

D. Note Issuing Activity of the NBS
and Money Circulation

1. NEW SLOVAK CURRENCY DENOMINATIONS

In 1995, the National Bank of Slovakia issued new banknotes in the denominations of Sk 5,000 and Sk 200, thus completing the series of Slovak banknotes. The new notes showing the portraits of Milan Rastislav Štefánik (Sk 5,000) and Anton Bernolák (Sk 200) are printed by Giesecke & Devrient of Munich, Germany. There are now seven denominations of notes in circulation. The remaining denominations of Sk 20, Sk 50, and Sk 1,000 notes were printed by BA Banknote (Canada) and Thomas De La Rue (Great Britain), which now supply new notes according demand.

In line with the issue programme for the year, the National Bank of Slovakia issued five silver coins to commemorate the anniversaries of memorable events in Slovak history and culture. The coins were minted by the State Mint at Kremnica, state company.

Commemorative Coins Issued by the NBS in 1995

Nominal value	Event to be commemorated	Number of coins issued		NBS Decree No.
Sk 500	Protection of nature - Slovenský Raj National Park	29,900	2,400	8/1995 Z.z.
Sk 200	200th anniversary of the birth of Pavol Jozef Šafárik	26,500	1,500	88/1995 Z.z.
Sk 200	100th anniversary of the birth of Mikuláš Galanda	26,500	1,500	120/1995 Z.z.
Sk 200	European nature conservation year	30,000	2,000	168/1995 Z.z.
Sk 200	100th anniversary of the first tramway in Bratislava	27,600	1,600	185/1995 Z.z.

1.1 Cash in Circulation

By issuing new note denominations, the National Bank of Slovakia improved the structure of notes in circulation. The issue of Sk 5,000 and Sk 200 notes favourably influenced the proportion of Sk 1,000, Sk 500, and Sk 100 banknotes in 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.

Denomination	Volume of currency (at 31.12.1995)		Percentage (%)		Growth index (%)	
	Amount (pcs)	Value (Sk)	Amount (pcs)	Value (Sk)	Amount (pcs)	Value (Sk)
Banknotes in total	85,425,707.0	38,920,767,175.0	100.00	100.00	107.11	127.06
Sk 5,000	1,594,063.3	7,970,316,250.0	1.87	20.48	-	-
Sk 1,000	22,377,742.3	22,377,742,250.0	26.20	57.50	102.33	102.33
Sk 500	9,799,897.8	4,899,948,875.0	11.47	12.59	86.09	86.09
Sk 200	2,968,088.5	593,617,700.0	3.47	1.52	-	-
Sk 100	22,961,314.0	2,296,131,400.0	26.88	5.90	96.65	96.65
Sk 50	8,950,622.5	447,531,125.0	10.88	1.15	110.44	110.44
Sk 20	16,773,978.8	335,479,575.0	19.63	0.86	114.57	114.57
Coin in circulation	436,039,948.0	794,216,097.5	100.00	100.00	131.01	118.91
Sk 10	43,010,910.0	430,109,100.0	9.86	54.15	121.81	121.81
Sk 5	31,688,589.0	158,442,945.0	7.27	19.95	107.40	107.40
Sk 2	43,949,165.0	87,898,330.0	10.08	11.07	120.22	120.22
Sk 1	63,838,610.0	63,838,610.0	14.64	8.04	117.08	117.08
Sk 0.50	47,134,910.0	23,567,455.0	10.81	2.97	123.95	123.95
Sk 0.20	97,178,811.0	19,435,762.2	22.29	2.45	144.65	144.65
Sk 0.10	109,238,953.0	10,923,895.3	25.05	1.37	152.30	152.30
Commemorative coins	345,839.0	281,972,085.0	100.00	100.00	152.35	127.58
Total	521,811,494.0	39,996,955,357.5	100.00	100.00	126.40	126.89

In 1995, measures were adopted to accelerate the withdrawal of damaged banknotes from circulation at all relevant units of the NBS, which led to an increase in the number of destroyed banknotes mostly in the denominations of Sk 100 and Sk 20.

At 31 December 1995, the total volume of cash in circulation amounted to Sk 39,996,955,357.50; representing 521,811,494 Slovak banknotes and coins including commemorative coins issued before 1993. In comparison with 1994, the volume of cash in circulation grew by 8,475,161,824.20 (26.9%) and the number of notes and coins increased by 108,994,186.50 (26.4%). The growth in the volume of currency was balanced throughout the year, and recorded no significant deviations with the exception of December.

Notes and Coin in Circulation (in pcs)

	Volume		Proportion (%)	
	at 31.12.1994	at 31.12.1995	at 31.12.1994	at 31.12.1995
Banknotes	79,752,285.5	85,425,707.0	19.32	16.37
Sk 5,000		1,594,063.3		0.31
Sk 1,000	21,867,822.8	22,377,742.3	5.30	4.29
Sk 500	11,382,704.0	9,799,897.8	2.76	1.88
Sk 200		2,968,088.5		0.57
Sk 100	23,756,591.8	22,961,314.0	5.75	4.40
Sk 50	8,104,221.3	8,950,622.5	1.96	1.72
Sk 20	14,640,945.8	16,773,978.8	3.55	3.21
Coin in circulation	332,838,019.0	436,039,948.0	80.63	83.56
Sk 10	35,310,873.0	43,010,910.0	8.55	8.24
Sk 5	29,505,941.0	31,688,589.0	7.15	6.07
Sk 2	36,558,441.0	43,949,165.0	8.86	8.42
Sk 1	54,527,941.0	63,838,610.0	13.21	12.23
Sk 0.50	38,026,941.0	47,134,910.0	9.21	9.03
Sk 0.20	67,183,941.0	97,178,811.0	16.27	18.62
Sk 0.10	71,723,941.0	109,238,953.0	17.37	20.93
Commemorative coins	227,003.0	345,839.0	0.05	0.07
Total	412,817,307.5	521,811,494.0	100.00	100.00

The increase in the volume of Slovak currency in circulation compared with the 1994 figure was due primarily to the issue of Sk 5,000 and Sk 200 banknotes, and the partial increase in the denominations of Sk 20, Sk 50, and Sk 1,000 despite the simultaneous decline in the volume of Sk 500 and Sk 100 banknotes. Increases were recorded in all denominations of coins in circulation, especially the 10 and 20 halier coins, which compensated for the relatively small number of 50-halier coins, due to temporary shutdowns of the mint for technical reasons.

Notes and Coin in Circulation (in Sk)

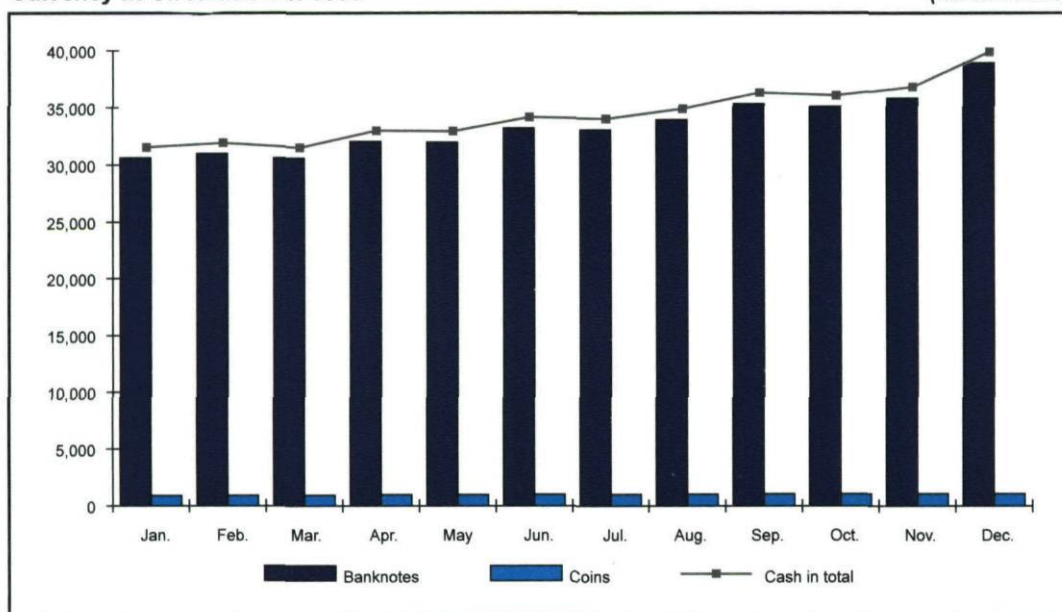
	Volume		Proportion (%)	
	at 31.12.1994	at 31.12.1995	at 31.12.1994	at 31.12.1995
Banknotes	30,632,863,902.5	38,920,767,175.0	97.19	97.31
Sk 5,000	-	7,970,316,250.0	-	19.93
Sk 1,000	21,867,822,750.0	22,377,742,250.0	69.37	55.95
Sk 500	5,691,352,000.0	4,899,948,875.0	18.06	12.25
Sk 200	-	593,617,700.0	-	1.48
Sk 100	2,375,659,175.0	2,296,131,400.0	7.54	5.74
Sk 50	405,211,062.5	447,531,125.0	1.29	1.12
Sk 20	292,818,915.0	335,479,575.0	0.93	0.84
Coin in circulation	667,905,910.8	794,216,097.5	2.11	1.99
Sk 10	353,108,730.0	430,109,100.0	1.12	1.08
Sk 5	147,529,705.0	158,442,945.0	0.47	0.40
Sk 2	73,116,882.0	87,898,330.0	0.23	0.22
Sk 1	54,527,941.0	63,838,610.0	0.17	0.16
Sk 0.50	19,013,470.5	23,567,455.0	0.06	0.06
Sk 0.20	13,436,788.2	19,435,762.2	0.04	0.05
Sk 0.10	7,172,394.1	10,923,895.3	0.02	0.03
Commemorative coins	221,023,720.0	281,972,085.0	0.70	0.70
Total	31,521,793,533.3	39,996,955,357.5	100.00	100.00

With regard to the total increase in the volume of cash, the amount of banknotes in terms of value increased by 27.06%, and in terms of individual notes by 7.11%. The volume and number of banknotes increased in the denominations of Sk 1,000, Sk 50, and Sk 20, whereas the Sk 500 and Sk 100 notes fell both in terms of value and individual notes. The amount of coinage in circulation including commemorative coins in terms of value increased by 21.07%, and in terms of individual coins by 31.02%. The volume and number of coins increased in all denominations. The proportion of commemorative coins also increased as a result of five new issues of commemorative coins in 1995. The amount of NBS commemorative coins reached 345,839 in terms of individual coins, and Sk 94,306,600 in terms of value.

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

At 31 December 1995, the composition of cash in circulation was dominated by Sk 1,000, Sk 100, and Sk 20 banknotes, which are the most frequently used banknotes in circulation. The composition of coinage was dominated by 20 and 10-halier coins, which increased by 2.3 to 3.5% compared with the 1994 figure, and by the one-crown coin though its share fell by 0.9% compared with the previous year's figure.

Currency in Circulation in 1995 (Sk millions)



With so small a share of the total volume, commemorative coins were of no real significance to cash in circulation.

Average Nominal Values of Banknotes and Coins in Circulation

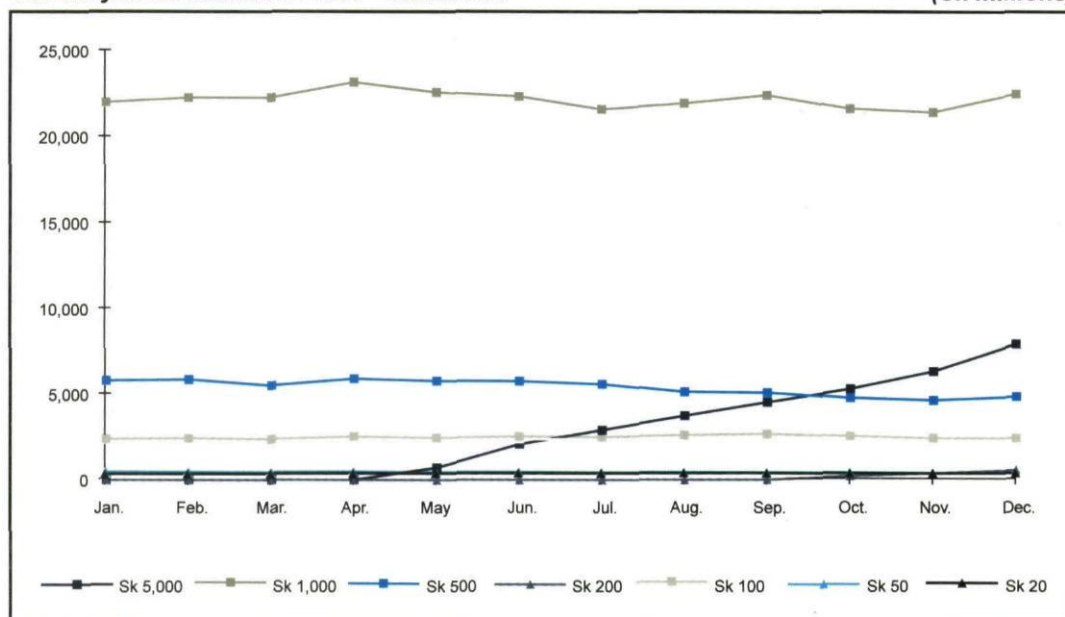
	1994	1995	Difference
Legal tender	75.86	76.16	0.30
- Notes	384.10	455.60	71.50
- Coins	2.01	1.82	-0.19

The increase in the average nominal value of banknotes in 1995 was due mainly to the issue of new banknotes in the denominations of Sk 5,000 and Sk 200. The average nominal value of Slovak money in circulation increased only slightly in comparison with 1994. The increase in the average nominal value of banknotes was

offset by the 31% increase in the number of coins of all denominations, while the circulation of halier coins decreased.

Currency in Circulation in 1995 - Banknotes

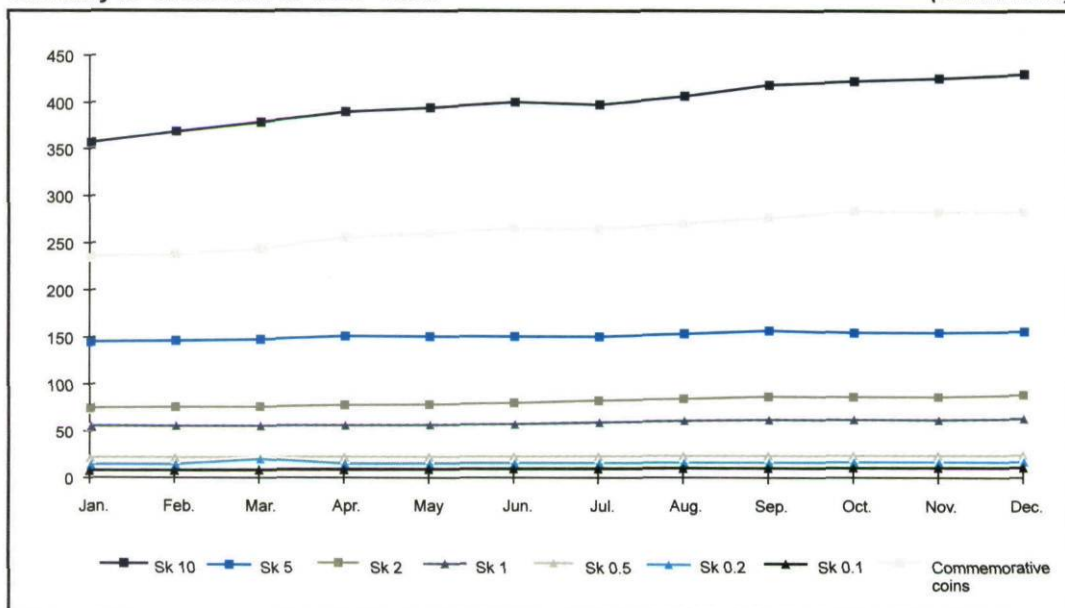
(Sk millions)



In 1995, the average number of banknotes per capita was 15.9, equivalent to Sk 7,247.8; and the average number of coins was 81.2, equivalent to Sk 147.9. At the end of the year, the total per-capita value of Slovak currency in circulation including commemorative coins amounted to Sk 7,448.2, representing an increase of Sk 1,644.1 in comparison with the previous year's figure.

Currency in Circulation in 1995 - Coin

(Sk millions)



2. OCCURRENCE OF COUNTERFEIT MONEY IN THE SLOVAK REPUBLIC

2.1 Counterfeit Slovak Banknotes

In 1995, a total of 27 pieces of counterfeit Slovak banknotes amounting to Sk 19,950 were detected in the Slovak Republic and passed to the National Bank of Slovakia.

Number of Detected Counterfeit Banknotes

Year	Sk1,000	Sk 500	Sk 1 00	Sk 50	Sk 10	Total	Slovak-crown equivalent
1993	0	0	0	0	0	0	0
1994	3	5	1	2	60	71	6,300
1995	18	3	3	3	0	27	19,950

Note: In 1993 and 1994, only new banknotes (not stamped)

The majority of these counterfeit notes were produced using electronic colour photo copiers without trying to imitate the security features, and were classified as substandard quality counterfeits (Class 4) and poor quality counterfeits (Class 5), which are easily recognised even by laymen. The security features were imitated only on three forged banknotes which were classified as good quality counterfeits.

2.2 Counterfeit Foreign Banknotes

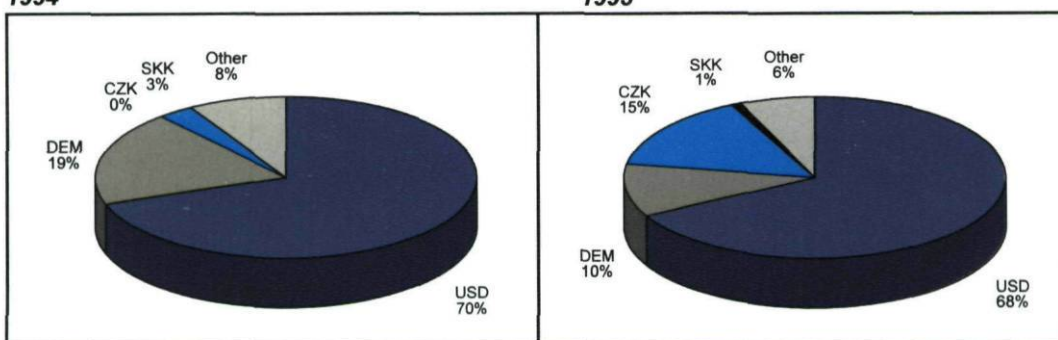
In 1995, the most frequently detected counterfeit notes in the Slovak Republic were US\$ (1,998 pcs), CZK (447 pcs), and DEM (311 pcs).

Composition of Counterfeit Foreign Banknotes

	1994		1995	
	Number (pcs)	Percentage (%)	Number (pcs)	Percentage (%)
US\$	1,709	70	1,998	68
DEM	463	19	311	10
CZK	0	0	447	15
SKK	71	3	27	1
Other	201	8	185	6

1994

1995



In the case of US dollars and Czech crowns, the number of counterfeit banknotes detected in the Slovak Republic increased in 1995. The number of counterfeit notes in other currencies decreased in comparison with the previous year's figure. A positive development was that more than 50% of counterfeit notes had been detected and seized by police even before they could be put into circulation.

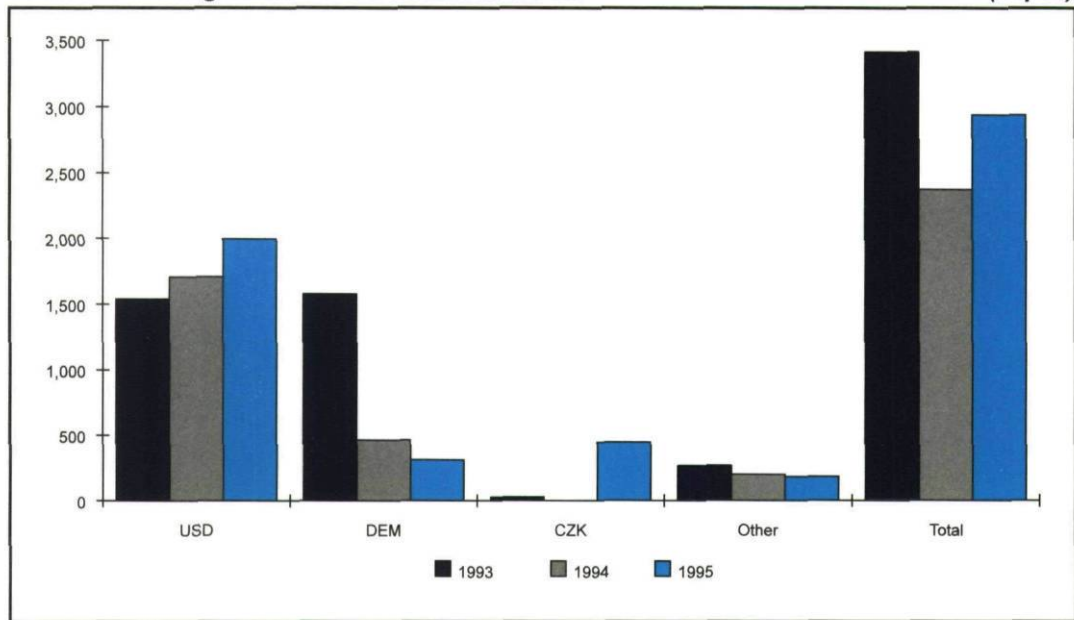
Up to now, US dollar notes have been the poorest protected against forgery. Nowadays forgers are able to produce counterfeit US dollars of very good quality, and to put these notes into circulation in large amounts. These forged banknotes are almost impossible to detect, and are therefore classified as good quality counterfeits (Class 3).

Counterfeit Foreign Banknotes Detected in the SR

Year	US\$	DEM	CZK	Other	Total
1993	1,540	1,579	28	266	3,413
1994	1,709	463	0	201	2,373
1995	1,998	311	447	185	2,941

Counterfeit Foreign Banknotes Detected in the SR

(in pcs)



Composition of Counterfeit US Dollars Detected in 1995 by Classification

Classification	1	2	3	4	5	N	Total
Number (pcs)	95	25	1,857	10	2	9	1,998
Percentage (%)	4.7	1.2	93.1	0.5	0.1	0.4	100

Composition of Other Counterfeit Foreign Notes Detected in 1995 by Classification

Classification	1	2	3	4	5	N	Total
Number (pcs)	0	14	921	1	2	5	943
Percentage (%)	0	1.5	97.7	0.1	0.2	0.5	100

2.3 Examination of Damaged Banknotes

In 1995, the National Bank of Slovakia received 74 applications for the examination of damaged banknotes and compensation. In most cases, the damage was due to natural causes, or other unpredictable events.

The nominal value of the damaged banknotes and coins totalled Sk 1,959,958.60; and compensation was paid in the total amount of Sk 1,926,569.10, i.e. 98.3% of the nominal value.

2.4 International Cooperation

In 1995, the National Bank of Slovakia continued to exchange specimen banknotes with central banks all over the world, and to build a collection of Slovak notes and coins. At the end of December 1995, specimens of Slovak banknotes and coins were sent to 171 issuing banks. The NBS has a collection consisting of the notes and coins of 86 central banks.

The most important event in the field of international cooperation was the International Seminar on the Forgery of Banknotes and Coins organised by the NBS in June 1995. The meeting, which laid the foundations for bilateral cooperation among the central banks of Europe, was attended by central bank representatives from the Czech Republic, Hungary, Poland, Austria, Slovenia, Italy, Ukraine, and Slovakia, as well as police officials from the INTERPOL, the US Secret Service, the Ministry of the Interior of the SR, Presidium of the Police Corps of the SR, the Criminal Institute of the Police Corps, and the Slovak Government Council for Protection Against Antisocial Activity.