



(in particular with the offering of products when a contract is being concluded, with the calculation of the amount of an insurance claim, and with the rejection of an insurance claim. A large number of complaints (271, or 14% of the total) concerned the non-payment of windscreen repair/replacement claims. Banking products themselves attracted 520 complaints (27%), and, as before, these included objections to bank charges for housing loans and consumer loans and complaints related to card and payment transactions. The number of complaints concerning the capital market sector did not increase in 2018 (standing at 42, or 2% of the total). The nature of these complaints indicated an increase in trading in financial instruments with entities not subject to NBS supervision and in consumer investment in high-risk financial instruments.

Customer complaints against supervised entities are used by NBS as a source of information for on-site and off-site supervision, as well as when bringing proceedings against supervised entities.

In 2018 NBS's educational activities aimed at professionals included organising several workshop-style lectures and technical conferences on the topics of credit product promotion, information obligations when amending a contract, and the assessing of unfair contract terms and unfair

commercial practices in consumer relationships. As part of its efforts to increase consumer financial literacy, NBS published a number of warnings on its website, including, for example, one entitled "What is a pyramid scheme, airplane game or Ponzi scheme?". It also produced a Slovak-language financial guide for senior citizens, called "Všetko, čo by ste mali vedieť o peniazoch" (Everything you should know about money).

Also in 2018, NBS organised interactive lectures for primary and secondary schoolchildren, which were based on the National Standard for Financial Literacy and focused on information gained from practice. There were a total of 39 lectures and 1,180 students participated in them. During school holidays, NBS supported the Children's University project of Comenius University by organising two talks for 60 children.

Národná banka Slovenska realises that one of the key tasks of central banks is to support financial literacy among the general public, so that people gain a better understanding of their personal finances and know how to approach the financial market. This is why, in 2018, the NBS Bank Board approved the establishment of a Financial Literacy Committee, which will prepare a draft NBS strategy for supporting financial literacy among the public.

3 ISSUING ACTIVITY AND CURRENCY CIRCULATION

3.1 CUMULATIVE NET ISSUANCE OF EURO CASH

The cumulative net issuance (CNI)¹⁵ of euro banknotes and coins in Slovakia had a total value of €13.5 billion as at 31 December 2018, with banknotes accounting for €13.3 billion of that amount. In year-on-year terms, the CNI increased in 2018 by 10.6% (or €1.3 billion), which was almost the same as its rate of increase in the previous year.

Compared with the value of Slovak koruna cash in circulation just before Slovakia adopted the euro on 1 January 2009, the CNI more than doubled over the following ten years. The year-on-year increase in the issuance of euro

cash demonstrates the strong demand for cash, which still retains its status as a significant means of payment in society.

The value of the item *currency in circulation* – corresponding to Národná banka Slovenska's allocated share in the Eurosystem's production of euro banknotes (Banknote Allocation Key) – amounted to €12.4 billion¹⁶ as at 31 December 2018. The value of euro banknotes issued in Slovakia was higher than the 'allocated' value by €884.5 million.

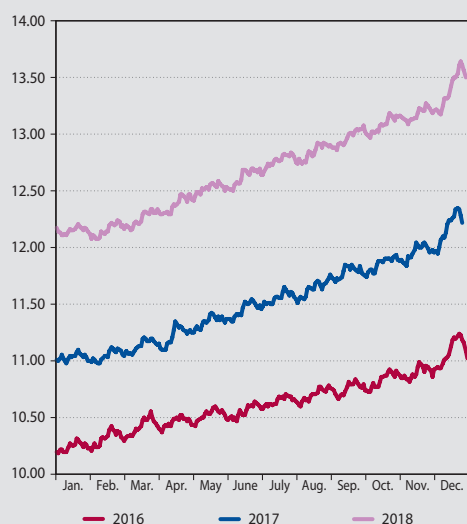
The CNI's daily trend showed the same seasonal fluctuations as in previous years, with the year-on-year difference ranging approximately be-

¹⁵ 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 that of euro banknotes and euro coins which NBS itself has put into and withdrawn from circulation. The cumulative net issuance as at 31 December 2018 refers to the difference between the value (volume) of euro banknotes and coins put into and withdrawn from circulation between 1 January 2009, when Slovakia joined the euro area, and 31 December 2018.

¹⁶ The value of euro banknotes in circulation throughout the euro area as at 31 December 2018 was €1,231.1 billion, and the share of that amount issued by NBS according to the banknote allocation key was 1.0095% (€12.4 billion).



Chart 21 Cumulative net issuance of euro cash on a daily basis (EUR billions)



Source: NBS.

tween €1.1 billion and €1.4 billion (Chart 21). The daily CNI is usually highest in the pre-Christmas period, and in 2018 it peaked on 21 December (at €13.65 billion)

Euro banknotes accounted for almost the entire value (98.6%) of the CNI as at 31 December 2018, but only for 19.9% of the CNI in terms of volume (representing 193 million banknotes). Euro coins, including euro collector coins, made up the remaining 80.1% (779.2 million coins). Looking at the denominational breakdown of the total number of banknotes included in the CNI, the €100 banknote had the largest share (29.5%). From 2009 to 2015 the €50 banknote had the largest share, but in subsequent years its share declined, down to 20.9% in 2018.

The coins issued in the highest volumes are the two lowest denominations (1 and 2 cent). By the end of 2018 they made up almost (62%) of all the

Table 5 Composition of the cumulative net issuance of euro banknotes and coins per year

Denomination	Cumulative net issuance				Percentage share of the	
	CNI as at 31 December 2018		Annual net issuance in 2018		CNI as at 31 December 2018	
	number	value (€)	number	value (€)	number	value (€)
€500	8,704,923	4,352,461,500.00	355,237	177,618,500.00	0.90	32.23
€200	347,614	69,522,800.00	-76,388	-15,277,600.00	0.04	0.52
€100	57,012,315	5,701,231,500.00	9,525,047	952,504,700.00	5.86	42.22
€50 ¹⁾	40,304,035	2,015,201,750.00	1,759,337	87,966,850.00	4.14	14.93
€20 ¹⁾	35,441,809	708,836,180.00	1,182,789	23,655,780.00	3.65	5.25
€10 ¹⁾	41,922,605	419,226,050.00	4,661,573	46,615,730.00	4.31	3.11
€5 ¹⁾	9,257,173	46,285,865.00	392,165	1,960,825.00	0.95	0.34
Total banknotes	192,990,474	13,312,765,645.00	17,799,760	1,275,044,785.00	19.85	98.60
€2	59,607,051	119,214,102.00	5,088,542	10,177,084.00	6.13	0.88
€1	21,637,112	21,637,112.00	564,667	564,667.00	2.22	0.16
50 cent	29,571,348	14,785,674.00	1,356,223	678,111.50	3.04	0.11
20 cent	33,218,694	6,643,738.80	391,248	78,249.60	3.42	0.05
10 cent	65,671,114	6,567,111.40	5,113,329	511,332.90	6.75	0.05
5 cent	89,894,645	4,494,732.25	8,183,970	409,198.50	9.25	0.03
2 cent	194,902,109	3,898,042.18	16,290,917	325,818.34	20.05	0.03
1 cent	284,253,983	2,842,539.83	30,935,917	309,359.17	29.24	0.02
Total coins	778,756,056	180,083,052.46	67,924,813	13,053,821.01	80.10	1.33
Collector coins	478,800	9,752,890.00	66,107	1,177,380.00	0.05	0.07
Total banknotes and coins	972,225,330	13,502,601,587.46	85,790,680	1,289,275,986.01	100.00	100.00

Source: NBS.

1) Combined data for both the first series of euro banknotes (ES1) and the new Europa series (ES2).



coins in the CNI, and their share is increasing year by year (in 2017 it was 61%). In value terms, however, the combined share of these two denominations was only 3.7%.

Looking at euro banknotes in Slovakia in average per capita¹⁷ terms, their number and value in 2018 were 33 and €2,301. For coins (including collector coins), the corresponding figures were 136 and €33. For banknotes and coins together, their average per capita value was €2,334. The most numerous banknote denomination in the CNI in per capita terms was the €100 banknote, at around 9.5, while the most numerous coins were the 1 cent coin (49) and the 2 cent coin (34).

As a consequence of coin migration, the currency in circulation in Slovakia includes, besides Slovak euro coins, a large share of coins from other euro area countries. An analysis made in 2018¹⁸ showed that the countries whose coins made up the largest shares of non-Slovak euro coins in circulation in Slovakia were Germany (22.7%), Austria (15.1%) and Italy (9.6%). In the breakdown of non-Slovak euro coins by denomination, €1 coins have the highest share and 2 cent coins the lowest share.

3.2 SLOVAK KORUNA BANKNOTES AND COINS

By 31 December 2018, i.e. ten years after Slovakia adopted the euro, unredeemed Slovak koruna banknotes totalled 18.77 million (including 10.05 million 20 koruna banknotes). Their combined face value was around SKK 2.16 billion (€71.7 million). The face value of unredeemed Slovak koruna banknotes was only around 1.42% of the total value of koruna banknotes issued (by 31 December 2007). Unredeemed Slovak koruna commemorative coins had a total value of SKK 0.7 billion (€23.2 million) by the end of 2018.

In per capita terms, koruna banknotes unredeemed by the end of 2018 numbered 3.4 and had a face value of SKK 396.7 (€13.2). The SKK 20 denomination was the most numerous of these banknotes, at almost two per capita. A total of 48,600 koruna banknotes were redeemed in 2018, and their combined face value was SKK 27.5 million (€0.91 million). Compared with 2017, the number and value of Slovak banknotes redeemed in 2018 were lower by, respec-

tively, 16.7% (9,700 banknotes) and 19.5% (SKK 6.7 million, or €0.2 million).

3.3 PRODUCTION OF EURO BANKNOTES AND COINS

In accordance with the ECB's Guideline on the production of euro banknotes, NBS was allocated the production of 30.40 million €5 banknotes of the new Europa series (ES2) in 2018. NBS contracted out the production of the banknotes to the German company Giesecke and Devrient, which produced them at its printing works in Leipzig and delivered them on schedule.

Besides this allocation, the production of 54.1 million ES2 €50 banknotes that NBS had been allocated for 2017 was completed in January 2018. These banknotes were produced by the Berlin-based printing works Bundesdruckerei GmbH. The later than scheduled completion of the order was caused by a delay in the delivery of quality control sensors from an Italian supplier. The production delay was accepted by the ECB's Executive Board in accordance with an ECB Guideline.

In 2018 NBS also commissioned the production of euro coins intended for circulation (Table 6).

On 3 January 2018 Národná banka Slovenska issued a €2 commemorative coin marking the 25th anniversary of the establishment of the Slovak Republic. A total of one million of the coins were issued, after being delivered to NBS by the end of 2017.

All the Slovak euro coins commissioned by NBS are produced by the state-owned Kremnica Mint (Mincovňa Kremnica). Those minted in 2018 included

Table 6 Circulation euro coins delivered to NBS logistical stocks in 2018

Denomination	Number of coins delivered	Number of coins transferred
€2	10,000,000	
€1		20,000,000
5 cent	8,000,000	
2 cent	12,103,500	
1 cent	20,580,000	
Total	50,683,500	20,000,000

Source: NBS.

¹⁷ The population of Slovakia was 5,449,719 million as at 30 October 2018, according to the Statistical Office of the Slovak Republic. The calculations used the average number and average value of euro banknotes and euro coins in the CNI in 2018.

¹⁸ Every year NBS takes a random sample of 2,000 euro coins of each denomination and sorts them according to their national side.

**Table 7 Collector coins issued by Národná banka Slovenska in 2018**

Denomination	Feature	Number of coins issued		NBS Notification of coin issuance
		Total	of which proof	
€25 ^{1,3}	25th anniversary of the establishment of the Slovak Republic	10,100	6,900	No 229/2017
€10 ¹⁾	1150th anniversary of the recognition of the Slavonic liturgical language	8,800	5,900	No 2/2018
€10 ¹⁾	300th anniversary of the birth of Adam František Kollár	7,500	4,950	No 3/2018
€10 ¹⁾	200th anniversary of the first time a steamer sailed on the Danube River in Bratislava	8,400	5,650	No 32/2018
€10 ¹⁾	150th anniversary of the birth of Dušan Samuel Jurkovič	7,600	5,050	No 149/2018
€10 ¹⁾	The spontaneous, non-violent civic resistance to the Warsaw Pact invasion of August 1968	9,500	6,650	No 181/2018
€10 ¹⁾	100th anniversary of the establishment of the Czechoslovak Republic	10,800	7,550	No 219/2018
€100 ²⁾	Bratislava coronations – 400th anniversary of the coronation of Ferdinand II	4,250	4,250	No 267/2018

Source: NBS.

1) Silver collector euro coin.

2) Gold collector euro coin.

3) This is Slovakia's first ever €25 silver collector coin and so far the only Slovak collector coin that is .999 pure silver.

26,000 coins of each denomination that were used in five annual collector sets of Slovak euro coins.

In accordance with its issuance schedule for commemorative and collector euro coins, NBS also issued eight collector coins in 2018, seven of which were struck in silver and one in gold (Table 7).

In 2018 NBS not only took delivery of collector euro coins issued in that year, but also, at the end of the year, was frontloaded with 10,600 €10 silver collector coins commemorating the 10th anniversary of the introduction of the euro in Slovakia. This coin was issued on 8 January 2019. NBS outsources the sale of commemorative and collector euro coins through contractual partners in Slovakia and abroad.

3.4 PROCESSING OF EURO BANKNOTES AND COINS

In 2018 Národná banka Slovenska put 367.8 million euro banknotes into circulation, and a total of 350 million euro banknotes were returned to NBS from circulation.

During the year NBS processed 348.1 million euro banknotes (after processing 341.1 million

in 2017). The total number of euro banknotes returned to NBS was approximately two times higher than the average number of euro banknotes issued by NBS. Therefore, each euro banknote issued by NBS was returned to it once every six months on average.¹⁹ In this way, NBS checks the authenticity and fitness for circulation of returned banknotes, with the aim of maintaining the integrity of the currency and public confidence in euro banknotes. Public satisfaction with the quality of euro banknotes was again confirmed in 2018 by a face-to-face public opinion poll and an online poll in the euro area. In the face-to-face poll, 91% of respondents expressed satisfaction with the quality of euro banknotes in circulation (the figure in the online poll was 88.6%). The slight increase in satisfaction compared with the previous polls is related to the phasing-in of the new Europa series of euro banknotes.

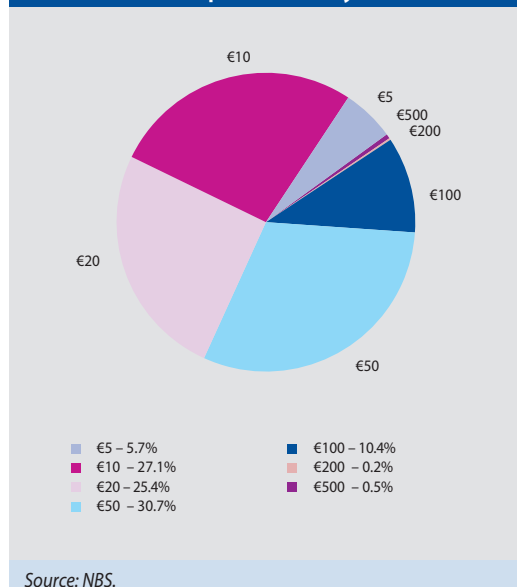
The €50 banknote was the most frequently processed denomination in 2018 (Chart 22), being among the most common euro banknotes in circulation and also the most frequently issued via cash dispensers.

In its processing of euro banknotes during 2018, NBS identified 55.8 million banknotes as unfit for circulation and subsequently destroyed them.

¹⁹ Some cash is kept out of circulation and is therefore not returned to NBS for processing.



Chart 22 Denominational breakdown of euro banknotes processed by NBS in 2018



Compared with 2017, the number of unfit banknotes destroyed by NBS was more than twice as high in 2018, owing to the end of the parallel issuance of ES1 and ES2 €50 banknotes from April 2018 as well as to the fact that the settings for the sorting of €500 and €200 banknotes were changed from March 2018.²⁰

The higher volume of banknotes sorted as unfit was reflected in the average unfit rate for euro banknotes, which, due to the destruction of ES1 €50 banknotes, increased more than twofold to 16.0% (from 6.8% in 2017).

In 2018 a total of 335.7 million euro coins were put into circulation by NBS, and 267.8 million euro coins were returned to NBS from circulation. Since coins have a longer lifespan than banknotes, only around 226,500 of the 266.8 million euro coins processed in 2018 were sorted as unfit (the number of coins processed in 2017 was 271 million). In terms of the numbers processed, the differences

between coin denominations were not as great as those between banknote denominations.

The processing and recirculation of euro banknotes and coins is performed not only by NBS, but also by commercial banks and other cash handlers which have received approval from NBS to process euro cash. The activities of these cash handlers are subject to regular supervision by NBS.

3.5 COUNTERFEIT BANKNOTES AND COINS RECOVERED IN SLOVAKIA

A total of 2,807 counterfeit banknotes and coins were recovered in Slovakia in 2018, approximately one-third fewer than were recovered in 2017 (Table 8).

Euro counterfeits accounted for 97% of all the counterfeits recovered. The total number of counterfeits recovered in 2018 was the lowest in any since the introduction of the euro (2009). The large drop in 2018 was due to the fact that previous years' figures included several instances where police managed to seize significant numbers of counterfeit euro banknotes and euro coins before they entered circulation. The situation in Slovakia mirrors that in the wider euro area, where the number of counterfeit banknotes recovered from circulation fell gradually over the past three years.

Of the total number of counterfeits recovered in 2018, banknotes accounted for 1,553 and coins for 1,249. Only 4.3% of the counterfeits were seized by police before entering circulation; the rest (95.7%) were withdrawn from circulation by banks, foreign bank branches, non-bank entities, and cash-in-transit companies.

Banks operating in Slovakia recovered almost half (45.5%) of all the counterfeits; Národná

Table 8 Number of counterfeit banknotes and coins recovered in Slovakia

Q1-Q4	EUR	SKK	Other	Total
2016	13,465	11	87	13,563
2017	4,045	3	781	4,829
2018	2,720	5	82	2,807

Source: NBS.

²⁰ The year-on-year change in the volume of euro banknotes sorted and destroyed was related to the entry into circulation of the new Europa series banknotes in different scenarios and to the application of an additional varnish layer to the €5 and €10 banknotes. Since April 2018 all first series €50 banknotes returned to NBS have been destroyed.



Table 9 Number of euro counterfeits recovered in Slovakia

Q1-Q4	Denomination										Total
	50 cent	€1	€2	€5	€10	€20	€50	€100	€200	€500	
2016	320	121	9,820	24	54	526	1,748	472	145	235	13,465
2017	201	109	771	37	44	340	1,853	290	66	334	4,045
2018	179	97	973	32	51	141	704	393	54	96	2,720

Source: NBS.

banka Slovenska recovered almost one-quarter (23.3%), cash-in-transit companies 19.8%, the police 4.3%, and other non-bank entities 7.1%.

One third of all counterfeits was recovered in Bratislava Region (33.4%), while the fewest were recovered in Trenčín Region (3.3%, or 92 counterfeits).

A moderate improvement in the quality of counterfeits was observed in 2018, especially in counterfeits of euro banknotes and coins. Nevertheless, neither the number of counterfeits recovered, nor the technical level of their production posed a serious risk to the integrity and smooth operation of cash circulation in Slovakia.

EURO COUNTERFEITS

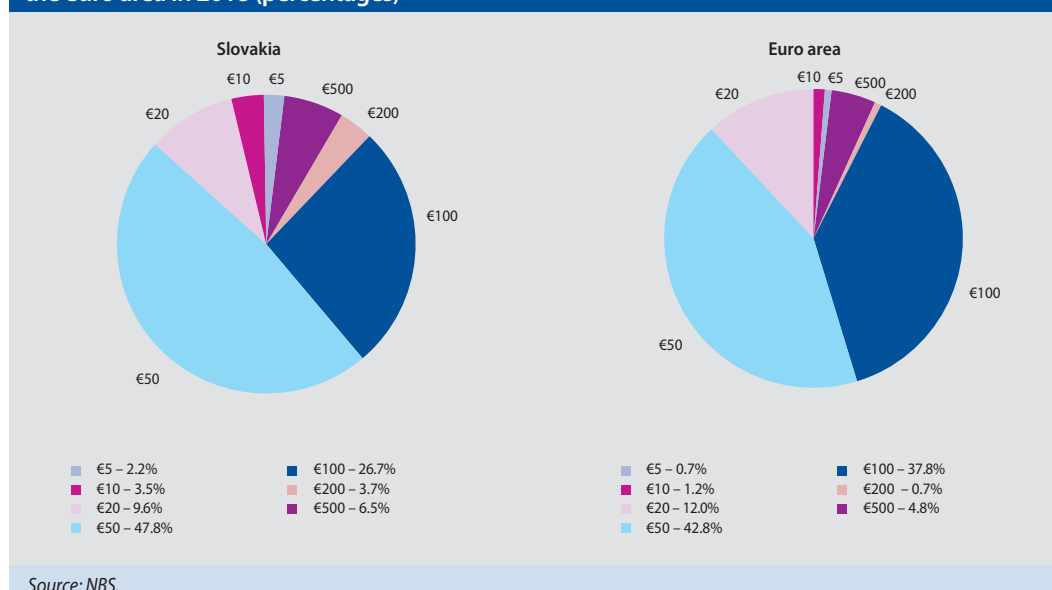
A total of 2,720 counterfeit euro banknotes and coins were recovered in Slovakia in 2018 and

they had an overall face value of €138,922.50 (Table 9).

The number of counterfeit euro banknotes recovered from circulation in Slovakia has been stable for a long period of time, at between 200 and 300 per month. The overall number of banknotes recovered has reflected the impact of particular cases (one or two per year) in which sizeable quantities of counterfeits were seized by police before they entered circulation. Although euro counterfeits are mostly of high quality, they can be detected without technical equipment as long as sufficient attention is paid to euro cash when receiving it.

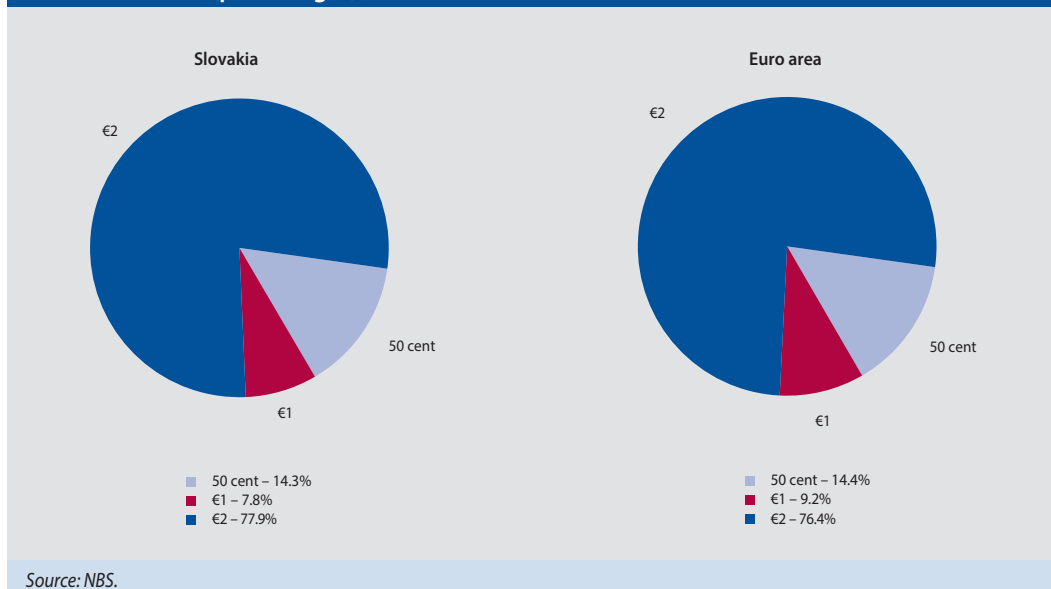
Compared with 2017, the number of euro banknote counterfeits recovered in Slovakia was 50.4% lower in 2018, at 1,471. The denominational breakdown of euro banknote counterfeits recovered in

Chart 23 Denominational breakdown of counterfeit euro banknotes recovered in Slovakia and the euro area in 2018 (percentages)



Source: NBS.

Chart 24 Denominational breakdown of counterfeit euro coins recovered in Slovakia and the euro area in 2018 (percentages)



Slovakia has remained approximately the same in recent years. In 2018 counterfeit €50 and €100 banknotes accounted for, respectively, 47.8% and 26.7% of the total. In the euro area as a whole, that order was the same, with €50 and €100 making up, respectively, 42.8% and 37.8% of the total.

Of the total number of counterfeit euro banknotes and coins recovered in the euro area in 2018, 0.21% were recovered in Slovakia. Over the long term, Slovakia's share of all counterfeits recovered in the euro area is below 1%, which means Slovakia is among the countries with the lowest incidence of euro counterfeits

The number of euro coin counterfeits recovered in Slovakia peaked in 2013 (at 5,742) and has been gradually falling since. It currently stands at around 100 per month. The same trends can be seen across the euro area, where the number of counterfeit euro coins recovered from circulation fell moderately last year for a fourth successive year.

A total of 1,249 euro coin counterfeits were recovered in Slovakia in 2018, all of which had been in circulation. The technical quality of euro coin counterfeits is generally very high.

Counterfeit €2 coins made up 77.9% of the total. Recent years have seen counterfeit 50 cent coins recovered in greater numbers than counterfeit €1 coins. In the euro area as a whole, the denominational breakdown of counterfeit euro coins recovered in 2018 was very similar to that in Slovakia.

SLOVAK KORUNA COUNTERFEITS AND FOREIGN CURRENCY COUNTERFEITS

Following the introduction of the euro into cash circulation, the number of Slovak koruna counterfeits fell sharply. Five Slovak koruna counterfeits were recovered in 2018. Although the period in which Slovak koruna banknotes may be exchanged for euro at NBS is indefinite, further cases of koruna counterfeits showing up are expected to be very occasional.

Compared with 2017, the total number of foreign currency counterfeits recovered in Slovakia was significantly lower in 2018. Of the 55 US dollar counterfeits recovered, \$100 banknote counterfeits were, as in previous years, the most numerous, making up 95% of the total. The other foreign currency counterfeits included 25 British pound counterfeits and two Czech koruna counterfeits.