

Foreword



The National Bank of Slovakia presents its Annual Report for 1993 - a year that was not only the first year of the Bank's operation, but also the first year of the independent Slovak Republic. This exceptional period included such extraordinary events as the introduction of the Slovak currency, fundamental changes in the country's fiscal and budgetary systems, the adoption of an autonomous monetary policy, the admission of Slovakia to international financial institutions, etc. In the field of banking and monetary affairs, the year 1993 demonstrated the ability of the National Bank of Slovakia to deal successfully with the demanding tasks of a central bank despite the difficulties arising from Slovakia's transition to a market economy.

The Annual Report clearly indicates that the National Bank of Slovakia met its two chief priorities set for 1993: to minimize domestic price increases and to maintain the internal convertibility of the Slovak crown.

Let me dwell awhile here in order to highlight the contents of this statement and underscore its significance.


Through its monetary policy, the National Bank of Slovakia managed to halt the price-level increases that occurred at the beginning of both halves of 1993 (resulting from the introduction of the value-added tax in January and the devaluation in July), and - under an annual inflation rate of 25.1% - to keep core inflation at some 8%, which is a level comparable with that of many developed market economies.

The second priority of the National Bank of Slovakia was to maintain the internal convertibility of the Slovak crown. The Bank considers internal convertibility to be the mainstay of Slovak economic reform. Owing to the high devaluation expectations, the rather unfavourable export possibilities, and the dictates of the fiscal and structural policies, the National Bank of Slovakia had to employ administrative tools, a credit policy, and a 10% devaluation in order to reverse the unfavourable trend in the development of foreign exchange reserves and to cover the current account deficit in the balance of payments.

However, the most significant achievement was the domestic and international recognition of the Bank's anti-inflationary endeavours and its steadily increasing general credibility. This is evident from the results of negotiations with leading international financial institutions, the successful issue of bonds, and the relatively low inflationary effects of the devaluation on the domestic economic environment. The results achieved in the field of monetary development made a significant contribution to the ongoing transformation of the domestic economy and to the advancement of Slovakia's positive image abroad.

The year 1993 saw the formation of the Slovak financial sector, which is coping successfully with the demands of the reform economy. The National Bank of Slovakia appreciates the assistance and cooperation of the commercial banks, particularly in controlling the currency split and the subsequent replacement of money in circulation.

The monetary development and the results achieved in the past year have enabled us to set even more demanding goals for 1994, i.e. to minimize consumer-price inflation, and to strengthen the country's foreign exchange reserves and the stability of the Slovak currency. I am confident that the statement at the end of 1994 will be even more favourable in this respect.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized, abstract shape.

Vladimír Masár
The Governor



Bank Board of the NBS:

Vladimír Masár, Governor

Marián Tkáč, Vice-Governor

Marián Jusko, Vice-Governor

Ján Mathes, Executive Director, Currency Division

Jozef Makúch, Dean, Bratislava School of Economics