

# Issuing Activity and Currency in Circulation





## 4. Issuing Activity and Currency in Circulation

### 4.1. The issue of Slovak currency

In 2004, the National Bank of Slovakia secured the printing of 63 million banknotes in the value of 20 Slovak koruna (Sk) and 59.606 million banknotes in the value of 100 Sk in line with the needs of currency circulation. The 20 Sk notes were printed by the company Giesecke & Devrient GmbH at the BA International Inc. works in Ottawa, while the 100 Sk notes were printed by Polska Wytwornia Papierow Wartosciowych S.A. in Warsaw.

Apart from the banknotes, the National Bank of Slovakia secured the production of 16.5 million coins in the value of 50 haliers of the 1996 type. The striking of 49 thousand coins with the values of 10 Sk, 5 Sk, 2 Sk, 1 Sk and 50 haliers was approved in the plan for 2004. They were to be included in annual collector sets, whose production and sale has been secured by the Kremnica Mint from 2004. However, only 8 thousand coins of each value were produced up to the end of the year.

The National Bank of Slovakia issued five commemorative coins for collectors during 2004. The commemorative 200 Sk silver coin for the 200th anniversary of the death of Wolfgang Kempelen, the commemorative 200 Sk silver coin with the motif of the UNESCO World Heritage – Bardejov town conservation reserve and the commemorative bi-metal

10000 Sk coin to mark the occasion of the accession of the Slovak Republic to the European Union were struck by the Kremnica Mint. The Bižuterie Česká Mincovna Jablonec nad Nisou (Czech Republic) produced the commemorative 200 Sk silver coin for the accession of the Slovak Republic to the European Union, while the Polish mint Mennica Państwowa Warszawa produced the commemorative 5000 Sk gold coin from the UNESCO World Heritage thematic circle – Bardejov town conservation reserve.

Apart from these coins, another two commemorative coins from the 2005 issuing plan were delivered to the National Bank of Slovakia by the end of the year. They are the commemorative silver 200 Sk coin for the 300th anniversary of the birth of Ján Andrej Segner, produced by the Mennica Państwowa Warszawa, and the silver 500 Sk coin with the theme Protection of nature and the landscape – Slovenský Kras National Park, produced by the Bižuterie Česká Mincovna Jablonec nad Nisou.

#### 4.1.1. Currency in circulation and the annual issuance in the Slovak Republic

2004 was an extraordinary year for the NBS in the area of securing the need for currency in circulation. In accordance with the approved conception for storing and processing money exclusively in its own storage

Table 39 Commemorative coins issued by the NBS in 2004

Face value	Event commemorated by the coin	Number of coins issued		Decree of the NBS
		Total	Proof	
200 Sk <sup>1)</sup>	200th Anniversary of the Death of Wolfgang Kempelen	11,200	3,200	84/2004 Coll.
10000 Sk <sup>2)</sup>	The Entry of the Slovak Republic to the European Union	7,200	7,200	219/2004 Coll.
200 Sk <sup>1)</sup>	The Entry of the Slovak Republic to the European Union	15,200	4,700	228/2004 Coll.
200 Sk <sup>1)</sup>	UNESCO World Heritage, Bardejov – Town Conservation Reserve	12,000	3,600	400/2004 Coll.
5000 Sk <sup>3)</sup>	UNESCO World Heritage, Bardejov – Town Conservation Reserve	6,300	6,300	602/2004 Coll.

Source: NBS.

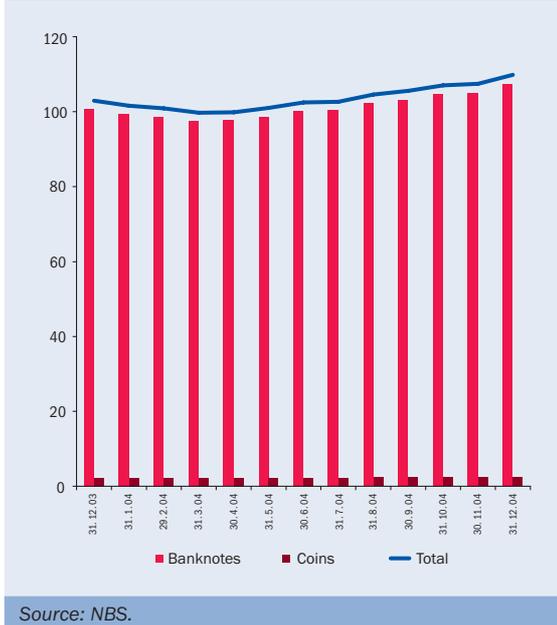
1) commemorative silver coin

2) commemorative bi-metal coin (gold and palladium)

3) commemorative gold coin



**Chart 35 Monthly development of currency in 2004 (SKK billions)**



Source: NBS.

buildings of the NBS sub-branches in Trenčín, Nové Zámky, Žilina, Lučenec, Poprad and Humenné. From 1 July 2004 to 30 September 2004, the administration of stocks of Slovak currency in selected branches of VÚB a.s. was phased out. The stocks of currency from these branches were moved to the sub-branches and other storage and processing premises of the NBS. On 1 October 2004, the administration of the stocks of Slovak currency began to be exclusively carried out by the storage and processing premises of the NBS.

On 31 December 2004, the amount of currency in circulation in the Slovak Republic, including Slovak commemorative coins and commemorative coins issued up to 1993, reached SKK 109.9 billion. Compared with 31 December 2003, the value of currency in circulation rose by SKK 7 billion. The year-on-year growth index of the value of currency in circulation was 6.8%.

The amount of currency in circulation (as at the end of each month) did not show any remarkable fluctuations in the course of the year. The development of currency in circulation followed a typical seasonal pattern with a decline in the quantity of money in circulation in the first quarter and growth in the period before Christmas.

and processing capacities, the NBS issuing activity began to be performed from 1 April 2004, in the new

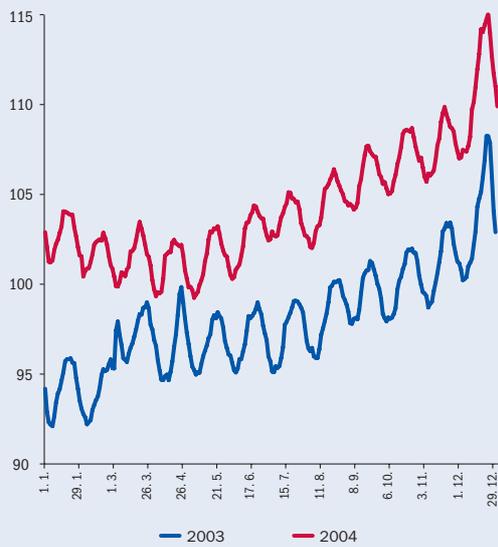
**Table 40 Currency in circulation**

(in SKK)

Face value	Amount in SKK		Proportion in %	
	31 Dec. 2004	31 Dec. 2003	31 Dec. 2004	31 Dec. 2003
<b>Banknotes</b>				
5000 Sk	49,702,892,500.00	46,670,537,500.00	45.23	45.36
1000 Sk	47,876,243,500.00	44,481,039,500.00	43.56	43.23
500 Sk	4,428,680,875.00	4,211,760,875.00	4.03	4.09
200 Sk	1,845,758,050.00	1,633,106,650.00	1.68	1.59
100 Sk	2,301,353,750.00	2,433,402,150.00	2.09	2.36
50 Sk	734,480,750.00	704,581,450.00	0.67	0.68
20 Sk	638,825,785.00	585,903,985.00	0.58	0.57
<b>Total</b>	<b>107,528,235,210.00</b>	<b>100,720,332,110.00</b>	<b>97.84</b>	<b>97.88</b>
<b>Coins</b>				
10 Sk	841,644,250.00	793,744,170.00	0.77	0.77
5 Sk	285,320,630.00	263,306,390.00	0.26	0.26
2 Sk	198,922,848.00	187,782,308.00	0.18	0.18
1 Sk	129,606,519.00	121,266,414.00	0.12	0.12
50 hal.	23,731,231.00	24,243,332.00	0.02	0.02
50 hal. II	53,230,098.50	41,538,519.50	0.05	0.04
20 hal.	45,006,308.60	54,910,903.60	0.04	0.05
10 hal.	27,304,295.00	31,803,762.40	0.02	0.03
<b>Circulation coins in total</b>	<b>1,604,766,180.10</b>	<b>1,518,595,799.50</b>	<b>1.46</b>	<b>1.48</b>
<b>Commemorative coins</b>	<b>767,048,850.00</b>	<b>660,535,075.00</b>	<b>0.70</b>	<b>0.64</b>
<b>Currency in circulation in total</b>	<b>109,900,050,240.10</b>	<b>102,899,462,984.50</b>	<b>100.00</b>	<b>100.00</b>

Source: NBS.

**Chart 36 Daily development of currency in circulation (SKK billions)**



Source: NBS.

without extraordinary fluctuations. In the course of the year, the value of currency in circulation varied from SKK 99.2 billion to SKK 115.1 billion. The minimum level of currency in circulation was reached on 4 May 2004 and the maximum value was achieved in the pre-Christmas period, on 23 December 2004.

#### 4.1.2. The structure of currency in circulation

On 31 December 2004, 145.6 million banknotes with a value of SKK 107.5 billion, 1,022.3 million circulation coins with a value of SKK 1.6 billion, and 795 thousand commemorative coins issued by the NBS with a value of SKK 577.8 million were in circulation.

In the total value of currency in circulation, banknotes accounted for 97.8%, circulation coins 1.5% and commemorative coins including those issued before 1993 0.7%. In the total number of coins and banknotes in circulation, banknotes accounted for 12.45%, circulation coins 87.48% and commemorative coins 0.07%.

The development of the daily amount of currency in circulation in the course of the year was steady and

Banknotes contributed SKK 6.8 billions (97.3%) to the total growth of the currency in circulation of SKK

**Table 41 Currency in circulation (in pieces)**

Face value	Amount in pieces		Proportion in %	
	31 Dec. 2004	31 Dec. 2003	31 Dec. 2004	31 Dec. 2003
<b>Banknotes</b>				
5000 Sk	9,940,578.50	9,334,107.50	0.85	0.77
1000 Sk	47,876,243.50	44,481,039.50	4.10	3.68
500 Sk	8,857,361.75	8,423,521.75	0.76	0.70
200 Sk	9,228,790.25	8,165,533.25	0.79	0.67
100 Sk	23,013,537.50	24,334,021.50	1.97	2.01
50 Sk	14,689,615.00	14,091,629.00	1.26	1.16
20 Sk	31,941,289.25	29,295,199.25	2.73	2.42
<b>Total</b>	<b>145,547,415.75</b>	<b>138,125,051.75</b>	<b>12.45</b>	<b>11.41</b>
<b>Coins</b>				
10 Sk	84,164,425.00	79,374,417.00	7.20	6.56
5 Sk	57,064,126.00	52,661,278.00	4.88	4.35
2 Sk	99,461,424.00	93,891,154.00	8.51	7.76
1 Sk	129,606,519.00	121,266,414.00	11.09	10.02
50 hal.	47,462,462.00	48,486,664.00	4.06	4.01
50 hal. II	106,460,197.00	83,077,039.00	9.11	6.86
20 hal.	225,031,543.00	274,554,518.00	19.26	22.69
10 hal.	273,042,950.00	318,037,624.00	23.36	26.28
<b>Circulation coins in total</b>	<b>1,022,293,646.00</b>	<b>1,071,349,108.00</b>	<b>87.48</b>	<b>88.53</b>
<b>Commemorative coins</b>	<b>794,682.00</b>	<b>733,467.00</b>	<b>0.07</b>	<b>0.06</b>
<b>Currency in circulation in total</b>	<b>1,168,635,743.75</b>	<b>1,210,207,626.75</b>	<b>100.00</b>	<b>100.00</b>

Source: NBS.



7 billion in 2004, with circulation coins contributing SKK 86.2 million (1.2%) and commemorative coins contributing SKK 106.6 millions (1.5%).

Of the value of currency in circulation, the 1000 Sk banknote showed the largest growth during 2004, with almost 3.4 million banknotes worth SKK 3.4 billion. It was followed by the 5000 Sk banknotes with 606,000 banknotes worth more than SKK 3 billion. The most numerous banknotes in circulation were the 1000 Sk with 47.9 million pieces, followed by the 20 Sk with 31.9 million banknotes and the 100 Sk with 23 million. The highest value was represented by the 5000 Sk (SKK 46.7 billion) and 1000 Sk (SKK 44.5 billion) banknotes, which formed a total of 88.8% of the value of currency in circulation.

The number of coins in circulation declined by 49.1 million during 2004. The decline was caused by the end of the validity of the 20 and 10 halier coins on 31 December 2003. 49.5 million 20 halier coins and 45 million 10 halier coins were returned from circulation during 2004.

The end of the validity of the 10 and 20 halier coins was reflected in a significant growth in the issuance of 50 halier and 1 Sk coins. In 2003, 3.8 million 50 halier coins were issued, however, in 2004, this number increased by as many as 22.4 million. The 1 Sk coin also increased in number, although not to the same extent. 4.1 million of them were issued in 2003, as opposed to 8.3 million in 2004. Issuance of the other coins (2 Sk, 5 Sk and 10 Sk) also increased in comparison with 2003, however, the number of

coins of any of these values issued was not higher than 5.6 million.

The total number of commemorative coins in circulation grew during 2004 by 612,000, i.e. by SKK 106.6 million. A total of 898 federal commemorative coins with a value of SKK 107,100 were returned from circulation. Their validity ended on 30 September 2000.<sup>9</sup>

#### 4.1.3. The average value of currency in circulation

The value of currency in circulation, including commemorative coins, reached SKK 20,427 per capita<sup>10</sup> on 31 December 2004. This consisted of SKK 19,986 in banknotes, SKK 298 in circulation coins and SKK 143 in commemorative coins. In comparison with 2003, the total value of currency in circulation per capita increased by SKK 1,299, of which banknotes accounted for SKK 1,263, circulation coins SKK 16 and commemorative coins SKK 20.

There were 27 banknotes per capita, which is one more than in 2003. The most numerous were the 1000 Sk banknotes with 9 banknotes per capita and the 20 Sk banknotes with 6 per capita. The number of circulation coins per capita in 2004 declined compared to 2003 from 199 to 190. Halier coins still have the largest share with 121 pieces per capita compared to 134 in 2003. In spite of the fact that the validity of the 10 and 20 halier coins ended on 31 December 2003, and 49.5 million 20 halier and

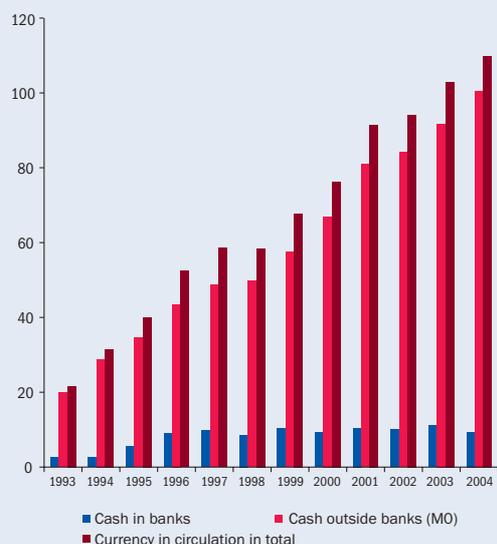
Table 42 Development of the average value of the currency mark (SKK)

Year	Banknotes	Circulation coins	Currency including commemorative coins
1993	289.3	3.2	90.2
1994	384.1	2.0	76.4
1995	455.6	1.8	76.7
1996	537.3	1.7	81.8
1997	566.3	1.6	80.5
1998	552.3	1.5	72.2
1999	594.1	1.5	76.1
2000	631.4	1.4	77.1
2001	693.6	1.4	84.4
2002	697.8	1.4	80.3
2003	729.2	1.4	85.0
2004	738.8	1.6	94.0

Source: NBS.

<sup>9</sup> Decree of the NBS No. 278/2000 Coll. on ending the validity of the commemorative silver coins from the Czecho-Slovak currency issued from 21 August 1954 to 31 December 1992.

<sup>10</sup> Population as of 31 December 2003. Source: Statistical Office of the SR.

**Chart 37 Currency in circulation held by credit institutions and outside credit institutions (SKK billions)**


Source: NBS.

**Chart 38 Proportion of M0 to M1 and GDP (%)**


Source: NBS.

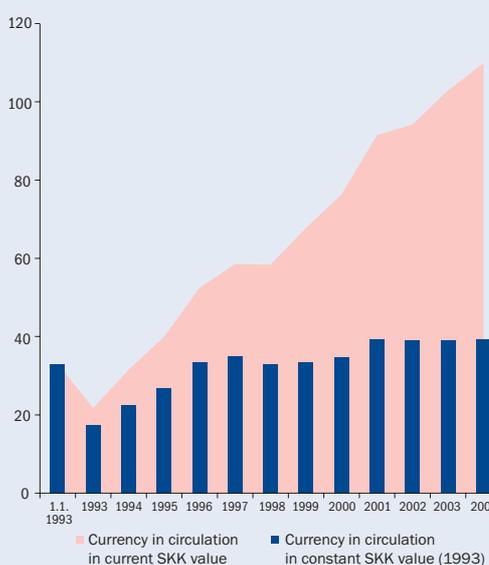
45 million 10 halier coins returned to the stocks of the NBS, they are still the most numerous coins in circulation. On 31 December 2004, there were 51 ten halier coins per capita and 42 twenty halier coins, compared to 59 pieces of 10 halier and 51 pieces of 20 halier in 2003.

The average value of the currency mark<sup>11</sup> reached SKK 94 in 2004, an increase of SKK 9 during the year. Its development corresponds to the development of the quantity and value of currency in circulation. A comparison of the development of the value of the currency mark since 1993, according to individual types of currency, is given in table 42.

#### 4.1.4. Currency in circulation and selected macroeconomic variables

The amount of currency in circulation by 31 December 2004 increased from SKK 102.9 billion to SKK 109.9 billion (6.8%). From this, the amount held by the public grew from SKK 91.8 billion to SKK 100.5 billion, i.e. by 9.5%, while currency held by the banks declined from SKK 11.1 billion to SKK 9.4 billion, i.e. by 15.3%

The proportion of M0 to the aggregate M1<sup>12</sup> reached a value of 32.3% in 2004. In comparison with 2003, it declined by 0.9%, which indicates that the level of

**Chart 39 Effect of inflation on currency in circulation (SKK billions)**


Source: NBS.

cashless payments in Slovakia is gradually increasing.

The proportion of M0 to GDP<sup>13</sup> reached the same value in 2004 as in 2003, i.e. 7.6%.

<sup>11</sup> Average value of the currency mark = total value in circulation / total number of coins and banknotes in circulation.

<sup>12</sup> The aggregates M0 and M1 are calculated according to the NBS methodology (Monetary Survey January 2005).

<sup>13</sup> Source: Statistical Office of the SR – revised figures for 1993 – 1999.



The value of currency in circulation in constant Sk (adjusted for inflation) has hardly changed since 2001. On 31 December 2004, it reached a value of SKK 39.26 billion<sup>14</sup>. The reason for the stagnation of currency in circulation in constant SKK is the fact that the annual rate of inflation was almost the same as the annual growth in the amount of currency in circulation.

## 4.2. Counterfeit money seized in the territory of the Slovak Republic

In 2004, a total of 1,223 items of counterfeit Slovak or foreign currency was seized in the territory of the Slovak Republic. Although, in comparison with 2003, the number of counterfeits seized grew by more than a quarter, it is the third lowest number seized in one

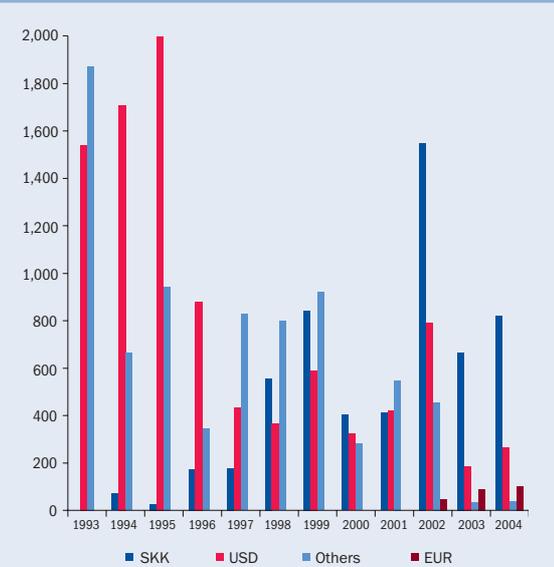
year since the establishment of the National Bank of Slovakia. Almost two-thirds of the counterfeits were seized directly from circulation by the financial institutions and security services, which process money for the large retail chains.

In the structure of the counterfeit banknotes, Slovak koruna currency made up the largest proportion with 67%, followed by American dollars with 21.5%. The proportion of the euro reached 8.4% and the other foreign currencies only 3%.

### 4.2.1. Counterfeits of Slovak koruna

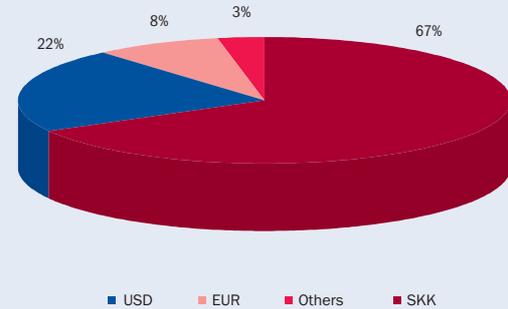
In 2004, 819 counterfeit Slovak koruna banknotes and one altered banknote were seized. Two-thirds of them were seized in four regions: Bratislava (140 items), Košice (131 items), Trenčín (151 items) and

Chart 40 Number of counterfeits seized



Source: NBS.

Chart 41 Structure of counterfeits in 2004



Source: NBS.

Table 43 Number of Slovak koruna counterfeits seized

Year	Face value										Total
	5000	1000	500	200	100	50	20	10	5	p <sup>1)</sup>	
2000	12	246	84	5	43	9	3	0	0	0	402
2001	2	278	55	15	54	4	3	0	0	0	411
2002	14	1,307	105	17	49	38	17	2	0	0	1,549
2003	14	396	131	58	31	27	8	0	0	1	666
2004	45	419	203	36	68	36	11	1	0	1	820

Source: NBS.

1) Altered banknotes.

<sup>14</sup> With a growth of the price level since 1993 by 179.9%.

Table 44 Number of US dollar counterfeits seized

Year	Face value							p <sup>1)</sup>	Total
	1	5	10	20	50	100			
2000	2	0	0	5	11	292	13	323	
2001	1	0	3	9	7	398	2	420	
2002	4	1	1	1	11	768	4	790	
2003	0	0	0	3	3	176	5	187	
2004	3	0	1	1	5	252	2	264	

Source: NBS.

1) Altered banknotes, forgeries, manipulated banknotes, and others.

Table 45 Number of euro counterfeits seized

Year	Face value								p <sup>1)</sup>	Total
	2	5	10	20	50	100	200	500		
2002	0	0	0	2	31	14	0	1	0	48
2003	0	0	2	18	41	9	13	4	1	88
2004	3	1	0	1	48	26	17	2	5	103

Source: NBS.

1) Altered banknotes, forgeries, manipulated banknotes, and others.

Prešov (122 items). Banknotes with the values of 1000 Sk and 500 Sk were the most frequently counterfeited. They made up more than 75% of all the counterfeited Slovak koruna banknotes.

region, where 148 items were seized in 56 cases. The most frequently counterfeited value was the 100 USD banknote, which formed as much as 95% of the total number of USD counterfeits.

#### 4.2.2. Counterfeit banknotes of foreign currencies

In 2004, 264 counterfeit American dollars, 103 counterfeit euros and 36 counterfeit banknotes of other foreign currencies were seized in the territory of the Slovak Republic. The largest number of seizures were recorded in the Bratislava region.

##### Counterfeit US dollars

In comparison with 2003 the number of counterfeit US dollars seized increased by 41%. The largest number of seizures was recorded in the Bratislava

##### Counterfeit euros

The number of counterfeit euros has had a rising trend in the territory of the Slovak Republic since 2002. In 2004, they formed 8.4% of the total, with 103 items. In 2004, as in the previous period, the most frequently seized counterfeits were 50 EUR banknotes, which made up 46.6% of the total number of counterfeited euros.

##### Counterfeits of other foreign currencies

The occurrence of counterfeits of other foreign currencies represented only 3% of the total number of counterfeits seized in 2004. Counterfeits of British pounds and Czech korunas formed the majority.

Table 46 Number of counterfeits of other foreign currencies

Year	Face value							Total
	GBP	CZK	CAD	PLN	CHF	HUF	Others <sup>1)</sup>	
2000	8	21	0	5	2	1	244	281
2001	1	243	6	9	1	1	288	549
2002	9	369	1	6	1	0	69	455
2003	20	3	6	2	1	0	0	32
2004	14	12	4	2	1	3	0	36

Source: NBS.

1) The currencies replaced by the euro, and the Norwegian krone.

