



### **ESTIMATED IMPACT OF BANK LOAN RESTRICTIONS ON THE REAL ECONOMY**

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*Financial intermediation (or simply the allocation of available savers' funds to other sectors – debtors) is very important for the functioning of the economy. On the one side, it promotes economic growth, on the other, however, it may amplify adverse effects in the real economy in the time of banking crises or financial problems. It is thus key to accurately estimate how big is the impact of restricted lending standards, as it may eventually lead to a halt in lending to the real economy. Such a situation occurred during the recent financial crisis when banks had their lending activities curbed both in the euro area and Slovakia. (p. 2)*

### **CAUSES AND EFFECTS OF FALLING OIL PRICES AT THE TURN OF 2014**

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*Over the recent months, the commodity markets have witnessed a sharp decline in oil prices. Brent crude oil prices have plummeted from USD 112 per barrel in June 2014 to USD 46 in January 2015 before rebounding somewhat to trade at USD 60 currently. The price of US WTI oil has followed a similar trend. This dramatic fall in oil prices as an important economic input has thus become one of the key economic events at the end of 2014 and the beginning of 2015, as well as a significant factor for further macroeconomic developments in 2015. (p. 5)*

### **MODELLING THE VOLUME OF CORPORATE LOANS**

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*The aim of this article is to propose several possible forecasting approaches to the volume of bank loans to corporates, and discuss the suitability of these approaches for macro stress testing purposes. The proposed model specifications are based on the error correction framework and use main macroeconomic data as explanatory variables. Our results show that a possibility of a structural break on the lending market after the outbreak of financial crises cannot be ruled out. The results also show that corporates with the largest volume of loans significantly influence developments in the volume of bank loans and that their behaviour is difficult to predict. We propose several possible ways of how to deal with this group of clients. We also make a comparison of forecasting properties of proposed specifications. Ultimately, we select an approach that seems most suitable for stress testing purposes. (p. 9)*

### **HOUSEHOLD DEBT**

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*Currently, the increase in loans to households is a dominant trend in the Slovak banking sector. Its importance is greater than appears at first glance, as the highest growth has been seen in very long-term loans. Therefore, it will weigh on banks, households and the whole economy for*

*a very long time, even if its pace decelerates. In this context, it would be useful to find responses to certain qualitative and quantitative aspects of this phenomenon. (p. 14)*

### **MREL: GONE CONCERN LOSS ABSORBING CAPACITY**

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*A number of regulatory reforms have been initiated to address misjudgements revealed by the recent financial crisis. This article reviews the European initiative for a new framework for effective resolution regimes, addressing the lack of a coherent approach in dealing with the insolvency of complex cross-border financial institutions. A particular attention is given to the resolvability of a financial institution together with the latest discussion on the calibration of the MREL ratio. The underlying reform objective is to create a safer, more transparent and more responsible financial system, which is working for the economy and society as a whole and which is capable of financing the real economy as an indispensable precondition for sustainable growth. (p. 18)*

### **THE IMPLEMENTATION OF SEPA STANDARDS IN THE SIPS PAYMENT SYSTEM**

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*The SIPS payment system is a retail payment system, which has been operated by Národná banka Slovenska for more than 11 years. In February 2014 the redesigning of the SIPS to a "SEPA Compliant" payment system was completed. The implementation of SEPA standards in the SIPS took several years and was carried out in three stages. The most significant changes implemented in the SIPS are: (i) transition to the XML format according to ISO 20022, (ii) introduction of SEPA Credit Transfer and SEPA Direct Debit, and (iii) interoperability with the STEP2 system (a Pan-European Automated Clearing House for retail payments in euro). Currently, a year after the introduction of SEPA standards in the SIPS, it is possible to conclude that the whole process was smooth and went without any serious problems both on the side of banks and that of Národná banka Slovenska. (p. 26)*

### **UNVEILING OF THE NEW €20 BANKNOTE**

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*On 24 February 2015 Mario Draghi, President of the ECB, unveiled the new €20. The new banknote includes an innovative security feature in the form of a "portrait window" set in the hologram. When the banknote is held against the light, the window becomes transparent and reveals a portrait of the mythological figure Europa, visible on both sides of the note. The new €20 banknote, like the new €5 and €10 notes, also includes an "emerald number" and a portrait of Europa in the watermark. The new note will enter circulation on 25 November 2015, allowing an extended period of nine months for banknote equipment manufacturers, cash handlers and other affected parties to prepare for the new note. (p. 29)*