



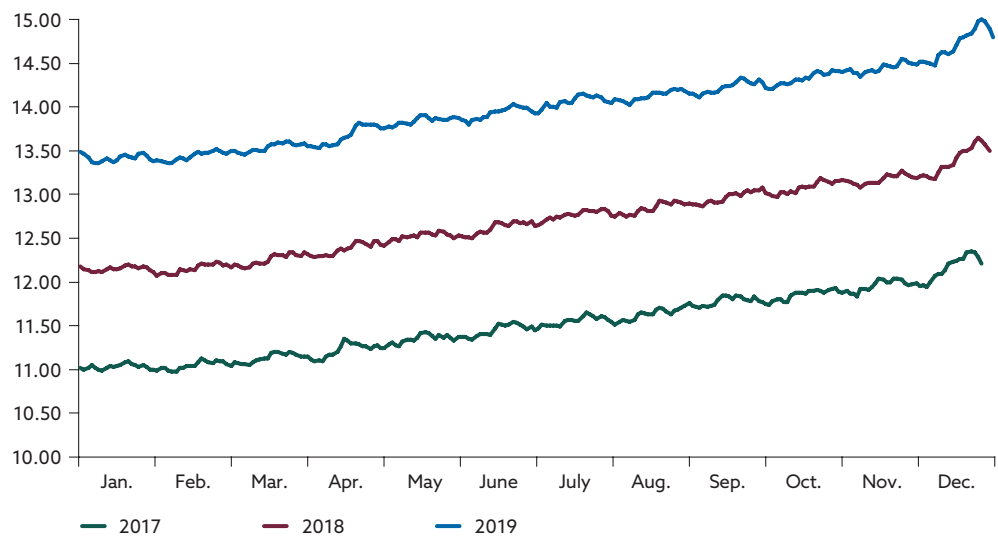
4 Issuing activity and currency circulation

4.1 Continuing year-on-year growth in euro cash issuance

The cumulative net issuance (CNI)¹³ of euro banknotes and coins in Slovakia had a total value of **€14.8 billion** as at 31 December 2019, with banknotes accounting for €14.6 billion of that amount. In year-on-year terms, the CNI increased in 2019 by 9.5% (or €1.3 billion), which was slightly lower than 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 had almost tripled by the end of 2019.

Chart 27

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



Source: NBS.

¹³ 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and volume of currency in circulation, but only that of euro banknotes and euro coins which NBS itself has put into and withdrawn from circulation.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as at 31 December 2018 refers to the difference, in value or volume terms, of euro banknotes and coins put into and withdrawn from circulation between 1 January 2009, when Slovakia joined the euro area, and 31 December 2019.

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 €13.7 billion¹⁴ as at 31 December 2019. The value of euro banknotes issued in Slovakia was higher than the ‘allocated’ value by €918.3 million.

The CNI’s daily trend showed the usual seasonal fluctuations in 2019, with the year-on-year difference ranging approximately between €1.2 billion and €1.4 billion (Chart 27). The daily CNI peaked on 23 December (at €15.0 billion).

Euro banknotes accounted for almost the entire value (98.6%) of the CNI as at 31 December 2019, but only for 20.0% of the CNI in terms of volume (representing 214.1 million banknotes). Euro coins, including euro collector coins, made up the remaining 80.0% (853.9 million coins), as Table 8 shows.

Denomination	Cumulative net issuance				Percentage share of the CNI as at 31 December 2019	
	CNI as at 31 December 2019		Annual net issuance in 2019		volume	value (€)
	number	value (€)	number	value (€)		
€500	7,750,983	3,875,491,500.00	-953,940	-476,970,000.00	0.73	26.20
€200	2,288,039	457,607,800.00	1,940,425	388,085,000.00	0.21	3.09
€100	68,527,407	6,852,740,700.00	11,515,092	1,151,509,200.00	6.42	46.33
€50	42,977,126	2,148,856,300.00	2,673,091	133,654,550.00	4.02	14.53
€20	37,461,960	749,239,200.00	2,020,151	40,403,020.00	3.51	5.07
€10	45,922,785	459,227,850.00	4,000,180	40,001,800.00	4.30	3.10
€5	9,179,741	45,898,705.00	-77,432	-387,160.00	0.86	0.31
Total banknotes	214,108,041	14,589,062,055.00	21,117,567	1,276,296,410.00	20.05	98.63
€2	64,353,908	128,707,816.00	4,746,857	9,493,714.00	6.03	0.87
€1	21,691,183	21,691,183.00	54,071	54,071.00	2.03	0.15
50 cent	30,132,441	15,066,220.50	561,093	280,546.50	2.82	0.10
20 cent	33,186,627	6,637,325.40	-32,067	-6,413.40	3.11	0.05
10 cent	71,300,545	7,130,054.50	5,629,431	562,943.10	6.67	0.05
5 cent	97,770,079	4,888,503.95	7,875,434	393,771.70	9.15	0.03
2 cent	212,234,262	4,244,685.24	17,332,153	346,643.06	19.87	0.03
1 cent	322,742,017	3,227,420.17	38,488,034	384,880.34	30.22	0.02
Total coins	853,411,062	191,593,208.76	74,655,006	11,510,156.30	79.90	1.30
Collector coins	535,535	10,674,980.00	56,735	922,090.00	0.05	0.07
Total banknotes and coins	1,068,054,638	14,791,330,243.76	95,829,308	1,288,728,656.30	100.00	100.00

Source: NBS.

¹⁴ The value of euro banknotes in circulation throughout the euro area as at 31 December 2019 was €1,292.7 billion, and the share of that amount issued by NBS according to the banknote allocation key was 1.0575% (€13.67 billion).

Looking at the denominational breakdown of the total number of banknotes included in the CNI, the €100 banknote had the largest share (32.0%).¹⁵ From 2009 to 2015 the €50 banknote had the largest share, but in subsequent years its share declined, down to 20.1% in 2019 (below the share of the €10 banknote – 21.4%).

As for the coin component of the CNI, it was largely unchanged from the previous year in terms of its volume breakdown. The two lowest denominations (1 and 2 cent) had the largest shares, together accounting for 62.7% of all coins in the CNI as at 31 December 2019. But while their volume share is increasing year by year (in 2018 it was 62%), their share in the total value of coins in the CNI was only 3.9% at the end of 2019.

Looking at euro banknotes in Slovakia in average per capita¹⁶ terms, their number and value in 2019 were 36.6 and €2,532. For coins (including collector coins), the corresponding figures were 149 and €36. For banknotes and coins together, their average per capita value was €2,568.

4.2 The last two banknotes in the new Europa series started circulating in May 2019

The new €100 and €200 banknotes, the last notes in the Europa (ES2) series, started circulating on 28 May 2019. The €500 banknote, which stopped being issued as of 27 April 2019, is not included in the Europa series.

Chart 28 shows the shares of €100 and €200 banknotes of the Europa series in the total volume of the given denomination in the cumulative net issuance and in the volume of these denominations processed as at 31 December. The high share of the new banknotes in the total number of processed banknotes of these denominations (from both the first and second series) indicates that high denomination banknotes are widely used in circulation as well as being a store of value.

Older €5, €10 and €20 banknotes of the new Europa series are already being replaced in circulation. As for the new €50 banknote, its share in the CNI's €50 banknote component was 86% at the end of December 2019 (represent-

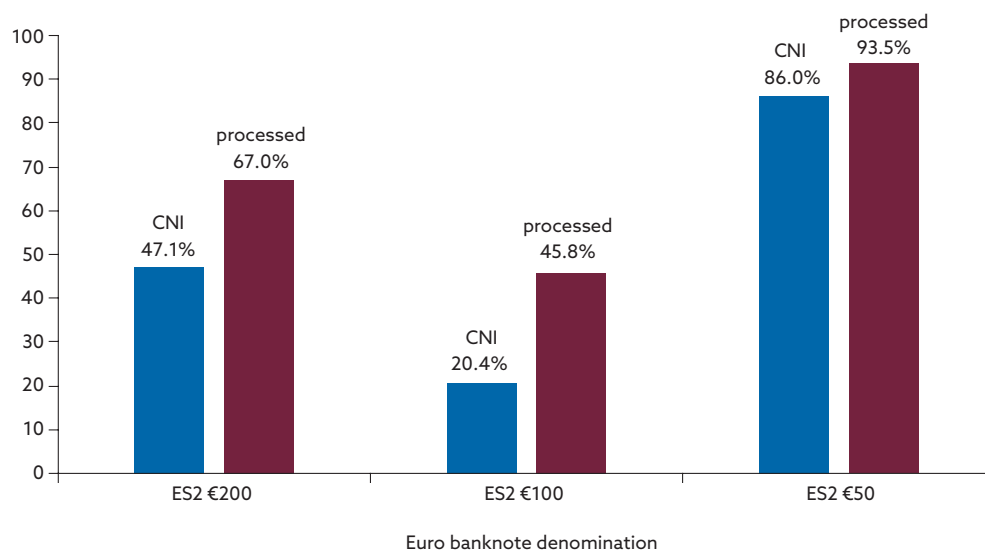
¹⁵ The fact that it had the largest share in the CNI does not mean the €100 banknote was the most used banknote during the period under review. Due to unregistered banknote migration, the CNI of a euro area country is not identical to the volume of cash in circulation in that country.

¹⁶ The population of Slovakia was 5,457,318 as at 30 November 2019, 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 2019.

ing around 37 million banknotes) and its share in the processed €50 banknotes stood at 93.5%.¹⁷

Chart 28

ES2 banknotes as a share of all banknotes of the given denomination included in the CNI and in the total number processed as at 31 December 2019 (percentage share)



Source: NBS.

4.3 Sharp rise in net issuance of 1 and 2 cent euro coins

In 2019, compared with the previous year, NBS recorded a significantly higher net issuance of 1 and 2 cent coins, owing mainly to a drop in their return from circulation coupled with an increase in their gross issuance (volume put into circulation). When NBS looked deeper into the increased net issuance of 1 and 2 cent coins, it found that one of the main causes was the ending of free-of-charge acceptance of these coins at certain self-service coin machines, along with the high fees charged by commercial banks for taking deposits in the form of these coins or otherwise handling them. Going forward, the number of 1 and 2 cent coins returned from circulation is expected to remain lower than in previous years.

4.4 Unredeemed Slovak koruna banknotes and coins

As at 31 December 2019, i.e. eleven years after Slovakia adopted the euro, unredeemed Slovak koruna banknotes totalled 18.72 million (including

¹⁷ The rate of saturation of Europa banknotes in banknotes in active circulation is higher than the saturation calculated on the basis of the CNI of euro banknotes. This is because euro banknotes fall out of active circulation due to being lost, being held as collector items, or leaving the euro area.

10.03 million 20 koruna banknotes). Their combined face value was around SKK 2.13 billion (€70.8 million). The face value of unredeemed Slovak koruna banknotes was only around 1.40% of the total value of koruna banknotes issued (by 31 December 2007). The number of unredeemed Slovak koruna commemorative coins stood at 0.9 million by the end of 2019, and their total face value was SKK 0.7 billion (€23.2 million).

In per capita terms, koruna banknotes unredeemed by the end of 2019 numbered 3.4 and had a face value of SKK 391.0. The SKK 20 denomination was the most numerous of these banknotes, at almost 1.8 per capita. Around 47 thousand koruna banknotes were redeemed in 2019, and their combined face value was SKK 27.2 million (€0.90 million). Compared with 2018, the number and value of Slovak banknotes redeemed in 2019 were lower by, respectively, 3.3% (1.6 thousand banknotes) and 1.2% (SKK 344.5 thousand).

4.5 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 56.39 million €20 banknotes of the new Europa series (ES2) in 2019. This volume included a proportion of the Eurosystem's outstanding allocation of first series (ES1) €100 banknotes, reallocated as ES2 €20 banknotes. This part of NBS's 2019 allocation amounted to 27.4 million banknotes. The Bank contracted out the production of the banknotes to Oberthur Fiduciaire SAS, a French printing works based in Rennes. The company delivered the banknotes on schedule.

In 2019 the Bank also commissioned the production of euro coins intended for circulation (Table 9).

Table 9 Circulation euro coins delivered to NBS logistical stocks in 2019

Denomination	Number of coins delivered
10 cent	3,000,000,
5 cent ¹⁾	4,025,000
2 cent ¹⁾	14,450,500
1 cent	32,000,000
Total	53,475,500

Source: NBS.

Note: 1) The number delivered includes a contractual tolerance of +5%.

All the Slovak euro coins commissioned by NBS are produced by the state-owned Kremnica Mint (Mincovňa Kremnica). Those minted in 2019 included 20,100 coins of each denomination that were used in six annual collector sets of Slovak euro coins.

In 2019, in accordance with its issuance schedule for commemorative and collector euro coins, NBS also issued:

- six collector euro coins, include five struck in silver and one in gold (Table 10);
- one million €2 commemorative coins marking the 100th anniversary of the death of Milan Rastislav Štefánik; the coins started circulating on 25 April 2019.

The Bank outsources the sale of commemorative and collector euro coins through contractual partners in Slovakia and abroad.

Table 10 Collector coins issued by Národná banka Slovenska in 2019

Denomination	Feature	Number of coins issued		NBS Notification of coin issuance
		Total	of which proof	
€10 ¹⁾	10th anniversary of the introduction of the euro in Slovakia	10,600	7,300	No 297/2018
€10 ¹⁾	100th anniversary of the death of Milan Rastislav Štefánik	13,650	10,000	No 69/2019
€10 ¹⁾	100th anniversary of Comenius University in Bratislava	10,400	7,300	No 97/2019
€10 ¹⁾	150th anniversary of the birth of Michal Bosák	9,150	6,150	No 260/2019
€10 ¹⁾	200th anniversary of the appointment of Alexander Rudnay as Archbishop of Esztergom	9,600	6,600	No 285/2019
€100 ²⁾	Mojmir I, ruler of Great Moravia	4,100	4,100	No 284/2019

Source: NBS.

Notes: 1) Silver collector coin. 2) Gold collector coin.

4.6 Processing of euro banknotes and coins

In 2019 Národná banka Slovenska put 332.9 million euro banknotes into circulation, and a total of 311.7 million euro banknotes were returned to the Bank from circulation. During the year the Bank processed 313.8 million euro banknotes (after processing 348.1 million in 2018). The approximately 10% year-on-year drop in the number of banknotes processed was caused by declines in the rates at which €50 and €10 banknotes were returned to NBS for processing (they fell by 16% and 14% respectively). This decline was partly offset by an increase in the number of returned euro banknotes put back into circulation by commercial banks and other cash handlers.

The total number of euro banknotes returned to NBS was approximately 1.6 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 seven months on average.¹⁸ In this way, NBS checks the authenticity and

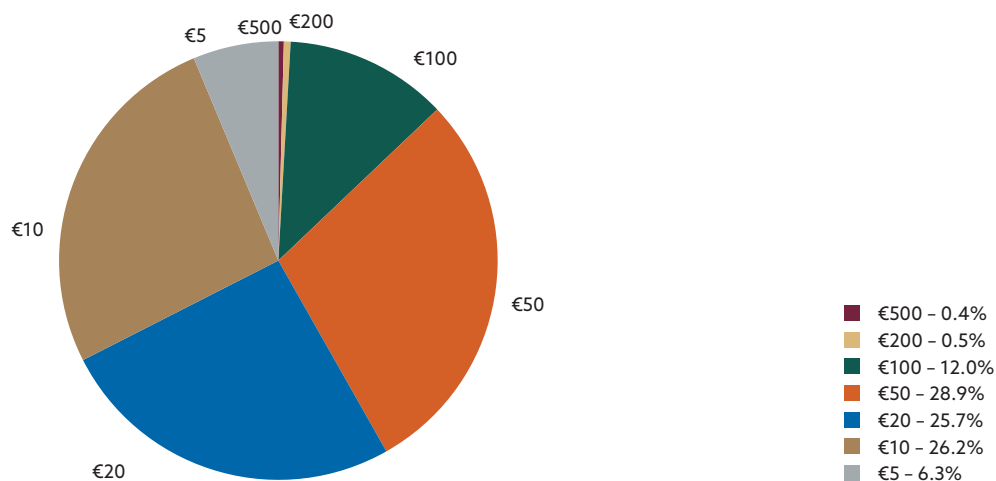
¹⁸ Some cash is kept out of circulation and is therefore not returned to NBS for processing.

fitness for circulation of returned banknotes, with the aim of maintaining the integrity of the currency and public confidence in euro banknotes.

The €50 banknote, among the most used euro banknotes in circulation, was again the most frequently processed denomination in 2019 (Chart 29).

Chart 29

Denominational breakdown of euro banknotes processed by NBS in 2019



Source: NBS.

In its processing of euro banknotes during 2019, NBS identified 49.3 million banknotes as unfit for circulation and subsequently destroyed them. Compared with 2018, the number of unfit banknotes destroyed by NBS fell by 11.7%, owing mainly to the lower number of first series (ES1) €50 banknotes returned from circulation. The returned ES1 banknotes, after being replaced with ES2 banknotes, are destroyed.

The lower volume of banknotes sorted as unfit was reflected in the average unfit rate for euro banknotes, which dropped to 15.7% (from 16.0% in the previous year). This was lower than the average for the euro area (16.7%).

The Slovak public's satisfaction with the quality of euro banknotes was confirmed in an online poll conducted by the ECB across the euro area in 2019. In the Slovak component of the survey, 86% of the respondents expressed satisfaction with the quality of euro banknotes in circulation (the corresponding figures in the 2018 and 2017 surveys were 89% and 88% respectively).

In 2018 a total of 329.1 million euro coins were put into circulation by NBS, and 254.4 million euro coins were returned to NBS from circulation.

Since coins have a longer lifespan than banknotes, only 177,200 of the 255.2 million euro coins processed in 2019 were sorted as unfit (the number of coins processed in 2018 was 266.8 million). Looking at each euro coin denomination in terms of the share sorted by NBS in 2019, the figures were

very similar, ranging from 10.1% to 15.7%. Compared with the previous year, a fewer number of 1 and 2 cent coins were processed, given the drop in the number of these coins returned from circulation for NBS processing.

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.

4.7 Year-on-year increase in the number of counterfeit banknotes and coins recovered in Slovakia

A total of 3,438 counterfeit banknotes and coins were recovered in Slovakia in 2019, approximately one-fifth more than were recovered in 2018 (Table 11).

Table 11 Number of counterfeit banknotes and coins recovered in Slovakia

Year	EUR	SKK	Other currency	Total
2017	4,045	3	781	4,829
2018	2,720	5	82	2,807
2019	3,391	1	46	3,438

Source: NBS.

Of the total number of counterfeits recovered, 10.5% were seized by police before entering circulation. The rest (89.5%) were recovered by banks and cash-handling companies.

In the breakdown of recovered counterfeits by region, Bratislava Region had the highest share (25.9%) and Košice region the second highest (19.3%), while Trenčín Region had the lowest share (2.7%).

4.8 Euro counterfeits

A total of 3,391 counterfeit euro banknotes and coins were recovered in Slovakia in 2019 (1,970 banknotes and 1,421 coins), which was around one-quarter more than the number recovered in the previous year. Their overall face value was €229,652.50 (Table 12).

Table 12 Number of euro counterfeits recovered in Slovakia

Year	Denomination										Total
	50 cent	€1	€2	€5	€10	€20	€50	€100	€200	€500	
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
2019	153	120	1148	20	156	265	898	283	90	258	3,391

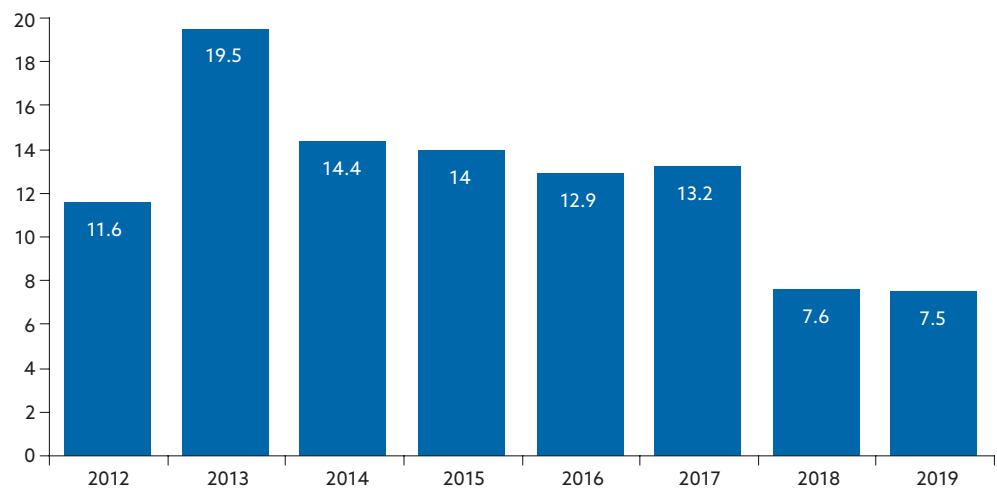
Source: NBS.

Despite their increase in 2019, the number of euro counterfeit banknotes recovered in Slovakia has been low for a long period of time.

Of the total number of counterfeit euro banknotes recovered in the euro area in 2019, only 0.37% were recovered in Slovakia. Over the long term, Slovakia's share of all counterfeit banknotes recovered in the euro area is below 1%, which means Slovakia is among the countries with the lowest incidence of euro counterfeit banknotes. For every million euro banknotes in circulation in Slovakia in 2019 there were only around 7.5 counterfeit banknotes, while the corresponding figure for euro coins was less than two. The chances of individuals coming across a counterfeit euro banknote or coin are low.

Chart 30

Recovered euro banknote counterfeit banknotes per million euro banknotes in circulation



Source: NBS.

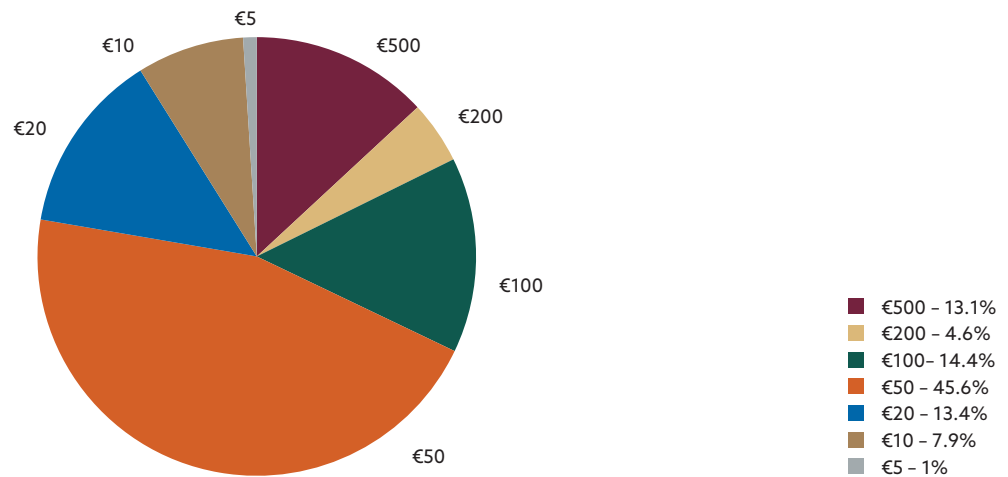
The low number of counterfeit banknotes recovered in Slovakia in recent years is due to a combination of several factors, in particular the following: the introduction of the new series of euro banknotes with their improved security features; close cooperation between law enforcement authorities dealing with the currency protection aspect of economic crime; the well-established system of cash-authentication training in place in the banking and financial sector; and the fact that Slovakia is probably seen as just a transit country by significant producers and distributors of counterfeit banknotes.

The number of counterfeit euro banknotes recovered from circulation in Slovakia has been stable for a long period of time, at around 150 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 counterfeit banknotes were seized by police before they entered circulation. All euro counterfeit banknotes can be detected without technical equipment as long as sufficient attention is paid to euro cash when receiving it.

Compared with 2018, the number of euro banknote counterfeits recovered in Slovakia was 33.9% higher in 2019, at 1,970. The denominational breakdown of euro banknote counterfeits in Slovakia has remained similar in recent years. In 2019 counterfeit €50 and €100 banknotes accounted for, respectively, 45.6% and 14.4% of the total. In the euro area as a whole, the €50 denomination was the most counterfeited (36.8%), followed by the €20 denomination (26.5%).

Chart 31

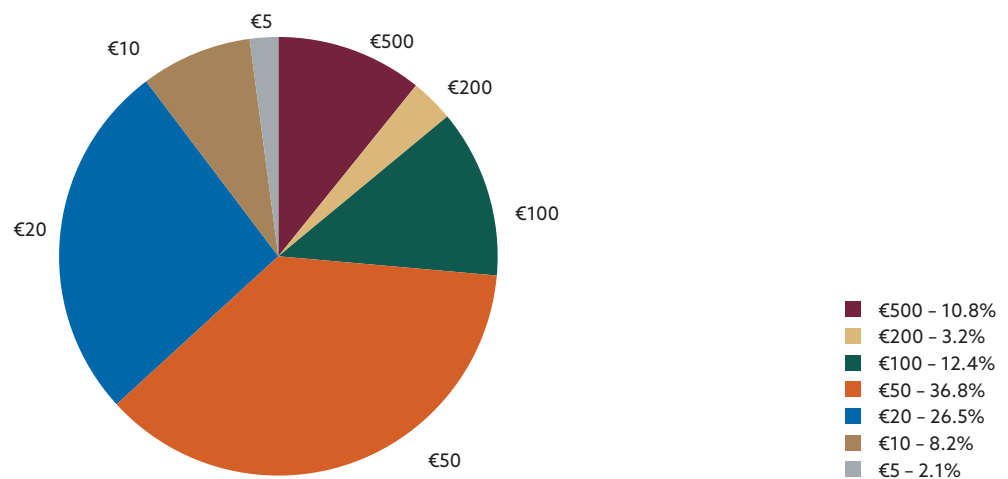
Denominational breakdown of counterfeit euro banknotes recovered in Slovakia in 2019 (percentages)



Source: NBS.

Chart 32

Denominational breakdown of counterfeit euro banknotes recovered in the euro area in 2019 (percentages)



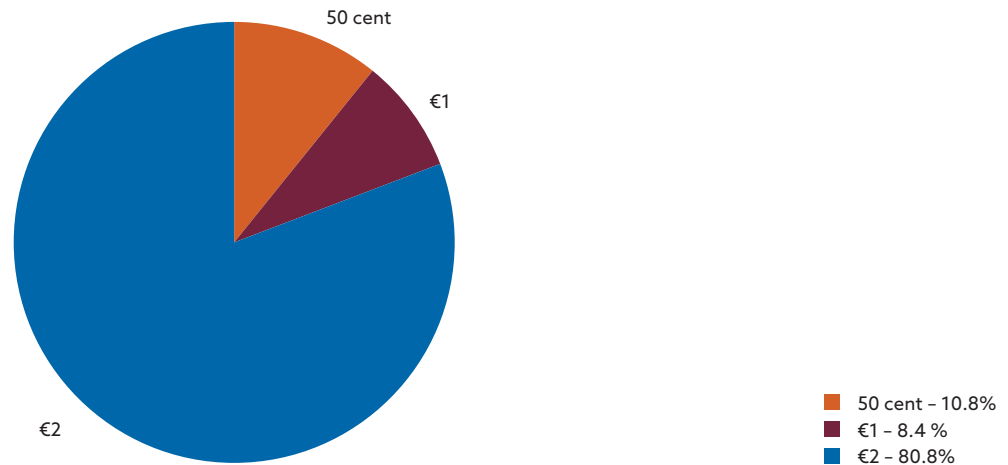
Source: NBS.

A total of 1,421 euro coin counterfeits were recovered in Slovakia in 2019, which represented a year-on-year increase of 14%. All the coins were recovered from circulation. The technical quality of euro coin counterfeits is

generally very high. Counterfeit €2 coins made up 80.8% of the total. The denominational breakdown of counterfeit euro coins recovered in Slovakia and in the euro area in 2019 is shown in Charts 33 and 34.

Chart 33

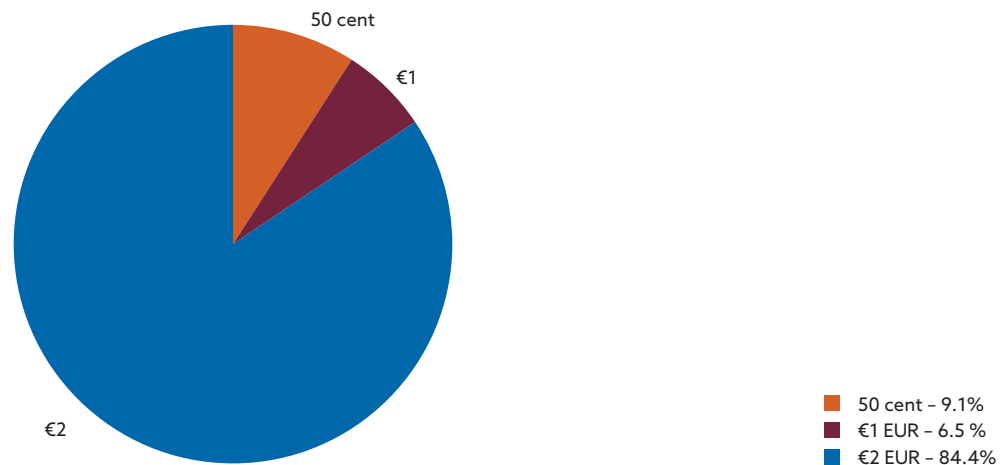
Denominational breakdown of counterfeit euro coins recovered in Slovakia in 2019 (percentages)



Source: NBS.

Chart 34

Denominational breakdown of counterfeit euro coins recovered in the euro area in 2019 (percentages)



Source: NBS.

4.9 Slovak koruna counterfeits and foreign currency counterfeits

Compared with 2018, the total number of Slovak koruna and foreign currency counterfeits recovered in Slovakia was significantly lower in 2019. Only one of the counterfeits was a koruna counterfeit. The number of US

dollar counterfeits was almost two-thirds lower, at 17. As in previous years, \$100 banknote counterfeits accounted for 95% of the US dollar counterfeits. The other foreign currency counterfeits included 19 British pound counterfeits, one Polish zloty counterfeit and nine Hungarian forint counterfeits.