



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 independent external auditor, appointed in accordance with specific Eurosystem regulations. In addition to its headquarters, Národná banka Slovenska has nine sub-branches.

Since 1 January 2009, the date of the euro introduction in the Slovak Republic, Národná banka Slovenska has been a member of the Eurosystem – the euro area's central banking system within the European System of Central Banks. After joining the Eurosystem, NBS still has as its primary objective the maintenance of price stability. For this purpose, NBS:

- participates in the common monetary policy set by the European Central Bank for the euro area;
- issues euro banknotes and coins in accordance with separate regulations that apply 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 cost-effective operation;
- maintains and manages foreign reserves and conducts foreign exchange operations in accordance 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 customers, and compliance with competition rules. Since 2006, Národná banka Slovenska has exercised integrated supervision over 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 fund asset management companies, and other supervised entities of the Slovak financial market.

11.2 HUMAN RESOURCES

11.2.1 PERSONNEL

As at 31 December 2009, NBS had 1,086 employees. A total of 37 staff ceased to be employed with NBS in 2009, seven of them due to organisational changes.

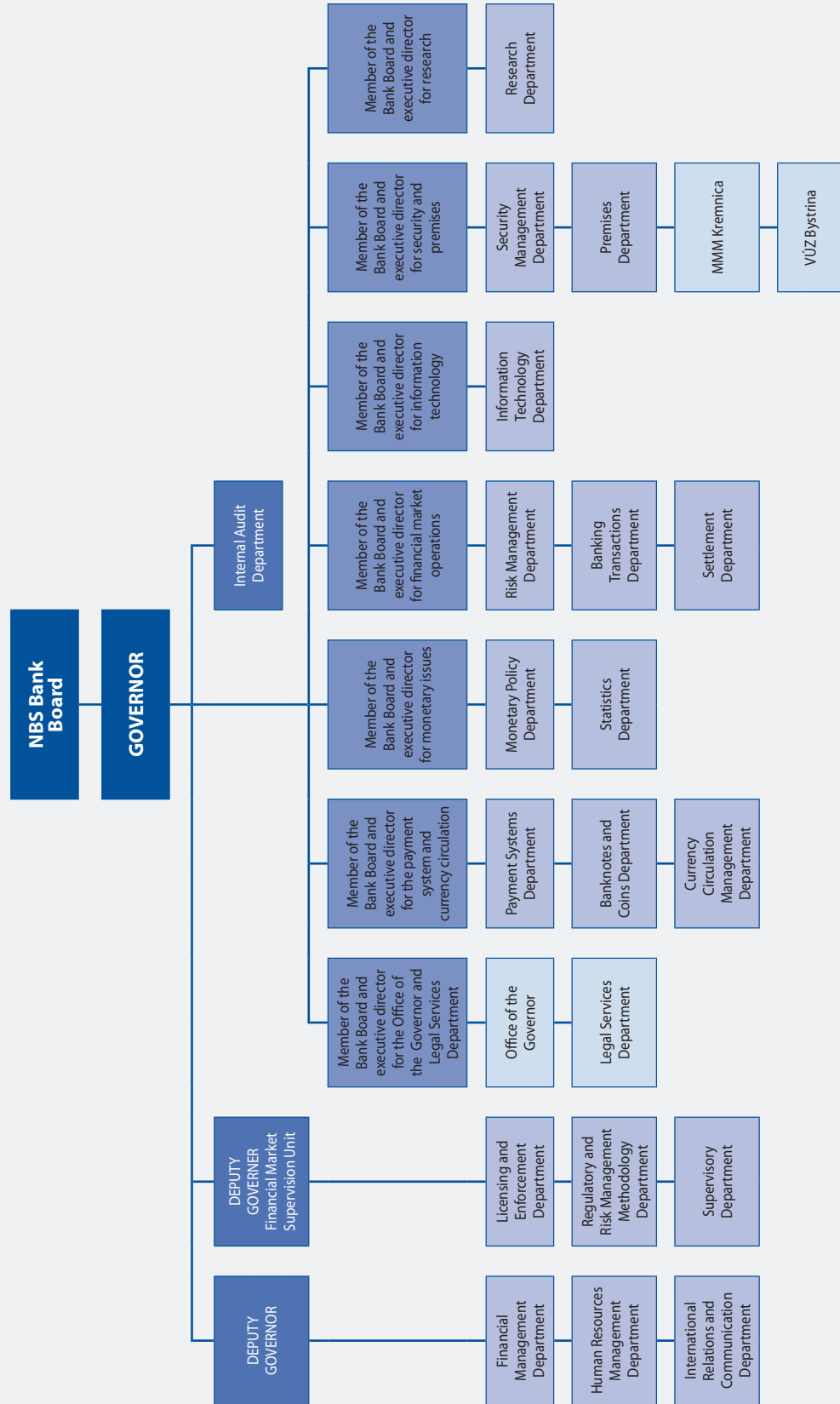
There were 79 recruitment procedures held in 2009 (including internal and external procedures, as well as re-announced procedures). In all, 48 new employees were recruited. Positions were filled through external recruitment only where it was not possible to fill them through internal recruitment.

For several years now, a staff exchange programme has been running between the national central banks (NCBs) of the European System of Central Banks (ESCB) and between the NCBs and the European Central Bank (ECB). The aim is to support staff mobility within the ESCB, the shar-



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NBS organizational structure as at 31 December 2009





ing of experiences and know-how, and the development of human resources. In 2009, a total of five NBS staff were on secondment to the ECB and Banque central du Luxembourg. They worked in the areas of risk management, research, financial market operations and statistics.

11.2.2 STAFF REMUNERATION

The principles and rules of remuneration at NBS in 2009 were laid down in NBS Staff Regulation No. 28/2008 on remuneration of employees of Národná banka Slovenska as amended by NBS Staff Regulation No. 29/2008.

The average monthly salary for 2009 was €1 653.70, which in comparison with 2008 represented an increase of €129.60 or 8.5%.

11.2.3 SOCIAL EXPENSES

Employees whose employment was terminated due to organisational changes were paid all the financial claims owed to them under the Labour Code, NBS Staff Regulation No. 28/2008 on remuneration of employees of Národná banka Slovenska (as amended by NBS Staff Regulation No. 29/2008), and the NBS Collective Agreement for 2009. These claims amounted to €80,585.

A total of 11 employees ended their employment on grounds of statutory retirement or early retirement, and they received severance payments amounting to €28,332.

NBS contributions to supplementary pension saving and supplementary pension insurance schemes totalled €790,241. As at 31 December 2009, there were 786 NBS employees enrolled in supplementary pension schemes.

11.3 ORGANISATION AND MANAGEMENT

Four amendments to the NBS Organisational Rules were approved in 2009, all of them related to decisions of the Bank Board. Under these amendments, the powers of the Executive Director for Financial Market Operations were extended to cover the prevention of money laundering and terrorist financing in NBS; the duties of the Risk Management and Investment Strategy Section of the Risk Management Department were modified and expanded; and the

organisational structure was altered to include responsibilities for "the Office of the Governor and Legal Services" in connection with the appointment of a new member of the Bank Board as from 1 April 2009.

11.4 TRAINING

The Human Resources Management Department organized training courses for NBS staff. The training courses were based on the training plans of individual organisational units and on the requirements set by management resulting from the actual tasks of organizational units.

The staff training and development has long been seen as one of the means of the job performance management.

In accordance with the training plan and with the current job performance needs and requirements, the NBS employees attended training courses in the following areas:

- professional training,
- management training and development,
- language training,
- IT training,
- training in social skills.

More than 500 training courses were organised by the Human Resources Management Department in 2009, and there were 1,776 participants in total. While organising the training courses, the Human Resources Management Department cooperated with NBS Inštitút bankového vzdelávania, n.o.

The key area of staff training and development was professional training aimed mainly at gaining and development of professional knowledge, skills and sharing work experience. The staff taking part in these training courses accounted for 36.77% of the total number of participants in all training courses in 2009.

The professional training courses in 2009 in which staff participation was seen as a priority were those held within the European System of Central Banks and the European System of Financial Supervisors, as well as training courses organised by other international financial institutions.



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The language training was in accordance with job performance needs and requirements, aimed at maintaining and developing of language skills related to the representation and presentation of NBS abroad. The staff taking part in the language courses accounted for 21.1% of the total number of participants in all training courses in 2009.

The management training and development held in 2009 was concerned with the acquiring and improving of knowledge and skills and with the sharing of experience in the staff management and leadership.

Regarding IT training, the Human Resources Management Department organised mainly user-level courses in MS Office and the courses of application systems used in the Bank for IT professionals

The social skills training courses held in 2009 were focused on the development of communication skills and teamwork.

In 2009, NBS supported professional internships for university undergraduates. Ten students completed the study visits during which they gained professional experience in selected organisational units of the Bank and studied professional publications in the NBS library. The study visits were focused on the issues determined by the students' thesis.

In 2009, spending of the National Bank of Slovakia on training and development per employee represented 5.20% of its total wage costs.

11.5 NÁRODNÁ BANKA SLOVENSKA JOINED THE EUROSYSTEM

When Slovakia adopted the euro on 1 January 2009, Národná banka Slovenska became a member of the Eurosystem. At the institutional level, this meant that NBS became a full member of the Eurosystem, that the NBS Governor automatically took a seat on the ECB Governing Council (the ECB's highest decision-making body), and that NBS representatives gained the opportunity to participate in the work of Eurosystem/ESCB committees convened in the standard composition. At the same time, NBS relinquished a number of powers (e.g. in the

area of monetary policy) to the ECB's decision-making bodies. Since 1 January 2009, NBS has been taking part in the decentralized performance of the Eurosystem's tasks, and sharing its profits or losses, in accordance with applicable legislation. At the technical level, joining the Eurosystem primarily involved paying up the full amount of NBS's share in the ECB's capital. The national central banks (NCBs) of EU countries are the sole holders of the ECB's capital, and they pay up their share in full as a condition of joining the Eurosystem. NBS has a share of 0.6934%, amounting to €39,944, 363.76.

THE ESCB, EUROSYSTEM AND ECB

The European System of Central Banks (ESCB) comprises the ECB and all 27 NCBs of the European Union (EU) Member States. Its tasks are defined in the Treaty on the Functioning of the European Union 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 core tasks in this regard are:

- to define and implement the monetary policy of the Union;
- 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.

The target scenario for the ESCB is where all EU countries have adopted the euro. The current situation can be described as a transitional phase. In those countries that have already adopted the euro, the ESCB's stated tasks are implemented by the Eurosystem, which consists of the NCBs of euro area countries and the ECB. The Eurosystem's tasks are performed under the umbrella of the ECB. The governing bodies of the ECB are at the same time the governing bodies of the Eurosystem and ECB, namely the ECB Governing Council, the ECB Executive Board, and the ECB General Council.

The ECB Governing Council is the main decision-making body of the Eurosystem, and consists of all six members of the ECB 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.



Source: ECB.

The ECB 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 meeting 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 ECB 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 ECB Governing Council. As at 31 December 2009, 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

Another three committees have a special position:



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

Eurosystem/ESCB committees may be convened in either an extended composition, in which each of the NCBs of the EU countries is represented,

or a standard composition, in which only the NCBs of the Eurosystem are represented. When discussing key issues that fall within their field of competence, committees meet in the standard composition. The final decision on matters discussed at the expert level of the committees is taken by the ECB Governing Council.