



# ISSUING ACTIVITY AND CURRENCY CIRCULATION



## 4 ISSUING ACTIVITY AND CURRENCY CIRCULATION

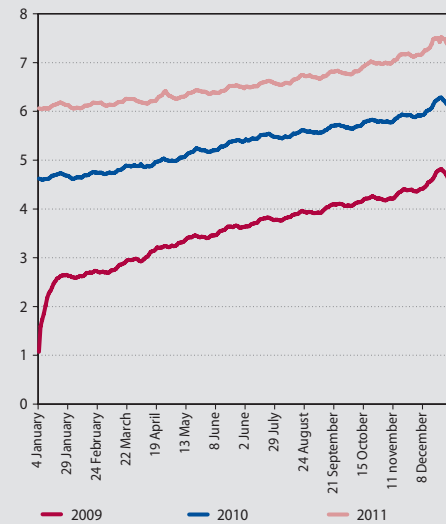
### 4.1 CUMULATIVE NET ISSUANCE OF CASH IN CIRCULATION

#### 4.1.1 EURO BANKNOTES AND EURO COINS

The cumulative net issuance ("CNI")<sup>27</sup> of euro cash in Slovakia amounted to €7.36 billion as at 31 December 2011 (Table 13), which represented a year-on-year increase of 21.6% (following a rise of 30.8% in 2010). The value of the item *currency in circulation*, corresponding to the allocated share of NBS in the Eurosystem's production of euro banknotes, represented €8.1 billion as at 31 December 2011.<sup>28</sup>

The daily CNI development in 2011 followed almost the same pattern as in 2010, ending the year around €1.5 billion higher than at its beginning (Chart 20). As usual, the daily CNI peaked during the pre-Christmas period, reaching €7.5 billion on 23 December.

Chart 20 Cumulative net issuance of euro cash on a daily basis (EUR billions)



Source: NBS.

<sup>27</sup> Since euro banknotes and euro coins in circulation in Slovakia include banknotes and coins issued in other euro area countries, Národná banka Slovenska does not record the actual value and volume of currency in circulation, but only the euro banknotes and euro coins which NBS issues and withdraws from circulation. The cumulative net issuance as at a given date represents the difference between the value (volume) of euro banknotes and coins issued and returned from circulation between 1 January 2009 and that date.

<sup>28</sup> As at 31 December 2011, the value of currency in circulation in the euro area stood at €888.6 billion, and Slovakia's share of that value represented 0.9115%.

<sup>29</sup> This means that NBS has so far put into circulation more euro banknotes and euro coins of each denomination than it has taken out of circulation.

<sup>30</sup> In other words, the number of these banknotes that NBS put into circulation in the given month was lower than the number returned from banks and the public.

<sup>31</sup> Average value of the currency mark = cumulative net issuance by nominal value / cumulative net issuance by number of banknotes and coins.

<sup>32</sup> The population of Slovakia as at 31 March 2011 was 5.437 million, according to the Statistical Office of the Slovak Republic.

Euro banknotes accounted for almost the entire value of the CNI (98.4 %), but only for 20.46% as regards the CNI volume. Circulation coins constituted 79.50% of the total and collector coins the remaining part.

For the period from the euro adoption date (1 January 2009) to the end of 2011, the cumulative net issuance stood at 108 million euro banknotes and almost 420 million euro coins, including commemorative coins (see Table 13). The banknote issued in the largest number was the €50 note, which made up more than 29% of the total number of banknotes issued. The net issuance value of €500 banknotes in 2011 recorded the highest year-on-year increase of any denomination, amid very strong demand for this note (especially during the second half of the year) not only in Slovakia but across the euro area. The banknote that recorded the largest increase in volume was the €20 note. Among euro coin denominations, the lowest-value coins (1 and 2 eurocent) were issued in the highest number in 2011 (as they have been in every year since the euro was adopted), and together they accounted for more than a half (52%) of the total number of coins issued.

According to the central bank's CNI figures over the longer-term, Slovakia is not yet a "negative issuer"<sup>29</sup> of any denomination of euro banknotes or euro coins, although the net monthly issuance of €200 banknotes has been negative<sup>30</sup> since mid-2010.

The average value of the currency mark<sup>31</sup>, calculated on the basis of the net-issued euro cash (including collector coins), stood at €14. For euro banknotes, the average value of the currency mark was €67, and for euro coins it was €0.28. As at 31 December 2011, the volume and value of euro banknotes per head of population in Slovakia<sup>32</sup> represented, respectively, 20 and around €1,332, and the corresponding figures for euro coins were 77 and €21. The overall value of the cumulative net issuance per capita was €1,353. The most numerous denomination of euro banknotes was the €50 note, of which there were almost six per capita. As for euro coins, the most numerous denominations were the lowest-value coins (1 cent and 2 cent), which on average numbered 20 per capita.

#### 4.1.2 SLOVAK KORUNA BANKNOTES AND COINS

The number of Slovak koruna banknotes still not returned from circulation as at 31 December

**Table 13 Breakdown of the cumulative net issuance of euro banknotes and coins**

| Denomination           | Cumulative net issuance    |                         |                                    |                         | Share in %                   |               |
|------------------------|----------------------------|-------------------------|------------------------------------|-------------------------|------------------------------|---------------|
|                        | CNI as at 31 December 2011 |                         | Difference versus 31 December 2010 |                         | Share as at 31 December 2011 |               |
|                        | units                      | EUR                     | units                              | EUR                     | units                        | EUR           |
| € 500                  | 5,483,612                  | 2,741,806,000.00        | 1,253,428                          | 626,714,000.00,         | 1.04                         | 37.27         |
| € 200                  | 829,310                    | 165,862,000.00          | -131,126                           | -26,225,200.00,         | 0.16                         | 2.25          |
| € 100                  | 20,356,841                 | 2,035,684,100.00        | 2,940,441                          | 294,044,100.00,         | 3.85                         | 27.67         |
| € 50                   | 32,014,579                 | 1,600,728,950.00        | 4,776,745                          | 238,837,250.00,         | 6.06                         | 21.76         |
| € 20                   | 24,410,982                 | 488,219,640.00          | 5,945,914                          | 118,918,280.00,         | 4.62                         | 6.64          |
| € 10                   | 16,722,531                 | 167,225,310.00          | 3,858,302                          | 38,583,020.00,          | 3.17                         | 2.27          |
| € 5                    | 8,239,817                  | 41,199,085.00           | 543,188                            | 2,715,940.00,           | 1.56                         | 0.56          |
| <b>Total banknotes</b> | <b>108,057,672</b>         | <b>7,240,725,085.00</b> | <b>19,186,892</b>                  | <b>1,293,587,390.00</b> | <b>20.46</b>                 | <b>98.42</b>  |
| € 2                    | 30,826,707                 | 61,653,414.00           | 4,089,272                          | 8,178,544.00            | 5.84                         | 0.84          |
| € 1                    | 21,473,053                 | 21,473,053.00           | 197,506                            | 197,506.00              | 4.07                         | 0.29          |
| 50 cents               | 24,778,480                 | 12,389,240.00           | 1,211,686                          | 605,843.00              | 4.69                         | 0.17          |
| 20 cents               | 33,123,966                 | 6,624,793.20            | 1,065,356                          | 213,071.20              | 6.27                         | 0.09          |
| 10 cents               | 41,043,449                 | 4,104,344.90            | 3,415,435                          | 341,543.50              | 7.77                         | 0.06          |
| 5 cents                | 50,264,732                 | 2,513,236.60            | 6,029,005                          | 301,450.25              | 9.52                         | 0.03          |
| 2 cents                | 107,250,989                | 2,145,019.78            | 17,031,547                         | 340,630.94              | 20.31                        | 0.03          |
| 1 cent                 | 111,104,109                | 1,111,041.09            | 23,226,387                         | 232,263.87              | 21.04                        | 0.02          |
| <b>Total coins</b>     | <b>419,865,485</b>         | <b>112,014,142.57</b>   | <b>56,266,194</b>                  | <b>10,410,852.76</b>    | <b>79.50</b>                 | <b>1.53</b>   |
| <b>Collector coins</b> | <b>187,036</b>             | <b>3,590,460.00</b>     | <b>73,756</b>                      | <b>1,484,780.00</b>     | <b>0.04</b>                  | <b>0.05</b>   |
| <b>Total cash</b>      | <b>528,110,193</b>         | <b>7,356,329,687.57</b> | <b>75,526,842</b>                  | <b>1,305,483,022.76</b> | <b>100.00</b>                | <b>100.00</b> |

Source: NBS.

2011 stood at 19.6 million (of which 10.3 million were 20 koruna notes) and the number of coins at around 393 million (of which 170 million were 50 halier coins and more than 102.6 million 1 koruna coins). The total face value of still circulating Slovak banknotes and coins was around SKK 4.04 billion, or just 2.6% of the overall value of the koruna cash issued. Commemorative koruna coins accounted for 700 million of that total, and they are not expected to be returned in any significant quantities.

In per capita terms, the volume and value of koruna banknotes not returned from circulation amounted to around 3 and SKK 480, respectively, and the corresponding figures for koruna circulation coins were 72 and SKK 133. The overall value of circulating koruna cash including Slovak commemorative coins was SKK 743 per capita. The most numerous of the unreturned koruna bank-

notes and coins as at 31 December 2011 were the 20 koruna banknote, at 2 per capita, and the 50 halier coin, at 31 per capita.

#### 4.2 DELIVERIES OF EURO BANKNOTES AND THE PRODUCTION OF EURO COINS

In 2011, Národná banka Slovenska commissioned the printing of 74.46 million euro banknotes – of which 37.86 million were €5 notes and 36.60 million were €20 notes – and supplied them to the Eurosystem. The notes were produced by printing works in France (Oberthur Technologies Fiduciaire) and the Netherlands (Joh. Enschedé Banknotes B.V.).

The central bank also commissioned the production and supply of 20.4 million 1 eurocent,



**Table 14 Collector coins issued by Národná banka Slovenska in 2011**

| Denomination       | Subject of commemoration  | Number of coins issued |                | NBS Notification of coin issuance |
|--------------------|---|------------------------|----------------|-----------------------------------|
|                    |   | Total                  | of which proof |                                   |
| €10 <sup>1)</sup>  | The Zobor Deeds – 900th anniversary                                 | 16 250                 | 8 950          | 13/2011 Coll.                     |
| €10 <sup>1)</sup>  | Memorandum of the Slovak Nation – 150th anniversary of its adoption | 18 600                 | 9 100          | 78/2011 Coll.                     |
| €10 <sup>1)</sup>  | Ján Cikker – 100th anniversary of his birth                         | 16 800                 | 8 900          | 147/2011 Coll.                    |
| €20 <sup>1)</sup>  | Historical Preservation Area of Tmava                               | 18 100                 | 9 950          | 234/2011 Coll.                    |
| €100 <sup>2)</sup> | Prince Pribina – 1150th anniversary of his death                    | 6 800                  | 6 800          | 339/2011 Coll.                    |

Source: NBS.  
1) Silver collector coin.  
2) Gold collector coin.

15 million 2 eurocents, 5 million €2 coins, and, towards the end of the year, 1 million €2 commemorative coins marking the introduction of euro cash (these coins were jointly issued by all euro area countries in January 2012). All the coins commissioned by NBS are produced by the Mincovňa Kremnica, š. p. The coins minted in 2011 also included 55,000 euro coins of each denomination that were used in annual collector sets of Slovak euro coins.

In addition to circulation and commemorative euro coins, Národná banka Slovenska issued four silver collector coins and one gold collector coin in 2011 (Table 14). Further information about the themes of these collector coins may be found on the NBS website.<sup>33</sup> NBS arranges the sale of commemorative and collector euro coins through contractual partners in Slovakia and abroad.

### 4.3 PROCESSING OF EURO BANKNOTES AND EURO COINS

In 2011, Národná banka Slovenska put more than 316 million euro banknotes into circulation and received 297 million euro banknotes from circulation, mainly from banks and to a lesser extent from the public.

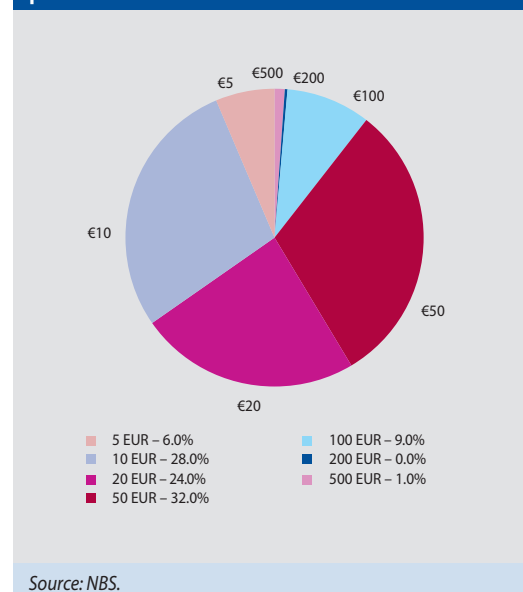
During the year NBS processed over 296 million euro banknotes in accordance with the Eurosystem-wide procedures laid down by the ECB.

The total number of euro banknotes returned to NBS was approximately three times higher than

the average number of banknotes issued by NBS.<sup>34</sup> This means that, on average, each euro banknote issued by NBS was checked for authenticity and fitness roughly once every four months. In line with its task of maintaining public confidence in euro banknotes, the central bank must ensure the fitness of euro banknotes in circulation and be alert to identifying and recovering counterfeit banknotes. The most frequently processed euro banknote in 2011 was the €50 note (Chart 21), which is also the most used banknote in circulation.

In 2011, almost 47 million banknotes were sorted to unfit. The average unfit rate of euro banknotes

**Chart 21 Breakdown of euro banknotes processed in 2011**



<sup>33</sup> [www.nbs.sk/en/banknotes-and-coins/euro-coins/collector-coins](http://www.nbs.sk/en/banknotes-and-coins/euro-coins/collector-coins)

<sup>34</sup> This ratio, termed the return frequency, is not the same for all denominations; in 2011, for example, the return frequency of the €500 banknote stood at 0.6, for the €10 banknote at 6, and for the €20 and €50 banknotes at around 3.



was 16%, which is one of the lowest rates among euro area countries.

In 2011, a total of 307 million euro coins were put into circulation and more than 251 million euro coins were returned from circulation. Since coins have a longer lifespan than banknotes, only around 29,000 euro coins (from almost 250 million) were sorted to unfit. The unfit rate for euro coins did not vary significantly between denominations.

#### 4.4 COUNTERFEIT BANKNOTES AND COINS RECOVERED IN SLOVAKIA

A total of 7,967 counterfeit banknotes and coins were recovered from circulation in Slovakia during 2011 (see Table 15), which in comparison with 2010 represents an increase of 272%. The counterfeits recovered included 6,339 banknotes and 1,628 coins, the vast majority (99%) of which were euro counterfeits. More than 61% all the counterfeits were seized by the police.

Neither the higher number of counterfeits recovered in 2011, nor the technical level of their production posed a serious risk to the integrity and smooth operation of cash circulation in Slovakia.

##### EURO COUNTERFEITS

A total of 6,260 counterfeit euro banknotes and coins, with an overall face value of €1,005,205, were recovered in Slovakia in 2011. In compari-

son with the previous year, the total number was more than four times higher. The largest number of counterfeits, 5,214, were seized by the police. Of that number, 4,898 were recovered before their use, and, therefore, the euro cash circulation was not endangered. The largest seizure of counterfeits took place towards the end of the year, when police recovered 3,745 counterfeit €100 banknotes and 1001 counterfeit €500 banknotes.

In 2010 the counterfeiters focussed mainly on the €20 and €50 banknotes, but in 2011 there was a marked rise in forgeries of higher-value denominations. This rise was a result of the above-mentioned police operation, since counterfeit €100 and €500 banknotes accounted for more than 80% of the total number of euro counterfeits seized.

The number of counterfeit euro coins seized in 2011 increased year-on-year by 15.5%, to 1,628, the majority of which were counterfeit €2 coins. Since most of these coins are barely distinguishable from genuine coins in terms of their magnetic properties, conductivity and design, it is relatively difficult for the public to detect them (especially if they do not look closely at the coins they receive).

The counterfeit euro banknotes and coins recovered in Slovakia represented 0.96% of the total number of such counterfeits recovered in the euro area as a whole in 2011. This very low share

**Table 15 Number of counterfeit banknotes and coins recovered in Slovakia**

|             | EUR   | USD | SKK | Other | Total |
|-------------|-------|-----|-----|-------|-------|
| <b>2009</b> | 2,903 | 141 | 297 | 126   | 3,467 |
| <b>2010</b> | 2,837 | 50  | 14  | 33    | 2,934 |
| <b>2011</b> | 7,888 | 38  | 15  | 26    | 7,967 |

Source: NBS.

**Table 16 Number of euro counterfeits recovered in Slovakia**

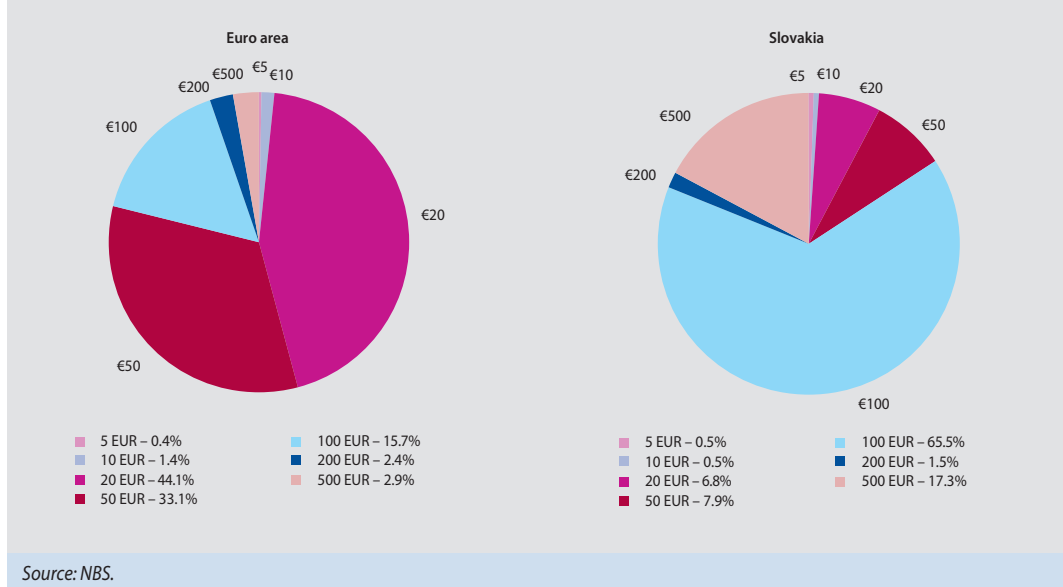
|             | 50 cent | €1  | €2    | €5 | €10 | €20 | €50 | €100  | €200 | €500  | p <sup>1)</sup> | Total |
|-------------|---------|-----|-------|----|-----|-----|-----|-------|------|-------|-----------------|-------|
| <b>2009</b> | 37      | 109 | 664   | 29 | 37  | 274 | 827 | 775   | 144  | 7     | 0               | 2,903 |
| <b>2010</b> | 208     | 224 | 977   | 35 | 38  | 312 | 503 | 392   | 91   | 56    | 1               | 2,837 |
| <b>2011</b> | 348     | 239 | 1,041 | 29 | 31  | 425 | 495 | 4,103 | 91   | 1,086 | 0               | 7,888 |

Source: NBS.

1) Imitations, altered and modified banknotes and coins.



**Chart 22 Euro counterfeits recovered in the euro area and in Slovakia in 2011 – comparison of their distribution by denomination**



means that the probability of randomly receiving a counterfeit euro banknote or coin in Slovakia is very small.

#### SLOVAK KORUNA COUNTERFEITS

Following the introduction of the euro, the number of Slovak koruna counterfeits fell sharply. The number of Slovak koruna counterfeits seized in 2011 was only 14. Although there is an unlimited redemption period for Slovak koruna banknotes, the further incidence of koruna counterfeits is expected to be sporadic.

#### COUNTERFEITS OF US DOLLAR AND OTHER FOREIGN CURRENCY

Compared to the previous year, a significant decline in the number of US dollar counterfeits and other foreign currencies were registered in 2011. As for the US dollar, the number of banknotes seized declined by 24%. As in 2010, counterfeits of the 100 dollar banknote were the most common, constituting 95% of all the recovered dollar counterfeits. The number of counterfeits of other foreign currencies dropped by 21%. Most of them were British pounds (21) and Czech korunas (4).