



tions. At the same time, the Governing Council approved the eligibility of NCDPCP for access to T2S. The other Slovak CSD, Centrálny depozitár cenných papierov SR, had migrated to T2S in February 2017.

The Governing Council also decided in September 2017 to phase out the current method of assessing SSSs and links between SSSs in view of the entry into force of provisions of Regulation (EU) 909/2014. The Regulation lays down common requirements for the settlement of financial instruments transactions in the European Union. From 2018 the assessment of SSSs and links for eligibility in Eurosystem operations will be carried out in accordance with the new methodology.

#### TARGET2-SECURITIES AND OTHER EUROSYSTEM PROJECTS

The TARGET2-Securities (T2S) system operated reliably in 2017. By the end of 2016 a total of 12 CSDs were operating on T2S, and that figure increased in 2017 as other CSDs migrated to T2S under the T2S Framework Agreement signed with the Eurosystem. In February 2017 the following CSDs joined T2S: Clearstream Banking (Germany), OeKB (Austria), LuxCSD (Luxembourg), KELER (Hungary), KDD (Slovenia), and CDCP (Slovakia). September saw a further two migrations: Iberclear (Spain) and Nasdaq CSD (a common CSD for Estonia, Latvia and Lithuania). With Slovakia's NCDPCP joining the system in October, the number of CSDs connected to T2S at the end of 2017 stood at 21.

For the years ahead, the Eurosystem has adopted a strategy of developing market in-

frastructures, with particular focus on instant payments, on the consolidation of TARGET2 and T2S services, and on a Eurosystem Collateral Management System (ECMS). This strategy, called "Vision 2020", aims to harmonise and deepen the integration of the European market, to make cost savings by means of technical consolidation, and to introduce new services for European financial markets.

As part of this strategy, the Governing Council has approved the development of three projects.

- a) The first project relates to the SEPA Instant Credit Transfer scheme, which was launched in November 2017 and enables cash transfers in real-time, 24/7/365. To support the development of instant payments, the Eurosystem is now working on a pan-European instant payment settlement service in central bank money: the TARGET instant payment settlement (TIPS) service. TIPS, which is being developed by Eurosystem central banks in cooperation with the European banking industry, is due to be launched in November 2018.
- b) The second project, T2-T2S consolidation, is primarily intended to save costs through the technical consolidation of the two systems. The consolidated system is expected to begin operation in November 2021.
- c) The third project, the ECMS, will establish a harmonised system for collateral operations across the Eurosystem. Its launch is planned for November 2022.

Národná banka Slovenska, as a member of the Eurosystem, is involved in all of these projects.

## 5 STATISTICS

Národná banka Slovenska (NBS) develops, collects, compiles and disseminates a wide range of statistics which support the monetary policy of the euro area, the stability of the financial system in Slovakia, other tasks of the European System of Central Banks (ESCB), and various tasks of the European Systemic Risk Board

(ESRB), Bank for International Settlements (BIS) and other international institutions. Based on data reported by financial and non-financial agents, the statistics serve internal users at NBS and are also used by financial market participants, public sector entities, the media, and the general public.



## 5.1 STATISTICAL DEVELOPMENTS

in order to improve the clarity and accessibility of statistical data, the Statistics section of the NBS website (<https://www.nbs.sk/sk/statisticke-udaje>) was substantially modified in 2017 both in its design and in the structure of the information provided.

Monetary and financial statistics reflected changes in the non-financial corporation (NFC) sector that related to the banking sector as well as to investment funds with different investment policies. Furthermore, the updating of the register of non-bank lenders resulted in changes to the sample of consumer credit companies and factoring companies which serve as reporting agents for statistics on other financial intermediaries.

Methodological surveys aimed mainly at classifying different types of bank loan for statistical purposes were conducted in 2017. In addition, new methodological requirements under updated ECB legal acts were implemented (concerning the breakdown of investment funds into standard funds and alternative funds, and the reporting of items under 'capital and reserves' in banks' balance sheet statistics). There were also methodological changes related to an amendment of the Slovak Banking Act. Granular data on securities holdings continued to be used, thereby supporting the qualitative improvement of aggregated data in financial sector balance sheet statistics. In its quarterly Statistical Bulletin published on the NBS website, NBS releases data in the form of microanalyses. In 2017 the Statistical Bulletin was published in both Slovak and English for the first time in several years. The 2017 editions were the first to include information on pure new loans provided by banks.<sup>20</sup>

Operational requirements arising from participation in ECB/ESCB working groups were implemented in 2017. The most significant changes in the scope of monetary and financial statistics during 2017 stemmed from developments in ECB requirements, which were affected mainly by preparations for greater use of granular data on securities and for the new version of the EDCB Register of Institutions and Affiliates Database (RIAD 4.0), as well as by the requirements of the AnaCredit project and the discussion surround-

ing the proposal for a single European framework for the reporting of bank sector data.

Work continued in 2017 on enhancing data quality in the ECB's securities databases, to which Národná banka Slovenska contributes data on a regular basis. In late 2017 the ECB introduced a new interactive data quality management tool in the Centralised Securities Database (CSDB), through which central banks will be able to ensure more flexible transmission of securities data and to check the quality of that data. As part of its efforts to enhance the quality of collected statistical data, the ECB has introduced cross-checks of the granular data on securities available in the Securities Holdings Statistics Database (SHSDB). These data relate to the aggregated data collected in key statistical areas (balance sheet statistics and balance of payments statistics).

In the quarterly financial accounts statistics, balance of payments (b.o.p.) and international investment position (i.i.p.) data were partially revised and harmonised. At the same time, work continued on compiling back series for the period 2004–2012.

In the context of bilateral technical cooperation in the field of statistics, representatives of NBS and the National Bank of Ukraine held a meeting in the Ukrainian capital Kiev in April 2017.

In June 2017 Národná banka Slovenska and the Statistical Office of the Slovak Republic signed an Addendum to their *Framework agreement on cooperation in the provision of statistical data and statistical information*.

In September 2017 Bratislava was the venue for a meeting of the BACH Working Group, which, under the auspices of the European Committee of Central Balance Sheet Data Offices (ECCBSO), is responsible for maintaining and developing the Bank for the Accounts of Companies Harmonized (BACH) database, a tool for analysing and comparing the financial structure and performance of firms across European countries.

In November 2017 an agreement on the supply of data on firms established in Slovakia was signed between NBS and a new data provider. The purpose of the agreement is to improve the quality of b.o.p. statistics and to build up a multi-

<sup>20</sup> Pure new loans are calculated as the difference between the total amount of new loans and the total amount of renegotiated loans.



purpose database of non-financial corporations (NFCs) so as to enhance the statistical coverage of this significant sector. With the ECB also paying closer attention to the NFC sector, Národná banka Slovenska has joined the second wave of a pilot project that works with granular firm-level data and operates under the BACH Working Group. By the end of 2017 only six European countries had joined the project.

In the area of capital market statistics, 2017 saw the entry into operation of a project for collecting data and automating data transmission to the European Securities and Market Authority (ESMA) in accordance with Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers. Another notable step last year was the testing of the collection, validation, and automated transmission of data to other ESCB members and to ESMA in accordance with Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (MiFID II).

In the area of pension fund statistics, the proposed ECB Regulation on statistical reporting requirements for pension funds was finalised in 2017. The Regulation will include requirements specified by the ESCB, the European Systemic Risk Board and the European Commission. All the stipulated procedures for the surveying of requirements and reporting costs were completed and so was the evaluation of these procedures. In line with its policy of increasing transparency in the drafting of legal acts, the ECB held a public consultation on the proposed Regulation. It was the ECB's first ever such consultation, and the comments received were taken into account in the final draft of the Regulation. The Regulation lays down rules and conditions for the collection of datasets which, compared with current datasets, will be expanded and collected within shorter timeframes.

As regards insurance statistics, attention was focused on meeting the requirements of the ECB and the European Insurance and Occupational Pensions Authority (EIOPA) and above all on increasing the quality of reported data. The ECB expanded requirements for the submission of statistical data by the inclusion of a new geographic counterparty – the European Stability Mechanism. As a result, it was necessary to revise the historical data series going back to the first

quarter of 2016. Looking at data available from the first annual reporting under Solvency II, the quality of data submitted to the ECB was improved in 2017 by the inclusion of a geographical breakdown of selected asset and liability items (technical provisions, investment).

Activities related to the b.o.p. statistics included not only the ordinary tasks of meeting the requirements of international institutions, but also the acquisition of additional data sources in order to improve the quality of the data provided. Many working meetings were held with experts from other ministries in order to address methodological issues with regard to the recording of revenue from the European Commission, increasing the coverage of current transfers with the rest of the world, and the increasing significance of Slovak residents' online payments for goods and services. For these reasons, under NBS Decree Nos 11/2017<sup>21</sup> and 12/2017<sup>22</sup>, a new statement on cross-border payment card transactions including a country breakdown was introduced in 2017.

As part of an ECB project, b.o.p. statistics are being gradually harmonised with financial accounts statistics, and this process continued in 2017 with significant progress in data alignment. At the level of ECB working groups, new expanded requirements for b.o.p. and i.i.p. data were analysed in 2017. The result of the analysis was a preliminary draft ECB regulation to introduce, with effect from March 2021, expanded requirements for the currency structure of selected i.i.p. items and a more detailed geographic and sectoral breakdown.

Reporting for entities subject to a reporting obligation under the Foreign Exchange Act was expanded to include new requirements in the form of three annual reports. The statistical reporting obligation for non-bank entities is governed by Article 8 of Act No 202/1995 Coll. – the Foreign Exchange Act (and amending Act No 372/1990 Coll. on non-indictable offences, as amended), as amended by Act No 602/2003 Coll. Reporting templates and details about the structure, scope and content of reported data, about reporting methods, procedures and deadlines, and about where to report data are laid down in NBS Decree No 264/2015 Coll. of 5 October 2015 on reporting in accordance with the Foreign Exchange Act.

<sup>21</sup> Decree No 11/2017 of Národná banka Slovenska of 28 November 2017 amending Decree No 17/2014 of Národná banka Slovenska on reporting for statistical purposes by banks, branches of foreign banks, investment firms and branches of foreign investment firms, as amended.

<sup>22</sup> Decree No 12/2017 of Národná banka Slovenska of 28 November 2017 amending Decree No 22/2014 of Národná banka Slovenska on reporting for statistical purposes by payment institutions, branches of foreign payment institutions, electronic money institutions and branches of foreign electronic money institutions, as amended by Decree No 24/2015.



## 5.2 INFORMATION SYSTEMS

For the collection, processing and storage of data received from reporting agents for statistical and supervisory purposes, Národná banka Slovenska uses the information system Statistics Collection Portal (IS SCP). New reporting requirements were implemented in the IS SCP in 2017 in order to meet the supervisory needs of the ECB, EIOPA, and the European Banking Authority (EBA). In connection with new requirements laid down by ESMA, a new transaction reporting module was added to the IS SCP in 2017 in accordance with Article 26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFIR). Also, the functionality of the IS SCP was expanded in order to speed up the inputting process, optimise the database, and make the system compatible with additional internet browsers.

By the end of 2017 around 3,880 reporting agents were registered in the IS SCP, including 29 from the banking sector, 34 engaged in other financial intermediation, 54 from the insurance sector, 128 from the capital market (investment firms, collective investment undertakings, asset manage-

ment companies, the stock exchange, and central securities depositories), 46 from the pension fund sector and around 3,590 entities reporting to NBS under the NBS Decree on reporting in accordance with the Foreign Exchange Act.

In 2017 a total of 184 reporting templates were designed for data collection requirements under national law, 198 as required by the EBA, 104 as required by EIOPA, and two in accordance with the EU's Alternative Investment Fund Managers Directive.

In 2017, as part of the ongoing process of making historical data accessible in the IS SCP, selected reporting statements for 2015 were transformed and migrated from the former information system STATUS to the IS SCP.

With the aim of improving data quality and data processing, IS SCP modules continued to be developed in 2017 using business intelligence tools, with particular focus on the analysis of securities statistics, interest rate statistics, balance of payments statistics, and certain balance sheet statistics. In addition, a new data model concept for data classification was introduced.

# 6 ECONOMIC RESEARCH

The principal issues addressed by NBS economic research published in 2017 concerned monetary policy and financial stability. This research was complemented by other studies in key thematic areas: economic modelling; fiscal policy; the labour market; and the real economy.

In line with the current needs of Národná banka Slovenska and with the medium-term research agenda approved by the NBS Bank Board, research activities focused not only on practical issues in the financial, economic and monetary spheres, but also on theoretical modelling and technically demanding solutions. NBS researchers published significantly more papers in 2017 than in 2016, and they further developed cooperation with experts from other institutions, both domestic and foreign.

The bulk of NBS research outputs comprised peer-reviewed working papers, analyses and commentaries, all of which are freely available on the NBS website.<sup>23</sup> A total of 12 working papers and one occasional paper were published in 2017. NBS researchers were also involved in the production of several working papers of foreign institutions, including the European Central Bank (ECB), the Centre for Economic Policy Research, the National Bureau of Economic Research, and the University of London.

NBS research efforts in the area of monetary policy were devoted to a number of current issues surrounding the ECB's monetary policy, but also included a look back at the Slovak central bank's past experience of pursuing an independent monetary policy. A study of the impact of quantitative easing on banks' lending activity

<sup>23</sup> The full texts are available at <http://www.nbs.sk/sk/publikacie/>, [publikacie-vyskumu](http://www.nbs.sk/sk/publikacie-vyskumu/) and <http://www.nbs.sk/sk/menova-politika/> [analyticke-komentare](http://www.nbs.sk/sk/menova-politika/analyticke-komentare)