



The launch of Google Pay in 2018 was a new development in the use of mobile devices to make card payments. In February 2018 five banks in Slovakia introduced the service for holders of MasterCard and VISA cards issued by the banks.<sup>23</sup>

### 4.3 COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS

#### SECURITIES SETTLEMENT SYSTEMS (SSSs) AND THEIR LINKS

In 2018 Národná banka Slovenska, as part of the Eurosystem, cooperated in the drafting of an official view on each of the two central securities depositories based in Slovakia – CDCP and NCD-CP – in accordance with the CSD Regulation.<sup>24</sup> Authorisation applications of CDCP and NCD-CP were assessed by NBS in its capacity as a relevant authority under Article 12(1) of the CSD Regulation.

For both CDCP and NCD-CP, the Eurosystem issued a favourable opinion that included a number of recommendations. Meeting them will help bring the two Slovak CSDs into full compliance with the requirements of the CSD Regulation. The final opinion was approved by the ECB's Governing Council.

#### TARGET2-SECURITIES AND OTHER EUROSYSTEM

##### PROJECTS

The TARGET2-Securities (T2S) system operated reliably in 2018. NBS participated in the testing of a T2S upgrade – release 2.0 – which was deployed in June 2018 and allows currencies besides the euro to be used for settlement in T2S. Several changes in T2S participation took place in 2018, as follows:

- in October 2018 the Danish krone became available for settlement in T2S, after the Danish RTGS system, Kronos2, was connected to T2S and after VP Securities – a Danish central securities depository – migrated its Danish krone settlement to the platform (it previously used T2S only for euro settlement);
- ID2S, a new French CSD, migrated to T2S;
- the Central Bank of Ireland joined T2S;
- VP Lux ceased operating in 2018, so ceased its participation in T2S.

Change proposals that will form future T2S releases are always put out for consultation in national markets. In 2018 NBS took part in a written consultation concerning harmonisation and it monitored compliance with harmonisation standards within the national market.

## 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, various other tasks of the European System of Central Banks (ESCB), and the tasks of the European Systemic Risk Board (ESRB), Eurostat, the Bank for International Settlements (BIS) and other international institutions. Based on data reported by financial and non-financial agents, the statistics are used not only by internal users at NBS, but also by financial market participants, public sector entities, the media, and the general public.

### 5.1 STATISTICAL DEVELOPMENTS

In 2018 monetary and financial statistics for the banking sector were affected by an amendment to the Banking Act relating to the classification of mortgage loans for statistical purposes. Methodological changes and new requirements introduced by the European Central Bank (ECB) for the reporting of capital, reserves and positions in respect of the Single Resolution Mechanism did not affect the legal framework for data collection. Internal processes were focused on technical improvements in the compilation and analysis of data.

<sup>23</sup> Sources: banks and foreign bank branches.

<sup>24</sup> Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.



A qualitative survey of selected banking sector participants in 2018 focused on the options for the introduction of the Integrated Reporting Framework (IReF) in the euro area. The banking sector was informed about the latest developments in statistical reporting based on data models and about projects for connecting banks' internal systems with reporting obligations via the Banks' Integrated Reporting Dictionary (BIRD). The stability of requirements stems from work on the use of micro data from credit registries for compiling aggregated data and on integrated reporting for the banking sector.

Data quality in the ECB's securities databases – to which Národná banka Slovenska contributes data on a regular basis – underwent further improvement in 2018. The ECB launched an enhanced version of its interactive Data Quality Management tool in the Centralised Securities Database (CSDB). This tool gives central banks greater flexibility over the transmission and quality control of securities data, and it includes additional functionalities of data 'historisation' and data revision. A key step towards the interconnection of key ECB databases was taken in 2018, with the testing of the linkage and consistency of reference data between the CSDB and the Register of Institutions and Affiliates Database (RIAD). Data on Slovak issuers have been brought into 99.3% alignment.

Reporting for investment funds pursuant to an ECB Guideline was expanded in 2018 by the addition of a new subdivision dedicated to monitoring investment funds for whether they are, or are not, undertakings for collective investment in transferable securities (UCITS). As for statistics on other financial intermediaries (factoring, leasing and consumer credit companies), the reporting sample underwent changes at the start of 2018 due to the acquisition and dissolution of some of the firms included in it. The sample of reporting agents is compiled for a period of three years. The new reporting sample, compiled on the basis of a questionnaire, will be in place for the years 2019 to 2021.

In the quarterly financial accounts statistics, work continued in 2018 on harmonising these statistics with the balance of payments (b.o.p) and international investment position (i.i.p.) data.

Significant alignment of data between these two areas of statistics took place in 2018.

There were notable changes in government finance statistics in 2018. ECB requirements laid down by Guideline ECB/2018/13 on government finance statistics (amending Guideline ECB/2013/23) were modified in response to the needs of fiscal statistics users. The changes were focused on ensuring harmonisation with the ESA 2010 transmission programme (ESA TP), better comparability of data between EU countries, clarification of terminology, and also on excluding indicators which can be inferred from the transmitted data.

In February 2018 Národná banka Slovenska and the Financial Directorate of the Slovak Republic signed an *Agreement on cooperation in the provision of statistical data and statistical information*. The Agreement is a response to the need for the numerical and categorical specification of statistical data related to individual economic indicators, in accordance with the requirements of international institutions and with legal acts of the ECB. When established, the financial indicators database will be used in the compilation of balance of payment statistics, financial account statistics, statistics on other financial intermediaries, and statistics required for monetary analyses. By making use of these data, NBS raises the quality of the data collected and fills in gaps in the data for previous periods.

In March 2018 Národná banka Slovenska and the Statistical Office of the Slovak Republic (SO SR) signed Addendum No 2 to their *Framework agreement on cooperation in the provision of statistical data and statistical information*.

In August 2018 NBS signed a contract on the purchase of Qlik licenses, including the provision by the supplier of advice and training on this business intelligence tool. The purpose of the purchase is to enhance the quality and processing of data. The tool was subsequently equipped with modules from the areas of securities statistics, balance sheet statistics, interest rate statistics, statistics on other financial intermediaries, balance of payments statistics, financial account statistics, foreign direct investment statistics, and services statistics.



In the area of capital market statistics, the provisions of NBS Decree No 3/2012, which lays down reporting requirements for asset management companies and for pension funds' depositories, had to be brought in line with the Collective Investment Act in 2018 following the amendment of that law. This required drafting a new decree which repealed the original decree and entered into force on 31 December 2018: Decree No 11/2018 on reporting by asset management companies, foreign asset management companies, autonomous investment funds, and depositories of investment funds for the purposes of financial market supervision. The amendment to the Collective Investment Act introduced the option of engaging in new forms of collective investment through investment companies with variable share capital (SICAV). Revisions were consequently made to the categorisation of funds and to the definitions of certain core terms.

Another significant development in 2018 was the entry into force of the EU's Markets in Financial Instruments Directive and Regulation (MiFID II/MiFIR).<sup>25</sup> The objective of these new legal acts, as well as many related regulations and documents, is to increase investor protection and the transparency of financial instrument trading in the European Union. This will be achieved by strengthening European rules for securities markets and by new regulation. The MiFID II/MiFIR package entered into force on 3 January 2018; in response, a number of amendments were made to NBS Decree No 13/2014 on reporting for supervisory purposes by investment firms and branches of foreign investment firms. The Directive's implementation resulted in the establishment of new reports which differed from previous ones mainly in regard to the collection of transaction data (changes in the reporting template and in the collection system). In addition, automated transmission was introduced for the monthly transmission of these reports' statistical data from NBS to the European Securities and Markets Authority (ESMA) and for the exchange of statistical data with other central banks.

As for insurance market statistics in 2018, attention was focused on meeting the requirements of the ECB and the European Insurance and Occupational Pensions Authority (EIOPA), in particular on satisfying new requirements and increasing

the quality of reported data. The ECB expanded requirements concerning the reporting of data for a new item – 'reconciliation reserve'. As a result, historical data going back to the first quarter of 2016 had to be revised. This revision process included adding non-financial asset data not previously reported and a breakdown of investment fund investments by type of fund. Based on the audited data available from the annual reporting under Solvency II, annual data for 2016 and 2017 were revised. For the first time, available data for branches of insurance undertakings from other EU Member States were analysed by comparing them with data from national sources and from EIOPA sources. Meetings were held with NBS's Securities Market, Insurance and Pension Funds Supervision Department, and Regulation Department with the objective of defining internal controls for the Solvency II taxonomy applicable in 2019. The introduction of the Qlik business intelligence tool for insurance market reports entailed a significant shift towards the automatised checks of data input sources used in the processing of output datasets transmitted to the ECB.

In the area of pension fund statistics, processes were brought to a completion in 2018 which had been undertaken in preparation for European institutions' new legislative regulations aimed at meeting requirements for the collection of pension fund data. The ECB issued a Regulation on statistical reporting requirements for pension funds,<sup>26</sup> by which it shortened reporting deadlines and expanded the composition of data in respect of the geographic breakdown of counterparties. Deadlines for reporting quarterly and annual data on occupational pension schemes to EIOPA were introduced in 2018 under a Decision of the EIOPA Board of Supervisors.<sup>27</sup> The data will be collected and then transmitted to EIOPA via the NBS information system Statistics Collection Portal. The new requirements for reporting data to the ECB and EIOPA will apply as of the third quarter of 2019.

The most significant development concerning balance of payments statistics in 2018 was the adoption of an ECB Guideline on statistical reporting in the field of external statistics,<sup>28</sup> which enters into force from March 2021. Under this Guideline, the ECB introduces new requirements concerning the monetary presentation of select-

<sup>25</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.

<sup>26</sup> Regulation (EU) 2018/231 of the European Central Bank of 26 January 2018 on statistical reporting requirements for pension funds (ECB/2018/2).

<sup>27</sup> Decision of the Board of Supervisors on EIOPA's regular information requests towards NCAs regarding provision of occupational pensions information (EIOPA-BoS/18-114).

<sup>28</sup> Guideline (EU) 2018/1151 of the European Central Bank of 2 August 2018 amending Guideline ECB/2011/23 on the statistical reporting requirements of the European Central Bank in the field of external statistics (ECB/2018/19).



ed items of the international investment position, an expanded breakdown of b.o.p. financial instruments, and more detailed sectoral and geographical breakdowns.

Another important activity in 2018 was the continuing work on the amendment of Regulation (EC) No 184/2005 of the European Parliament and of the Council on Community statistics concerning balance of payments, international trade in services and foreign direct investment, and the implementation of the new Framework Regulation Integrating Business Statistics (FRIBS). The extension of requirements will in future concern mainly statistics on cross-border services.

In April 2018 representatives of NBS and the Slovak Statistical Office held a working meeting which resulted in the establishment of a working group focusing on non-resident transactions in foreign trade. NBS also cooperated with the SO SR on the issue of gross national income, which was related to a Eurostat mission that included several rounds of methodological questions on balance of payments data.

Reporting for entities which, when reporting via the new information system, are subject to a reporting obligation under the Foreign Exchange Act was expanded in 2018 to include new requirements in the form of three annual reports. The statistical reporting obligation for non-bank entities is governed by the Foreign Exchange Act (and amending Act No 372/1990 on non-indictable offences, as amended), as amended by Act No 602/2003. 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 280/2015 of 25 September 2018 on reporting in accordance with the Foreign Exchange Act.

## 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 its information system Statistics Collection Portal (IS SCP). In 2018 a new taxonomy was implemented in the IS SCP for the reporting of supervisory data required by the European Banking Authority (EBA), EIOPA and the ECB. Functionalities related to ESMA reporting and certain functionality components were upgraded.

By the end of 2018 4,075 reporting agents were registered in the IS SCP, including 29 from the banking sector, 38 engaged in other financial intermediation, 54 from the insurance sector, 134 from the capital market (investment firms, investment funds, asset management companies, the securities exchange, and central securities depositories), 45 from the pension fund sector and 3,775 entities reporting to NBS under the NBS Decree on reporting in accordance with the Foreign Exchange Act.

In 2018 a total of 160 reporting templates were designed for data collection requirements under national law, 306 as required by the EBA, 109 as required by EIOPA, and two in accordance with the EU's Alternative Investment Fund Managers Directive.

The transformation of historical data from selected reporting statements collected in 2015 and earlier and their migration to the IS SCP continued in 2018. At the same time, work continued on the preparation of a meta description for the migration of other reporting statements.

Business intelligence (BI) modules continued to be developed in 2018 in order to ensure the quality of data and improvements in their processing. BI development included the implementation of a 'proof of concept' process, which involved loading data to databases and connecting to BI tools.

A new data collection development project established in NBS in 2018 is expected to result in common authentication of reporting agents, a more efficient functionality distribution in individual collection systems, the development of a data warehouse, and the further use of BI tools.