



NÁRODNÁ BANKA SLOVENSKA  
EUROSYSTEM

CHAPTER 11

# INSTITUTIONAL DEVELOPMENTS





# 11 INSTITUTIONAL DEVELOPMENTS

## 11.1 INSTITUTIONAL FRAMEWORK

Národná banka Slovenska is the central bank of the Slovak Republic. It was established as the country's independent central bank on 1 January 1993 under Act No. 566/1992 Coll. on Národná banka Slovenska. The primary objective of NBS is to maintain price stability, and it carries out its mission independently from the government and other public or political entities. For matters falling within its jurisdiction, NBS has the competence of a legislative body.

Národná banka Slovenska has an independent budget, and acts as a business entity in handling its own property. The financial results of Národná banka Slovenska are audited by an external auditor. In addition to its headquarters, Národná banka Slovenska has nine local offices.

In 2008, Národná banka Slovenska fulfilled its core tasks as the national monetary authority, and at the same time very intensively prepared and implemented all necessary steps regarding its membership of the Eurosystem, the central banking system of the euro area within the European System of Central Banks. NBS became a member of the Eurosystem as of 1 January 2009 – the date of the introduction of the euro in Slovakia.

After joining the Eurosystem, Národná banka Slovenska still has as its primary objective the maintenance of price stability. For this purpose, NBS:

- participates in the common monetary policy determined by the European Central Bank for the euro area;
- issues euro banknotes and coins in accordance with separate regulations applicable in the euro area to the issuance of euro banknotes and coins;
- promotes the smooth operation of payment systems and settlement systems; regulates, coordinates and ensures currency circulation, payment systems and settlement of payment system data, and provides for their smooth and economic functioning;
- maintains and manages foreign reserves and conducts foreign exchange operations in ac-

cordance with separate regulations applicable to Eurosystem operations;

- performs other activities relating to its participation in the European System of Central Banks.

As regards the financial market, Národná banka Slovenska contributes both to the stability of the financial system as a whole and to the secure and sound functioning of the financial market, in order to ensure confidence in the financial market, the protection of clients, and compliance with competition rules. Since 2006, Národná banka Slovenska has exercised integrated supervision of the financial market, i.e. supervision of banks, branches of foreign banks, investment firms, investment services intermediaries, stock exchanges, asset management companies, mutual funds and collective investment undertakings, insurance companies, reinsurance companies, pension fund management companies, pension funds, supplementary pension insurance companies, and other supervised entities of the Slovak financial market.

The main governing body of Národná banka Slovenska is the NBS Bank Board. The scope of its powers is laid down primarily in the NBS Act, other generally binding regulations, and the Organizational Rules of NBS. The Bank Board has eleven members as stipulated by Section 7 of the NBS Act. The Bank Board members comprise the Governor, two Deputy Governors and eight other members, up to three of whom do not have to be employed with Národná banka Slovenska. The term of office of Bank Board members is five years. The Governor and Deputy Governor are appointed, and may be dismissed, by the President of the Slovak Republic at the proposal of the Government and with the approval of the National Council of the Slovak Republic. The eight other members are appointed, and may be dismissed, by the Government at the proposal of the NBS Governor.

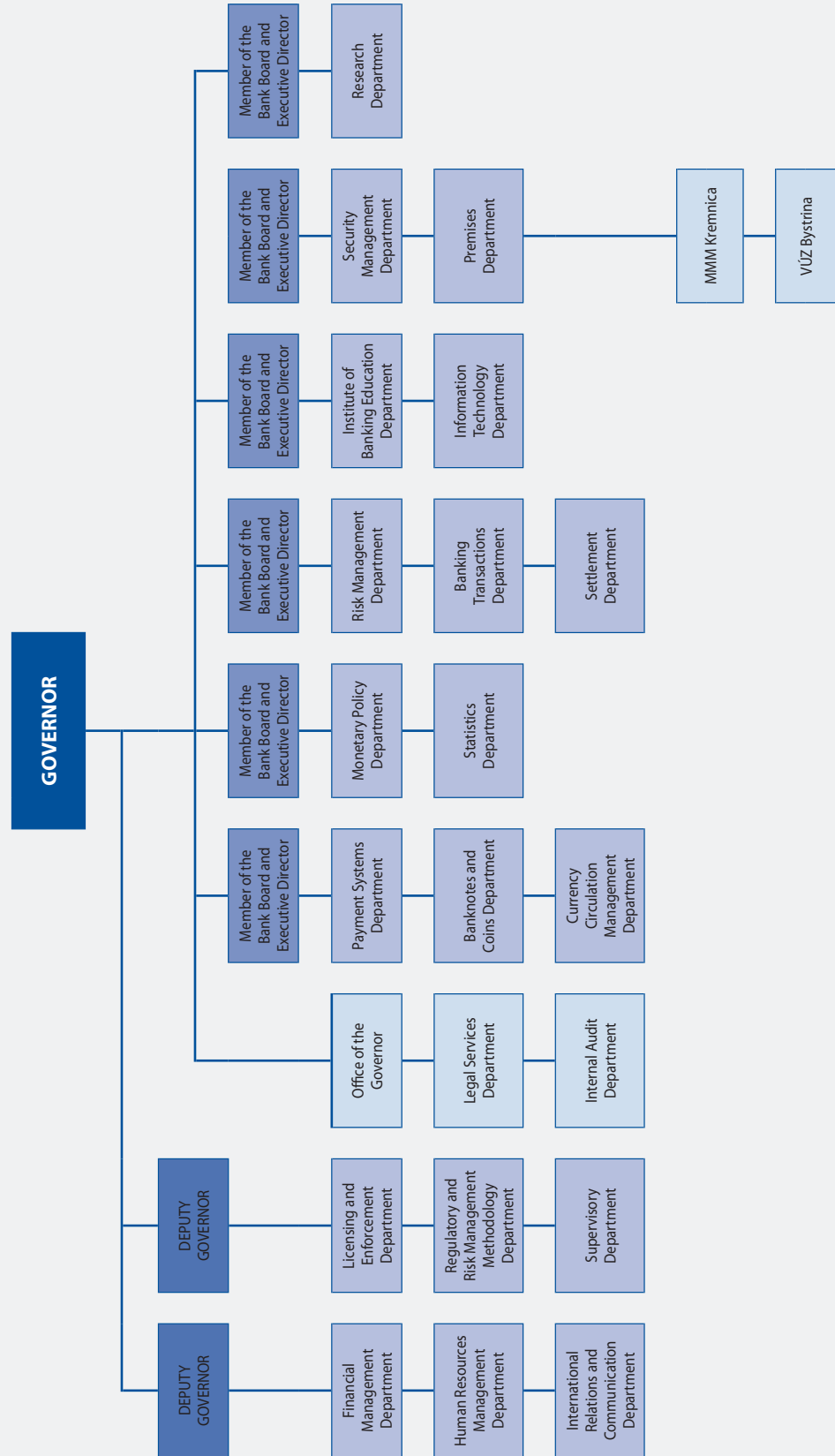
The members of the NBS Bank Board as at 31 December 2008:

- Ing. Ivan Šramko, Governor,
- Ing. Viliam Ostrožlík, MBA, Deputy Governor responsible for the coordination of the euro introduction policy and for the Financial Management Department, Human Resources



INSTITUTIONAL DEVELOPMENTS

NBS organizational structure as at 31 December 2008

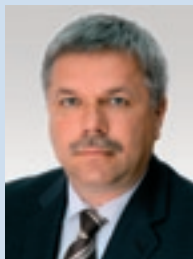




### Members of the NBS Bank Board as at 31 December 2008



Martin Barto



Ivan Šramko



Viliam Ostrožlík



Milena Koreňová



Jozef Makúch



Karol Mrva



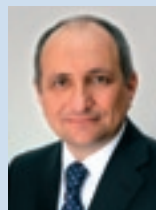
Ľudovít Ódor



Gabriela Sedláková



Peter Ševčovic



Slavomír Šťastný

- Management Department, and International Relations and Communication Department;
- Ing. Martin Barto, CSc., Deputy Governor responsible for the exercise of financial market supervision and foreign exchange supervision by NBS, including the Financial Market Supervision Unit (encompassing the Supervisory Department, the Licensing and Enforcement Department, and the Regulatory and Risk Management Methodology Department);
  - Ing. Milena Koreňová, responsible for the payment system and currency circulation;
  - Ing. Peter Ševčovic, responsible for monetary policy;
  - RNDr. Karol Mrva, responsible for financial market operations;
  - Ing. Slavomír Šťastný, PhD., MBA, responsible for financial education and information technology;
  - doc. Ing. Jozef Makúch, PhD., responsible for security and premises,

- Mgr. Ľudovít Ódor, responsible for research;
- Ing. Gabriela Sedláková, Bank Board member.

## 11.2 HUMAN RESOURCES

### 11.2.1 PERSONNEL

As at 31 December 2008, NBS had 1,100 employees. A total of 69 staff ceased to be employed with NBS in 2008, 23 of them due to organizational changes.

In 2008, 86 employees were recruited. Recruitments were made from outside NBS only if no NBS employee expressed interest in the vacancy. A total of 59 internal selection procedures were held during the course of the year.

In the field of cooperation between national central banks of the European System of Central Banks and the European Central Bank in the



## INSTITUTIONAL DEVELOPMENTS

area of human resources management, a staff exchange programme has been running for several years between the ESCB national central banks. The aim is to support staff mobility within the ESCB, thereby facilitating the development of human resources and exchange of experience. Altogether five NBS employees worked at the ECB in 2008 in the areas of risk management, research, legal services, and financial market operations.

In March 2008, the director of the NBS Human Resources Management Department welcomed the HR directors of the Czech, Slovenian, Hungarian and Austrian central banks, and the ECB, to the premises of Národná banka Slovenska for their fourth joint meeting. The purpose of these regular gatherings is to exchange information and experience in specific areas of HR management, through presentations and follow-up discussions on current and prospective issues in HR management at each of the participating central banks. A productive theme of the meeting was the remuneration systems at the central banks, including current remuneration policy and planned changes. Národná banka Slovenska presented experience in preparation of job cards, a key part of the new remuneration system.

### 11.2.2 EMPLOYEE REMUNERATION

The principles and rules of remuneration at NBS in 2008 were laid down in NBS internal regulation No. 20/2002 on remuneration of NBS employees as amended.

The average monthly salary in 2008 was SKK 45,915 (EUR 1,524.10), which in comparison with 2007, represented an increase of SKK 2,495 (EUR 82.82) or 5.7%.

### 11.2.3 SOCIAL EXPENSES

Employees whose employment was terminated due to organizational changes were paid all the financial claims owed to them under the Labour Code, NBS internal regulation No. 20/2002 on remuneration of NBS employees as amended, and the NBS Collective Agreement for 2008.

In 2008, NBS made severance payments (including compensatory provision from 2007) amounting to SKK 9,050,000 (EUR 300,400) in total. The employment of ten employees was terminated due to retirement, disability or early retirement,

and they received severance payments (including compensatory provision from 2007) totalling SKK 1,359,000 (EUR 45,110).

NBS contributions to supplementary pension schemes amounted to SKK 21,156,000 (EUR 702,250). As at 31 December 2008, a total of 767 NBS employees were enrolled in supplementary pension schemes, representing an increase of 66 year-on-year.

## 11.3 ORGANIZATION AND MANAGEMENT

Three amendments to the Organizational Rules of Národná banka Slovenska were approved in 2008, their effect on the NBS organizational structure being related to decisions of the NBS Bank Board. Organizational changes were made in response to the emergence of new activities and to the reassignment and segmentation of activities in particular management areas.

The organizational changes that had the most significant effect on planned positions at NBS in 2008 were the establishment of the TARGET2-SK Operations Section and establishment of the ECB Coordination Section, carried out as part of NBS preparations for membership of the Eurosystem from 1 January 2009.

## 11.4 TRAINING AND EDUCATION

In accordance with the Lisbon Strategy, NBS considers training and education to be a key factor in the professional and personal development of its employees and therefore in directly improving the quality of their work. In 2008, training and educational activities continued to be organized by NBS's Institute of Banking Education (IBE), not only for NBS employees, but also employees of the banking sector and other financial institutions. IBE implements a quality management system that is ISO 9001:2000 certified.

Training and education of NBS employees in 2008 centred on supporting efficient work performance, including tasks stemming from NBS full membership of the European System of Central Banks, especially in regard to preparations for joining the Eurosystem and for the introduc-

**Table 37 Number of participants in training and educational events**

Subject category	Number of events	Number of participants
Banking and finance	277	833
– in Slovakia	66	543
– abroad	211	290
Management education	12	111
– in Slovakia	6	105
– abroad	6	6
Personal development	4	27
– in Slovakia	1	21
– abroad	3	6
IT training	66	242
– in Slovakia	46	210
– abroad	20	32
Language training	38	451
– in Slovakia	35	438
– abroad	3	13
Special-focus training	118	448
– in Slovakia	109	435
– abroad	9	13
Total	515	2,112
– in Slovakia	263	1,752
– abroad	252	360

Source: NBS.

tion of the euro in Slovakia from 1 January 2009. The training and education was predominantly classroom-based.

In 2008, a total of 2,112 NBS employees spent 53,865 hours at 515 training and educational events. Although the number of events and the number of NBS employees attending them were slightly lower than in 2007 (owing to organizational changes and staff reductions at NBS), the total number of hours increased by 4,553. Expenses related to training and education as a share of total wage expenses represented 4.16% in 2008, compared to 4.33% in 2007. NBS spending on training and education per employee (including travel expenses in Slovakia and abroad) averaged SKK 21,284 (EUR 706.5) in 2008, which was SKK 1,369.55 less than in 2007.

The main focus of NBS staff training and education in 2008 was, as in previous years, professional education in matters of banking and fi-

nance. Out of the total number of events held, 53.4% were in this subject category. The table 37 shows the number of participants and number of events broken down by subject category.

Training in the area of banking and finance focused on issues directly related to the tasks of NBS as a full member of the ESCB – on the planned entry into the Eurosystem and introduction of the euro in Slovakia, on strengthening the European dimension of NBS activities, and, to a considerable extent, on the regulation and supervision of the financial market and the risks therein.

A priority was to make maximum use of foreign technical cooperation where it involved events for which NBS did not pay participation fees or even the full travel expenses. In 2008, a total of 185 NBS employees attended 154 training and educational events organized in the context of foreign technical cooperation. Compared with



## INSTITUTIONAL DEVELOPMENTS

2007, that represented 13 more events and 11 more participants or, in percentage terms, increases of 9% and 6%, respectively.

The NBS staff induction course "Minimum zamestnanca NBS" is run for new and recently recruited employees, its purpose being to ensure their swift and smooth integration into the NBS working environment and corporate culture. The course was held three times in 2008 and attended by a total of 53 participants.

As in previous years, NBS supported staff training and education also by using the services of external institutions. In all, 102 employees passed courses focused on the euro introduction in relation to tax and accounting, on the euro changeover in the accounts department, on the conduct of audits, and on financial and cost controlling.

Národná banka Slovenska supports staff who study alongside their employment in order to raise or extend qualification related to their work with NBS.

In 2008, the Institute of Banking Education also organized 107 training and educational events attended by a total of 1,547 employees of commercial banks and other financial institutions (in 2007, the respective figures were 93 and 1,076). The structure and content of these events were based on a survey of the training needs of the target groups, in particular banks. The most popular events in 2008 were in the categories "euro integration", "payment systems" and "legal aspects of banking and legislation".

Internal trainers – members of the NBS staff – were heavily involved in the preparation and organization of training and educational events. NBS experts also participated in teaching activities within the context of foreign technical cooperation and assistance.

### 11.5 NÁRODNÁ BANKA SLOVENSKA JOINED THE EUROSYSTEM

Preparations for the adoption of the single European currency and for the related integration of Národná banka Slovenska into the Eurosystem continued to be made in all areas of NBS activities in 2008. The preparations were intensified by

the Decision of the ECOFIN Council of 8 July 2008 to abrogate Slovakia's derogation from joining the euro area. In October 2008, Národná banka Slovenska signed in for the Strategic intents of the Eurosystem and the Organisational principles for the fulfilment of Eurosystem functions by all members of the Eurosystem. Since 1 January 2009, NBS has been part of the Eurosystem.

#### THE ESCB, EUROSYSTEM AND ECB

The European System of Central Banks (ESCB) comprises all 27 national central banks (NCBs) of the European Union (EU) Member States and the European Central Bank. Its tasks are defined in the Treaty establishing the European Community and are developed further in the Protocol on the Statute of the ESCB and the ECB.

The primary objective of the ESCB is to maintain price stability. Its basic tasks in this regard are:

- to define and implement the monetary policy of the Community,
- to conduct foreign exchange operations,
- to hold and manage the official foreign reserves of the Member States,
- to promote the smooth operation of payment systems.

Until all EU Members States have adopted the single European currency, ESCB tasks will fall within the competence of the Eurosystem, which consists of the NCBs of euro area countries and the ECB. The Eurosystem tasks are overseen by the ECB. The governing bodies of the ECB are at the same time the governing bodies of the Eurosystem and ESCB, namely the Governing Council, the Executive Board, and the General Council.

The Governing Council is the main decision-making body of the Eurosystem, and consists of all six members of the Executive Board plus the governors of the NCBs of the euro area countries. The governors have the role of independent experts. The Governing Council adopts the decisions and guidelines necessary to ensure the performance of tasks entrusted to the Eurosystem.

The Governing Council meets, as a rule, twice a month. The first meeting is usually held on the first Thursday of the month and, by convention, deals with monetary policy issues. Decisions on the key ECB interest rates are taken at that meet-





Source: ECB.

ing and are subsequently announced at an official press conference by the ECB President. The second meeting of the month is usually held two weeks after the first meeting, also on a Thursday. The decisions taken at this meeting focus on issues related to other tasks of the Eurosystem, for example, decisions concerning the ECB, foreign reserve management, the operation and oversight of payment systems, the issuance of banknotes, etc. The Governing Council may also hold a teleconference meeting if it needs to address an urgent situation.

The Executive Board mainly prepares meetings of the ECB Governing Council, implements decisions of the Governing Council, and manages the day-to-day business of the ECB.

The General Council meets in the composition of the President and Vice-President of the ECB and the governors of the NCBs of all EU Member States. Its principal tasks include adopting the convergence reports and supporting cooperation within the ESCB.

#### EUROSYSTEM/ESCB COMMITTEES

The Eurosystem/ESCB committees play an important role in assisting the ECB's decision-making bodies. They provide expertise in their fields of competence and perform specific tasks mandated by the Governing Council. As at 31 December 2008, there were thirteen Eurosystem/ESCB Committees:

- Accounting and Monetary Income Committee
- Banknote Committee
- Banking Supervision Committee
- Committee on Cost Methodology
- Eurosystem/ESCB Communications Committee
- Information Technology Committee
- Internal Auditors Committee
- International Relations Committee
- Legal Committee
- Market Operations Committee
- Monetary Policy Committee
- Payment and Settlement Systems Committee
- Statistics Committee



## INSTITUTIONAL DEVELOPMENTS

Another three committees have a special position:

- Budget Committee
- Human Resources Conference
- Eurosystem IT Steering Committee

Meetings of the Eurosystem/ESCB committees may be attended by representatives of the Eurosystem NCBs only, or by representatives of the NCBs of all EU Member States. When discussing decisive issues that fall within their field of competence, committees meet in the Eurosystem composition. The final decision on matters discussed at the expert level of the committees is taken by the ECB Governing Council.

### ROLE OF NBS WITHIN THE ESCB AND PREPARATIONS FOR JOINING THE EUROSYSTEM

Since 1 May 2004, when Slovakia joined the EU, Národná banka Slovenska has been a member of the ESCB and its Governor has been a member of the ECB General Council. Five meetings of the General Council were held in 2008. At its 47th meeting, held by teleconference on 6 May 2008, the General Council supported the abrogation of Slovakia's derogation from the adoption of the euro.

The decision allowing Slovakia to adopt the euro from 1 January 2009 also set Národná banka Slovenska on course to join the Eurosystem. NBS had until the end of 2008 to prepare for the fact that, as of 1 January 2009, it would be involved in all Eurosystem tasks performed in relation to the single European currency.

At its 236th meeting held on 3 July 2008, the Governing Council supported the introduction of the euro in Slovakia and granted the NBS Governor observer status in all its meetings starting from 17 July 2008. Since then, the NBS Governor attended meetings of the Governing Council as an observer, in preparation for full membership as of 1 January 2009. In 2008, the NBS Governor attended eleven meetings of the Governing Council (ten held in Frankfurt and one in Brussels), as well as further twelve teleconference meetings of the Governing Council.

Observer status was also granted to NBS representatives with respect to meetings of the Eurosystem/ESCB committees and their sub-structures held in the Eurosystem composition. As

at 31 December 2008, NBS had almost 70 representatives on the committees and their sub-structures.

The specialist departments of NBS, and especially the NBS staff in the committees and their sub-structures, are therefore contributing to the preparation of analyses and draft decisions, as well as to the preparation of opinions on key documents for the NBS Governor at meetings of the Governing Council. They are also drafting NBS opinions on written procedures, i.e. procedures under which decisions of the Governing Council are adopted in writing. The NBS Governor has been involved in written procedures of the Governing Council since 8 July 2008. A total of 99 written procedures were commenced between that date and the end of 2008.

At the same time, consultations were held in 2008, and continue to be held, on national legislation or EU legislation falling within the competence of the ECB. The ECB adopts opinions on these matters, and each member of the ECB Governing Council may comment on these ECB opinions. NBS has been fully exercising its right in this regard.

A total of 117 consultations were initiated in 2008, and the ECB issued the following opinions concerning Slovak law:

- Opinion of the ECB of 25 April 2008 at the request of Národná banka Slovenska on a draft law amending Act No. 510/2002 Coll. on payment systems and on amendments to certain laws.
- Opinion of the ECB of 30 May 2008 at the request of Národná banka Slovenska on a draft decree laying down rules for the dual display of certain prices, payments and other amounts and on a draft decree laying down the number of decimal places of certain types of securities for the purpose of rounding by redenomination of their nominal value from the Slovak currency to the euro.
- Opinion of the ECB of 12 June 2008 at the request of the Slovak Ministry of Finance on a draft decree laying down the scope of prices, payments and other amounts subject to dual display with regard to the field of gambling games and methods of their dual display.
- Opinion of the ECB of 1 July 2008 at the request of the Slovak Ministry of Labour, So-



- cial Affairs and Family on a draft decree laying down further detailed rules on the dual display, conversion and rounding of certain prices, payments and other amounts in the labour law and social security sectors on the euro changeover.
- Opinion of the ECB of 2 September 2008 at the request of the Slovak Ministry of Defence and of the Slovak Ministry of Labour, Social Affairs and Family on draft laws laying down further detailed rules on the euro changeover falling within their field of competence.
  - Opinion of the ECB of 8 December 2008 at the request of Národná banka Slovenska on a draft decree regarding cash currency circulation.