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**Review
of the
Slovenian Changeover to the euro**

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Audit . Accounting . Tax . Consulting . Corporate Finance .

Introduction

- Objectives and methodology
- Specific characteristics of Slovenia
- Timeline
- Changeover Board
- Introduction of cash
- Consumer protection
- Changeover in the public & private sectors
- Communication
- Lessons learned
- Conclusions

Objectives & methodology

- Objectives:
 - Qualitative review
 - Lessons learned, and applicability to others
- Methodology:
 - 49 Interviews
 - Institutional players
 - Regulators
 - Associations
 - Banks
 - Public & private sector companies
 - Inc. SME's, retail/manufacturing, Ljubljana & elsewhere
 - Local administration
 - Media
- Success factors

Specific characteristics of Slovenia

- Geography – proximity of whole country to €-area
- Past currency changeovers
- Support for EU and € membership
- High level of familiarity with € notes & coins
- Legacy of Deutschmark usage in (ex-)Yugoslavia = penetration of € as cash and book money
 - 80%+ of life insurance policies, many loans in €
 - Many Slovenes had € bank accounts
 - Many companies had € ledgers, cash and non-cash transactions
 - Many 'big-ticket' items priced in € (property, rental)

Timeline

- Masterplan – January 2005
- Communication strategy – June 2005
- Masterplan
 - First update – January 2006
- Dual price display (at ERM II central rate) – March 2006
- European Council agreement – June 2006
- Council decision – July 2006
- Euro law
 - approved by government – July 2006
 - promulgated – October 2006
- Masterplan
 - Second update – October 2006
- **€Day** – **1 January 2007**
- End of dual circulation period – 14 January 2007

Changeover Board

- Coordinating Committee for Technical Preparations to Introduce the Euro (Changeover Board)
 - set up when Slovenia joined ERM II in June 2004
- Led by a Vice Governor of the **Bank of Slovenia** and a State Secretary at the **Ministry of Finance**.

Membership:

- **Government:** Ministry of the Economy, Statistical Office, Government Communications Office
- **Regulators:** Insurance Supervision Agency, Securities Market Agency.
- **Associations/Industry Groupings/Civil Society:** Bank Association of Slovenia, Insurance Association, Chamber of Commerce, Chamber of Commerce and Industry, Chamber of Crafts, Institute of Auditors, Consumers Association
- **Other:** Stock Exchange, Central Securities Clearing Corporation, Slovenian Investment Fund Association, Stock Exchange Members Association

Changeover Board – success factors

- Early start
- Hands-on approach from top down
- Broad representation of non-government players
- Stable staffing
- Institutional memory
- Project management skills
- Dissemination of information
- Certainty of frameworks
- Avoidance of IT-hungry projects

Introduction of euro

- Payments
- Frontloading
- Sub-frontloading
- Retail kits
- Kits for general public
- ATMs
- POS terminals
- Giro payments

Introduction of euro – success factors

- Simulation
- Preparation
- Clarity on needs of retailers
- Kits for general public
- Avoidance of manual intervention

Consumer protection

- Dual price display legislation
- Statistical office analysis
- PriceWatch scheme
- Price commitments

Consumer protection – success factors

- Engage population from start (“Euro for us all”)
- Understand what dual price display will achieve
- Communication on price commitments
- Transparency
- Tempering ‘black’ with ‘white’

Public/private sector changeover

- An IT project
 - Resource-hungry
- Preparation time needed
 - 1- 3 years depending on business type, less for SME's
- Expenditure – largely uncontroversial; highly variable
- Bottlenecks
 - Initial failure to understand scope of project
 - Perception of 'late' certainty about fine print
 - (Potentially) public procurement processes

Public/private sector changeover – success factors

- Top management buy-in
- Project management
- Avoidance of other major IT projects
- Timely start
- Certainty about fine print
- Attention to needs of cash-handling businesses
- Understanding of training needs

Communication

- Left largely to government, backed by associations
- Highly targeted
- Focused on Sept-Dec 2006
- Specific messages
 - euro coins are not small change, but have considerable value
 - new currency = new values that will take some getting used to
 - check prices and change, rounding and conversion
- Specific features
 - mailing to all households
 - calculators

Communication – success factors

- Campaign appropriate to national environment
 - Support for EU and euro (in public and media)
 - Central role for government
 - Groups with special needs
 - Granularity of currency

Lessons learned

- Geography, size and existing familiarity with € make a difference
- Preparation, preparation, preparation
- Top-down project
- The devil is in the detail
- Not automatically seen as commercial opportunity

Conclusions

- No 'one size fits all'
- The bigger the country, the more important an early start
- Smooth does not mean easy

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