



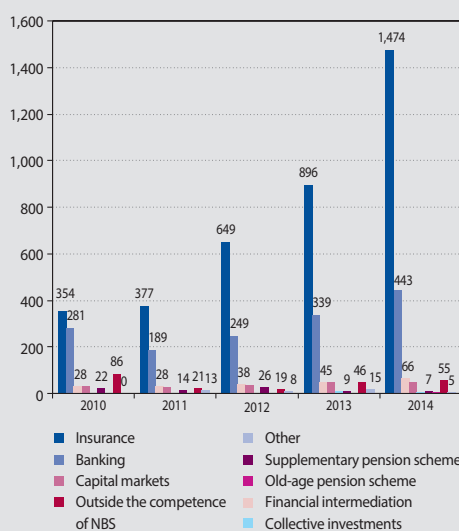
ers perceive life insurance as a form of saving but they do not consider it a long-term product.

Most submissions in the area of banking concerned, as in 2013, mortgage loans and other loans provided for housing purposes, specifically the amount of bank charges, early loan repayment charges, and interest rate changes. A relatively large part of the submissions concerned charges payable for the administration and cancellation of current accounts, including complaints about the non-transparency of this process.

The number of submissions regarding financial intermediation remained virtually unchanged during 2010–2014. These submissions concerned the method, range, and quality of the information supplied to financial consumers before the financial service was actually provided.

In 2014, the submissions of customers under supervision represented the main source of information about the provision of financial services, which NBS used in conducting on-site inspections in specific companies.

Chart 24 Overview of the number of submissions by financial market sector



Source: NBS.

An overview of the number of submissions delivered to NBS in 2010–2014 is shown in Chart 24.

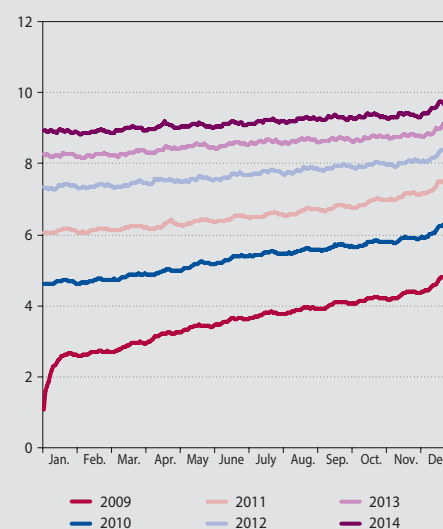
3 ISSUING ACTIVITY AND CURRENCY CIRCULATION

3.1 CUMULATIVE NET ISSUANCE

The cumulative net issuance (CNI)¹⁶ of euro banknotes and coins in Slovakia had a total value of €9.5 billion as at 31 December 2014, with euro banknotes accounting for €9.4 billion of that amount. The annual growth rate of the CNI was lower in 2014 than in 2013, at 6.6% (or €589 million)¹⁷. 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 around €10.3 billion¹⁸.

Looking at the CNI's development on a daily basis, it was virtually the same in 2014 as in previous years (except during the dual circulation period), with the year-on-year difference ranging approximately between €0.4 billion and €0.8 billion. The peak daily CNI in 2014 was

Chart 25 Cumulative net issuance of euro cash on a daily basis (EUR billions)



Source: NBS.

16 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 2014 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 2014.

17 The CNI increased by 7.5% in 2013, 12.7% in 2012, 21.6% in 2011 and 30.8% in 2010.

18 The value of currency in circulation throughout the euro area as at 31 December 2014 was €1,016.5 billion, and the share of that currency issued in Slovakia according to the banknote allocation key was 1.0155%, or around €10.3 billion.

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

	Cumulative net issuance				Share in %	
	CNI as at 31 December 2014		Difference vis-à-vis 31 December 2013		Share as at 31 December 2014	
	number	value (€)	number	value (€)	number	value (€)
€500 ES1	7,367,009	3,683,504,500.00	732,981	366,490,500.00	1.06	38.78
€200 ES1	430,127	86,025,400.00	-100,957	-20,191,400.00	0.06	0.91
€100 ES1	26,701,760	2,670,176,000.00	2,385,243	238,524,300.00	3.82	28.11
€50 ES1	38,642,808	1,932,140,400.00	-1,599,031	-79,951,550.00	5.53	20.34
€20 ES1	32,673,767	653,475,340.00	1,656,218	33,124,360.00	4.68	6.88
€10 ES1	16,737,929	167,379,290.00	-7,446,452	-74,464,520.00	2.40	1.76
€10 ES2	11,722,859	117,228,590.00	11,722,859	117,228,590.00	1.68	1.23
€5 ES1	2,220,040	11,100,200.00	-3,953,503	-19,767,515.00	0.32	0.12
€5 ES2	7,248,878	36,244,390.00	3,806,263	19,031,315.00	1.04	0.38
Total banknotes	143,745,177	9,357,274,110.00	7,203,621	580,024,080.00	20.59	98.51
€2	41,008,351	82,016,702.00	3,730,785	7,461,570.00	5.87	0.86
€1	20,902,855	20,902,855.00	-118,569	-118,569.00	2.99	0.22
50 cent	25,905,590	12,952,795.00	325,552	162,776.00	3.71	0.14
20 cent	33,093,049	6,618,609.80	93,580	18,716.00	4.74	0.07
10 cent	49,979,150	4,997,915.00	2,824,364	282,436.40	7.16	0.05
5 cent	64,724,984	3,236,249.20	4,456,165	222,808.25	9.27	0.03
2 cent	139,800,992	2,796,019.84	11,043,282	220,865.64	20.02	0.03
1 cent	178,786,116	1,787,861.16	22,420,775	224,207.75	25.61	0.02
Total coins	554,201,087	135,309,007.00	44,775,934	8,474,811.04	79.37	1.42
Collector coins	313,462	6,318,390.00	22,278	674,900.00	0.04	0.07
Total	698,259,726	9,498,901,507.00	52,001,833	589,173,791.04	100.00	100.00

Source: NBS.

Note: ES1 – euro banknote of the first series; ES2 – euro banknote 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.

recorded during the pre-Christmas period on 22 December (€9.7 billion).

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

The cumulative net issuance as at 31 December 2014 comprised more than 143 million euro banknotes and approximately 554 million euro coins (including collector coins). The €50 denomination accounted for the largest share of the total number of banknotes included in the CNI, almost 27%. The most-issued euro coins were the

two lowest denominations (1 and 2 cent). They made up more than half (57%) of all the coins in the CNI and their share is increasing year by year. In value terms, however, these two denominations had a combined share of only 3%.

NBS has long recorded a negative net issuance of the €200 euro banknote, meaning that Slovakia is a net recipient of these banknotes¹⁹.

On average, per capita²⁰, the number of euro banknotes in circulation in Slovakia in 2014 was 25 with a value of around €1,663. As for coins (including collector coins) the corresponding figures were 97 and €25. The average per capita value of the CNI was €1,688.

¹⁹ In other words, the number of banknotes of the given denomination which NBS puts into circulation is lower than the number it withdraws from circulation (by receiving them from commercial banks or the public).

²⁰ The population of Slovakia was 5,421,034 as at 30 September 2014 (source: SO SR). The average values are based on the average CNI, which in 2014 was €9.2 billion.



The most common euro banknotes and coins in circulation in Slovakia in 2014 were the €50 banknote (around seven per capita), the 1 cent coin (31) and the 2 cent coin (25).

ISSUANCE OF THE SECOND SERIES OF EURO BANKNOTES (ES2)

On 23 September 2014 a new €10 banknote began circulating, the second banknote of the Europa series (ES2) to be launched.

By 31 December 2014 a total of 11.7 million of the ES2 €10 banknotes were included in the CNI. The share of ES2 €10 banknotes in the total volume of €10 banknotes in the CNI was 41%.

SLOVAK KORUNA BANKNOTES AND COINS

By 31 December 2014, unredeemed Slovak koruna banknotes and commemorative coins totalled, respectively, 19.0 million (including 10.1 million 20 koruna banknotes) and approximately 933,000. Their combined value was around SKK 3.01 billion (almost €100 million), or around 2% of the total value of banknotes and commemorative coins issued.

Unredeemed koruna banknotes number around three per capita (almost two for the 20 koruna banknote alone) with a face value of SKK 426. The per capita value of unredeemed commemorative koruna coins is SKK 129, and that of the banknotes and coins combined is SKK 555.

3.2 PRODUCTION OF EURO BANKNOTES AND COINS

In 2014 Národná banka Slovenska commissioned for the Eurosystem the production and

supply of 50.04 million €10 banknotes of the second series of euro banknotes (production/ allocation from 2013). The banknotes were produced by the French printing company Oberthur Fiduciaire SAS. NBS also commissioned the production of 82.08 million €50 banknotes (ES1) by the German company Bundesdruckerei GmbH. In addition, the central bank participated in the pilot production of ES2 €50 banknotes by Oberthur Fiduciaire SAS, as part of the gradual introduction of the second series of euro banknotes (ES2).

Also in 2014, NBS commissioned the production and supply of 26.25 million 1 cent euro coins and five million 2 cent euro coins. On 1 April 2014 NBS also issued one million €2 commemorative coins featuring the 10th anniversary of the accession of the Slovak Republic to the European Union.

All the euro coins commissioned by NBS are produced by the state-owned mint Mincovňa Kremnica. The coins minted in 2014 included 25,000 euro coins of each denomination that were used in the four annual collector sets of Slovak euro coins.

In accordance with its issue plan for commemorative and collector euro coins, NBS also issued three collector coins in 2014, including two silver coins and one gold coin. Additionally, in September 2014 the state-owned mint Mincovňa Kremnica produced 8,900 €10 silver collector coins featuring *World Natural Heritage – Primeval Beech Forests of the Carpathians*, which are to be issued in March 2015. NBS arranges the sale of commemorative and collector euro coins through contractual partners in Slovakia and abroad.

Table 7 Collector coins issued by Národná banka Slovenska in 2014

Denomination	Theme	Issuing volume		NBS notification of coin issuance NBS
		Total	of which proof	
€10 ¹⁾	150 th anniversary of the birth of Jozef Murgaš	9,700	6,300	386/2013 Coll.
€20 ¹⁾	Conservation area of the Dubník opal mines	8,050	5,300	87/2014 Coll.
€100 ²⁾	Prince Rastislav of Great Moravia	4,000	4,000	249/2014 Coll.

Source: NBS.

1) Silver collector coin.

2) Gold collector coin.

3.3 PROCESSING OF EURO BANKNOTES AND COINS

In 2014 more than 374.3 million euro banknotes were put into circulation by Národná banka Slovenska (via sixteen banks, and partly to the public directly), while €367.1 million were returned to NBS from circulation.

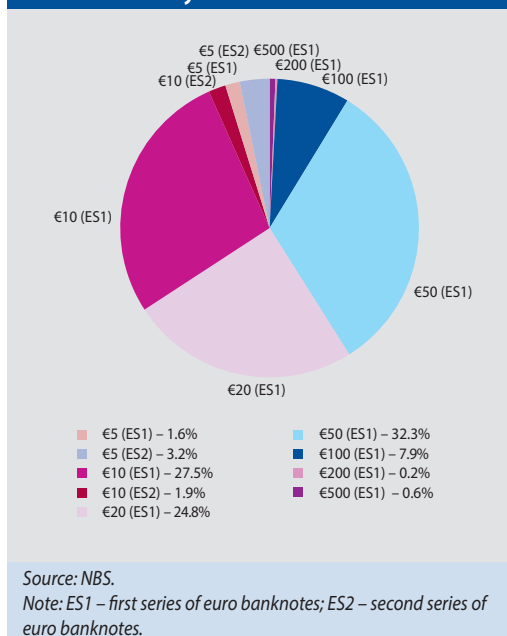
During the year NBS processed over 368 million euro banknotes in accordance with the common procedures laid down by the ECB for all national central banks in the euro area. The total number of euro banknotes returned to NBS was approximately three times higher than the average number of euro banknotes issued by NBS. Therefore each euro banknote issued by NBS was returned to it once every four months on average. In order to maintain the high quality of banknotes and coins, and, consequently, the integrity of the currency and the public confidence in euro banknotes, NBS checks returned banknotes for both authenticity and fitness for circulation. Public satisfaction with the quality of euro banknotes circulating in Slovakia is confirmed by a survey conducted each year in euro area countries. In the latest survey, around 93% of respondents expressed satisfaction with the quality of euro banknotes.

The €50 banknote was the most frequently processed denomination in 2014, being the most common euro banknote in circulation and the most frequently issued via cash dispensers.

In the processing of euro banknotes during 2014, 51 million banknotes were identified as being unfit for circulation and subsequently destroyed. The number of unfit banknotes destroyed by NBS was around 19% higher in 2014 than in 2013, mainly because €5 and €10 banknotes of the first series were sorted as unfit following the introduction of their second-series versions. The higher volume of banknotes sorted as unfit was reflected in the average unfit rate for euro banknotes, which increased year-on-year by 1.4 percentage point, to 14.0%.

In 2014 more than 331 million euro coins were put into circulation by NBS, and more than

Chart 26 Euro banknotes processed in 2014 broken down by denomination



286 million euro coins were returned to NBS from circulation. 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 469,000 of the 286.6 million processed were sorted as unfit. The number of euro coins that NBS processed did not vary significantly between denominations.

The processing and recirculation of euro banknotes and coins is performed not only by NBS, but also by commercial 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.

3.4 COUNTERFEIT BANKNOTES AND COINS RECOVERED IN SLOVAKIA

A total of 6,425 counterfeit banknotes and coins were recovered in Slovakia in 2014, including 3,701 banknotes and 2,724 coins. The vast majority (96.3%) of these counterfeits were euro counterfeits. The number of counterfeits recov-

**Table 8 Number of counterfeit banknotes and coins recovered in Slovakia**

	EUR	SKK ¹⁾	Other	Total
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
2014	6,190	21	214	6,425

Source: NBS.

1) SKK – Slovak koruna.

ered was far lower in 2014 than in 2013 (35,288), in which year 26,735 counterfeit €2 coins were seized in a single police operation before they entered circulation.

The number of counterfeits removed from circulation was 4,913 (76.5% of the total). As for the regional breakdown of the counterfeits recovered, the most were in Nitra Region (27.2%) and Bratislava Region (26.8%), and the fewest were in Trenčín Region (2.1%).

Of the total counterfeits recovered in Slovakia in 2014, NBS removed almost one-fifth (18.2%; mostly coins), commercial banks 42.7%, the police 30.1%, and cash handlers and other non-bank entities 9%.

A moderate improvement in the quality of counterfeits was observed in 2014, especially in counterfeits of euro banknotes and coins. Nevertheless, neither the number of counterfeits removed, 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 2014 was 6,190 and they had total face value of €77,848.50.

The counterfeit euro banknotes numbered 3,466, including 2,071 (59.8%) removed from circulation. Of that total, the €500 denomination accounted for 37.1%, most of them being detected before they entered circulation. The next most common denomination in the counterfeit banknotes were the €50 (30%) and €100 (17.4%) banknotes.

As for euro coins, the number removed from circulation in 2014 was 2,724, which compared with the previous year was 53% lower. Counterfeit €2 coins accounted for 74.8% of that total. The ratio of counterfeits to the overall number of euro coins in circulation remains very low.

The counterfeit euro banknotes and coins recovered in Slovakia represented only 0.35% of the total number of such counterfeits recovered in the euro area as a whole in 2014. Thus the probability of a natural or legal person re-

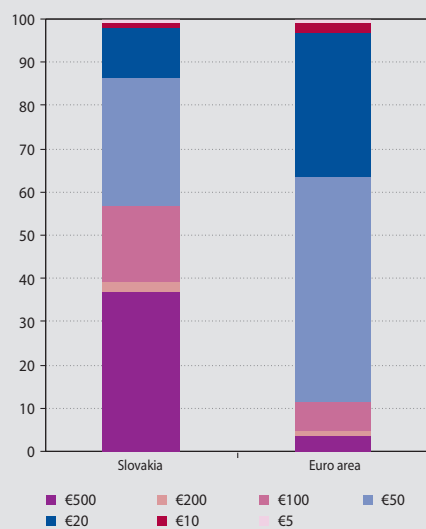
Table 9 Number of euro counterfeits recovered in Slovakia

	Denomination										Total
	50 cent	€1	€2	€5	€10	€20	€50	€100	€200	€500	
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
2014	463	224	2,037	22	39	405	1,037	604	73	1,286	6,190

Source: NBS.

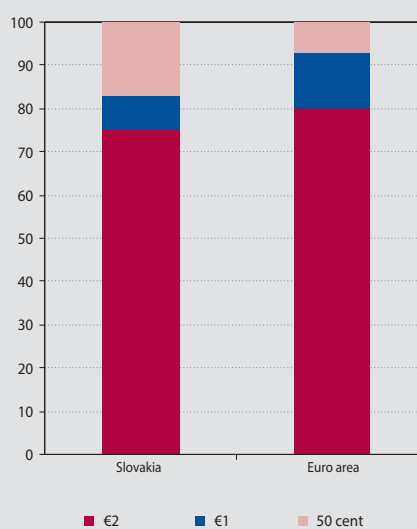


Chart 27 Counterfeit euro banknotes recovered in 2014 in Slovakia and in the euro area as a whole (%)



Source: NBS.

Chart 28 Counterfeit euro coins recovered in 2014 in Slovakia and in the euro area as a whole (%)



Source: NBS.

ceiving a counterfeit euro banknote or coin in Slovakia is very low.

SLOVAK KORUNA COUNTERFEITS

Following the introduction of the euro into cash circulation, the number of Slovak koruna counterfeits fell sharply. Only 21 Slovak koruna counterfeits were recovered in 2014. Although the period in which Slovak koruna banknotes can be exchanged for the euro is indefinite, further incidence of koruna counterfeits is expected to be only sporadic.

COUNTERFEITS OF OTHER FOREIGN CURRENCY

Compared to 2013, the number of US dollar counterfeits recovered in Slovakia was higher in 2014, totalling 93. As in 2013 the \$100 dollar banknote was the most counterfeited denomination, accounting for 95.7 % of the total. The number of counterfeits of other foreign currencies also increased, to 121, including 60 Czech koruna and 41 British pound counterfeits.

4 PAYMENT SERVICES AND PAYMENT SYSTEMS

4.1 PAYMENT SERVICES

The principal legal regulation governing payment services and payment systems in Slovakia is 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 the following Regulations of the European Parliament and of the Council:

- Regulation (EC) No 924/2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001;
- Regulation (EC) No 1781/2006 on information on the payer accompanying transfers of funds; and