

# Issuing Activity and Currency in Circulation





## 5 Issuing Activity and Currency in Circulation

### 5.1 Slovak currency issuance

In 2006, in accordance with the needs of currency circulation, the Národná banka Slovenska ensured the printing of 31.44 million 20 Sk banknotes, 13 million 200 Sk banknotes and 11 million 500 Sk banknotes. Based on a contract from 2005, 20.2 million 50 Sk banknotes were supplied by the Canadian printer Canadian Banknote Company, Ottawa. 20 Sk banknotes were printed by the Polish printer Polska Wytwórnia Papierow Wartosciowych S. A., Warsaw, 200 Sk banknotes were produced by the French printer Francois-Charles Fiduciaire, Rennes and 500 Sk banknotes were made by the British printer De La Rue, Gateshead.

Besides banknotes, for the needs of cash circulation, 22.05 million 50 halier coins and 9.61 million 1 Sk coins were produced. For collector purposes, 17 500 coins were produced in the denominations 10 Sk, 5 Sk, 2 Sk, 1 Sk and 50 halier, which were used in four types of annual collector sets of circulation coinage of the Slovak Republic.

In 2006 the Národná banka Slovenska issued three types of commemorative coins in precious metals, commemorating important events and anniversaries and intended for collector purposes. The commemorative coins in the denominations 200 Sk and 500 Sk were struck from silver and a commemorative coin in the denomination 5000 Sk was made of gold. A 200

Sk commemorative coin to mark the 200th anniversary of the birth of Karol Kuzmany was included in the project "Common Issues for Europe". Of the total number of commemorative coins issued to mark this occasion 9,600 proof coins were bought by a foreign collector. The production of all coins and sale of annual collector sets of circulation coinage was ensured by the state mint, Mincovňa Kremnica, š. p.

#### 5.1.1 Currency in circulation and net annual issuance<sup>12</sup> in the SR

The value of currency in circulation in the Slovak Republic as at the close of 2006 represented SKK 143.5 billion (including Slovak and federal commemorative coins). Compared with 31 December 2005, the value of currency in circulation rose by SKK 13.4 billion in 2006, representing a year-on-year growth of 10.3%.

Over the course of 2006 the balance of currency in circulation continued to develop in a typically seasonal pattern: falling in the first quarter of 2006 and rising in the pre-Christmas period. This is documented also by data on the development of the net monthly issuance, which ranged from SKK -0.97 billion in January 2006 to SKK 5.24 billion in December 2006.

The daily value of currency in circulation in 2006 ranged from SKK 128.6 billion to SKK 148.6 billion. The minimum value was reached on 2 February 2006

Table 32 Commemorative coins issued by the NBS in 2006

Face value	Event commemorated	Number of coins issued		NBS Decree
		total	proof	
500 Sk <sup>1)</sup>	Protection of the environment and countryside – Muran Plain national park	7,100	2,800	88/2006 Coll.
200 Sk <sup>1)</sup>	200 <sup>th</sup> anniversary of the birth of Karol Kuzmany	17,350	12,450	448/2006 Coll.
5000 Sk <sup>2)</sup>	Last monarch of the Great Moravian Empire Mojmir II.	4,000	4,000	556/2006 Coll.

Source: NBS

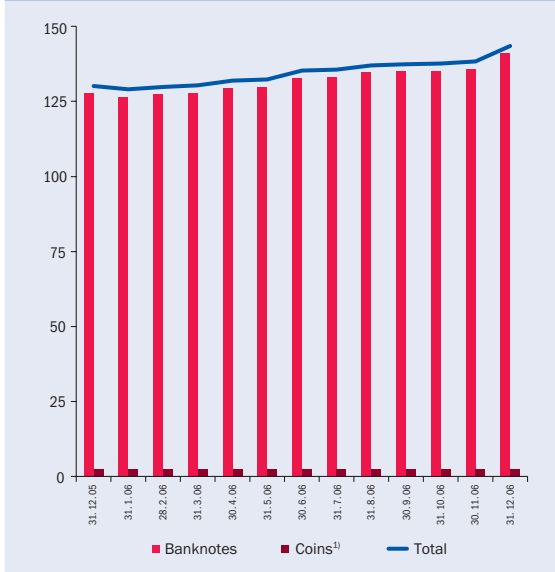
1) Commemorative silver coin.

2) Commemorative gold coin.

<sup>12</sup> The net issuance is the difference between the amount of money put into and taken out of circulation in a specified period of time. The term is consistent with that used by the European Central Bank.



**Chart 70 Monthly development of currency in circulation in 2006 (SKK billion)**



Source: NBS.

1) Including commemorative coins.

and the maximum in the pre-Christmas period on 22 December 2006.

### 5.1.2 Structure of the currency in circulation and net issuance

On 31 December 2006, 175.6 million banknotes with a value of SKK 141.1 billion, 1,113.8 million circulation coins with a value of SKK 1.8 billion, and 867,000 commemorative coins issued by the NBS with a value of SKK 643.4 million were in circulation. Of the total value of currency in circulation, banknotes accounted for 98.3%, circulation coins 1.2% and commemorative coins, including federal commemorative coins, 0.5%. Of the total number of coins and banknotes in circulation, banknotes accounted for 13.6%, circulation coins 86.3% and commemorative coins 0.1%.

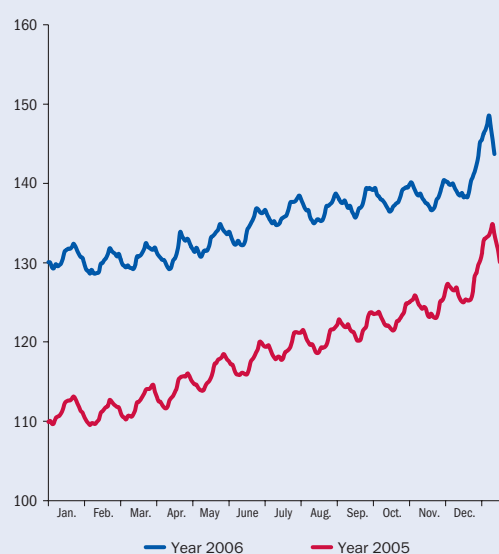
The net annual issuance for 2006 totalled SKK 13.4 billion and, in comparison with 2005, was SKK 6.8 billion lower. The net annual issuance for 2006 com-

**Table 33 Currency in circulation in SKK**

	Value in SKK		Share in %	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
<b>Banknotes</b>				
5000 Sk	68,029,362,500	60,530,677,500	47.40	46.52
1000 Sk	61,320,830,500	56,298,082,500	42.73	43.27
500 Sk	5,361,164,875	4,864,545,875	3.74	3.74
200 Sk	2,292,431,250	2,055,817,650	1.60	1.58
100 Sk	2,512,164,150	2,386,890,550	1.75	1.83
50 Sk	867,629,800	803,035,150	0.60	0.62
20 Sk	720,110,265	668,318,405	0.50	0.51
<b>Total</b>	<b>141,103,693,340</b>	<b>127,607,367,630</b>	<b>98.32</b>	<b>98.08</b>
<b>Circulation coins</b>				
10 Sk	881,149,330	881,097,520	0.61	0.68
5 Sk	333,777,320	307,494,745	0.23	0.24
2 Sk	232,742,040	213,482,432	0.16	0.16
1 Sk	152,756,209	140,241,785	0.11	0.11
50 hal.	25,042,036	25,211,472	0.02	0.02
50 hal. II	74,212,418	63,057,108	0.05	0.05
20 hal.	44,304,304	44,346,033	0.03	0.03
10 hal.	26,980,004	26,998,155	0.02	0.02
<b>Total</b>	<b>1,770,963,661</b>	<b>1,701,929,248</b>	<b>1.23</b>	<b>1.31</b>
<b>Commemorative coins<sup>1)</sup></b>	<b>643,389,180</b>	<b>801,298,680</b>	<b>0.45</b>	<b>0.62</b>
<b>Total currency</b>	<b>143,518,046,181</b>	<b>130,110,595,558</b>	<b>100.00</b>	<b>100.00</b>

Source: NBS.

1) Including federal commemorative coins.

**Chart 71 Daily development of currency in circulation (SKK billion)**


Source: NBS.

prised banknotes in the value of SKK 13.5 billion and circulation coins in the value of SKK 69.0 million. The issuance of commemorative coins was negative, and stood at SKK -157.9 million (including federal commemorative coins, the validity of which ended on 30. September 2000, and which had been exchanged by the Národná banka Slovenska for legal tender up to 30 June 2006).

In 2006 the denominations which represented the largest net issuance (SKK 7.5 billion, 1.5 million pieces) were 5000 Sk banknotes, followed by 1000 Sk banknotes (SKK 5.0 billion, 5.0 million pieces). These two denominations together represented 93,4% of the net issuance in 2006.

The structure of banknotes in circulation remained unchanged against 2005. The largest share of banknotes in circulation comprised the denominations 1000 Sk (61.3 million pieces), 20 Sk (36.0 million pieces) and 100 Sk (25.1 million pieces). 5000 Sk and 1000 Sk banknotes (totalling SKK 68.0 billion and SKK 61.3 billion respectively) together formed

**Table 34 Currency in circulation in pieces**

	Number of pieces		Share in %	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
<b>Banknotes</b>				
5000 Sk	13,605,873	12,106,136	1.05	0.99
1000 Sk	61,320,831	56,298,083	4.75	4.59
500 Sk	10,722,330	9,729,092	0.83	0.79
200 Sk	11,462,156,	10,279,088	0.89	0.84
100 Sk	25,121,642	23,868,906	1.95	1.94
50 Sk	17,352,596	16,060,703	1.34	1.31
20 Sk	36,005,513	33,415,920	2.79	2.72
<b>Total</b>	<b>175,590,940</b>	<b>161,757,927</b>	<b>13.61</b>	<b>13.18</b>
<b>Circulation coins</b>				
10 Sk	88,114,933	88,109,752	6.83	7.18
5 Sk	66,755,464	61,498,949	5.17	5.01
2 Sk	116,371,020	106,741,216	9.02	8.70
1 Sk	152,756,209	140,241,785	11.84	11.43
50 hal.	50,084,071	50,422,943	3.88	4.11
50 hal. II	148,484,836	126,114,215	11.50	10.27
20 hal.	221,521,521	221,730,163	17.17	18.06
10 hal.	269,800,042	269,981,546	20.91	22.00
<b>Total</b>	<b>1,113,828,096</b>	<b>1,064,840,569</b>	<b>86.32</b>	<b>86.75</b>
<b>Commemorative coins<sup>1)</sup></b>	<b>866,959</b>	<b>830,945</b>	<b>0.07</b>	<b>0.07</b>
<b>Total currency</b>	<b>1,290,285,995</b>	<b>1,227,429,441</b>	<b>100.00</b>	<b>100.00</b>

Source: NBS.

1) Including federal commemorative coins.



90.1% of the total value of currency in circulation, which was a slightly higher share than in the preceding year (89.8%).

In 2006 the net issuance of circulation coins represented a value of SKK 69.0 million (almost 49 million pieces). The net issuance was positive in almost all valid circulation coin denominations, with the exception of 50-halier coins (1993 design), the issue of which fell by SKK 169,400. The highest net issuance was recorded for 5 Sk coins (SKK 26.3 million) and the highest increase in number was recorded for 50-halier coins (increasing by 22 million pieces). In connection with the end of validity of the lowest denomination coins (20-halier and 10-halier coins) only a minimal number (208,600 pieces) of 20-halier coins were returned from circulation in 2006 (in 2005 the figure was 3.3 million pieces), while 181 500 pieces of 10-halier coins were returned (3.1 million pieces in 2005). More than 491 million pieces of these coins remain in circulation, which as at 31 December 2006 represented more than 44% of the total number of coins issued between 1993 and the end of 2006.

The total number of commemorative coins in circulation grew in 2006 by 36,000 pieces, representing an SKK 31.2 million increase in value (only Slovak commemorative coins). In 2006 federal commemorative coins in a total value of SKK 74,100 were returned from circulation.

### 5.1.3 Average value of currency in circulation

The value of currency in circulation as at 31 December 2006 totalled SKK 26,631 per capita<sup>13</sup>. This consisted of SKK 26,183 in banknotes, SKK 329 in circulation coins and SKK 119 in commemorative coins. In comparison with 2005, the total value of currency in circulation per capita grew by SKK 2,447, of which banknotes accounted for SKK 2,464 and circulation coins SKK 13. The value of commemorative coins per capita declined by SKK 30.

Concerning citizens' holdings of currency, there were almost 33 banknotes per capita, which was three more than in 2005. The most numerous were 1000 Sk banknotes, with 11 per capita, and 20 Sk numbering almost 7. The number of circulation coins per capita in 2006 increased against 2005 from 198 to 207. Halier coins (10, 20 and 50 halier), as in 2005, still have the largest share, with 128 pieces per capita (compared to 124 pieces in 2005). Of the valid coins, the most numerous is the 50-halier denomination, with 37 pieces per capita (compared to 33 pieces in 2005).

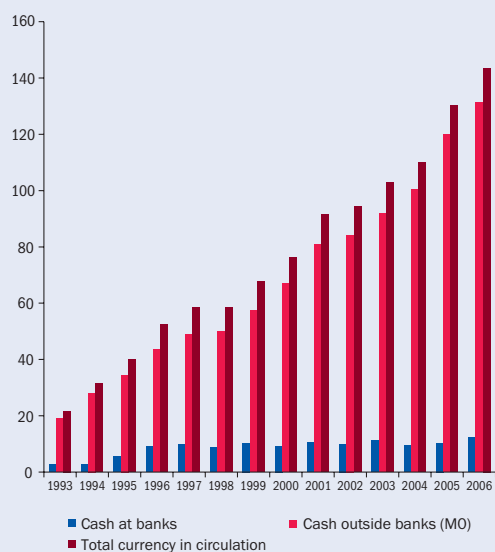
The average value of the currency mark<sup>14</sup> reached SKK 111.2 in 2006, an increase of SKK 5.2 over the year. Its development corresponds to that of the quantity and value of currency in circulation. A comparison of the development of the average value of the currency

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
2005	788.9	1.6	106.0
2006	803.6	1.6	111.2

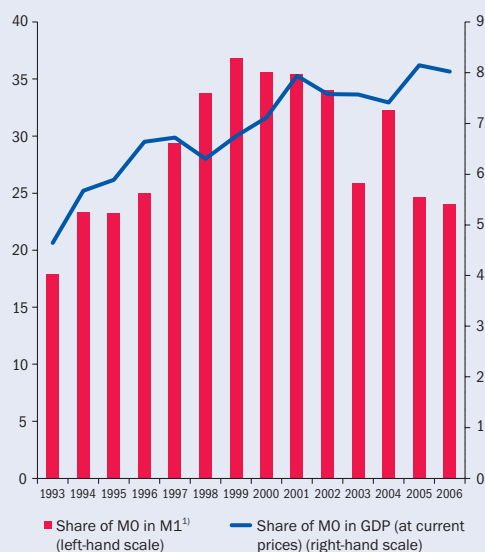
Source: NBS.

<sup>13</sup> As at 31 December 2005 the population numbered 5,389,180; source: Statistical Office of the SR.

<sup>14</sup> The average value of the currency mark = the total value of currency in circulation / total number of coins and banknotes in circulation.

**Chart 72 Currency in circulation held by the public and by banks (SKK billion)**


Source: NBS.

**Chart 73 Proportion of M0 aggregate to M1 and GDP (current prices, %)**


Source: NBS.

1) Since 2003 according to ECB methodology.

mark since 1993, broken down by the individual types of currency in circulation, is given in Table 35.

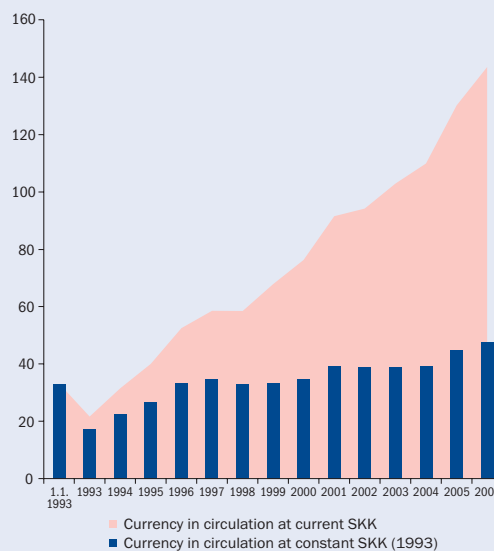
The development of the average value of the currency mark over the past years has been influenced by the faster growth in the value of currency in circulation compared to its quantity.

### 5.1.4 Currency in circulation and selected macroeconomic variables

In a year-on-year comparison as at 31 December 2006, the total value of currency in circulation had increased from SKK 130.1 billion to SKK 143.5 billion (10.3%). Of this, the amount held by the public grew from SKK 119.8 billion to SKK 131.2 billion (9.5%) and the amount held by banks increased from SKK 10.3 billion to SKK 12.3 billion (19.5%).

The share of the M0 money aggregate in M1<sup>15</sup> declined in 2006 against the previous year by 0.6 percentage points to 24.0%. This indicator since 2004 had shown a declining trend, indicating that the level of cashless payments in Slovakia is gradually increasing, albeit moderately.

The share of M0 in GDP<sup>16</sup> in Slovakia decreased in 2006 by 0.1 percentage points to 8.0%, which is

**Chart 74 Effect of inflation on currency in circulation (SKK billion)**


Source: Statistical Office of the SR, NBS.

comparable with values in the euro area countries (ranging from 3% to 10%).

The value of currency in circulation at constant prices<sup>17</sup> stood at SKK 47.46 billion as at 31 December

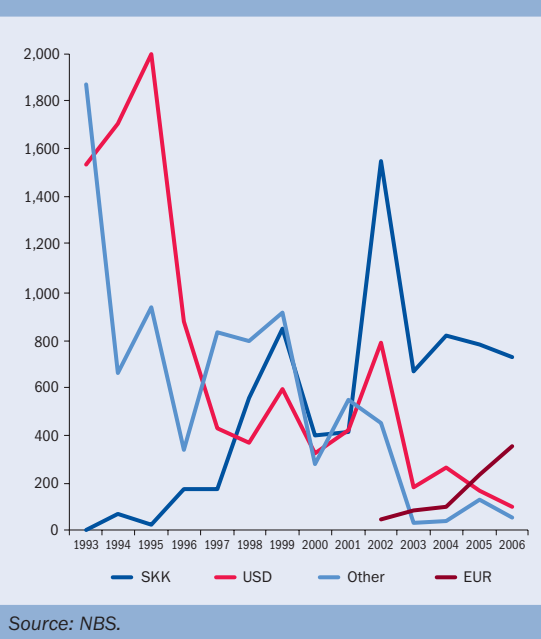
<sup>15</sup> The aggregates M0 and M1 are calculated according to the NBS methodology in the years to 2002 and from 2003 according to ECB methodology (monthly bulletin NBS Monetary Survey, January 2006).

<sup>16</sup> GDP at current prices; source: Statistical Office of the SR.

<sup>17</sup> The price level as measured by the consumer price index (CPI) had increased by 202.4% since 1993; source: Statistical Office of the SR.

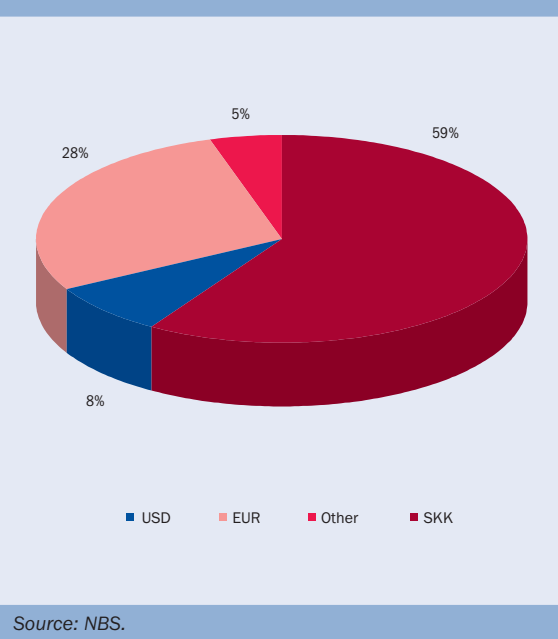


**Chart 75 Number of seized counterfeits (in pieces)**



Source: NBS.

**Chart 76 Breakdown of counterfeit in 2006 (%)**



Source: NBS.

2006, and in comparison with 2005 had grown by SKK 2.63 billion. The year-on-year growth in currency in circulation at constant prices was, as in the previous year, influenced to a significant degree by the faster growth in currency in circulation (10.3%) than the growth in the annual rate of inflation (4.2%).

Slovak koruna and euro recorded the largest share in the breakdown of counterfeit (59% and 28% respectively). US dollars formed a share of 8%, with other currencies representing 5%.

## 5.2 Counterfeit money seized in the Slovak Republic

In 2006 a total of 1,233 items of counterfeit Slovak and foreign currency were seized in the Slovak Republic. In comparison with 2005, this represents a decrease of 83 items in the total number of seized counterfeits, i.e. a fall of more than 6%. Of this number, 70% of counterfeits were seized directly from circulation by banks, branches of foreign banks, non-banking entities and security services.

### 5.2.1 Counterfeits of Slovak koruna

In 2006 a total of 726 counterfeit Slovak koruna banknotes were seized, including two composed banknotes, 27 forgeries, 8 adapted banknotes and coins and one coin plate. The highest incidence of counterfeits was recorded in the Košice region (256 items) and the Bratislava region (99 items). 1000 Sk and 500 Sk banknotes were the most frequently counterfeited, making up two thirds of Slovak koruna counterfeits.

**Table 36 Number of seized Slovak koruna counterfeits (in pieces)**

Year	Denomination									Total
	5000	1000	500	200	100	50	20	10	P <sup>1)</sup>	
2002	14	1,307	105	17	49	38	17	2	0	1,549
2003	14	396	131	58	31	27	8	0	1	666
2004	45	419	203	36	68	36	11	1	1	820
2005	23	337	151	103	87	48	28	0	7	784
2006	28	344	138	95	55	22	6	0	38	726

Source: NBS.

1) Forgeries, adapted and composed banknotes and coins, coin plate.



Table 37 **Number of seized US dollar counterfeits** (in pieces)

Year	Denomination								Total
	1	5	10	20	50	100	1000	P <sup>1)</sup>	
2002	4	1	1	1	11	768	0	4	790
2003	0	0	0	3	3	176	0	5	187
2004	3	0	1	1	5	252	0	2	264
2005	0	0	1	1	3	163	0	3	171
2006	2	1	0	0	3	94	1	0	101

Source: NBS.

1) Manipulated banknotes, forgeries and adapted banknotes.

 Table 38 **Number of seized euro counterfeits** (in pieces)

Year	Denomination									Total
	2	5	10	20	50	100	200	500	P <sup>1)</sup>	
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
2005	8	0	0	13	114	26	37	34	2	234
2006	3	1	4	6	69	217	38	10	0	348

Source: NBS.

1) Manipulated banknotes, forgeries and composed banknotes.

 Table 39 **Number of counterfeits of other foreign currencies** (in pieces)

Year	Currency							Total
	GBP	CZK	CAD	PLN	CHF	HUF	Others <sup>1)</sup>	
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
2005	82	21	3	1	1	18	1	127
2006	39	9	0	2	0	7	1	58

Source: NBS.

1) Currencies replaced by the euro, Norwegian krone and Australian dollars.

## 5.2.2 Counterfeits of foreign currency

In 2006 a total of 101 US dollar counterfeits, 348 euro counterfeits and 58 counterfeits of other foreign currencies were seized in the Slovak Republic. The largest incidence was recorded in the Košice region.

### Counterfeit US dollars

Since 2005 there has been a declining trend in the number of counterfeit US dollars and concurrently in this currency's share in the total number of seized counterfeits. While in 2005 a 35% decline was recorded in comparison with the preceding year, in 2006 the decline was as high as 41%. The highest occur-

rence was recorded in Bratislava region, in which 54 counterfeit items were seized in 45 cases. The most frequently counterfeited denomination was the 100 USD banknote, which formed as much as 93% of the total number of US dollar counterfeits.

### Counterfeit euro

The rising trend in the number of seized counterfeit euro continued in 2006, when in comparison with 2005 the number of seized counterfeit euro rose by approximately half. Counterfeit euro with 348 items accounted for 28% of the total number of seized counterfeits. In the Economic and Monetary Union countries low denomination banknotes (€20 and



€50) were the most frequently counterfeited, while in Slovakia the most numerous counterfeits seized were €100 banknotes, forming almost 63% of the total number of euro counterfeits.

#### ***Counterfeits of other foreign currencies***

In 2006, the number of counterfeits of other foreign currencies fell by more than half, numbering 58 items and representing 5% of the total number of seized counterfeits. As in 2005, British pounds formed the highest share of counterfeits.