

D. Issuing Activity of the NBS

1. ISSUE OF SLOVAK BANKNOTES AND COINS

In 1996 the National Bank of Slovakia issued new banknotes in the denominations of Sk 100 and Sk 500 (series 1996) in accordance with the needs of money circulation. The notes were printed by Thomas De La Rue, a British printing house. On the basis of a decision passed by the Bank Board of the NBS, coins with a nominal value of 50 haller were put into circulation with new design, parameters, and material.

To commemorate the anniversaries of important events, the National Bank of Slovakia issued five commemorative silver coins with a nominal value of Sk 200, and one commemorative gold coin with a nominal value of Sk 5,000. The coins were minted by the State Mint at Kremnica, state company.

Commemorative coins issued by the NBS in 1996

Nominal value	Event commemorated	Number of coins issued		NBS Decree No
		Total	Proof	
Sk200	The 200th anniversary of the birth of Samuel Jurkovič	27,600	1,600	31/1996 Z.z.
Sk200	Centenary of the first Olympic Games in modern times and the first participator of Slovakia in the Summer Olympics	24,700	1,700	154/1996 Z.z.
Sk200	Centenary of the birth of Jozef Ciger Hronský	22,000	1,500	165/1996 Z.z.
Sk200	Centenary of the opening of the first rack railway on the route Štrba - Štrbské Pleso	23,600	1,600	230/1996 Z.z.
Sk200	The 250th anniversary of the birth of Móric Beňovský	23,400	2,000	268/1996 Z.z.
Sk 5,000	UNESCO World Heritage, Banská Štiavnica and the ancient mining works of the district	8,000	8,000	342/1996 Z.z.

1.1 Cash in Circulation

Nominal value	Volume of currency (as at 31.12.1996)		Proportion in %		Rate of growth in %	
	Amount (pcs)	Value (Sk)	(pcs)	(Sk)	(pcs)	(Sk)
Banknotes	95,302,570.75	51,210,794,007.50	100.00	100.00	111.56	131.58
Sk 5,000	3,323,416.75	16,617,083,750.00	3.49	32.45	208.49	208.49
Sk 1,000	25,644,855.75	25,644,855,750.00	26.91	50.08	114.60	114.60
Sk500	9,315,079.50	4,657,539,750.00	9.77	9.09	95.05	95.05
Sk200	6,337,579.75	1,267,515,950.00	6.65	2.48	213.52	213.52
Sk100	21,327,670.50	2,132,767,050.00	22.38	4.16	92.89	92.89
Sk50	10,131,746.25	506,587,312.50	10.63	0.99	113.20	113.20
Sk20	19,222,222.25	384,444,445.00	20.17	0.75	114.60	114.60
Coin in circulation	545,647,305.00	936,145,276.90	100.00	100.00	125.14	117.87
Sk10	51,140,673.00	511,406,730.00	9.37	54.63	118.90	118.90
Sk5	34,872,388.00	174,361,940.00	6.39	18.63	110.05	110.05
Sk2	52,102,896.00	104,205,792.00	9.55	11.13	118.55	118.55
Sk 1	74,617,730.00	74,617,730.00	13.68	7.97	116.88	116.88
Sk 0.50	51,223,702.00	25,611,851.00	9.39	2.74	108.67	108.67
Sk 0.50 II	12,996,998.00	6,498,499.00	2.38	0.69	0.00	0.00
Sk 0.20	125,734,431.00	25,146,886.20	23.04	2.69	129.38	129.38
SkO.10	142,958,487.00	14,295,848.70	26.20	1.53	130.87	130.87
Commemorative coins	406,444.00	320,836,395.00	100.00	100.00	117.52	113.78
Total	641,356,319.75	52,467,775,679.40	100.00	100.00	122.91	131.18

In 1996, the restructuring of banknotes in circulation continued under the influence of increased demand for the issue of notes in the denominations of Sk 5,000 and Sk 200, first issued in 1995. This was favourably reflected in the lower proportion of Sk 1,000, Sk 500, and Sk 100 banknotes to the total volume of notes in circulation. The demand for cash in circulation was fully satisfied throughout the SR without any problems or failures in money circulation.

Increased attention was also paid to the quality of banknotes in circulation. Over the course of 1996, the measures adopted to improve the withdrawal of sub-standard notes in each operating place of the NBS had a noticeable effect as was shown by the significant number of banknotes destroyed, especially in the denominations of Sk 100, Sk 20 and Sk 50.

At 31 December 1996, the volume of currency in circulation amounted to Sk 52,467,775,679.40, representing a total of 641,356,319.75 Slovak banknotes and coins, including commemorative coins issued before 1993. In comparison with 1995, the volume of cash in circulation grew by Sk 12,470,820,321.90 (31.18%), and the number of notes and coins increased by 119,544,825.8 (22.91%). The growth in the volume of currency was balanced over the course of the year, and recorded no significant deviations with the exception of December.

Amount of banknotes and coin in circulation

	Amount (in pcs)		Proportion (in %)	
	as at 31.12.1995	as at 31.12.1996	as at 31.12.1995	as at 31.12.1996
Banknotes	85,425,707.00	95,302,570.75	16.37	14.86
Sk 5,000	1,594,063.25	3,323,416.75	0.31	0.52
Sk 1,000	22,377,742.25	25,644,855.75	4.29	4.00
Sk500	9,799,897.75	9,315,079.50	1.88	1.45
Sk200	2,968,088.50	6,337,579.75	0.57	0.99
Sk100	22,961,314.00	21,327,670.50	4.40	3.33
Sk50	8,950,622.50	10,131,746.25	1.72	1.58
Sk20	16,773,978.75	19,222,222.25	3.21	3.00
Coin in circulation	436,039,948.00	545,647,305.00	83.56	85.08
Sk10	43,010,910.00	51,140,673.00	8.24	7.97
Sk5	31,688,589.00	34,872,388.00	6.07	5.44
Sk2	43,949,165.00	52,102,896.00	8.42	8.12
Sk1	63,838,610.00	74,617,730.00	12.23	11.63
Sk 0.50	47,134,910.00	51,223,702.00	9.03	7.99
Sk 0.50 II	X	12,996,998.00	X	2.03
Sk 0.20	97,178,811.00	125,734,431.00	18.62	19.60
Sk0.10	109,238,953.00	142,958,487.00	20.93	22.29
Commemorative coins	345,839.00	406,444.00	0.07	0.06
Total	521,811,494.00	641,356,319.75	100.00	100.00

The increase in the volume of Slovak currency in circulation compared with the 1995 figure was due mainly to the issue of banknotes in the amount of Sk 12.29 billion, representing 98.5% of the total increase. Banknotes with a face value of Sk 5,000 accounted for 70.3% of this increase, while notes with a face value of Sk 1,000 represented 26.5%. The amount of Sk 500 and Sk 100 notes decreased. Regarding the amount of coinage in circulation, increases were recorded in all denominations, especially the 10, 20, and 50-halier coins.

The total value of banknotes in circulation rose by 31.58%, representing an increase of 11.56% in terms of individual notes. The value and number of banknotes in circulation increased in all denominations, with the exception of Sk 500 and Sk 100 notes. The amount of coinage in circulation in terms of value increased by 17.87%, and in terms of individual coins by 25.14%. The number of commemorative coins also increased due to the issue of six new coins in 1996. The amount of NBS commemorative coins reached 406,444 in terms of individual coins, and Sk 131,103,000 in terms of value.

Value of banknotes and coin in circulation

Nominal value	Value (in Sk)		Proportion (in %)	
	as at 31.12.1995	as at 31.12.1996	as at 31.12.1995	as at 31.12.1996
Banknotes	38,920,767,175.00	51,210,794,007.50	97.31	97.60
Sk 5,000	7,970,316,250.00	16,617,083,750.00	19.93	31.67
Sk 1,000	22,377,742,250.00	25,644,855,750.00	55.95	48.88
Sk500	4,899,948,875.00	4,657,539,750.00	12.25	8.88
Sk200	593,617,700.00	1,267,515,950.00	1.48	2.42
Sk100	2,296,131,400.00	2,132,767,050.00	5.74	4.06
Sk50	447,531,125.00	506,587,312.50	1.12	0.97
Sk20	335,479,575.00	384,444,445.00	0.84	0.73
Coin in circulation	794,216,097.50	936,145,276.90	1.99	1.78
Sk10	430,109,100.00	511,406,730.00	1.08	0.97
Sk5	158,442,945.00	174,361,940.00	0.40	0.33
Sk2	87,898,330.00	104,205,792.00	0.22	0.20
Sk1	63,838,610.00	74,617,730.00	0.16	0.14
Sk0.50	23,567,455.00	25,611,851.00	0.06	0.05
Sk 0.50 II	x	6,498,499.00	X	0.01
Sk 0.20	19,435,762.20	25,146,886.20	0.05	0.05
Sk0.10	10,923,895.30	14,295,848.70	0.03	0.03
Commemorative coins	281,972,085.00	320,836,395.00	0.70	0.61
Total	39,996,955,357.50	52,467,775,679.40	100.00	100.00

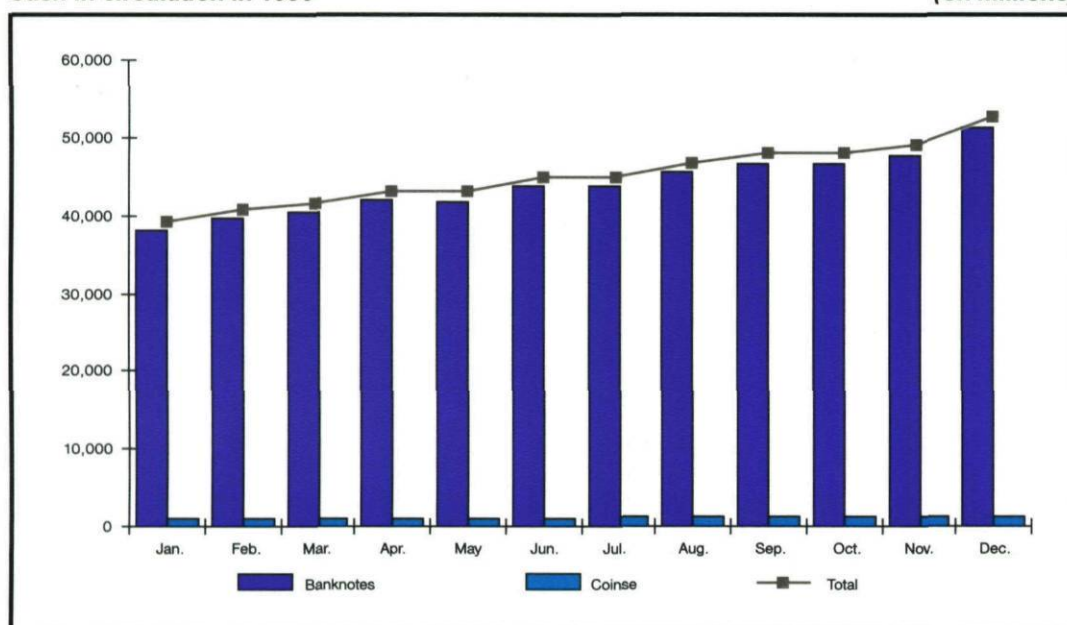
1.2 Banknotes and Coin in Circulation in Proportion to the Total Volume of Cash

At 31 December 1996, the structure of currency in circulation was dominated by Sk 1,000, Sk 100, and Sk 20 notes, which are the most frequently used banknotes in circulation. In terms of value, two banknotes with the highest face values (Sk 5,000 and Sk 1,000) represented 80.5% of the total volume of currency in circulation. The composition of coinage was dominated by 20 and 10-halier coins, even though the rate of their annual increase slowed somewhat, due to the issue of new 50-halier coins. In terms of value, the Sk 10 coins are the most significant.

The proportion of commemorative coins to the total volume of currency in circulation was so small that it was of no practical significance.

Cash in circulation in 1996

(Sk millions)



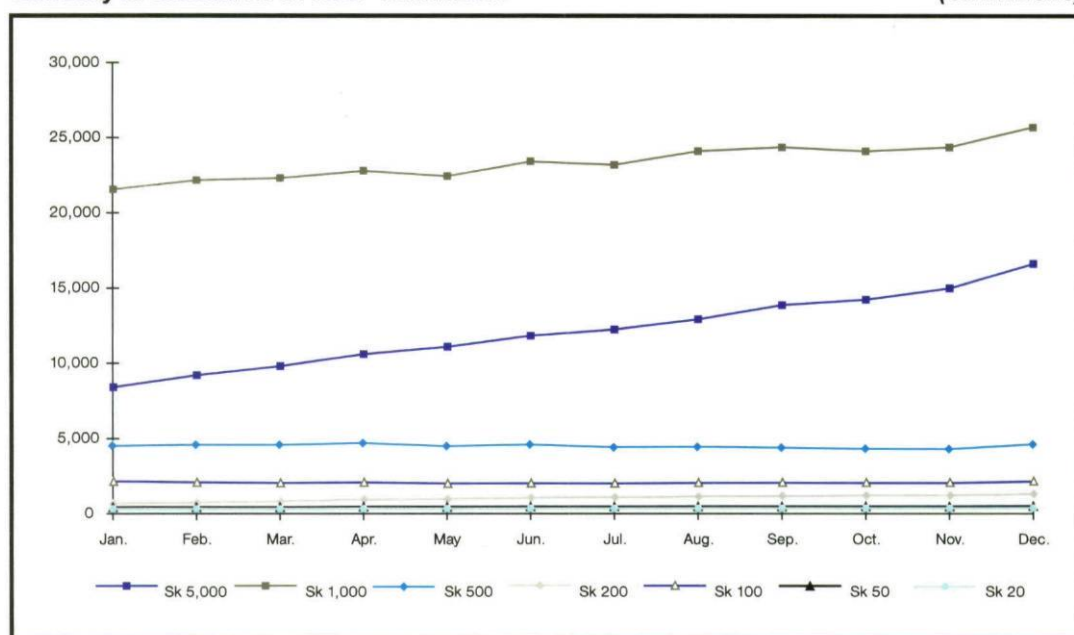
Average values of banknotes and coins in circulation

	1995	1996	Difference
Cash in circulation	76.16	81.56	+5.40
Banknotes	455.61	537.35	+81.74
Base metal coins	1.82	1.72	-0.10

The rise in the average value of banknotes in circulation in 1996 was due mainly to an increase in the proportion of notes with higher face values (Sk 5,000, Sk 1,000, and Sk 200). The average value of Slovak money in circulation increased only slightly in comparison with the 1995 figure. A more significant rise in the average value of banknotes was offset by the 25% increase in the number of coins of lower denominations.

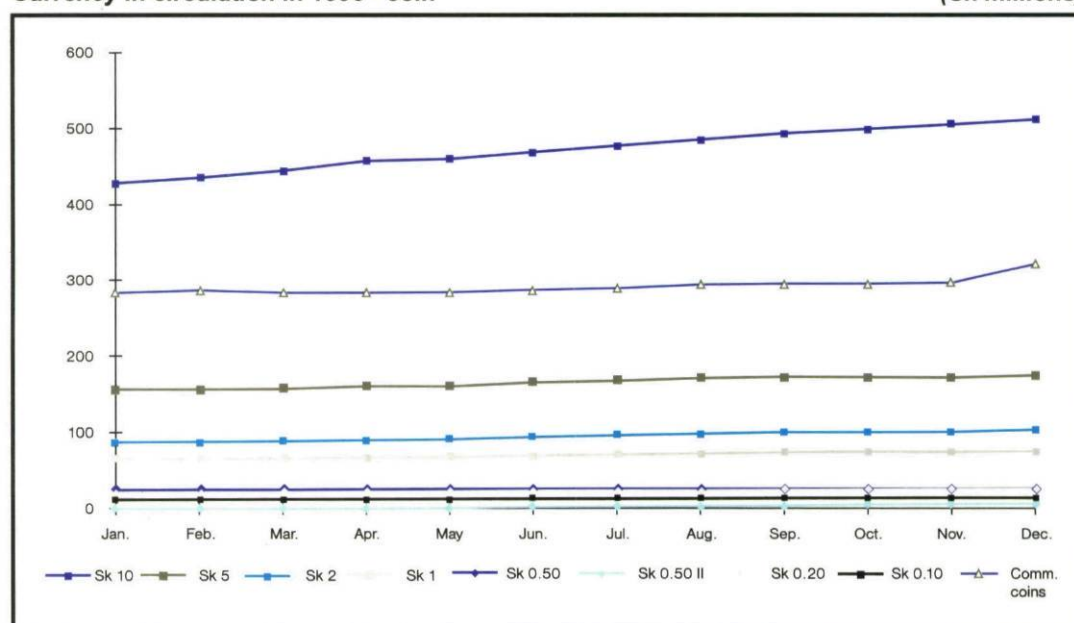
Currency in circulation in 1996 - banknotes

(Sk millions)



Currency in circulation in 1996 - coin

(Sk millions)



In 1996, the average number of banknotes per capita was 17.72, equivalent to Sk 9,520.50; and the average number of coins was 101.4, equivalent to an average of Sk 174. At the end of the year, the total per-capita value of Slovak currency in circulation including commemorative coins amounted to Sk 9,754.20, representing an increase of Sk 2,306 in comparison with the previous year's figure.

2. OCCURRENCE OF COUNTERFEIT MONEY IN THE SLOVAK REPUBLIC

2.1 Counterfeits of Slovak Currency

In 1996, a total of 173 pieces of counterfeit Slovak banknotes and 85 imitations of coins were detected in the SR. The greatest occurrence of counterfeit money was recorded in Bratislava where 83 counterfeits were seized in 64 cases.

Number of counterfeit notes and coins seized in 1994-1996

Nominal value	5,000	1,000	500	200	100	50	20	10	5	Total	Value in Sk
1994		3	5		1	2		60		71	6,300
1995		18	3		3	3				27	19,950
1996	4	98	40	1	26	3			1	173	140,955
Total	4	119	48	1	30	8		60	1	271	167,205

The majority of these counterfeits were classified as substandard quality counterfeits (Class 4). They were produced by using electronic colour photo copiers without trying to imitate the security features, but their colour was relatively true to the original. Other counterfeits were classified as poor quality counterfeits (Class 5). These were made by using monochrome photo copiers and some were coloured by hand.

2.2 Counterfeits of Foreign Currency

In 1996, 879 pieces of counterfeit US dollar bills and 340 counterfeits of other foreign currencies were seized in the Slovak Republic.

Number of counterfeit US dollar bills seized in 1994-1996:

Nominal value	1	5	10	20	50	100	Altered	Total	Value in Sk
1994	2	1	1	118	73	1,499	15	1,709	4,899,918.20
1995	2	1	3	146	69	1,768	9	1,998	5,434,989.20
1996	0	0	5	24	73	719	58	879	2,518,748.10
Total	4	2	9	288	215	3,986	82	4,586	12,853,655.50

Up to now, US dollar bills have been the poorest protected against forgery. In the first quarter of 1996, a new 100-dollar banknote was put into circulation, and so far counterfeit US\$ 100 notes of the new type have not been detected in Slovakia.

Other counterfeits of foreign banknotes seized in 1994-1996

Currency	DEM	ITL	FRF	GBP	ATS	CZK	HUF	Other	Total	Value in Sk
1994	463	110	48	6	12	0	1,074	25	1,738	2,020,377.60
1995	311	58	32	18	1	447	73	1	941	1,648,431.40
1996	236	63	22	8	1	9	0	1	340	914,937.60
Total	1,010	231	102	32	14	456	1,147	27	3,019	4,583,746.60

The general trend in the number of counterfeits detected since 1993 is shown in the chart below.

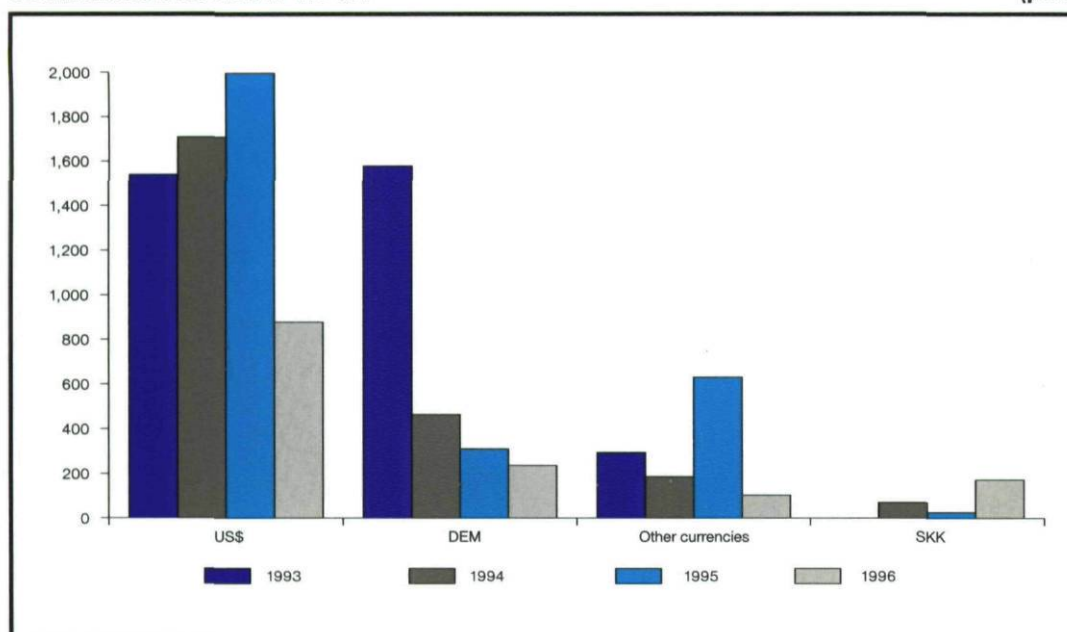
Structure of counterfeit US dollar bills seized in 1996 by classification

Classification	1	2	3	4	5	N ^{1/}	Total
Number (pcs)	91	8	704	17	1	58	879
Proportion (%)	10.4	0.9	80.1	1.9	0.1	6.6	100

1/ Genuine banknotes which have been changed to banknotes with a higher face value are not included.

Counterfeits detected in the SR

(pcs)



Structure of other counterfeits of foreign notes seized in 1996 by classification

Classification	1	2	3	4	5	Total
Number (pcs)	3	13	321	3	0	340
Proportion (%)	0.9	3.8	94.4	0.9	0	100

2.3 Examination of Damaged Slovak Banknotes

In 1996, the National Bank of Slovakia received 49 applications for the examination of damaged banknotes and compensation. In most cases, the damage was due to natural causes, or other unpredictable events, and compensation - with regard to the extent and nature of the damage - could not be paid by other financial institution.

The total face value of submitted damaged notes and coins was Sk 1,797,854.50 and compensation was paid in the total amount of Sk 1,781,415; that is 99.08% of the total face value.

2.4 Cooperation with Foreign Countries, Commercial Banks and Police Authorities

In 1996, the National Bank of Slovakia continued to exchange specimen banknotes with foreign issuing banks and to build a collection of foreign notes and coins. By 31 December 1996, specimens of Slovak banknotes and coins had been sent to 173 central banks all over the world. The Currency issuing department of the NBS has a collection of specimen notes and coins from 102 issuing banks.

Exchange of specimen banknotes by continent

Continent	Specimens received	Specimens sent
Europe	39	41
Africa	14	50
America	17	32
Australia and Oceania	6	8
Asia	26	42
Total	102	173

The trend in the occurrence of counterfeits in the Slovak Republic in 1996 was favourable, as both the number and nominal value of counterfeits decreased in comparison with the 1995 figures.

The quality of counterfeits of foreign banknotes is tending to rise. Apart from US\$ 100 banknotes, there are also very dangerous counterfeits with a face value of US\$ 50, both of which increase the need to check the genuineness of money received. With regard to other foreign notes, counterfeits were detected with imitations of security features such as the watermark, security thread, fluorescent fibres, fluorescent printing, etc. These facts increase the need for the National Bank of Slovakia to co-operate with foreign central banks, police authorities, and commercial banks.