

## MEETINGS OF THE NBS BANK BOARD

**The 6th Meeting of the Bank Board of the National Bank of Slovakia, chaired by Governor Marián Jusko, was held on 14 March 2003.**

- The Bank Board of the NBS approved the Draft Act which amends Act of the National Council of the Slovak Republic No. 118/1996 Coll. on the protection of bank deposits and on amendment of certain laws, as amended (draft amendment to the Deposit Protection Act).

The purpose of this amendment to the Deposit Protection Act is to take into account, in particular, such suggestions from the World Bank's Assessment Report on the FSAP Program, which concern activities, function and financial stability of the Deposit Protection Fund and which are compatible with the EU Directive on Deposit Guarantee Schemes valid in the European Union. In addition to considering the suggestions made by the World Bank, the purpose of the submitted amendment to the Deposit Protection Act is also to modify and more precisely specify various provisions of the current Deposit Protection Act. This concerns modifications and more precise specifications regarding the new legislation (especially the new Act on the Payments System and the new Act on Securities and Investment Services), and the Deposit Protection Fund's knowledge of, and experience with, reimbursement for inaccessible bank deposits protected by law.

The draft amendment to the Deposit Protection Act is compatible with the legal standards of the European Communities and the European Union, and shall become effective on 1 September 2003.

- The Bank Board of the NBS approved the statutory financial statements of the National Bank of Slovakia as of 31 December 2002 and made note of the Auditor's Report prepared by the audit agency Deloitte & Touche, spol. s r.o.

The audit was carried out in accordance with the Slovak Auditing Standards. In the Auditor's Report, the auditor expressed the opinion that the accompanying financial statements present fairly in all material respects the financial position of the bank as of 31 December 2002, and the 2002 result of its operation is in accordance with the Accountancy Act valid in the Slovak Republic.

The Report on the 2002 Result of Operation of the National Bank of Slovakia, the Auditor's Report and

the financial statements of the bank will be submitted to the Parliament of the Slovak Republic.

The Bank Board of the NBS approved the "Report on the Investment Policy Implementation in the Area of Foreign-Exchange Reserves in 2002". The total income from the foreign exchange reserves in 2002 was almost SKK 10bn.

- The Bank Board of the NBS approved the Decision of the National Bank of Slovakia on the conditions for holding client accounts, and performance of the Slovak koruna payment and settlement systems on these accounts. This Decision amends conditions for holding client accounts and performance of the Slovak koruna payment and settlement systems on these accounts.

**The 7th Meeting of the Bank Board of the National Bank of Slovakia, chaired by Governor Marián Jusko, was held on 27 March 2003.**

- The Bank Board of the NBS discussed the Situation Report on Monetary Development of Slovakia in February 2003. The price development was mainly determined by the predicted secondary effects of the adjustments to regulated prices and by the change of indirect taxes in January, as well as by the price increase of fuels. The indirect impact of the administrative interference in the price development was mainly reflected in both the processed foodstuff and market service prices. On the whole, the price development was in line with the NBS prediction.

According to the preliminary data of the Statistical Office of the SR, the growth of real GDP in the last quarter of 2002 reported the considerable acceleration of its year-on-year dynamics, which was influenced by both domestic and foreign demand. Also in the fourth quarter the pace of growth in exports of goods and services was continually higher than in imports, which resulted in the decline of the net export deficit. The GDP development in the last quarter was also reflected in the pace of economic growth for the whole 2002, which, as compared with 2001, increased by more than 1 percentage point, while the domestic demand effect decreased.

The current development of the economy has shown the continuing recovery. The development of consumer prices, determined mainly by after-effects of the administrative interference at the beginning of



this year, was in line with the NBS prediction. At the same time, the foreign trade deficit, influenced by the favourable development not only in exports but also in imports, reached the lower than the predicted level.

- Given the overall economic development, the Bank Board of the NBS considers the current levels of the key interest rates adequate, and decided on maintaining the current interest rates, i.e. for the overnight sterilization rate at 5.0%, the overnight refinancing rate at 8.0% and the limit rate for two-week REPO tenders at 6.5%.

In the months to come, the level of consumer prices should be influenced by the adjustments to some regulated prices and by the continued secondary effects of the administrative interference in the price development. These factors should be reflected in the further moderate increase of the year-on-year dynamic of both headline and core inflations. The current development of the global political situation and the connected movements in the global oil prices pose a risk to the consumer price development.

- The National Bank of Slovakia discussed "The Situation Report on Domestic Financial Markets in 2002". Typical for the given period was the stable development in the money market, the quality of which in the form of the BRIBOR interest rates is sufficient to provide important economic information for the banking sector in the long term.

Over the assessed period the short-term credits continued to prevail in the credit market, and were used to finance operational rather than developmental needs.

The exchange rate of the Slovak koruna in 2002 recorded a significant appreciation. This was partially caused by the economic development and, in particular, by the political development. This mostly concerned internal political consolidation and the integration process into the European and Euro-Atlantic structures. The significant fact on the domestic forex market was the marked increase in spot transactions as a result of which preconditions for a higher resi-

stance to possible market fluctuations were formed. The situation on the capital market remained unchanged. Government securities continued to be its most significant segment. The positive development indicated in some segments of the capital market in 2001 was not confirmed. This related above all to trading in shares on the secondary market, where in 2002 the traded amounts fell, while dominant were direct trades.

- Referring to the announcement of the result of the public tender for choosing the provider of the services and system for financial accountancy and economic performance and budget of the NBS, in which the NBS refused all of the proposed tenders and concluded the public tender without choosing a tender proposal, the Bank Board of the NBS discussed the proposal for the further procedure in choosing the provider of these services.

Of the possible available forms of public procurement, such as public tender, selective tender and negotiation proceedings, the Bank Board of the NBS approved the form of selective tender for the provision of services in this matter.

- The Bank Board of the NBS discussed the paper "Draft of changes related to the mode of implementation of the Real Time Gross Settlement system under the conditions in the Slovak Republic" and approved the proposed mode of implementation of the RTGS in the Slovak Republic.

The NBS will create one integrated interbank payment system, which will include the functioning of the current interbank SIPS payment system and the functioning of the payment system established on the RTGS principles. The primary functions of the RTGS system will be implemented by the end of this year. In the future, the NBS will extend the integrated interbank payment system by further functions, which will improve the convenience and efficiency of this payment system.

**Press Department of OVI NBS**

## A VISIT TO THE NBS



A working meeting: The governor of the National Bank of Slovakia received the chairperson of the National Council of the Slovak Republic Pavol Hrušovský.

### 267 MANAGERS ALREADY COMPLETED DISTANCE LEARNING OF BANKING MANAGEMENT AT THE INSTITUTE OF BANKING EDUCATION OF THE NBS

On 25.3.2003, the governor of the National Bank of Slovakia Marián Jusko gave certificates to 57 graduates of 2 year distance courses in banking management, at a ceremony in the Congress Hall of the bank. The Institute of Banking Education of the National Bank of Slovakia organized this course for the third time.

This four semester study corresponds to the criteria of banking education in the countries of the European Union in level and content. The institute has provided this distance form of preparation of banking managers since 1997, and uses an original project gained in the framework of the PHARE programme. Up to now, 267 bank employees have completed this form of bank management study.

In relation to the good results the institute has achieved in this area, the United States Agency for International Development (USAID) entrusted it with preparing distance learning for the National Centre for the Education of Bank Employees in Ukraine.

The distance forms of study at the Institute of Banking Education of the NBS are accredited by the Ministry of Education of the Slovak Republic, and graduates gain certificates valid throughout Slovakia. During its existence of almost 12 years, the Institute of Banking Education has provided various forms of study for 24,530 bank employees, mostly with an orientation towards the preparation of banking specialists and managers.



From the left: Governor of the National Bank of Slovakia Marián Jusko in the presence of the chief executive director of the Executive Division of the NBS Štefan Králik and director of the Institute of Banking Education of the NBS Dušan Garay at the handing over the certificate of gaining education with national validity to the best graduate of distance learning of bank management, Ing. Zuzana Lichá from the branch office of the NBS in Poprad.