



The Slovak koruna will be replaced by the euro

Part 2

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The crown currency ceased to exist with the break-up of the Austro-Hungarian Monarchy in 1918. The successor states, for which the breakup of the monarchy has left above all the legacy of economic and currency disruption, gradually created their own monetary and currency systems. The only country of the former monarchy that has kept the designation crown for its new currency was Czechoslovakia.

The new Czechoslovak currency arose at the beginning of March 1919. At that time Czechoslovakia was considered a country with a relatively strong economy. The period from 1939 to 1945 was more complicated for the development of the Czechoslovak crown currency. As a result of war events the Slovak crown currency was in circulation in Slovakia and the Bohemian-Moravian crown were in circulation in our territory of Bohemia and Moravia in those years.

CURRENCY DISRUPTION OF AUSTRIA-HUNGARY

A currency disruption of Austria-Hungary was inevitable because of the result of World War I. The Austro-Hungarian Bank was a bank controlling the circulation of money during the war years, but basically as early as from 1914 onwards it was „directed“ by the government to special measures associated with the financing of war expenditures also by means of issuing government notes. It is also known that the Austro-Hungarian Bank attempted to stabilize the currency system at that time, but its measures were more or less ineffective and the situation developed in an undesired way. Ultimately the bank also provided the state with several loans, because the government had

cancelled regulations on the ban of loan provision to the state. Regulations on obligatory gold coverage of currency were also cancelled. The currency methods of the then government gradually led to a large increase in the amount of money in circulation, which along with a growth of prices was a breeding ground for a growth of inflation.

The Austro-Hungarian Bank was originally established to conduct independent monetary policy. World War I., as well as the forthcoming development of events, were among the main reasons for the progressing termination of activities of the Austro-Hungarian Bank. On the other hand, the Austro-Hungarian Bank definitely played an important role in the development of the economies in all the successor states. It officially ceased to exist based on the peace treaty with Austria in 1919. The successor states of the monarchy started to create their own circulation bank and their own currencies.

CREATION OF THE CZECHOSLOVAK CURRENCY – THE CZECHOSLOVAK CROWN (Kč)

After 1918, the government of the Czechoslovak Republic (ČSR) endeavored to quickly separate from the then currency system. The separation



A Czechoslovak 50-haler coin of 1921, 50 h.



A stamped Austro-Hungarian one-hundred crown government note, 100 K, front side.



A Czechoslovak 1921 government note of the 11th issue with a value of 500 Kč, front side and verso.



An Austro-Hungarian two-crown banknote, 2 K, valid after the establishment of Czechoslovakia, front side.



A five-crown government note of the 1st issue of 15 April 1919, 5 Kč, front side.

was confirmed on February 25, 1919 by the adoption of the Act on the Stamping of Banknotes and on the State Loan. The independent Czechoslovak currency came into being in early March 1919, with the measures of the 1919 currency reform having followed two basic objectives: to create an own currency system and to stop inflation.

Technically, the new currency was created by stamping Austro-Hungarian paper money that was located in the territory of Czechoslovakia as at March 1st, 1919. A revenue stamp represented 1% of the value of each stamped banknote, meaning that for example a revenue stamp with the value of 1 crown was stamped to an Austro-Hungarian one hundred crown banknote. An interesting point is that originally the revenue stamps were cut. To simplify the handling of the revenue stamps, they were perforated later on. There was however a large number of counterfeits. If counterfeited revenue stamps occurred in circulation as early as at the time of validity of paper money, they were officially invalidated immediately, either by a seal or by a stroke of a pen.

Simultaneously with the creation of the new Czechoslovak currency in March 1919, the Banking Office was established at the Ministry of Finance in Prague. The office fulfilled the task of a central bank until 1926, when the Czechoslovak National Bank was created. The Banking Office fulfilled the task of a public state institute of issue.

The new Czechoslovak crown was exchanged for the Austro-Hungarian crown at a rate of 1:1. One-crown and two-crown banknotes were excluded from stamping. Stamped banknotes with higher denominations were exchanged for the new Czechoslovak paper money, which was printed abroad. The new currency – the Czechoslovak crown (Kč) – was subdivided into 100 halers. Several tens of billions of crowns were in circulation at the beginning of the currency separation in the territory of former Austria-Hungary.

Only a one of half of the stamped banknotes, however, have been returned to their owners, the other half was stated as a state loan. Banknotes destined like that had a value of above 7 billion crowns in the territory of Czechoslovakia.

The 1919 currency reform was facing an increasing inflation, but the Czechoslovak crown continued to depreciate even after the currency reform. The inflation development of the currency was also reflected in the development of the exchange rate of the Czechoslovak crown against the Swiss franc (SFr.), which was a stable currency. In March 1919, 100 Kč were equal to 28.63 SFr., in 1921 however only to 9.65 SFr. Such an exchange rate development, on the other hand, promoted exports.

The appreciation of the Kč was also facilitated by deliberate purchases of foreign receivables for foreign exchange. From 1921 to 1922, the purchasing power of the Czechoslovak crown increased approximately three times. A several years period of stabilization of the Kč exchange rate at a rate of 16 SFr. for 100 Kč or approximately



3 USD for 100 Kč followed in 1923. Through the depreciation of the Kč exchange rate, Czechoslovak products became relatively expensive abroad, which had an impact on their competitiveness.

FOUNDATION OF THE CZECHOSLOVAK NATIONAL BANK (NBČS)

The Czechoslovak National Bank was founded on April 1st, 1926. It was a circulation bank with the exclusive right to issue banknotes.

The Czechoslovak National Bank was directed by a governor appointed by the President.

The governor's term of office was 5 years. The National Bank was a central bank with the legal form of a public limited company and its task was to administer the currency for 15 years. Technically, the Czechoslovak National Bank took over all functions, assets and liabilities of the previous Banking Office of the Ministry of Finance. In late 1929, the mutual relationship of the Czechoslovak koruna and gold was enacted, when the Czechoslovak National Bank set the Kč exchange rate at the level of 44,58 milligrams of pure gold, which corresponded to a ratio of 100 Kč to 2.9629 USD. The Czechoslovak crown gained the standard of a gold exchange currency.

MONEY OF THE CZECHOSLOVAK REPUBLIC (CSR)

It is known from the history of the Czechoslovak currency that before the first Czechoslovak money got to the hands of Czechoslovak population, it had been necessary to overcome several difficulties. One of them was the fact that the only mint, which was in Kremnica and which Czechoslovakia took over from Austria-Hungary on 16 December 1919, was almost completely plundered at the time of takeover, without the necessary equipment and materials necessary for coinage. The situation required not only a technical solution, which provided for a reconstruction of the mint, but also the mustering of new mint-masters. The situation after the war was assessed as serious, because it was technically impossible to print the necessary amount of money. The consolidation of the internal situation of the mint dates back to the beginning of 1919. However, the process of consolidation of the enterprise in Kremnica continued all over 1919, from the promise of the Ministry of Finance from May 2 to keep the mint in Kremnica up to the foundation of a trade-union organiza-



A twenty-crown banknote of the NBČS of 1926, 20 Kč, front side and verso.

tion by the workers. Production started to get under way in a limited extent first as late as in 1920.

The names sokol (falcon), toliar (taler), groš (groshen) and lion (lev) were discussed as the name of the new currency.

The government decided on the name of the new Czechoslovak currency only after long discussions. Austro-Hungarian means of payment were in circulation until 26 February 1919. On that day, the Czechoslovak government decided that Austro-Hungarian banknotes would be stamped. In the Czech lands, the stamping was carried out until 9 March 1919, in Slovakia it lasted until 12 March 1919. Banknotes with the values of 10, 20, 50, 100 and 100 crowns were stamped. Old Austro-Hungarian banknotes bearing those values were, by virtue of law, declared the first government notes of the Czechoslovak Republic.

Formally, the Czechoslovak currency was established on 10 April 1919.

The first graphic designs of the new Czechoslovak money were under preparation at that time. Their designers were important artists: Alfons



A Czechoslovak twenty-haler coin of 1921, 20 h.

Banknotes of the Czechoslovak National Bank

Denomination	Date of issue	Validity	Dimensions in mm
10Kč	02. 01. 1927	11. 04. 1927 – 23. 10. 1939	143 x 84
20Kč	01. 10. 1926	26. 03. 1927 – 09. 12. 1939	149 x 74
50Kč	01. 10. 1929	27. 04. 1931 – 24. 07. 1939	162 x 81
100Kč	10. 01. 1931	25. 10. 1932 – 06. 06. 1939	170 x 88
500Kč	02. 05. 1929	16. 03. 1931 – 26. 04. 1939	185 x 94
1000Kč	08. 04. 1932	22. 07. 1933 – 26. 04. 1939	197 x 103
1000Kč	25. 05. 1934	07. 12. 1935 – 26. 04. 1939	200 x 105



An one-hundred crown banknote of the NBČS of 1931, 100 Kč, front side and verso.



A thousand-crown banknote of the NBČS of 1934, 1000 Kč, verso.



A one-crown coin of 1922, 1 Kč, reverse and obverse.

Mucha, Josef Horejc, Otakar Španiel and Otto Gutfreund.

The first paper money were nine government notes with denominations from 1 crown to 5000 crowns with the depicted date 15 April 1919. They do not show the national coat of arms yet, because at that time the national coat of arms was not set firmly yet.

The first banknotes bear the signature of the first Czechoslovak minister of finance Dr. Alois Rašíň. Government notes did not contain the necessary security features, so that their first counterfeits started to appear after some time.

Government notes of the second issue were issued in the years 1920 to 1923 in the USA and in a print factory in Prague. They had better security features preventing counterfeiting than the government notes of the first issue. Five different government notes were issued with the 2nd issue.

The first banknotes issued by the Czechoslovak National Bank, which became valid in 1927,

were the twenty-crowns and ten-crowns banknote, banknote with the denominations of 20 crowns and 500 crowns were added in 1931, the 100-crown banknote – whose author was Max Švabinský – in 1932 and Czechoslovak 1000-crown banknotes followed in 1933 and 1935.

As for Czechoslovak coins, their coinage started only in 1921 because of a reconstruction of the Kremnica mint. The first coins of the Czechoslovak currency showing the year 1921 were 20-haler and 50-haler coins.

Both the 20-haler coin and the 50-haler coin were put into circulation in 1922. Their obverse contained the national coat of arms and the inscription ČESKOSLOVENSKÁ REPUBLIKA and the year at the bottom. The reverse of the 20-haler coin depicted a sheaf of ears with a sickle and the number 20 to the left. The diameter of the coin was 20 mm, its edge was smooth and it was made (coined) of an 80:20 copper and nickel alloy.

The reverse of the 50-haler coin showed to sheaves of ears with two linden branches and the number 50 at the top. The diameter of the coin was 22 mm, it had a milled edge and was made of an 80:20 copper and nickel alloy. The author of both coins was Otakar Španiel.

Otakar Španiel also participated in the design of the one-crown coin, which, with its denomination of 1 Kč, represented the basic currency unit of the monetary system of the new Czechoslovak currency. It came into circulation in 1922. The 1 Kč coin was valid in Slovakia until 31 May 1941, in the Protectorate of Bohemia and Moravia until 31 July 1941 and in Czechoslovakia until 31 May 1947. One side of the coin depicted the small national coat-of-arms and the inscription ČESKOSLOVENSKÁ REPUBLIKA (Czechoslovak Republic) and the year at the bottom. The other (reverse) side contained a kneeling woman with a sheaf of corn and the number 1 to the left. Its diameter was 25 mm, it had a milled edge and was made of an 80:20 copper and nickel alloy. A silver 10-crown coin also served as a means of payment in the early 1930s of the last century.

The first Czechoslovak commemorative coins were produced in 1928 and 1937. It was a silver 10-crown coin issued on the occasion of the 10th anniversary of the foundation of the Czechoslovak Republic with a picture of T. G. Masaryk and silver 20-crown coin issued on the occasion of T. G. Masaryk's death. The year 1937 is associated with a 5 Kč nickel coin that is rare for collector. The fact that it is rare led to attempts to counterfeit it by changing the year on the coin. The 5-haler coin of 1924 is considered rarer for collectors. The actual number of the 5-haler coins with the year 1924 is unknown. This coin was also counterfeited with a year modified by engraving.

In the interwar period 1918-1939, trade gold coin with a fineness of Au 986/1000, better known as the Czechoslovak ducats, were coined. According to their weight and diameter, they were: ducats or one-ducats with a weight of 3.491 g and a diameter of 19.75 mm, two-ducats with a



Denomination	Date of issue	Validity	Dimensions in mm
Government notes			
5 Ks	without date	15. 02. 1945 – 31. 10. 1945	122 x 59
10 Ks	15. 9. 1939	23. 10. 1939 – 31. 10. 1945	142 x 70
10 Ks	20. 7. 1943	26. 10. 1944 – 31. 10. 1945	131 x 62
20 Ks	15. 9. 1939	09. 12. 1939 – 31. 10. 1945	153 x 76
20 Ks	11. 9. 1942	25. 09. 1943 – 31. 10. 1945	139 x 67
Banknotes			
50 Ks	15. 10. 1940	18. 12. 1941 – 31. 10. 1945	127 x 68
100 Ks	07. 10. 1940	01. 09. 1941 – 31. 10. 1945	127 x 73
500 Ks	12. 07. 1940	26. 10. 1944 – 31. 10. 1945	175 x 85
1000 Ks	25. 10. 1940	17. 08. 1942 – 31. 10. 1945	192 x 90
5000 Ks	18. 02. 1944	has not come into circulation	203 x 96



A one-crown coin of 1940, 1 Ks, reverse and obverse.

weight of 6.982 g and a diameter of 25 mm, five-ducats of 17.455 g and a diameter of 34 mm and ten-ducats, which were coined with a weight of 34.909 g and a diameter of 42 mm. Czechoslovak ducats and their multiples were also coined for the needs of the Slovak Republic.

nickel coin with a weight of 8 g and a diameter of 27 mm contained the Slovak national coat-of-arms, the inscription "PAŤ KORÚN SLOVENSKÝCH" (Five Slovak crowns), the number 5 and the year.

CREATION OF A SLOVAK CURRENCY – THE SLOVAK CROWN (Ks)

The Czechoslovak Republic split as a result of the political development in 1939. The so-called Slovak State came into being on 14 March 1939. In Bohemia and Moravia, the Czechoslovak currency was replaced by the Protectorate crown (K), by the currency of the Protectorate of Bohemia and Moravia. On 4 April 1939, a new currency was introduced in Slovakia by a government regulation – the Slovak crown (Ks). One Slovak crown comprised 100 halers, the ratio of the Slovak crown to the Czechoslovak crown being 1:1. The gold content of the new Slovak currency was 0.03121 g of pure gold. The new currency arose together with the creation (foundation) of an own circulation bank, the Slovak National Bank. Historically, the first money to be declared the money of the Slovak State was Czechoslovak money. The withdrawal of Czechoslovak coins from circulation was carried out until 1942. On the other hand, to differentiate Slovak banknotes from the Czechoslovak money used in Bohemia and Moravia, the Czechoslovak banknotes with higher values (100 Kč, 500 K and 1000 Kč) received the overprint SLOVENSKÝ ŠTÁT (Slovak State). These banknotes were frequently counterfeited later on. The majority of those counterfeits was exchanged for genuine banknotes. Czechoslovak paper money was gradually withdrawn from circulation and replaced by means of payment of the Slovak currency, whether by government notes, banknotes or coins. It is certainly worth mentioning that the last banknote with the denomination of 5000 Ks did not come into circulation anymore.

As for the new Slovak coins, the first coin of the Slovak State coined in the Kremnica mint in July 1939 and in the amount of 4.240.000 pieces was the Slovak five-crown coin. The obverse of this



A 500-crown banknote with the overprint „SLOVAK STATE“; 500 Ks, front side and verso.



A 5000-crown banknote of the Slovak State of 1944, 5000 Ks, front side.



A Czechoslovak 2000 note of 1945, 2000 K, front side.



A stamped Slovak 500-crown banknote, 500 Ks, with a revenue stamp with a T.G. Masaryk portrait, front side.



A Slovak 1000-crown banknote stamped by a Czechoslovak revenue stamp, front side.

lion coins, including coins destined for exchange. Production in Kremnica continued, but gradually the results of war started to become visible. For lack of non-ferrous metals in 1943, the enterprise coined 20 and 50-haler coins made from aluminum and the planned coinage of silver 10-crown coins were not carried out.

The Slovak National Uprising (SNP) was the turning point of a new period and thereby also in the currency development in Slovakia. Monetary policy in the SNP period uses to be associated with prudent activities of the Slovak National Bank, its Banská Bystrica branch, which i. a. has the majority of the gold reserves transported to Switzerland with the aim of using them in the renewed Czechoslovak Republic, by which the branch saved these reserves.

At the end of 1944, the Czechoslovak 1944 crown notes were printed. They were used for payments in the territory of Slovakia together with money from the so-called Slovak State. The last means of payment issued in August 1945 with validity until 31 October 1945, at the time of currency independence of Slovakia, was the 2000 crown Czechoslovak note. Slovak means of payment and Czechoslovak crown notes with the values 100, 500 and 1000 crowns were gradually stamped using revenue stamps with the portrait of T. G. Masaryk. The situation was more complicated, because several currencies were in circulation in Czechoslovakia after the war.

THE CURRENCY REFORM OF 31 OCTOBER 1945

The Slovak National Bank was active until 31 October 1945. On that day the Slovak currency ceased to be valid and the Czechoslovak crown currency (Kčs) was restored by a decree of the President of the Republic effective from 1 November 1945. The Czechoslovak crown was tied to the US dollar and no gold content of the basic currency unit was set. The currency reform of 31 October 1945 succeeded in eliminating the surplus money in circulation, while work on preparations of the issue of the new postwar Czechoslovak money – the new postwar means of payment – was in progress. This part of the currency history and currency development of the crown was closely linked to the activity of the Czechoslovak National Bank, part of which the Slovak National Bank became in 1945. Czechoslovakia Historically important events lay ahead Czechoslovakia during the following period, including the accession to the Bretton-Woods monetary system and membership in the International Monetary Fund.

(To be continued.)

The reverse of the coin depicted the portrait of Andrej Hlinka and the inscription: ZA BOHA ŽIVOT – ZA NÁROD SLOBODU (Life For God – Freedom for Nation). The next coins to be coined were jubilee twenty-crown coins and then 2.496.000 million 10-haler coins. The Kremnica mint produced more than 24 million coins for the Slovak National Bank and 10 million coins for the so-called Protectorate of Bohemia and Moravia. The one-crown coin, constituting the basic currency unit of the Slovak currency, was coined at the end of 1940. The coinage of this coin continued with the exception of the 1943 until 1945 period. In 1941, the Kremnica mint coined more than 27.5 mil-

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