



## EXPECTED MACRO-ECONOMIC DEVELOPMENTS IN SLOVAKIA

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*The Slovak economy grew in the third quarter by 0.9%, and, as in the previous quarter, the main driver of growth was domestic demand. Positive developments were recorded namely in investment demand, which benefited from the accelerated absorption of the EU funds. However, the EU funding temporary effects are expected to fade out next year, acting as a negative base effect on economic growth. As a result, GDP growth is foreseen at 3.1% in 2016, slightly lower than this year. Export performance is expected to grow within the prediction horizon (owing to gradual upturn in foreign demand), supporting the pace of economic growth to accelerate marginally to 3.2% in 2017. The balanced economic growth is foreseen to generate new jobs, while the unemployment rate should come close to 9% towards the end of the prediction horizon. Inflation is expected to gradually pick up, as rising external prices and domestic demand offset low energy prices. (p. 2)*

## SLOVAK FINANCIAL SECTOR FROM THE VIEW OF FINANCIAL STABILITY

Ľuboš Šesták, Národná banka Slovenska

*Financial stability was positively affected by economic developments in external environment, mainly in advanced economies, as well as in the domestic economy. However, there have been several downside risks to economic growth recently. Slow economic growth and expansive monetary policy have contributed to the persistence of extremely low interest rates, which brings about both positives and risks to financial stability. The high pace of bank loans to households is accompanied by increasing indebtedness of households and a potential price increase in the housing market. Recovery in corporate lending may be assessed positively, especially loans to private companies. Although profitability in all financial market sectors recorded a year-on-year growth in 2015, this trend cannot be expected to continue in the future. Moreover, underestimation of investment risks in the environment of low interest rates may later lead to lower profitability. In the insurance sector, the risk involves mainly lower investment yields, which are below the guaranteed yields on standard life-insurance contracts. However, sufficient levels of own funds in the banking and insurance sectors make them resistant to possible negative developments in the future. Financial stability is also affected by several ongoing or expected regulatory changes, namely the implementation of Solvency II regulation in the insurance sector from 1 January 2016. (p. 4)*

## CONCLUDING CONSUMER CREDIT CONTRACTS WITH NON-BANK COMPANIES – THEORY AND PRACTICE

Zuzana Szabó, Národná banka Slovenska

*The article presents the activities of Národná banka Slovenska in the area of financial consumer protection, and particularly compliance of non-bank companies with the rules of consumer protection. Consumer protection in the area of non-bank consumer credit has been a pressing issue in society for some time, as has the need to tighten the sector's regulation, which in Slovakia is now the responsibility of Národná banka Slovenska. Shortly after granting first authorisations to non-bank companies, Národná banka Slovenska has begun to exercise its powers and perform supervision of selected non-bank companies, applying also mystery shopping. The article presents the major shortcomings revealed by Národná banka Slovenska through this form of supervision. (p. 10)*

## STUDENTS DISPLAY WEAK FINANCIAL LITERACY

Pavel Škriniar and Miroslav Kmeťko, University of Economics, Bratislava

*The authors carried out a survey among second-year students of nine Slovak universities. 1907 students participating in the survey responded to questions which examined their financial literacy. The survey dealt with students' ability to choose the best time deposit, shares with the highest yield or the cheapest investment. It also covered questions about inflation, yields and their relation. Results were not a surprise, however, the authors hoped for better outcomes, as survey respondents belonged among better educated population. (p. 12)*

## THE ANALYSIS OF EFFECTS OF THE DECISION OF THE EUROPEAN COURT OF JUSTICE IN CASE HAASOVÁ ON CURRENT JUDICIAL PRACTICE

Martin Timcsák and Jana Bajtošová

*The article deals with the impact of the judgment of the European Court of Justice (Second Chamber) in Case C-22/12. According to this judgment the applicable European legislation should be interpreted in the sense that compulsory contractual motor vehicle third party liability insurance also covers compensation of non-material damage suffered by the next of kin of the deceased victims of a road traffic accident, in so far as such compensation is provided as part of the liability insurance of the insured person under national law applicable in the main proceedings. However, such compensation of non-material damage within the scope of compulsory contractual motor vehicle third party liability insurance (MTPL insurance) is not included in Slovak legislation. The authors came to a conclusion that regardless of whether the findings of the judgment require the compensation of non-material damage suffered by the next of kin of the deceased victims of a road traffic accident to be included in MTPL insurance or not, it applies that under the current legal situation (even with respect to the application rules of directives) insurance companies have no obligation, by virtue of MTPL insurance, to pay this compensation to the persons concerned. (p. 14)*

## SIGNIFICANT CHANGES TO DEPOSIT PROTECTION IN SLOVAKIA FROM 15 OCTOBER 2015

Rudolf Šujan, Chairman of the Deposit Protection Fund Presidium

*The article informs on recent changes to the deposit protection system in Slovakia, particularly in relation to the new Directive on deposit guarantee schemes in the EU. The issue is also dealt with in a broader context of the recent financial crisis and measures taken to stabilize the EU macroeconomic development. (p. 21)*

## THE BEGINNINGS OF SLOVAK ECONOMIC STATISTICS (ESTABLISHMENT AND OPERATION OF THE ECONOMIC RECOVERY RESEARCH DEPARTMENT WITHIN SLOVENSKÁ NÁRODNÁ BANKA)

František Chudják and Andrea Leková, Národná banka Slovenska

*In the first half of the 20th century various institutes for research of economic recovery and economic cycles began to be established in the United States and Europe. These institutes operated either independently or as part of different institutions, such as statistical offices, central banks or universities. This article aims to provide a brief overview of development and operation of this type of research institute in Slovakia during the hectic time of the Second World War. (p. 24)*

## ERVIN HEXNER (THE FORGOTTEN ECONOMIST)

Prof. Dr. Roman Holec, CSc., Faculty of Arts, Comenius University, and Institute of History, Slovak Academy of Sciences in Bratislava  
*Professor Ervin Hexner (1893 – 1968), one of the best Czechoslovak experts in economics, was born in a Jewish family in a small Slovak town. He studied at four universities, finishing his studies at the newly established Comenius University in Bratislava. In the interwar period, Hexner published many articles and books, belonged among the main figures of the Central Union of Slovak Industry, worked in an ironworks cartel in Prague, and represented Czechoslovakia on the International Steel Cartel. In 1939 he emigrated to the USA and took lectures at universities in North Carolina and Pennsylvania. Hexner published books about international cartels, which were translated into many languages. In 1945 he was a member of the Czechoslovak delegation at Bretton Woods, where the International Monetary Fund and the World Bank were established. Hexner remained a renowned economist until his death in 1968. (p. 28)*