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**4**

## Issuing activity and cash circulation

more than  
**235 million**  
euro banknotes in  
the Bank's cumulative  
net issuance

more than  
**917 million**  
euro coins in  
Slovakia's cumulative  
net issuance

almost  
**231 million**  
banknotes  
processed  
by NBS

**177 million**  
euro coins  
processed  
by the Bank



**6**  
precious metal  
collector coins  
issued  
by the Bank

**17,523**  
counterfeit euro  
banknotes and  
coins recovered  
in Slovakia

# Issuing activity and cash circulation

2020 saw a year-on-year increase in euro cash issuance growth and a rise in the number of counterfeit banknotes and coins withdrawn from circulation in Slovakia

## 4.1

## Cumulative net issuance developments

**Euro cash issuance growth was higher in 2020 than in the previous year**

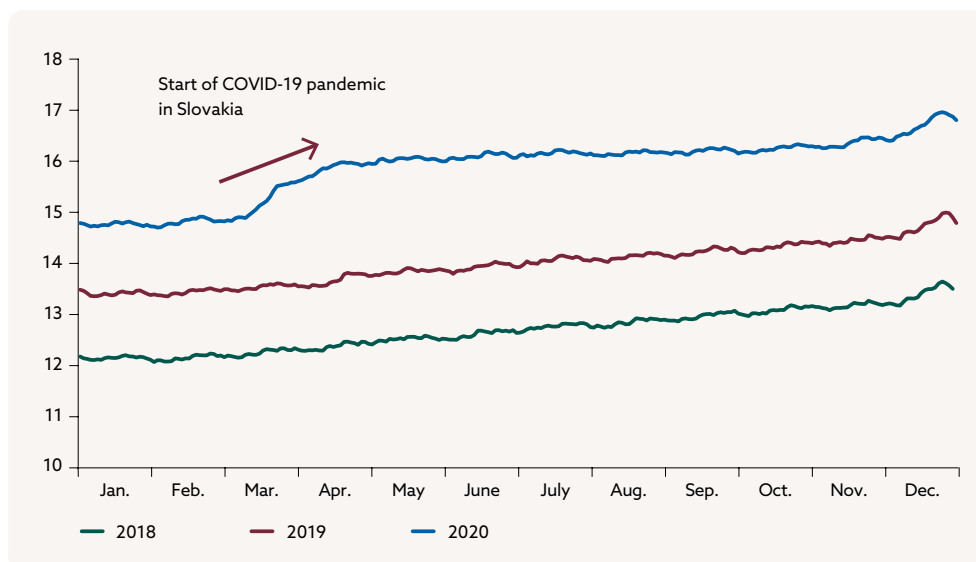
In 2020 cash circulation in Slovakia was affected by the COVID-19 pandemic crisis, which when it broke out in March triggered a brief surge in euro cash issuance. Immediately after Slovakia reported its first case of COVID-19, it saw increasing demand for euro banknotes, mainly for the €200 and €100 denominations. As a result, the cumulative net issuance (CNI)<sup>12</sup> of euro in Slovakia increased by €0.8 billion during March. In subsequent months, the CNI maintained a steady trend. Once the cash started to be returned from circulation to Národná banka Slovenska, cash circulation stabilised. Despite a year-on-year reduction in the volume of the cash cycle (the volume of cash issued and returned from circulation), the value of the CNI of euro in Slovakia in 2020 represented a year-on-year increase of 13.2% (€1.96 billion). The impact of the pandemic on the CNI is shown in Chart 29.

<sup>12</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and volume of currency in circulation, but only that of euro banknotes and euro coins which NBS itself has put into and withdrawn from circulation.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as at 31 December 2020 means the difference, in value or volume terms, of euro banknotes and coins put into and withdrawn from circulation between 1 January 2009, when Slovakia joined the euro area, and 31 December 2020.



**Chart 29:**  
Cumulative net  
issuance of  
euro cash on  
a daily basis  
(EUR billions)

Source: NBS.



The CNI of euro banknotes and coins in Slovakia had a total value of **€16.75 billion** as at 31 December 2020, with banknotes accounting for €16.54 billion of that amount. The CNI converted into the former Slovak koruna currency passed the “magic” 500 billion koruna level in December 2020 and was three times higher than the value of Slovak koruna cash in circulation just before Slovakia adopted the euro (on 1 January 2009). More detailed data on the issuance of euro banknotes and coins in Slovakia is provided in Table 7.



**Table 7:**  
Composition of  
the cumulative net  
issuance of euro  
banknotes and  
coins

Source: NBS.

Denomination	Cumulative net issuance as at 31 December 2020		Annual net issuance in 2020		Annual percentage change	
	number	value (EUR)	number	value (EUR)	volume	value (EUR)
€500	7,126,561	3,563,280,500.00	-624,422	-312,211,000.00	-8.06	-8.06
€200	4,950,601	990,120,200.00	2,662,562	532,512,400.00	116.37	116.37
€100	84,436,020	8,443,602,000.00	15,908,613	1,590,861,300.00	23.21	23.21
€50	45,739,451	2,286,972,550.00	2,762,325	138,116,250.00	6.43	6.43
€20	36,851,806	737,036,120.00	-610,154	-12,203,080.00	-1.63	-1.63
€10	46,998,078	469,980,780.00	1,075,293	10,752,930.00	2.34	2.34
€5	9,356,720	46,783,600.00	176,979	884,895.00	1.93	1.93
<b>Total banknotes</b>	<b>235,459,237</b>	<b>16,537,775,750.00</b>	<b>21,351,196</b>	<b>1,948,713,695.00</b>	<b>9.97</b>	<b>13.36</b>
€2	67,686,263	135,372,526.00	3,332,355	6,664,710.00	5.18	5.18
€1	22,185,943	22,185,943.00	494,760	494,760.00	2.28	2.28
50 cent	30,727,114	15,363,557.00	594,673	297,336.50	1.97	1.97
20 cent	33,771,285	6,754,257.00	584,658	116,931.60	1.76	1.76
10 cent	75,636,142	7,563,614.20	4,335,597	433,559.70	6.08	6.08
5 cent	105,321,350	5,266,067.50	7,551,271	377,563.55	7.72	7.72
2 cent	227,540,146	4,550,802.92	15,305,884	306,117.68	7.21	7.21
1 cent	354,101,738	3,541,017.38	31,359,721	313,597.21	9.72	9.72
<b>Total coins</b>	<b>916,969,981</b>	<b>200,597,785.00</b>	<b>63,558,919</b>	<b>9,004,576.24</b>	<b>7.45</b>	<b>4.70</b>
Collector coins	585,758	11,596,165.00	50,223	921,185.00	9.38	8.63
<b>Total value</b>		<b>16,749,969,700.00</b>		<b>1,958,639,456.24</b>		<b>13.24</b>

According to the banknote allocation key agreed by the ECB's Governing Council, the Bank's cumulative share in the Eurosystem's production of euro banknotes amounted to €15.11 billion<sup>13</sup> as at 31 December 2020. The value of euro banknotes actually commissioned by the Bank as at that date exceeded the 'allocated' value by €1,425.2 million.

Looking at euro banknotes in Slovakia in average per capita terms, their number and value in 2020 were 41.27 and €2,877. For coins (including collector coins), the corresponding figures were 162 and €38. For banknotes and coins together, their average per capita<sup>14</sup> value was €2,915.

### 4.1.1 Europa series banknotes in circulation were used not only as a store of value but also for transaction purposes

All denominations<sup>15</sup> of the second series of euro banknotes – the Europa series (ES2) – were already in circulation by the start of 2020. During the period under review, Europa series banknotes increased as a share of the total number of processed banknotes, which indicates that they were used not only as a store of value but also for transaction purposes.

### 4.1.2 Unredeemed Slovak koruna banknotes and coins

As at 31 December 2020, i.e. twelve years after Slovakia adopted the euro, unredeemed Slovak koruna banknotes totalled 18.69 million (including 10.02 million 20 koruna banknotes). Their combined face value was around SKK 2.12 billion (€70.2 million). The face value of unredeemed Slovak koruna banknotes was only around 1.39% 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 2020, and their total face value was SKK 0.7 billion.

In per capita terms, koruna banknotes unredeemed by the end of 2020 numbered 3.4 and had a face value of SKK 387.2. The SKK 20 denomination was the most numerous of these banknotes, at almost 1.8 per capita. The koruna banknotes redeemed in 2020 numbered 30.6 thousand and had

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<sup>13</sup> The value of euro banknotes in circulation throughout the euro area as at 31 December 2020 was €1,434.5 billion, and the Bank's share in that amount according to the banknote allocation key was 1.0535%.

<sup>14</sup> The population of Slovakia was 5,464,060 million as at 30 September 2020, 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 2020.

<sup>15</sup> Not including the €500 denomination, which was part of the first series of euro banknotes and is no longer produced.

a combined face value of SKK 18.5 million (€0.61 million). Compared with 2019, the number and value of Slovak banknotes redeemed in 2020 were lower by, respectively, 34.8 % (16.4 thousand banknotes) and 31.8% (SKK 8.6 million).

## 4.2

## Production of euro banknotes and coins

The Europa series banknotes whose production was commissioned by the Bank in 2020 comprised €20 banknotes in the following amounts:

- 1) 76.52 million banknotes produced by Bundesdruckerei GmbH in Germany;
- 2) 50 million banknotes produced by Oberthur Fiduciaire SAS in France (this production was commissioned in response to the Eurosystem's need for additional supplies of €20 banknotes).

The banknotes were produced and delivered in the stipulated volume during the course of 2020.

The additional production and deliveries in 2020 were commissioned in response to an urgent ECB request (and its subsequent approval by the NBS Bank Board on 12 May 2020) to have the production of 50 million €20 banknotes brought forward from 2021 to 2020. A total of 37.60 million of these banknotes were delivered by 31 December 2020, and the remaining 12.40 million will be delivered in the first quarter of 2021.

In 2020 the Bank also commissioned the production of 114.5 million euro coins intended for circulation, including five different denominations (Table 8).



**Table 8:**  
Euro coins intended for circulation – deliveries to NBS logistical stocks in 2020

Denomination	Number of coins delivered <sup>1)</sup>
€2	3,106,500
10 cent	12,109,600
5 cent	16,482,000
2 cent	25,094,000
1 cent	57,674,500
<b>Total</b>	<b>114,466,600</b>

Source: NBS.

Note: <sup>1)</sup> 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 2020 included 28,100 coins of each denomination that were used in seven annual collector sets of Slovak euro coins.

In 2020, in accordance with its issuance schedule for commemorative and collector euro coins, NBS also issued:

- six euro collector coins, including five struck in silver and one in gold (Table 9);
- one million €2 commemorative coins marking the 20th anniversary of the accession of the Slovak Republic to the Organisation for Economic Co-operation and Development (OECD); the coins started circulating on 11 November 2020.



**Table 9:**  
**Collector coins issued by the Bank in 2020**

Source: NBS.

Denomination	Feature	Number of coins issued		NBS Notification of coins issuance
		Total	of which proof	
€10 <sup>1)</sup>	100th anniversary of the Slovak National Theatre	11,300	8,200	No 416/2019
€10 <sup>1)</sup>	200th anniversary of the birth of Andrej Sládkovič	9,150	6,350	No 10/2020
€10 <sup>1)</sup>	300th anniversary of the birth of Maximilian Hell	9,300	6,500	No 83/2020
€20 <sup>1)</sup>	Poľana Mountains Protected Landscape Area	9,750	6,750	No 185/2020
€10 <sup>1)</sup>	150th anniversary of the birth of Štefan Banič	9,200	6,450	No 220/2020
€100 <sup>2)</sup>	Svätopluk II, Prince of Nitra	3,950	3,950	No 270/2020

Notes: <sup>1)</sup> Silver collector coin. <sup>2)</sup> Gold collector coin.

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

#### 4.2.1 The Bank's processing of euro cash in 2020 was affected by the COVID-19 pandemic

Compared with the previous year, fewer euro banknotes and coins were returned to the Bank from circulation in 2020, owing mainly to the impact of pandemic containment measures (including the closure of businesses and services). In consequence, the number of euro banknotes and coins processed by the Bank was lower in 2020, as, by extension, was the number of euro banknotes and coins sorted as unfit. The average unfit rate for euro banknotes decreased to 15.3% in 2020 (from 15.7% in 2019). More detailed data on the cash cycle and the processing of euro banknotes and coins are provided in Table 10.



**Table 10:**  
Summary data  
on the cash cycle  
and on the Bank's  
processing of  
euro banknotes  
and coins  
(in millions, unless  
otherwise stated)

Source: NBS.

	Euro banknotes			Euro coins		
	2019	2020	Year-on-year change	2019	2020	Year-on-year change
Number issued	332.9	255.6	-23.2%	329.1	242.6	-26.3%
Number returned from circulation	311.7	234.3	-24.9%	254.4	179.0	-29.6%
Number processed	313.8	230.8	-26.4%	255.2	177.1	-30.6%
of which: ES2 banknotes	271.2	214.4	-20.9%			
Number sorted as unfit	49.3	35.2	-28.5%	0.177	0.175	-1.1%
of which: ES2 banknotes	21.5	18.9	-12.5%			
Number destroyed	49.3	36.3	-26.4%	0	0	x
of which: ES2 banknotes	21.5	18.9	-12.3%			
Unfit rate (percentage)	15.7	15.3	-0.4 p.p.	0.07	0.10	0.03 p.p.
Unfit rate for ES2 banknotes (percentage)	7.9	8.8	0.9 p.p.			

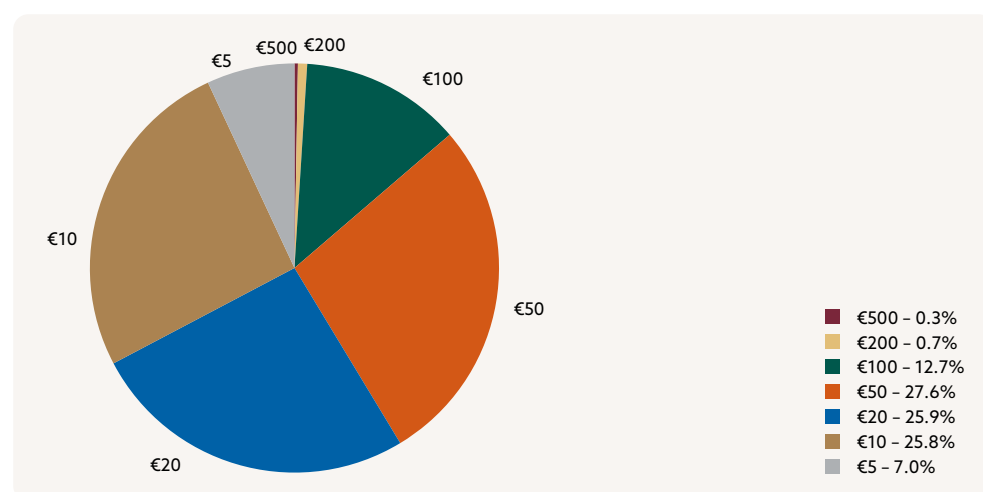
Note: The change in the unfit rate is shown in percentage points (p.p.).

The total number of banknotes returned to the Bank in 2020 was approximately 1.5 times higher than the average number of banknotes in the annual CNI for the year. This means that, on average, each euro banknote issued by the Bank was returned to it once every eight months<sup>16</sup>. In this way, the Bank checks the authenticity and fitness for circulation of returned banknotes, with the aim of maintaining the integrity of the currency and strengthening public confidence in euro banknotes.

The €50 banknote, among the most used euro banknotes in circulation, was again the most frequently processed denomination in 2020 (Chart 30).



**Chart 30:**  
Denominational  
breakdown of  
euro banknotes  
processed  
by the Bank  
in 2020

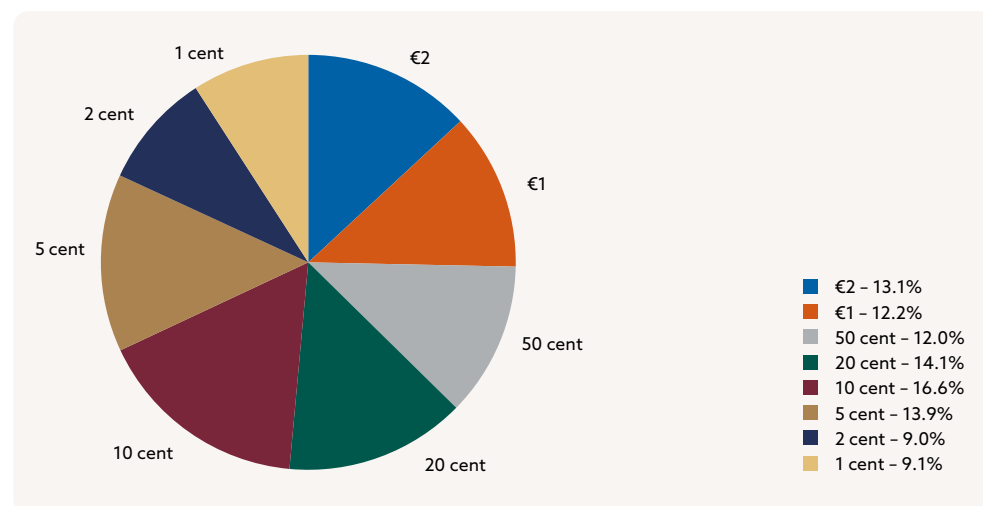


Since coins have a longer lifespan than banknotes, only 175 thousand of the 177.1 million euro coins processed in 2020 were sorted as unfit. Looking at

<sup>16</sup> Some cash is kept out of circulation and is therefore not returned to the Bank for processing.

each euro coin denomination in terms of the share sorted by the Bank in 2020, the figures ranged from 9.0% to 16.6% (Chart 31). The 1 and 2 cent denominations recorded the largest year-on-year decreases in the number of coins processed, owing to a further decline in the number of these coins returned from circulation.

**Chart 31:**  
Denominational  
breakdown of  
euro coins  
processed  
by the Bank  
in 2020



The processing and recirculation of euro banknotes and coins is performed not only by the Bank, but also by commercial banks and other cash handlers which the Bank has authorised. The activities of these cash handlers are subject to the Bank's regular supervision.

## 4.3

### Counterfeit banknotes and coins recovered in Slovakia

A total of 17,584 counterfeit euro banknotes and coins were recovered in Slovakia in 2020, approximately five times more than were recovered in 2019 (Table 11). The sharp rise was accounted for by the seizure of 15,002 counterfeit euro banknotes in a single police operation, before the notes entered circulation.

**Table 11:**  
Number of counterfeit  
banknotes and coins  
recovered in Slovakia

Year	Euro	Slovak koruna	Other currency	Total
2018	2,720	5	82	2,807
2019	3,391	1	46	3,438
2020	17,523	0	61	17,584



Of the total number of counterfeits recovered in 2020, only 13.8% were recovered by banks, foreign bank branches and professional cash handlers. The rest (86.25%) were seized by police before entering circulation.

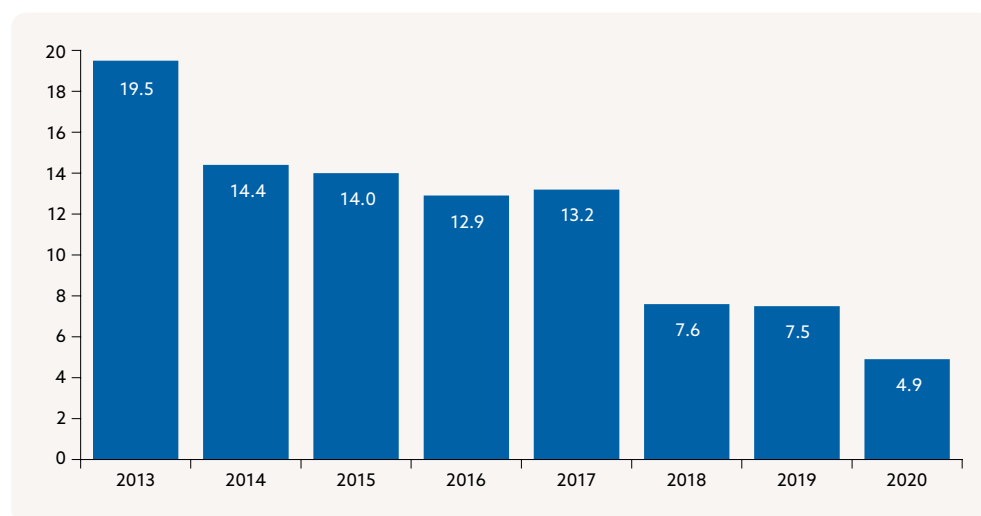
Of the total number of counterfeit banknotes and coins recovered in Slovakia in 2020, nearly all -17,523 - were euro counterfeits (including 16,294 notes and 1,229 coins). Of the 16,294 counterfeit euro banknotes, only 1,145 were recovered from circulation, which was the lowest number since Slovakia adopted the euro in 2009. Relative to the number of genuine euro banknotes in circulation in Slovakia, the proportion of counterfeits in 2020 was approximately 4.9 parts per million, and the corresponding figure for euro coin counterfeits was 1.34. The chances of individuals coming across a counterfeit euro banknote or coin are therefore low.

Leaving aside the isolated case of one exceptionally large seizure of counterfeit euro banknotes in 2020 (accounting for 85% of the total), the number of euro counterfeits recovered in Slovakia has been low for many years. This is particularly true of the number of counterfeit euro banknotes recovered from circulation, which has averaged between 120 and 150 per month.



**Chart 32:**  
Number of counterfeit euro banknotes per million genuine euro banknotes in circulation in Slovakia (parts per million)

Source: NBS.



The number of counterfeit euro coins recovered in Slovakia in 2020 fell by around one-fifth, year on year, to 1,129. All the coins were recovered from circulation. The number of counterfeit euro coins has been gradually decreasing in recent years.

As for euro coin counterfeits, 85% of those recovered in 2020 were counterfeit €2 coins; 7.7%, 50 cent coins; and 7.3%, €1 coins. In recent years, the recovered counterfeits have included more 50 cent than €1 denominations, reflecting the fact that the lower denomination is easier to counterfeit than the higher denomination, which is bimetallic and has a magnetic inner part.

No Slovak koruna counterfeits were recovered in 2020, while the foreign currency counterfeits comprised 39 US dollar counterfeits (all of the USD 100 denomination), 21 British pound counterfeits (mostly of the GBP 20 denomination) and one Czech koruna counterfeit (the CZK 2,000 denomination).