



EXPECTED MACROECONOMIC DEVELOPMENTS IN SLOVAKIA

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Slovakia's economic growth in the third quarter of 2014 remained relatively strong, at 0.6% quarter-on-quarter. The growth was again driven mainly by investment demand and to a lesser extent final consumption. The contribution of exports remained negative. The assumption for 2015 is that domestic demand will continue growing and that exports will pick up moderately. GDP growth for the year is projected to be 2.9%. Low oil prices are expected to support growth in Slovakia's trading partners, which should be reflected in stronger Slovak export performance over the medium-term horizon. Hence GDP growth over the medium term is expected to be more balanced, with its pace in 2016 projected to accelerate to 3.6%. This progress is expected to see an increase in job creation and a gradual decline in the unemployment rate. Inflation is expected to remain at low or zero levels throughout this year. Prices are projected to begin rising gradually towards the end of the forecast period as growth gathers momentum. (p. 2)

ABSOLUTE AND CONDITIONAL BETA CONVERGENCE OF ECONOMIC PERFORMANCE IN THE EU

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The positive difference between average economic growth in the European Union (EU-28) and growth in the older EU countries (EU-15) indicates that the new Member States, i.e. less wealthy countries, have been catching up with the richer countries. Thus in the EU we have witnessed a process of what is known as beta convergence. This article evaluates developments in the observed catch-up process over time and estimates the impact of the main factors behind this process. In doing so, it takes into account the role of external factors of competitiveness and foreign investment. (p. 5)

THE CREDIT CYCLE

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A certain relationship exists between monetary and real economy variables. The M1 monetary aggregate is a forward-looking indicator for economic growth, while credit to the private sector passes through to activity growth after two to three quarters. Credit to non-financial corporations has its own cycle, with three turning points identified. The local peaks have always coincided with a period of recession, with the rebound from the trough taking several quarters after the end of the recession. Since the last trough, however, there has been no significant pick-up in lending activity. Other factors, though, may have had an important role in this regard, including the ongoing assessment of the quality of banks' balance sheets and the persisting climate of uncertainty. (p. 12)

THE LEGAL DEFINITION OF BANKS IN SELECTED EUROPEAN COUNTRIES

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The legal definition of a bank reflects the attributes that banks as institutions are required to meet under the given

legal system, and also serves to differentiate them from other financial market entities, principally in terms of the extent and nature of their activities. This article looks at how banks and their business names are defined in the legal systems of Slovakia, Russia and the United Kingdom, as well as under European Union law. It shows how these countries differ in their approach to the legal definition of banks, owing to differences between their historical, geopolitical and social contexts, and between their legal systems. (p. 14)

LAWS AND DECREES IN FORCE AS AT 10 FEBRUARY 2015 ON MATTERS WITHIN THE COMPETENCE OF NÁRODNÁ BANKA SLOVENSKA

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The full texts of these laws and decrees can be found on the NBS website at www.nbs.sk/en/legislation. Only the Slovak versions, published in the Collection of Laws of the Slovak Republic and, in the case of NBS decrees, in the NBS Journal, are official legal texts; the English versions are informational. The date on which the laws and decrees were last amended is stated in their respective texts. (p. 19)

EU ENLARGEMENT: EUROISATION IN THE WESTERN BALKANS (PART III)

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A strong presence of foreign currency has been identified as an important structural feature all around the Western Balkans region. It is largely seen as a legacy of political and economic turbulences of 1990s, leading to unilateral euroisation in Kosovo (under UN 1244/99) and Montenegro and high levels of unofficial euroisation in the other economies. This article investigates the presence of the foreign currency in the economy and discusses its benefits and costs, also in light of the recent economic crisis. Furthermore, implications for the conduct of monetary and exchange rate policies and consequences to the financial stability are also highlighted. (p. 24)

SAVING IN SLOVAKIA BEFORE 1918

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This article deals with the beginnings of saving in Slovakia and the role played by the first financial institutions in the region, in particular Bratislavská sporiteľňa (the Bratislava Savings Bank) established in 1841. It compares saving methods and depositor numbers at banks used by Slovaks and at financial institutions used mainly by non-Slovaks. A typical feature of Slovak banks was that their depositors saved lower amounts but made deposits more frequently. This favourable indicator was due in part to remittances of Slovak emigrants in the United States. Nevertheless, the average amount recorded in savings books was higher in the non-Slovak institutions. In the territory of what is now Slovakia, a greater proportion of people saved, but the amounts of savings were lower. National self-help societies with a financial orientation also played a key role in spreading the practice of saving among a broad spectrum of the population in rural Slovakia. These societies were the forerunner of cooperative and people's financial institutions. The article also shows examples of the oldest savings books held in the archives of Národná banka Slovenska. (p. 29)