

Issuing Activity and Currency in Circulation



5 Issuing Activity and Currency in Circulation

5.1 Slovak currency issuance

In 2007, in accordance with the needs of currency circulation, Národná banka Slovenska arranged for the reprint of 16.5 millions of banknotes in the denomination of SKK 1000. The banknotes were printed by the British printing house De La Rue in its Malta plant at Žejtun.

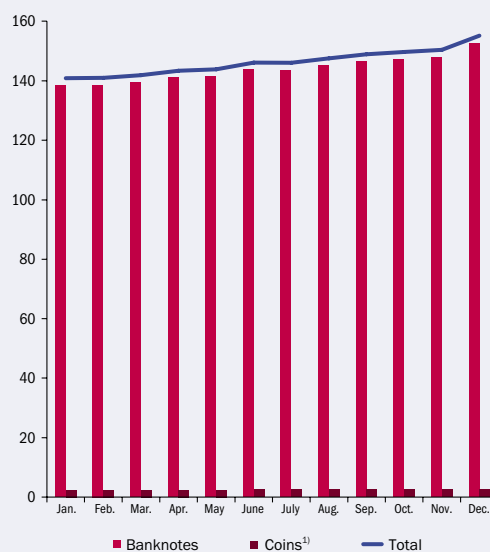
Besides banknotes, 44.0 million coins in the denomination of 50 halier, 5.54 million coins in the denomination of SKK 1, 13.2 million coins in the denomination of SKK 2 and 5.320 million coins in the denomination of SKK 5 were produced for the needs of cash circulation. In addition to coins issued for circulation, 18 thousand coins in the denominations of SKK 10, SKK 5, SKK 2, SKK 1 and 50 halier were produced as collector items; those coins were used in three types of annual collector sets of circulation coinage of the Slovak Republic.

In 2007, Národná banka Slovenska issued two commemorative coins as collector items to commemorate important events and anniversaries. A silver coin in the denomination of SKK 200 on the occasion of the 200th birth anniversary of Jozef Maximilián Petzval was issued on 9 January 2007 and a commemorative silver coin in the denomination of SKK 500 for the 450th anniversary of the completion of the construction of the Old Fortress in Komárno was issued on 15 May 2007. The production of all circulation coinage and commemorative coins was ensured by Mincovňa Kremnica, š. p., which was also charged with the sale of annual collector sets.

5.1.1 Currency in circulation and net annual issuance¹⁰ in the SR

The value of currency in circulation in the Slovak Republic as at 31 December 2007 represented SKK 155.15 billion (including commemorative coins). The year-on-year increase in the value of currency in circulation was SKK 11.6 billion, which represented

Chart 39 The monthly development of currency in circulation in 2007 (SKK billion)



Source: NBS.

1) Including commemorative coins.

Table 26 Commemorative silver coins issued by NBS in 2007

Denomination	Event commemorated by the coin	Number of coins issued		NBS Decree
		total	proof	
SKK 200 ¹⁾	200th birth anniversary of Jozef Maximilián Petzval	7,200	2,500	617/2006 Coll.
SKK 500 ¹⁾	450th anniversary of the completion of the construction of the Old Fortress in Komárno	7,200	2,600	183/2007 Coll.

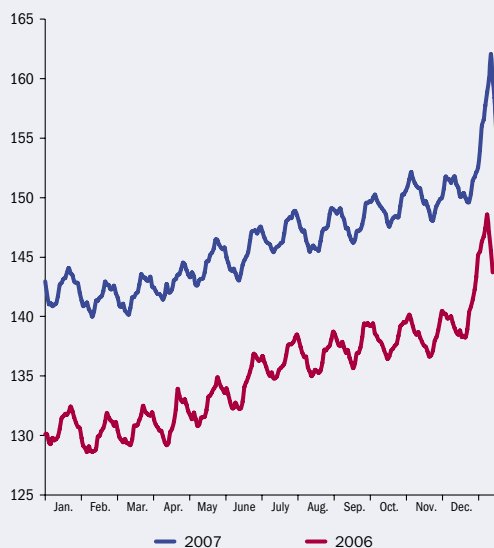
Source: NBS.

1) Commemorative silver coin.

¹⁰ The net issuance is the difference between the amount of money put into and received from circulation over a specified period of time. The terminology used is identical with that of the European Central Bank.



Chart 40 The daily development of currency in circulation (SKK billion)



Source: NBS.

a year-on-year increase of 8.1%. The total net issuance decreased by SKK 1.8 billion (13.2%) against 2006.

The development of the value of currency in circulation (measured at the end of the individual months) showed a typically seasonal pattern: falling in the first quarter and rising at the end of the year. The monthly values of net issuance ranged from SKK -2.6 billion in January 2007 to SKK 4.8 billion in December 2007. The development of currency in circulation in 2007 is shown in chart 39.

The daily value of currency in circulation in 2007 ranged from SKK 139.98 billion (7 February 2007) to SKK 162.08 billion (21 December 2007). The development of the daily value of currency in circulation in 2007 and in the previous year is shown in chart 40.

5.1.2 Structure of currency in circulation and net issuance

As at 31 December 2007, 186.7 million banknotes with a value of SKK 152.6 billion, 1,163.2 million

Table 27 Value of currency in circulation in SKK

	Value in SKK		Share in %	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Banknotes				
5000 Sk	74,381,077,500	68,029,362,500	47.94	47.40
1000 Sk	65,888,564,500	61,320,830,500	42.47	42.73
500 Sk	5,693,748,375	5,361,164,875	3.67	3.74
200 Sk	2,459,868,650	2,292,431,250	1.59	1.60
100 Sk	2,553,773,150	2,512,164,150	1.65	1.75
50 Sk	903,850,100	867,629,800	0.58	0.60
20 Sk	773,488,305	720,110,265	0.50	0.50
Total	152,654,370,580	141,103,693,340	98.39	98.32
Circulation coins				
10 Sk	895,795,870	881,149,330	0.58	0.61
5 Sk	359,567,040	333,777,320	0.23	0.23
2 Sk	251,880,460	232,742,040	0.16	0.16
1 Sk	164,910,186	152,756,209	0.11	0.11
50 hal.	26,082,860	25,042,035	0.02	0.02
50 hal. II	83,835,690	74,212,418	0.05	0.05
20 hal.	44,275,412	44,304,304	0.03	0.03
10 hal.	26,967,812	26,980,004	0.02	0.02
Total	1,853,315,331	1,770,963,661	1.19	1.23
Commemorative coins	646,400,190	643,389,180	0.42	0.45
Banknotes and coins in total	155,154,086,101	143,518,046,181	100.00	100.00

Source: NBS.



circulation coins with a value of SKK 1.85 billion and 889.6 thousand commemorative coins with a value of SKK 646.4 million were in circulation. Banknotes represented 98.4% of the total value of currency in circulation, circulation coins 1.2% and commemorative coins 0.4%. The share of banknotes in the total number of banknotes and coins in circulation was 13.8% and that of circulation and commemorative coins 86.2%.

Banknotes made up SKK 11.55 billion, circulation coins SKK 82.35 million and commemorative coins SKK 3.0 million of the net issuance in 2007 (SKK 11.6 billion).

Banknotes in the denomination of SKK 5000 (SKK 6.35 billion, 1.27 million pieces) and banknotes in the value of SKK 1000 (SKK 4.56 billion, 4.56 million pieces) had the highest net issuance value. These two denominations together represented 93.8% of the value of net issuance in 2007.

The structure of banknotes in circulation remained unchanged against 2006. The most frequent banknotes

in circulation were banknotes in the denominations of SKK 1000 (65.9 million pieces), SKK 20 (38.7 million pieces) and SKK 100 (25.5 million pieces). In terms of value, banknotes in the denominations of SKK 5000 and SKK 1000 made up together SKK 140.3 billion, 90.4% of the total value of currency in circulation, which was a slightly higher share than in the previous year (90.1%).

The net issuance of circulation coins reached the value of SKK 82.4 million (49.4 million pieces) in 2007. The net issuance reached positive values for all valid circulation coins. From among circulation coins, the coin of SKK 5 reached the highest net issuance value (SKK 25.8 million), and the amount of 50 halier coins recorded the highest increase (by 21.3 million pieces). In 2007, 144.5 thousand pieces of invalid 20 halier coins and 121.9 thousand pieces of invalid 10 halier coins were returned from circulation. More than 491 million pieces of these coins have remained in circulation, i.e. more than 83% of the total amount of 10 and 20 halier coins issued from 1993 till the end of 2003. The deadline

Table 28 **Number of currency in circulation in pieces**

	Number in pieces		Share in %	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Banknotes				
5000 Sk	14,876,216	13,605,873	1.10	1.05
1000 Sk	65,888,565	61,320,831	4.88	4.75
500 Sk	11,387,497	10,722,330	0.84	0.83
200 Sk	12,299,343	11,462,156	0.91	0.89
100 Sk	25,537,732	25,121,642	1.89	1.95
50 Sk	18,077,002	17,352,596	1.34	1.34
20 Sk	38,674,415	36,005,513	2.86	2.79
Total	186,740,769	175,590,940	13.82	13.61
Circulation coins				
10 Sk	89,579,587	88,114,933	6.63	6.83
5 Sk	71,913,408	66,755,464	5.32	5.17
2 Sk	125,940,230	116,371,020	9.32	9.02
1 Sk	164,910,186	152,756,209	12.21	11.84
50 hal.	52,165,721	50,084,071	3.86	3.88
50 hal. II	167,671,380	148,424,836	12.41	11.50
20 hal.	221,377,062	221,521,521	16.39	17.17
10 hal.	269,678,123	269,800,042	19.96	20.91
Total	1,163,235,697	1,113,828,096	86.11	86.32
Commemorative coins	889,584	866,959	0.07	0.07
Banknotes and coins in total	1,350,866,050	1,290,285,995	100.00	100.00

Source: NBS.



for the exchange of these two coins is 31 December 2008.

In 2007, the total number of commemorative coins in circulation increased by more than 22 thousands pieces and their value increased by SKK 3.0 million.

5.1.3 Average values of currency in circulation

The value of currency in circulation per capita¹¹ as at December 31, 2007, including commemorative coins, totalled SKK 28,767. This consisted of SKK 28,303 in banknotes, SKK 344 in circulation coins and SKK 119 in commemorative coins. As compared to 2006, the total value of currency in circulation per capita increased by SKK 2,135, of which banknotes accounted for SKK 2,120 and circulation coins SKK 15. Compared to the previous year, the value of commemorative coins per capita remained virtually unchanged.

The average number of banknotes per inhabitant was 35, two banknotes more than in 2006. The most numerous banknotes were in the denomination of 1000 SKK (12 per capita) and 20 SKK (almost 7 per capita). In 2007, the number of circulation coins per capita was 216, compared to 207 in 2006. Coins in the lowest denominations, i.e. 50 halier coins (almost

41 pieces per capita; 37 pieces in 2006) and SKK 1 coins (31 pieces, 28 in 2006) made up the largest share of valid coins in circulation.

The average value of the currency mark¹² increased in 2007 by SKK 3.7 to SKK 114.9. The development of the currency mark corresponds to the quantity and value of currency in circulation. Table 29 shows a comparison of the development of the average value of the currency mark by individual types of money since 1993.

In recent years, the development of the average value of the currency mark has been characterized by a faster growth of the value of currency in circulation as compared to its quantity.

5.1.4 Currency in circulation and selected macroeconomic variables

In connection with the growth of the total value of currency in circulation, the amount of currency held by the public increased from SKK 131.2 billion to SKK 141.7 billion (by 8.0%) and that held by the banks from SKK 12.3 billion to SKK 13.4 billion (by 8.9%) in 2007.

The share of the M0 in the M1 aggregate¹³ decreased by 1.1 percentage points to 22.8% as compared to the

Table 29 **Development of the average value of the currency mark** (SKK)

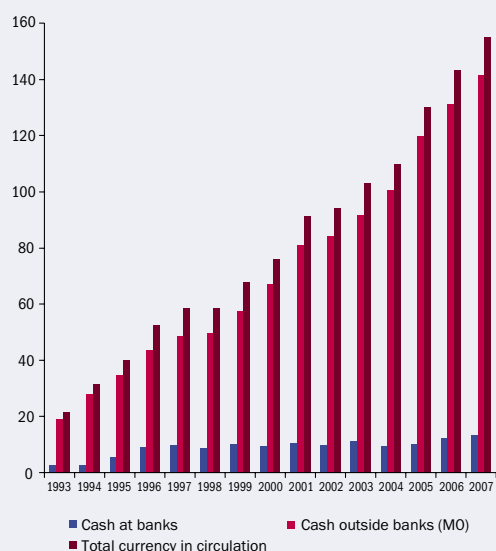
Year	Banknotes	Circulation coins	Currency including commemorative coins
1993	289.3	3.2	90.2
1994	384.1	2.0	76.4
1995	455.6	1.8	76.7
1996	537.3	1.7	81.8
1997	566.3	1.6	80.5
1998	552.3	1.5	72.2
1999	594.1	1.5	76.1
2000	631.4	1.4	77.1
2001	693.6	1.4	84.4
2002	697.8	1.4	80.3
2003	729.2	1.4	85.0
2004	738.8	1.6	94.0
2005	788.9	1.6	106.0
2006	803.6	1.6	111.2
2007	817.5	1.6	114.9

Source: NBS.

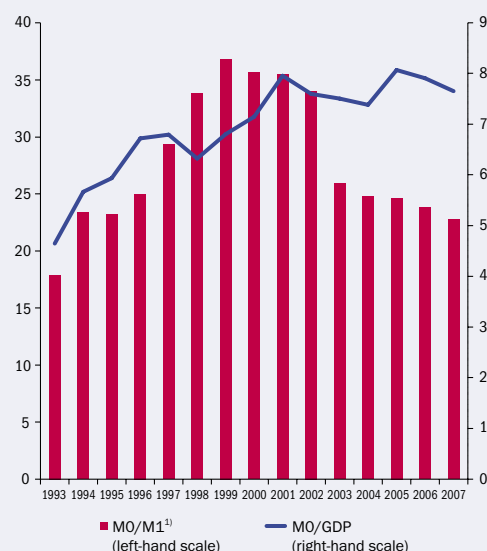
¹¹ As at 31 December 2006, the population numbered 5,393,637, according to the Statistical Office of the Slovak Republic.

¹² Average value of the currency mark = total value of currency in circulation / total amount of currency in circulation.

¹³ The monetary aggregates M0 and M1 had been calculated using NBS methodology until 2002. From 2003 onwards, the calculation is based on ECB methodology.

Chart 41 Currency in circulation held by banks and outside banks (SKK billion)


Source: NBS.

Chart 42 The share of M0 in M1 and GDP (at current prices) (%)


Source: NBS.

1) Since 2003, according to ECB methodology.

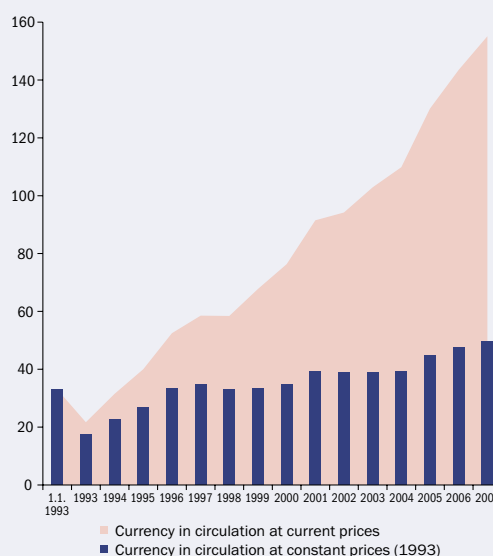
previous year. This indicator had shown a declining trend since 2003, pointing to the fact that the utilization of cashless payment system in Slovakia is moderately improving.

The share of M0 in GDP¹⁴ decreased year-on-year by 0.3 percentage points to 7.7% in 2007, which is comparable to the levels in euro area countries (ranging from 3% to 10%).

As at 31 December 2007, the value of currency in circulation at constant prices¹⁵ stood at SKK 49.62 billion, which represents an increase of SKK 2.16 billion compared to 2006. The year-on-year increase in currency in circulation at constant prices was, just like in the previous year, considerably influenced by a faster growth of currency in circulation (by 8.1%) than the growth of the annual rate of inflation (by 3.4%).

5.2 Counterfeit money seized in the territory of the Slovak Republic

A total of 1,066 pieces of counterfeits of Slovak and foreign currencies were seized in the territory of the Slovak Republic in 2007. Compared to 2006, this represents a decrease in the total number of counterfeits seized by 167 pieces, i.e. by more than 13%. 92% of

Chart 43 Effect of inflation on the value of currency in circulation (SKK billion)


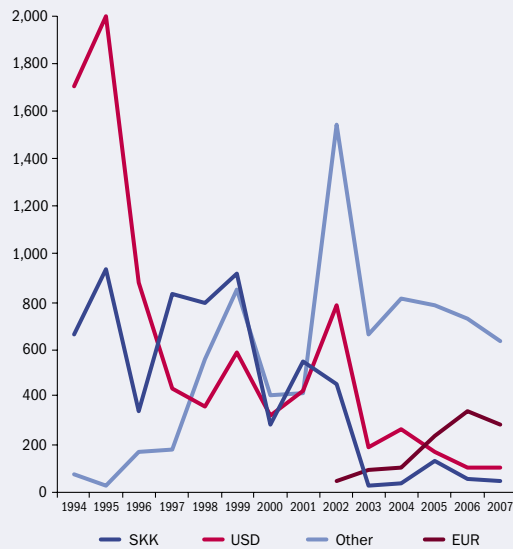
Sources: Statistical Office of the Slovak Republic and NBS.

the said number of counterfeits was seized directly from the circulation by banks, branches of foreign banks, non-banking entities and security services.

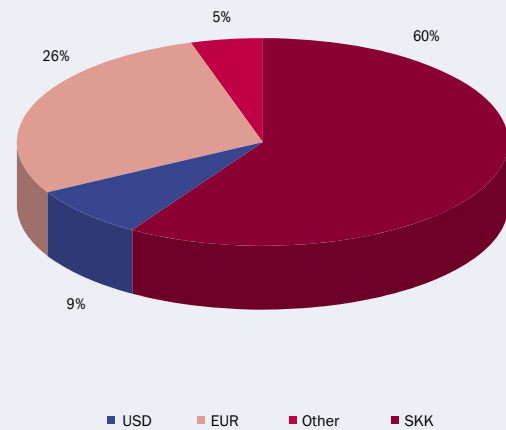
The proportions of Slovak koruna (60%) and euro (26%) made up the largest share in the structure of

¹⁴ GDP at current prices; source: Statistical Office of the Slovak Republic.

¹⁵ In terms of consumer price index (CPI), the price level has increased by 212.7% since 1993; source: Statistical Office of the Slovak Republic.

**Chart 44 Development of the number of seized counterfeit (pcs)**

Source: NBS.

Chart 45 Structure of counterfeit in 2007 (%)

Source: NBS.

counterfeits. The proportion of US dollars reached 9% and that of other foreign currencies 5%.

5.2.1 Slovak koruna counterfeits

A total of 639 Slovak koruna counterfeits were seized in 2007, including five pieces of adapted banknotes. The greatest number of counterfeits was registered in the Nitra region (161 pieces) and Žilina region (115 pieces). Like in the previous period, the most frequently counterfeited banknotes were SKK 1000 and SKK 500, they accounted for more than two thirds of Slovak koruna counterfeits.

5.2.2 Counterfeits of foreign currencies

In 2007, a total of 287 euro counterfeits, 97 US dollar counterfeits and 52 counterfeits of other foreign currencies were seized in the territory of the Slovak Republic. The largest incidence was recorded in the Bratislava region.

Euro counterfeits

A decrease in the number of seized euro counterfeits became apparent in 2007, but due to the fact that almost all of them were seized from circulation, they presented the same danger as the counterfeits seized in 2006, when almost one third of them was seized

before they had been put into circulation. In comparison with euro area countries, in which counterfeits of the lower denominations of EUR 50 and EUR 20 occur most frequently, in the territory of the Slovak Republic the most numerous counterfeits were 100 EUR and 200 EUR banknotes, accounting for more than two thirds of euro counterfeits.

Counterfeit US dollars

Only a slight decrease in the number of seized US dollar counterfeits against the previous year was recorded in 2007, while the US dollar's share in the total number of seized counterfeits remained approximately at the level of 2006. The highest occurrence was recorded in Bratislava region, where 50 counterfeits were seized in 43 cases. The most frequently counterfeited denomination was, again, the 100 USD banknotes, which made up approximately 95% of the total number of US dollar counterfeits.

Counterfeits of other foreign currencies

A development similar to that of US dollars was also recorded for the number of seized counterfeits of other foreign currencies, where six pieces of counterfeits less than in 2006 were seized in 2007. As in the previous period, the British pounds formed the highest share of counterfeits.



Table 30 Number of seized Slovak koruna counterfeits (pcs)

Year	Denomination									Total
	5000	1000	500	200	100	50	20	10	P ¹⁾	
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
2007	32	302	150	65	31	22	7	25	5	639

Source: NBS.

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

Table 31 Number of seized euro counterfeits (pcs)

Year	Denomination										Total
	1	2	5	10	20	50	100	200	500	P ¹⁾	
2003	0	0	0	2	18	41	9	13	4	1	88
2004	0	3	1	0	1	48	26	17	2	5	103
2005	0	8	0	0	13	114	26	37	34	2	234
2006	0	3	1	4	6	69	217	38	10	0	348
2007	4	8	0	2	10	59	99	90	6	0	278

Source: NBS.

1) Manipulated banknotes, forgeries, adapted and composed banknotes.

Table 32 Number of seized US dollar counterfeits (pcs)

Year	Denomination								Total
	1	5	10	20	50	100	1000	P ¹⁾	
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
2007	0	0	0	2	3	92	0	0	97

Source: NBS.

1) Manipulated banknotes, forgeries, adapted banknotes.

Table 33 Number of seized counterfeits of other foreign currencies (pcs)

Year	Currency							Total
	GBP	CZK	CAD	PLN	CHF	HUF	Others ¹⁾	
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
2007	34	6	0	2	0	3	7	52

Source: NBS.

1) German mark, Australian dollar and Czechoslovak koruna.