

Foreword



The 2019 Annual Report of Národná banka Slovenska is coming out at an exceptional time.

Slovakia, Europe and the world are facing a socio-economic crisis that has no parallel in modern history. The implications of the coronavirus (COVID-19) pandemic are tangible and visible wherever we look. It is affecting the life of each one of us, the lives of our families and friends. The current crisis, although diametrically different in its source from the financial crisis, is having deadly consequences for people, governments, businesses and the global economy.

At present, we still cannot say exactly how long this situation will last and when the storm will be over. What we do know, however, is that it will be some time before we can breathe freely and begin the clearing up.

This global calamity, accompanied by unprecedented volatility in financial markets, is the first time since the financial crisis that we have needed aggressive, radical and preventive anti-crisis measures to protect us from the worst. Central banks around the world, including Národná banka Slovenska and the European Central Bank, are fully committed to the fight against the pandemic.

The first priority of the crisis measures is, quite rightly, the protection of human health. But the challenges do not end there. The role of central banks is to do their utmost to preserve financial system stability, to maintain the smooth flow of financial liquidity, and to ensure that financing to the real economy is as efficient and cheap as possible, so as to minimise the adverse repercussions for people's livelihoods. It is our responsibility to give a helping hand that mitigates the shocks as much as possible. In other words, we must make access to liquidity as uncomplicated as we can, so enabling firms and governments to refinance on the market and thus obtain the funds needed to come through the current situation. We must offer that hand to the large, medium-sized and small.

Without effective and dynamic cooperation, however, we will come out of this fight more wounded than we would wish. Although not everything is in our hands, we have an arsenal that is sufficiently robust and powerful to temper the direct consequences and side effects of the pandemic, thereby allowing the economic convalescence to start earlier than would otherwise be the case. Let's keep our fingers crossed that the crisis regime period is a matter of weeks and not months.

Time will tell.

Despite these difficult circumstances, I would like to take a moment to look back on 2019, when together we embarked on a new wave of modernisation of the Slovak central bank.

Along with the other Eurosystem national central banks, Národná banka Slovenska stands before challenges that are fundamentally redefining the traditional understanding of what central banks do and how they operate.

At a time when the innovation and technology boom is ruffling the waters of the financial world, Národná banka Slovenska, as a regulator, must be ready and capable to respond to and operate in that evolving world. The role of NBS in this regard is to make thorough preparations for what is emerging. Our common goal to set the structure of our institution. NBS must exercise competence in the field of new technology and have an organisational structure suited to that task. I would like to see NBS establish itself in certain areas as an “exporter” of experience, solutions and innovative ideas for other central banks — and we will work together to achieve that objective.

Our priority areas of attention will be financial literacy, innovation in financial and payment services and in communication, and, last but not least, macroprudential policy instruments. It is in these areas that Národná banka Slovenska has huge potential to share experience and knowledge.

March 2020



Peter Kažimír
Governor