



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM

CHAPTER 8

# FOREIGN ACTIVITIES





## 8 FOREIGN ACTIVITIES

### 8.1 THE EUROPEAN UNION (EU)

Národná banka Slovenska participated in activities of the EU institutions in 2008. The highest representatives of NBS took part in regular informal meetings of the Economic and Financial Affairs Council (ECOFIN), which took place in Brdo, Slovenia, in April, and in Nice, France, in September. The discussed topics covered the economic and financial conditions, with emphasis placed on financial markets, financial stability, agreements in the field of supervision, public finances and the reform of the IMF.

NBS participates in the decision-making process of the EU bodies via its representatives in selected committees and working groups of the EU Council and the European Commission. NBS plays an important role in the Economic and Financial Committee (EFC) of the EU and NBS experts also participate in the activities of several sub-committees. Within the European Commission committees, experts of Národná banka Slovenska take part in sessions of the committees and sub-committees for supervision (CEBS, CEIOPS, CESR), in meetings of the committee and working groups for monetary and financial statistics and payment balance statistics, as well as in meetings of the working group of mint directors and working groups of the Financial Services Committee (FSC).

In coordination of Slovakia's participation in the decision-making process on EU issues, the Commission for EU Affairs, established at the Ministry of Foreign Affairs of the SR, has a significant position. In 2008, NBS continued to participate in the said process by the preparation of background papers for drafting instructions, and in the form of participation of its representatives at regular meetings of this Commission.

NBS participates in the process of preparation of EU legal acts in the form of comments. In 2008, NBS expressed its opinion on draft conclusions of the meetings of the European Council and ECOFIN (especially on materials related to the euro introduction in the SR), on draft directives, for example on the capital requirements

of banks, on the commencement and conduct of direct insurance and reinsurance – Solvency II, on coordination of legislative and administrative acts relating to undertakings for collective investment in transferable securities (UCITS) and on systems of deposit protection.

### 8.2 NBS COOPERATION WITH INTERNATIONAL INSTITUTIONS

#### INTERNATIONAL MONETARY FUND (IMF)

In 2008, the cooperation between NBS and IMF continued at the standard level. The NBS Governor, Ivan Šramko, as the Governor for Slovakia at the IMF, attended the Spring Meetings of the IMF and the World Bank in April and the Annual Meetings of the IMF and the World Bank in October 2008. Both meetings focused on the outlook for the world economy and financial markets in the light of the global financial crisis.

In June 2008, the meeting of representatives of the Belgian Constituency of the IMF and the World Bank at the level of deputy governors in Minsk (Belarus) with the participation of NBS deputy-governor Martin Barto focused also on the financial markets turbulences. In December 2008 the working mission of the IMF representatives to Slovakia took place, aiming at the preparation for regular consultations according to Article IV of the IMF Agreement scheduled for the first half of 2009.

In April 2008, the Resolution on Quota and Voice Reform was adopted by the IMF Board of Governors. One of the most discussed issues of recent years was concluded by this step. The resolution proposed, among other things, an increase in the member quota for the SR by SDR 70 million to SDR 427.5 million, and an amendment to the IMF Articles of Agreement. In May 2008, the IMF Board of Governors adopted the Resolution on amendments to the IMF Agreement with the aim to expand the IMF's investment authority. The approval process for the increase in the IMF member quota for the SR as well as for the amendment to the IMF Agreement in terms of given resolutions began in 2008.



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In accordance with Article VIII of the IMF Agreement, NBS in cooperation with the ministries concerned updated the Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) and, based on a decision of the IMF Executive Board, NBS informed about the foreign exchange restrictions that the Slovak Republic applies in order to ensure national and international security, and to protect financial system against financial terrorism.

In the follow-up to the decision of the Government of the SR of November 2007 and the NBS Governor's letter to IMF Managing Director Dominique Strauss-Kahn of January 2008, the SR engaged in the proceedings of IMF debt relief for Liberia in April 2008.

Along with the worsening financial conditions of some IMF member countries in the second half of 2008, the engagement of the SR in the Financial Transaction Plan (FTP) increased. In 2008, NBS lent through FTP a total of SDR 28 million from its foreign reserves.

### THE WORLD BANK

In 2008, the Slovak Republic graduated from the World Bank's operations. Graduation means that the member country has been formally transferred from the group of countries eligible to be the World Bank clients, i.e. from the group of recipients of the World Bank assistance (the so-called "Part 2" countries) to the group of developed countries with the status of development assistance provider (the so-called "Part 1" countries).

NBS Vice-Governor Viliam Ostrožlík, in the position of the Alternate Governor in the World Bank Group, attended meetings with the representatives of the World Bank and meetings of Belgian Constituency during the Spring Meetings of the IMF and the World Bank in Washington.

The Slovak Republic as a donor country in the International Development Association (IDA) took part in 15<sup>th</sup> replenishment of IDA funds. In July 2008 the Slovak Government approved the participation of the SR in the 15th IDA replenishment and the financing of the Multilateral Debt Relief Initiative (MDRI). The Slovak Republic's contribution, based on the 15th IDA replenishment, represents EUR 2.23 million and its share

in MDRI financing will be EUR 630,000 over the period of 2009–2018.

### BANK FOR INTERNATIONAL SETTLEMENTS (BIS)

In the course of 2008, the BIS held five regular meetings of governors of the member central banks. The meetings addressed the current problems of world finance, e.g. causes and economic impacts of the current financial crisis, the role of monetary and credit aggregates in the monetary policy or interbank market liquidity.

In June 2008, the 78<sup>th</sup> annual general meeting of shareholders of the BIS was held, where the financial results of the BIS, the distribution of profit and the amount of dividends were approved.

In 2008, NBS joined two surveys, organised by the BIS Central Bank Governance Group, on key problems of central bank governance and of central banks functions.

### ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

In 2008, NBS representatives contributed to the activities of relevant working bodies of the OECD. In particular, they contributed to the work of the Economic Policy Committee (EPC), the Economic and Development Review Committee (EDCR). Economies of the OECD member countries, including the economy of Slovakia, were assessed by the EDRC in 2008. Within the framework of preparation for assessment of our economy and before publication of the Economic Survey of the SR, Slovakia and NBS received two visits of representatives of the OECD, the so-called structural mission in June and OECD political mission in October 2008.

### EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

In May 2008, the annual meeting of the EBRD Board of Governors was held in Kiev. The head of delegation of the SR was NBS Governor Ivan Šramko, who also acts as the EBRD Alternate Governor for the Slovak Republic. At the meeting Thomas Mirow was elected as new EBRD President, replacing Jean Lemierre, who had served in the position for eight years. Among other things, the allocation of net income to the bank's strategic reserves and its smaller part to EBOR Special Funds was approved at the meeting.



In September 2008, NBS received a visit of representatives of the EBRD Board of Directors. The purpose of this visit was to get acquainted with country's development before the decision of the Board of Directors concerning the new EBRD's strategy for the next two years is taken.

### 8.3 NBS COOPERATION WITH INTERNATIONAL SUPERVISION INSTITUTIONS

In connection with NBS's commitments to international organizations, the European Central Bank, the European committees, etc., staff at the supervision unit regularly participate in negotiations with various working groups and committees. The supervision unit, to a significant degree, is also cooperating with foreign regulators, particularly in relation to supervising banks and insurance company groups, participation in working groups and in the committees of international institutions, such as the Committee of European Bank Supervisors (CEBS), the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) and the Committee of European Securities Regulators (CESR), which are among the so-called "Level 3 Committees".

The CEBS gives advice to the European Commission in the area of banking. It is currently focusing on capital requirements rules for financial institutions with the aim of making sure that capital at financial institutions is more closely aligned with the risks they face. In 2008, the Committee met four times.

The role of CESR is to improve coordination among securities regulators within the European Union, act as an advisory group for the European Commission and work to ensure more consistent and timely implementation of community legislation in the Member States. At meetings of top representatives from individual supervisory authorities in the field of securities regulation, CESR members accepted fundamental decisions regarding regulation and supervision and approved Level 3 guidances and other important documents related to CESR activities (in accordance with accepted amendments to the bylaws by a qualified majority vote of members). In 2008, CESR paid special attention to issues of positions and powers, the increase of efficiency

of its activities and mutual cooperation with the "3L3 Committees", which was also reflected in amended CESR statutes in force as of 10 September 2008. CESR has established several permanent working and expert groups, in which NBS is a representative and which have established and prepared most of the technical material submitted for approval at the highest-level CESR meetings as output from the applicable group.

The goal of CEIOPS is to provide advice to the European Commission in the areas of insurance and occupational pensions, and particularly to draft regulations and implement European directives. CEIOPS is the platform for cooperation between supervisory authorities with the aim of ensuring consistent interpretation and application of Community regulations (Level 3 Lamfalussy Activities) and exchange of information about supervised entities. Since its establishment, CEIOPS's work has to a substantial degree been determined by work on Solvency II, from recommendations for preparing a framework directive to testing the effect through quantitative impact studies.

### 8.4 NBS FOREIGN TRAINING ACTIVITIES AND FOREIGN TECHNICAL ASSISTANCE

#### FOREIGN TRAINING ACTIVITIES

Also in 2008, NBS through the Institute of Banking Education participated in the organization of training activities for employees of NBS and the ESCB central banks.

By organizing a part of the common training programme entitled ESCB Heading for Leadership, NBS as the host bank was involved in the so-called ESCB Training activities, its trainers participated within the seminar framework "Introduction to the Functioning of the ESCB", and in the so-called ESCB Open Training Activities.

A special category of training events for the central banks of ESCB was the so-called Financial Stability Christmas Workshop; NBS has been traditionally organizing this event since 2004. Representatives of four central banks (of the Czech Republic, Austria, Hungary and Poland) participated in this workshop for experts from neighbouring countries' banking supervisors. In 2008, NBS organized in total three training events for



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employees of the ESCB central banks, which were attended by 29 participants.

In cooperation with Advanced Risk Management (Prague), two three-day specialised seminars – Asset Backed Securitisation, participated by 21 NBS employees, and Commodity and Credit Derivates, with 18 NBS employees taking part, were organised.

Several NBS employees attended training events organised within the common education framework of ESCB central banks. In addition to these events, 20 NBS employees attended seminars and conferences organised abroad by correspondent banks and other financial institutions (Euromoney, State Street Financial Center, and others). Six employees of NBS continued their two-year complex education at the Czech Institute of Internal Auditors. In November 2008, four employees of NBS passed the examination at the

Global Association of Risk Professionals in Charlottesville (USA), to receive the Financial Risk Manager Certificate.

In 2008, NBS employees made use of training offered by the International Monetary Fund in Washington, the Joint Vienna Institute in Vienna and the BIS Financial Stability Institute (FSI) in Basel. In total, 20 employees of the bank attended 16 training events provided by the FSI, which were focused especially on banking regulation and banking supervision, risk management, accounting, financial stability and the financial crisis.

### PROVISION OF FOREIGN TECHNICAL ASSISTANCE

In 2008, the main recipient of foreign technical assistance provided by NBS was National Bank of Ukraine, in accordance with the agreement signed in 2008. During 2008, NBS organised two training events in Bratislava, led by eight NBS experts.