

3. THE CURRENCY SPLIT AND THE INTRODUCTION OF NATIONAL CURRENCY

Cash in circulation

Throughout 1993, cash in circulation in the territory of the Slovak Republic has been affected by several factors. Among the most significant are:

- the monetary union of two sovereign states (the Czech Republic and the Slovak Republic) until 8 February 1993;
- the currency split on 8 February 1993 and the circulation of stamped Slovak banknotes;
- the additional replacement of unstamped Slovak banknotes with stamped ones;
- the issue of new Slovak banknotes and coins and replacement of stamped banknotes;
- the additional replacement of stamped banknotes with new Slovak notes.

These circumstances affected cash in circulation in the following manner:

- before 8 February 1993, the currency-in-circulation status in the Slovak Republic was based on theoretical rather than actual data;
- before the currency split, account holders deposited cash so as to have as little money on hand as possible as the deadline for the replacement of old banknotes for stamped ones approached;
- during the replacement of the stamped banknotes with new Slovak notes, there were three parallel circulations of banknotes, namely: 1) stamped banknotes, 2) new Slovak banknotes, 3) federal unstamped banknotes that remained in circulation and had not been replaced by the set deadline. Coins circulated as: 1) federal coins, 2) new Slovak coins.

The aforementioned facts indicate that it is not possible to specify the chronological development of the volume of currency in Slovakia in comparison with previous years. Based on known data, however, it is possible to specify the theoretical figures on the division of federal currency, the amount of money exchanged at the time of the monetary split, and the currency position as at 31 December 1993, in stamped banknotes, new Slovak banknotes, and federal (unstamped) banknotes that had not been replaced until the deadline. Coins are specified as federal coins and new Slovak coins.

In 1993, the National Bank of Slovakia issued, apart from coins in circulation, three commemorative silver coins in the total amount of Sk 11,120,400. In circulation were also federal commemorative silver coins, totalling Kčs 178,977,125. However, these commemorative coins had an insignificant effect on cash in circulation.

The amount of money in circulation in the Slovak Republic as at 31 December 1992, based on the theoretical division of federal currency at the time of the monetary union was established (2:1), is shown in the table below:

Nominal value	No. of pcs	Value	Share of total amount	Share of total value
Banknotes				
1 000 Kčs	20 175 360	20 175 359 834	17,7%	62,8 %
500 Kčs	15 901 018	7 950508 967	13,9%	24,7 %
100 Kčs I ^{1/2}	29 119 896	2 911 989 575	25,6 %	9,0 %
100 Kčs II ^{1/2}	213 896	21 389 567	0,2 %	0,1 %
50 Kčs I ^{1/2}	792 769	39 638 454	0,7 %	0,1 %
50 Kčs II ^{1/2}	9 161 322	458 066 121	8,0 %	1,4%
20 Kčs I ^{1/2}	2 727 512	54 550 241	2,4 %	0,2%
20 Kčs II ^{1/2}	17 124 032	342 480 641	15,0%	1,1 %
10 Kčs	18 781 846	187 818 460	16,5 %	0,6%
Total	113 997 651	32 141 801 860	100,0 %	100,0%

Nominal value	No. of pcs	Value	Share of total amount	Share of total value
Coins				
10 Kčs	5 112 813	51 128 130	0.5 %	6.7 %
5 Kčs	58 120 852	290 604 260	5.4 %	38.2 %
2 Kčs	77 590 951	155 181 902	7.2 %	20.4 %
1 Kčs	137 706 330	137 706 330	12.7 %	18.2%
50 h	81 453 066	40 726 533.00	7.5 %	5.4 %
20 h	217 684 834	43 536 966.80	20.1 %	5.7 %
10 h	368 864 188	36 886 418.80	34.1 %	4.9 %
5h	65 908 117	3 295 405.85	6.1 %	0.4 %
1 h	69 285 098	692 850.98	6.4 %	0.1 %
Total	1 081 726 249	759 758 797.43	100.0%	100.0%

^{1/} Kčs 100 I - model 1961, Kčs 100 II - model 1989, Kčs 50 I - model 1964, Kčs 50 II - model 1987, Kčs 20 I - model 1970, Kčs 20 II - model 1988.

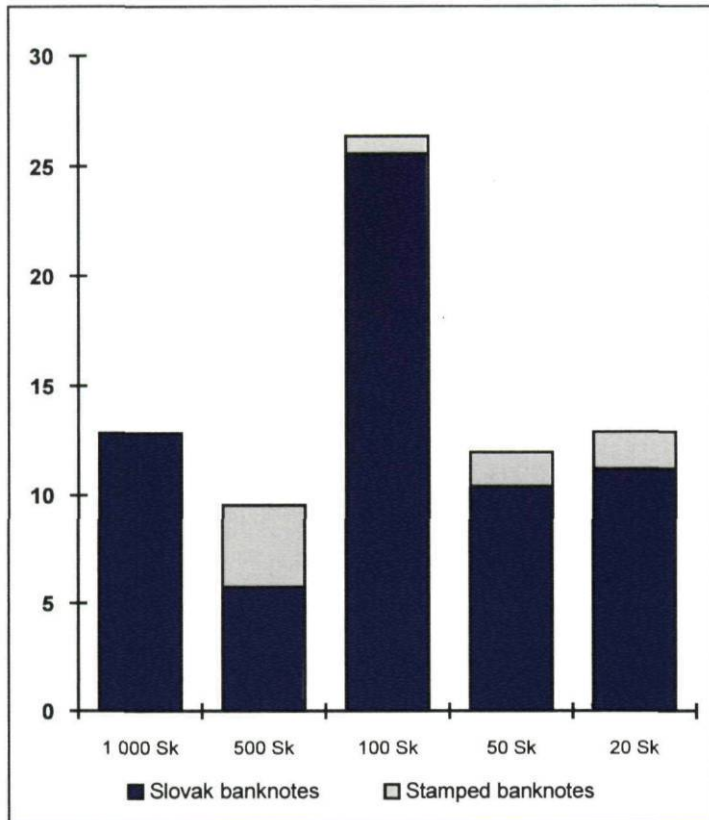
At the time of the currency split, altogether 71,409,000 pieces of banknotes were exchanged, totalling Sk 26,947,000,000.

The amount of money in circulation as at 31 December 1993 in a breakdown by stamped banknotes, new Slovak banknotes, non-replaced unstamped federal banknotes, as well as federal coins and new Slovak coins, is shown in the following tables:

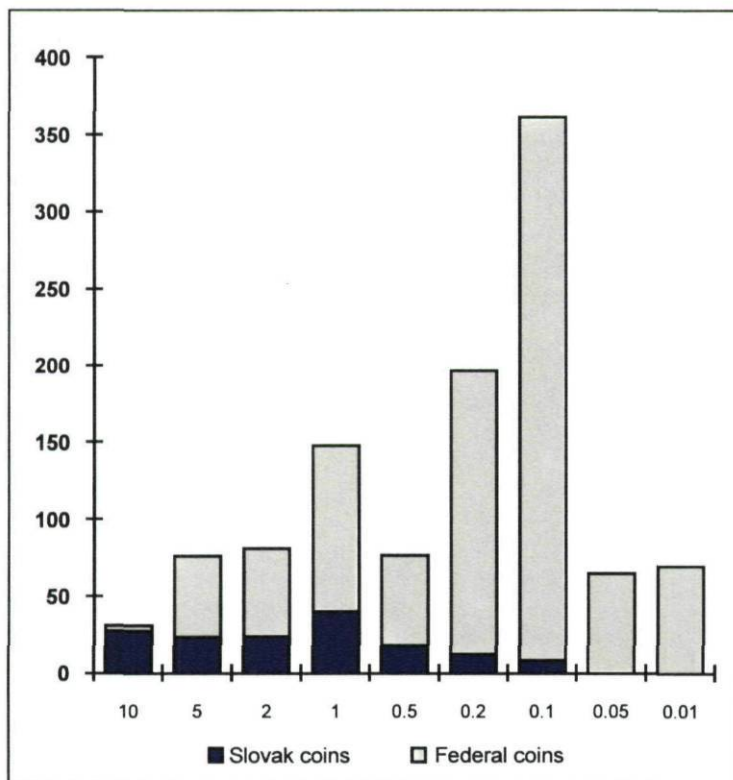
Nominal Value	No. of pcs	Value in Sk	Share of total amount	Share of total value
Banknotes				
Stamped				
1 000 Sk	85 869.75	85 869 750.00	1.09%	3.96%
500 Sk	3 788 657.75	1 894 328 875.00	47.97 %	87.29 %
100 Sk	788 906.25	78 890 625.00	9.99%	3.64%
50 Sk	1 546 035.00	77 301 750.00	19.58%	3.56%
20 Sk	1 687 984.50	33 759 690.00	21.37%	1.55%
Total	7 897 453.25	2 170 150 690.00	100.00%	100.00%
Slovak				
1 000 Sk	12 855 600.00	12 855 600 000.00	19.54%	67.56 %
500 Sk	5 745 300.00	2 872 650 000.00	8.73%	15.09 %
100 Sk	25 567 792.50	2 556 779 250.00	38.87 %	13.44%
50 Sk	10 411 579.50	520 578 975.00	15.83%	2.73%
20 Sk	11 206 739.50	224 134 790.00	17.03%	1.18%
Total	65 787 011.50	19 029 743 015.00	100.00%	100.00%
Unstamped				
1 000 Kčs	3 909 053.75	3 909 053 584.00	9.18%	75.25 %
500 Kčs	218 526.50	109 263 217.00	0.51%	2.10%
100 Kčs I	5 991 982.75	599 198 250.00	14.07 %	11.53%
100 Kčs II	212 783.00	21 278 267.00	0.50%	0.41%
50 Kčs I	766 357.00	38 317 854.00	1.80%	0.74%
50 Kčs M	3 019 926.25	150 996 333.50	7.09%	2.91%
20 Kčs I	2 700 119.25	54 002 386.00	6.34%	1.04%
20 Kčs II	5 521 887.00	110 437 741.00	12.97 %	2.12%
10 Kčs II ^{1/}	20 247 473.50	202 474 735.00	47.54 %	3.90%
Total	42 588 109.00	5 195 022 367.50	100.00%	100.00%
Coins				
Slovak				
10 Sk	27 059 000.00	270 590 000.00	17.73%	55.54 %
5 Sk	23 349 500.00	116 747 500.00	15.30%	23.96 %
2 Sk	23 765 500.00	47 531 000.00	15.57%	9.76%
1 Sk	40 122 000.00	40 122 000.00	26.28 %	8.23%
50 h	17 783 000.00	8 891 500.00	11.65%	1.83%
20 h	12 406 000.00	2 481 200.00	8.13%	0.51%
10 h	8 158 100.00	815 810.00	5.34%	0.17%
5h	0.00	0.00	0.00%	0.00%
1 h	0.00	0.00	0.00%	0.00%
Total	152 643 100.00	487 179 010.00	100.00 %	100.00 %
Federal				
10 Kčs	3 760 203.00	37 602 026.33	0.40%	6.00%
5 Kčs	52 424 882.00	262 124 410.00	5.51%	41.84%
2 Kčs	56 941 101.00	113 882 202.00	5.99%	18.18%
1 Kčs	107 589 730.00	107 589 730.00	11.32%	17.18%
50 h	58 271 166.00	29 135 582.83	6.13%	4.65%
20 h	184 281 334.00	36 856 266.80	19.38 %	5.88%
10 h	353 249 438.00	35 324 943.77	37.16%	5.64%
5 h	64 901 590.00	3 245 079.48	6.82%	0.52%
1 h	69 275 554.00	692 755.54	7.29%	0.11%
Total	950 694 998.00	626 452 996.75	100.00%	100.00%

^{1/} Kčs 10 II - model 1986

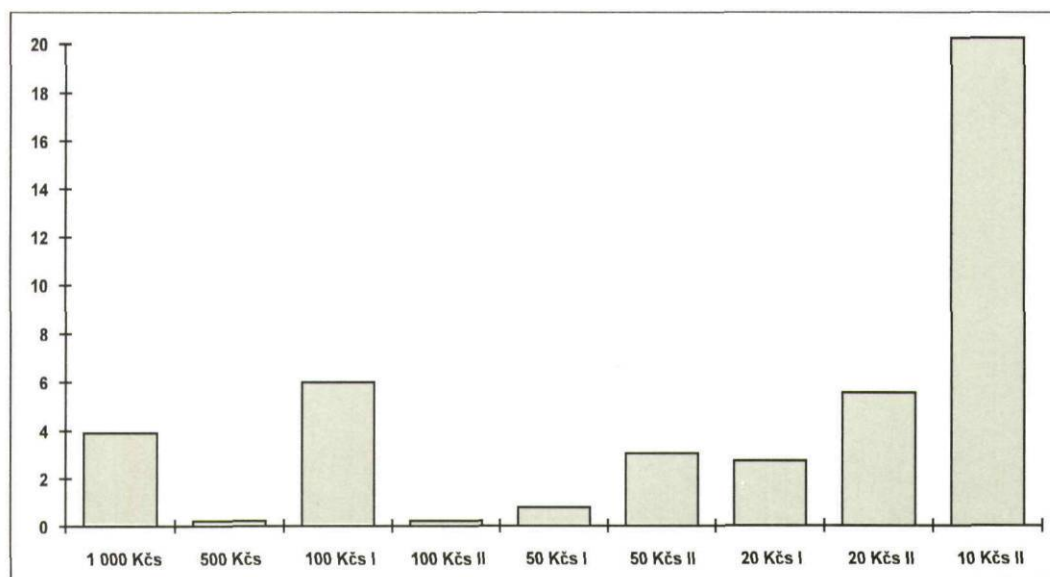
The proportion of new Slovak banknotes in circulation to the total number of banknotes in circulation in the Slovak Republic (in millions of Sk):



The proportion of new Slovak coins to the total number of coins in circulation in the Slovak Republic (in millions of Sk/Kčs):



The number of federal banknotes in circulation in the Slovak Republic at 31 December 1993, not exchanged within the set deadline (in millions of pcs):



Issuance of Slovak Currency

With the law designating the National Bank of Slovakia as central bank, the legislative preconditions for the issuance of Slovak currency had finally been created.

The first temporary issue of Slovak banknotes was, in fact, represented by stamped federal banknotes of 20, 50, 100, 500, and 1,000 nominal values. The stamping of banknotes commenced in Slovakia on 13 January 1993. Prior to the currency split (i.e. 8 February 1993), only stamped banknotes had been in circulation. At the same time new Slovak banknotes were being printed by BA Banknote, Ottawa, Canada (Sk 20 and Sk 50 notes); and by Thomas De La Rue, Basingstoke, Great Britain, and at the company's plant in Malta (Sk 100, Sk 500, and Sk 1,000 notes). Altogether, banknotes of five nominal values in a total number of 172 million pieces were printed. New Slovak coins, totalling 434,221,000 pieces, were minted by the State Mint, Kremnica. The time schedule for the replacement of stamped (temporary) banknotes and federal coins is shown in the table below:

Nominal value	New / valid from	Stamped / valid until	Stamped, to be replaced by
Banknotes			
1 000 Sk	29.10.1993	22.10.1993	5.11.1993 ^v
500 Sk	15.11.1993	10.1.1994	31.3.1994
100 Sk	30.9.1993	30.11.1993	31.3.1994
50 Sk	30.8.1993	31.10.1993	28.2.1994
20 Sk	30.9.1993	30.11.1993	31.3.1994
10 Sk		15.6.1993	30.9.1993
Coins			
10 Sk	8.2.1993	15.6.1993	30.9.1993
5 Sk	30.4.1993	30.11.1993	28.2.1994
2 Sk	30.4.1993	30.11.1993	28.2.1994
1 Sk	30.4.1993	15.10.1993	31.1.1994
50 h	30.6.1993	15.10.1993	31.1.1994
20 h	30.9.1993	30.11.1993	28.2.1994
10 h	29.10.1993	31.12.1993	28.2.1994
5 h		31.7.1993	31.10.1993
1 h		31.7.1993	31.10.1993

^v Upon request in writing by 28 February 1994.

In 1993, the National Bank of Slovakia issued three commemorative silver coins:

Nominal value	In commemoration of	No. of coins issued		Effective Date and NBS Decree No.
		Total	Of which PROOF	
100 Sk	Foundation of the SR	70 000	5 000	1 Sept. 1993, Decree No. 190/1993
200 Sk	150th anniversary of the codification of literary Slovak	37 000	2 000	6 Dec. 1993, Decree No. 281/1993
200 Sk	200th anniversary of the birth of Ján Kollár	37 000	2 000	30 Dec. 1993, Decree No. 362/1993

Counterfeit Czecho-Slovak and Slovak Banknotes

In 1993, a total of 4,919 pieces of counterfeit Czecho-Slovak and Slovak banknotes were handed over to the Test Laboratory of the National Bank of Slovakia, having been seized in the Slovak Republic, with a face value of Sk 2,849,440. An overview by nominal value is shown in the following table:

Nominal value	Unstamped federal banknotes (pcs)	Stamped federal banknotes (pcs)	Total
1 000	697	1 234	1 931
500	92	1 471	1 563
100	3	1 329	1 332
50		63	63
20		29	29
10"		1	1
Total	792	4 127	4 919

A Slovak 10-crown coin issued in 1993.

Based on relevant data on the Slovak Republic published by the former Czecho-slovak State Bank, a comparison of the number of counterfeit banknotes seized over the past five years is shown in the following table:

Nominal value	1989	1990	1991	1992	1993	Total
1 000	2	35	136	1 192	1 931	3 296
500		5	7	299	1 563	1 874
100	5	9	20	10	1 332	1 376
50					63	63
20	1	1			29	31
10				12	1	13
5	12	1	533	23		569
2			19			19
1	1					1
Modified	1					1
Counterfeit notes	1					1
Total	23	51	715	1 536	4919	7 244

The dramatic increase in counterfeit Czecho-Slovak and Slovak banknotes is largely due to the introduction of temporary stamped banknotes and their validity termination. All the banknotes were collected by financial institutions, where counterfeit banknotes were detected and retained. The increased occurrence of counterfeit Czecho-Slovak

banknotes also testifies to their poor protection against forgery, especially against forgery using colour photo copiers. Hence, the replacement of banknotes was of paramount importance.

Counterfeit Foreign Banknotes

In 1993, in 1,225 cases, a total of 3,413 pieces of counterfeit foreign currency banknotes in the equivalent of Sk 8,349,747 were detected and handed over to the Test Laboratory of the National Bank of Slovakia. An overview of the structure of counterfeit banknotes detected is shown below:

Currency	Pcs	Share in %
DEM	1 579	46.2
USD	1 540	45.1
ITL	114	3.3
FRF	5	0.1
GBP	4	0.1
ATS	69	2.0
BEF	59	1.7
CHF	15	0.4
CZK	28	0.8
Total	3 413	100.0

Based on partial figures for the Slovak Republic published by the former Czechoslovak State Bank, a comparison of the numbers of counterfeit Czechoslovak, Slovak, and foreign banknotes detected in the last five years is shown in the following table:

Currency	1989	1990	1991	1992	1993
USD	72	169	850	4 355	1 540
DEM	1	17	45	121	1 579
FRF	1		2	2	5
ATS		1	1	4	69
ITL		1	27	9	114
GBP		1	3	5	4
BEF		1			59
CHF				1	15
FIM				3	
PEI ^{2/}				6	
CSK and SKK ^{1/}	23	51	715	1 536	4 919
CZK					28
Total	97	241	1 643	6 042	8 332

^{1/} Federal and stamped federal banknotes and coins

^{2/} Peruvian notes, in the nominal value of 500 PEI, forged to 500 DM

The above overview clearly illustrates the dramatic increase in counterfeit notes detected in recent years. The drop in the occurrence of counterfeit USD in 1993 compared to 1992 is relative; as in 1992, in one case over 3,000 pieces of counterfeit one-dollar banknotes were detected which, naturally, distorts the statistics to some extent.