ensure that the transition is smooth and not excessively demanding. These guidelines were subsequently published by NBS.

As part of its work with EIOPA in 2013, NBS was heavily engaged in preparations for a Europe-wide consumer protection framework in the area of personal pension products.

In line with the Solvency II Directive, NBS in 2013 continued to cooperate with home competent authorities in regard to the pre-application process for internal risk measurement models of insurance companies and it began a preliminary ORSA assessment.

7.4 FOREIGN TECHNICAL ASSISTANCE

Národná banka Slovenska was one of 21 Eurosystem/ESCB central banks which in 2013 were partners in the technical assistance programme for the National Bank of Serbia / Народна банка Србије. In view of savings in the planned costs, the programme was extended until 31 December 2013 and expanded to include other areas of technical assistance. In the context of this expansion, NBS organised a two-day seminar on accounting and financial reporting.

In 2013 NBS and 11 other Eurosystem/ESCB central banks were partners in the technical assistance programme for the National Bank of the Republic of Macedonia (NBRM) / Народна банка на Република Македонија. For its part, NBS reviewed NBRM activities in three areas: risk management, publications, and the development of its library and archive.

In late 2013 the ECB Governing Council approved a further long-term programme of technical cooperation with the central banks of the Western Balkans, scheduled to begin in 2014. Participating in the programme will be nine Eurosystem/ESCB central banks, including the ECB. As part of its cooperation with the programme, NBS con-



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firmed it would be providing technical assistance to the Bank of Albania / Banka e Shqipërisë, involving a review of the bank's human resources and communication requirements.

In 2013 the Slovak central bank continued its long-standing provision of technical assistance to the National Bank of Ukraine / Національний банк України. Two specialist events were held in Bratislava, related in one case to international relations and in the other to the development of a documentation centre and library.

NBS cooperation with the National Bank of the Republic of Belarus (NBRB) / Нацыянальны банк

Рэспублікі Беларусь also continued in 2013. As part of NBS technical assistance, experts from the bank gave lectures at educational events in Belarus on the subjects of on-site supervision and human resources management. NBRB representatives visited NBS in 2013 during the Slovak central bank's Visitor Day.

Cooperation increased with central banks of countries of the EU's Eastern Partnership, resulting in a pilot project with the Central Bank of Armenia (CBA). CBA representatives made a study visit to NBS in June, which focused on the area of statistics.

8 COMMUNICATION

Národná banka Slovenska regularly publishes information on monetary developments in the euro area, on key indicators of Slovak and other European economies, and on activities of banks and all other participants in the Slovak financial market. Information, reports and analyses presented by NBS are a basis not only for many decisions by the Slovak Government and Parliament, but also support the work of the media, economic research institutes, and educational institutions. NBS is constantly striving to develop, modernise and improve the quality of its communication tools. Emphasising openness and transparency, the central bank aims to respond as effectively as possible to the demand for information and to address target groups with maximum efficiency, so as to maintain its high standing in the eyes of the Slovak public.

A central pillar of NBS communication policy is participation in the Eurosystem's joint communications procedures, which primarily involves regular provision of information about monetary developments in the euro area and real-time communication of monetary-policy decisions.

In 2013 NBS celebrated the 20th anniversary of its establishment. Among the events held to mark this occasion were two scientific conferences: *Twenty Years of Transition – Experiences and Challenges*, in May, and *The History of Central Banking in Slovakia* in November. On the occasion of the

latter, NBS published a book bearing the same title as the conference. In 2013 the NBS Governor's Award Competition for outstanding dissertations or doctoral theses in the field of economics was held for the first time and attracted 20 entries. In the first half of the year NBS ran a competition for primary schoolchildren entitled *Povieme to farbičkami* (We say it with crayons), subheaded *Čo vieme o Národnej banke Slovenska* (What we know about Národná banka Slovenska), with participation from schools from across Slovakia. As part of its anniversary celebrations, NBS also held a Open Day, hosted the ECB's travelling exhibition *New Face of the Euro*, and produced a publication on commemorative and collector euro coins and a publication on banknotes and coins of the former Slovak koruna currency.

During 2013 NBS provided extensive information to the public about the new Europa series of euro banknotes, including all key facts regarding the appearance and new security features of the first banknote of the series, the €5 denomination. The new banknote was officially put into circulation in Bratislava on 2 May 2013. In addition, NBS informed the public about new rules for SEPA credit transfers and direct debits and about the end of the redemption period for Slovak koruna coins.⁴⁶

NBS also communicates directly with members of the public by e-mail. In 2013 it dealt with 3,362

⁴⁶ For further details see Chapter 3, Issuing activity and currency circulation.