

# The Euro Changeover in Slovakia



## General Overview

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Plenipotentiary of the Government of the Slovak Republic  
for the introduction of the euro

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[www.euromena.sk](http://www.euromena.sk)

# Smooth and successful



- High level of public awareness (93% informed)
- Enough cash (sub)frontloaded on time = no problems with cash demand
- ATMs, POS operational immediately
- Mandatory double pricing in advance
- Dual circulation till 16 January
- Extended hours in banks for cash exchange
- *Slower withdrawal of koruna cash*

# Slovakia on Track to the Euro



- |               |   |
|---------------|---|
| 2003 (€ -6y)  | Strategy of the Adoption of the Euro in the Slovak Republic   |
| 2004 (€ -5y)  | Slovakia becomes a member of the EU<br>Concretisation of the Strategy   |
| 2005 (€ -4y)  | National Changeover Plan<br>Designs for Slovak € coins<br><b><u>ERM II entry</u></b>  |
| 2006 (€ -3y)  | .....general elections.....   |
| 2007 (€ -2y)  | Changeover Plan update, preparations in sectors<br>preparations for the campaign – tenders  |
| 2008 (€ -1y)  | Changeover Plan update, preparations in sectors, double pricing,<br>Conv. Report, Council decision, conversion rate<br><b>Info CAMPAIGN</b> |
| 2009 (€- day) | double pricing, <b>CAMPAIGN CONTINUES</b>   |

# Maastricht Criteria



Criterion	March 2008	ref. value	March 2009
inflation (average HICP, %)	<b>2,2</b>	3,2	3,7
interest rates (%)	<b>4,5</b>	6,5	
public debt (% GDP)	<b>29,4</b>	60,0	27,6
public deficit (% GDP)	<b>2,2</b>	3,0	2,2*
Exchange Rate Stability	ERM II since Nov. 05		

Source: Eurostat, European Commission, MF SR, NBS

# ERM II development



Nov 2005 ERM II entry **38,4550** SKK/EUR

Mar 2007 1. revaluation **35,4424**

May 2008 2. revaluation **30,1260**

July 2008 conv. rate **30,1260**

# Institutional structures for the Changeover



# Legislation



## 1. National Euro Changeover Plan

- updates 2007 and 2008 (2x)

## 2. Umbrella law

- effective since 1.1.2008, make euro the legal tender based on EU decisions, amend other laws (29 acts)
- Approved by the parliament 28th of November 2007
- Rules for accounting and rounding
- Rules for dual display, dual circulation
- Conversion principles in all areas
- Consumer protection
- Price neutrality
- Supervision, sanctions

## 3. Other laws + sector regulations

**Imposition mainly via trainings, seminars, conferences, publications, media**

# Consumer Protection



- Legal instruments – Laws, regulations
  - Mandatory dual display of prices, wages....
  - Monitoring – **STI**, Statistics, NGOs
  - Ethical Code
  - Blacklisting by NGO (Black List)  
(„*Blame and shame*“ – *media*)
- 
- **Competition on market**
  - **Well informed consumer**



# STI: Dual display and price control



- **Controls of dual price display:**

- correctness of dual price labeling and rounding (sale prices and unit prices)
- display of the conversion rate on the business premises
- dual display on the receipts

- **Price control:**

- the umbrella act bans raising prices in relation to euro changeover
- demand to submit all relevant expenses documentation and to look into the price record over the past three years

## Results of controls (including the period of the first Q 2009)

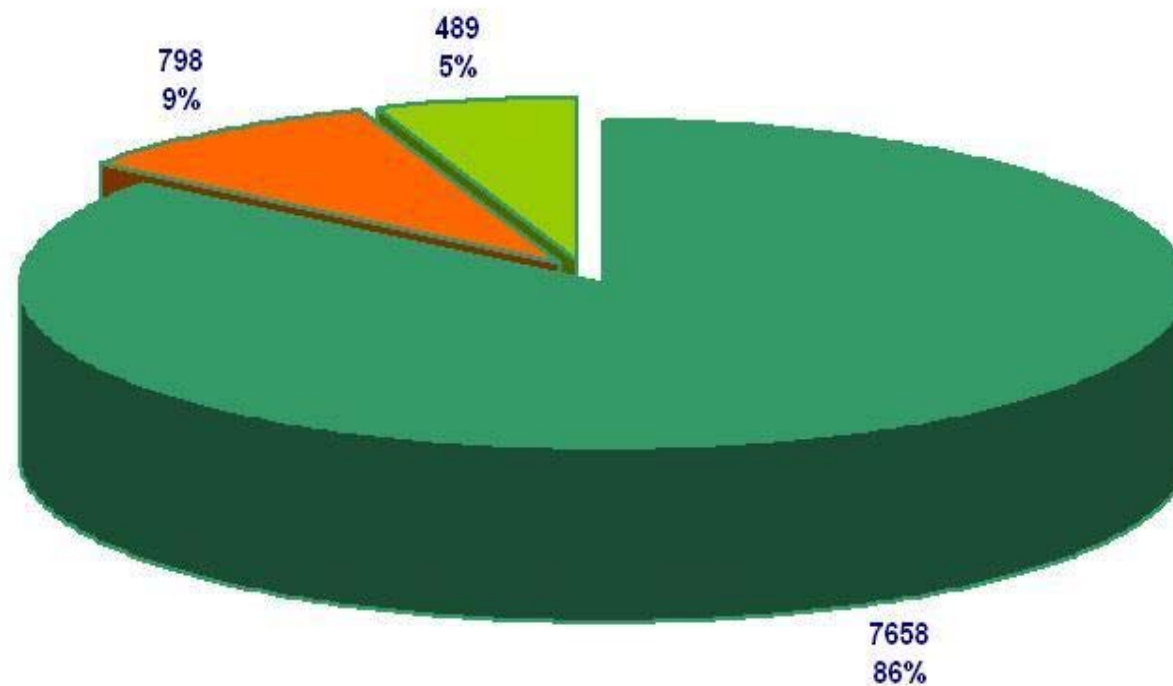


- **27 547** controls of dual display till end of March 2009,
  - **1 120 238** product prices
  - **131 321** kinds of services(started on the day of announcement of conversion rate – August 24, 2008)

### Since November 2008 the STI followed:

- **1 056** price evolutions (**40** in depth price controls)
- **34** subjects were willing to return the prices to their original level (as soon as the STI got interested in their business)

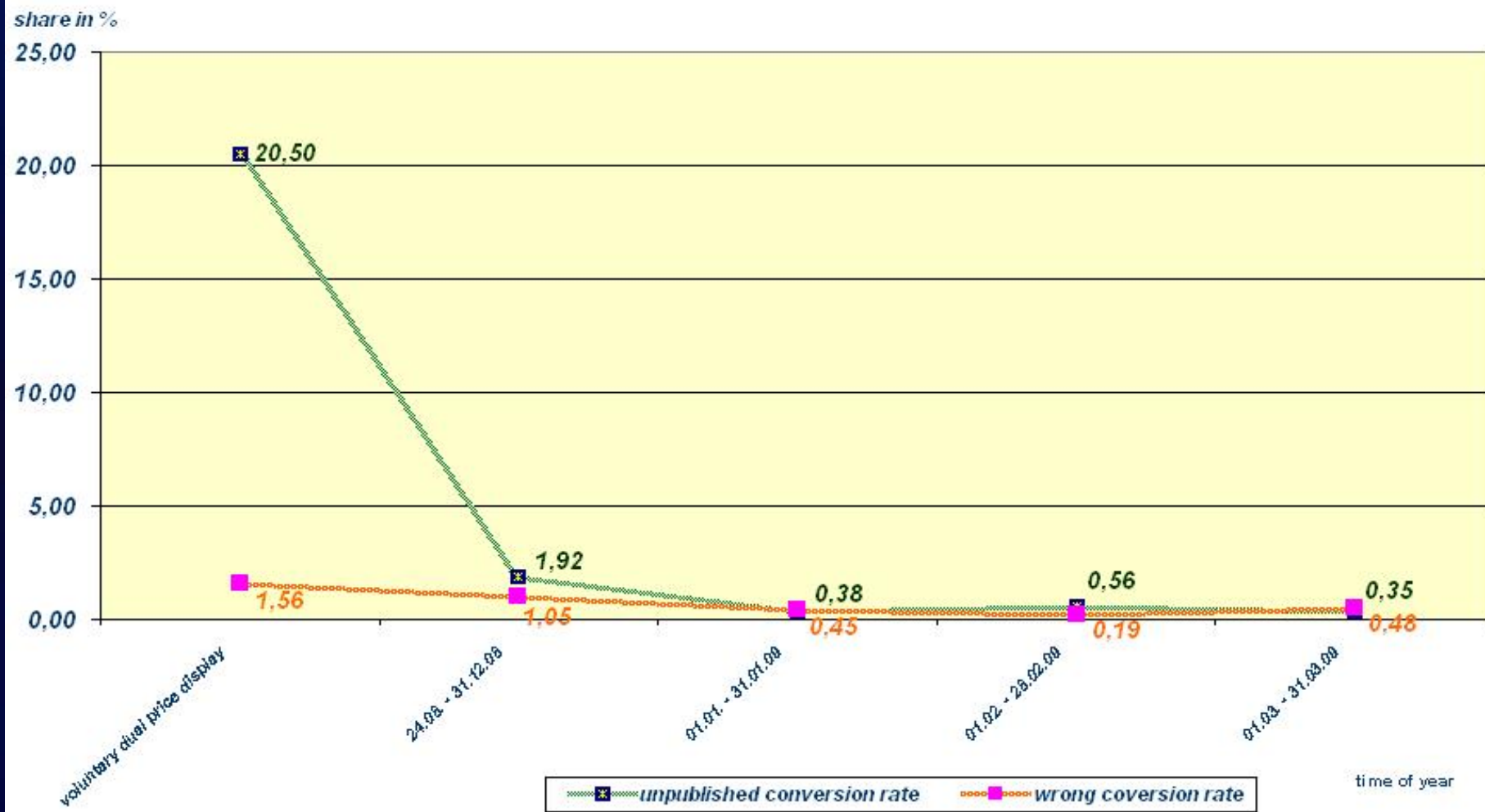
# Controls related to euro changeover January - March 2009



- number of operations without any findings
- number of operations with deficiencies
- number of operations where deficiencies were removed during the control

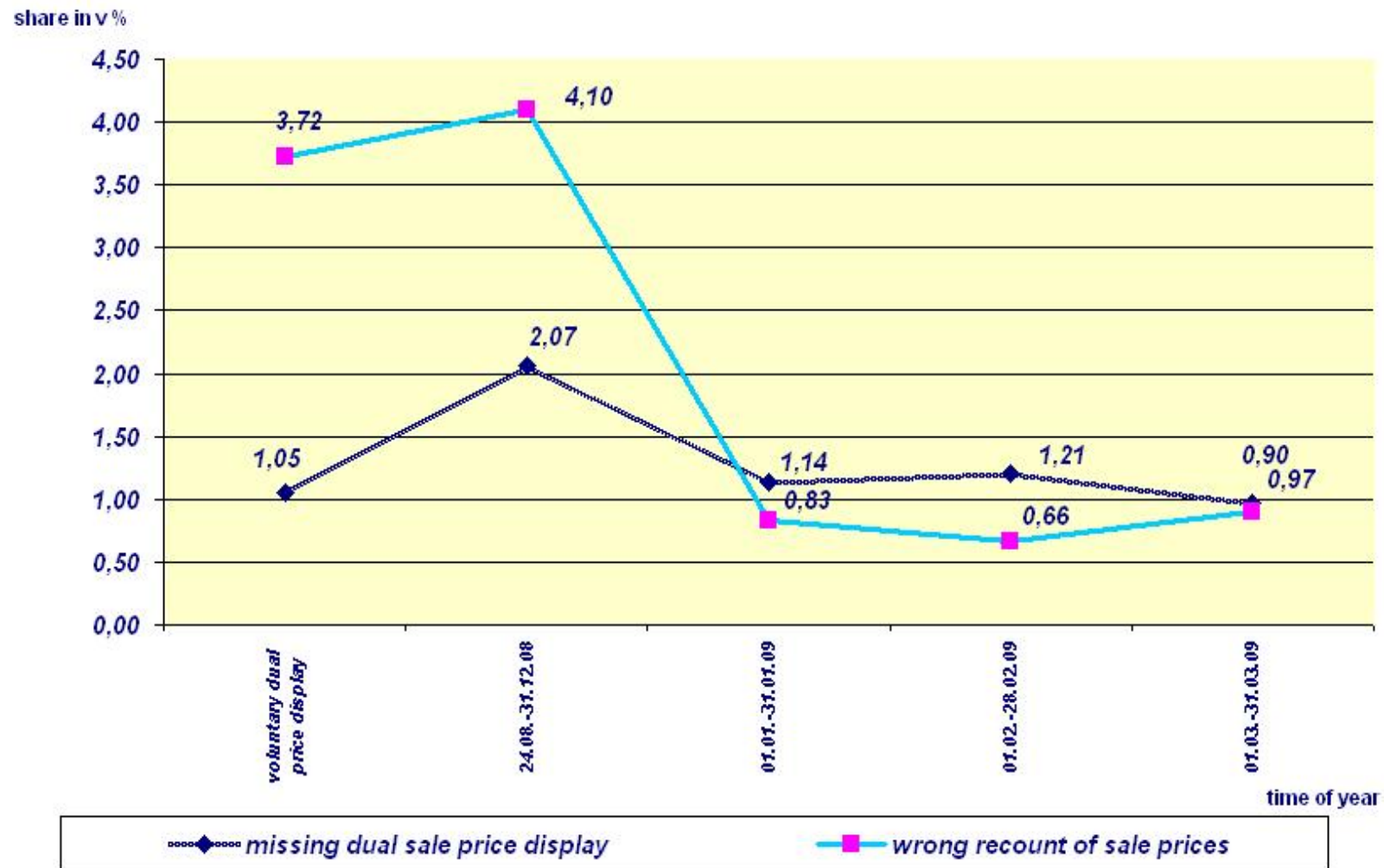
# Controls related to euro changeover – conv. rate

## August 24, 2008 - March 31, 2009



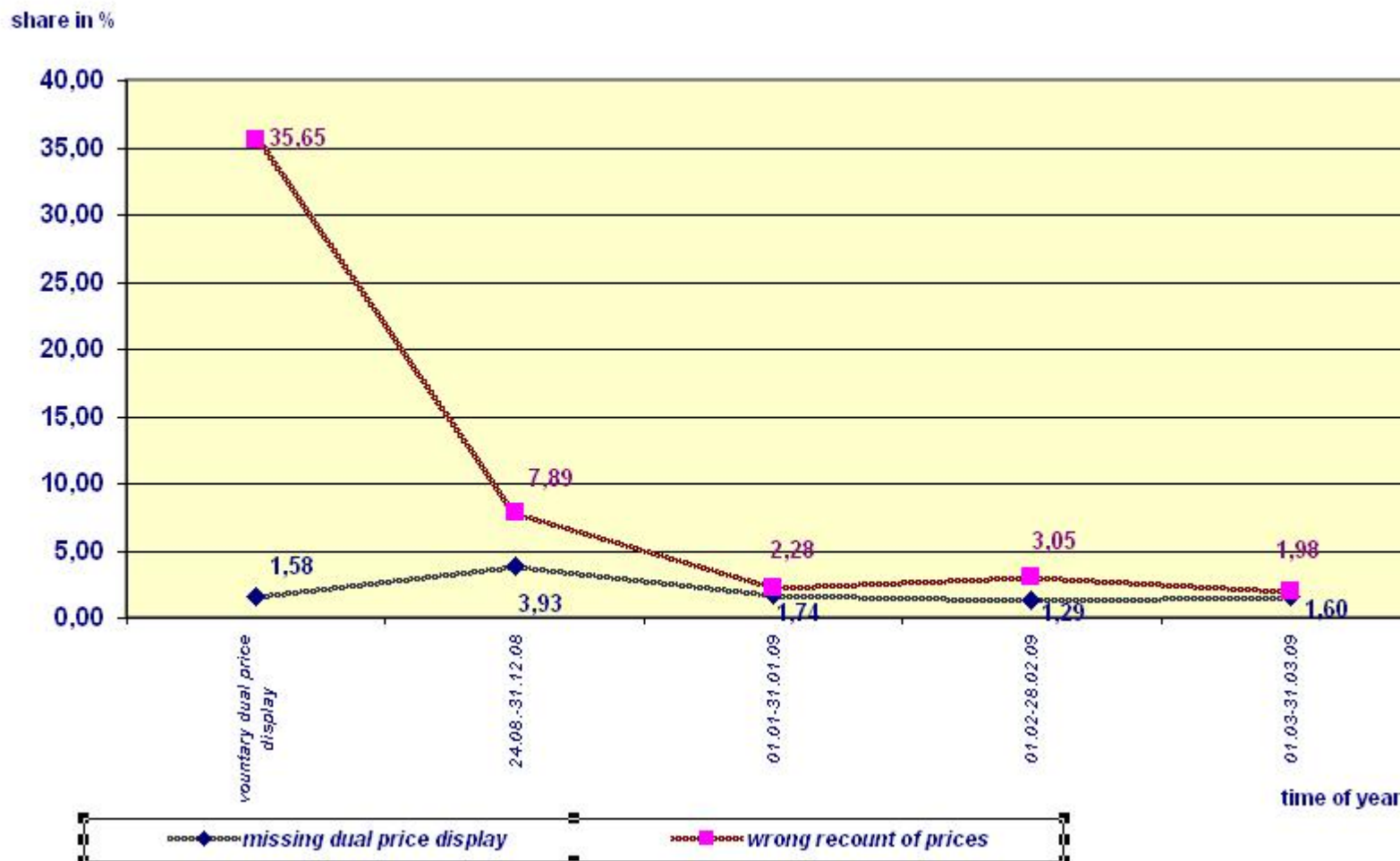
# Controls related to euro changeover - sale prices

## August 24, 2008 - March 31, 2009



# Controls related to euro changeover - services

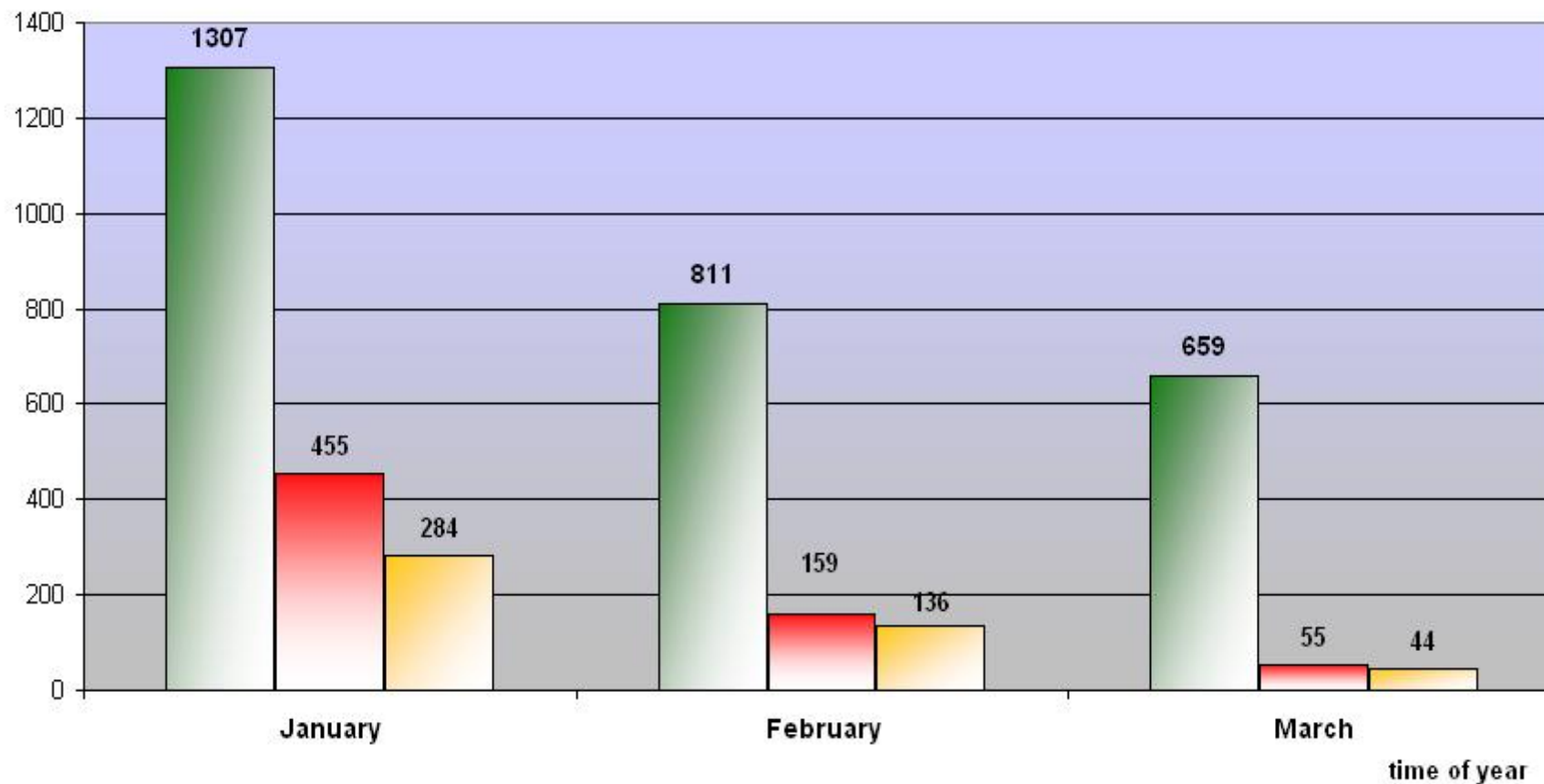
## August 24, 2008 - March 31, 2009



# Complaints received in the 1 Q 2009

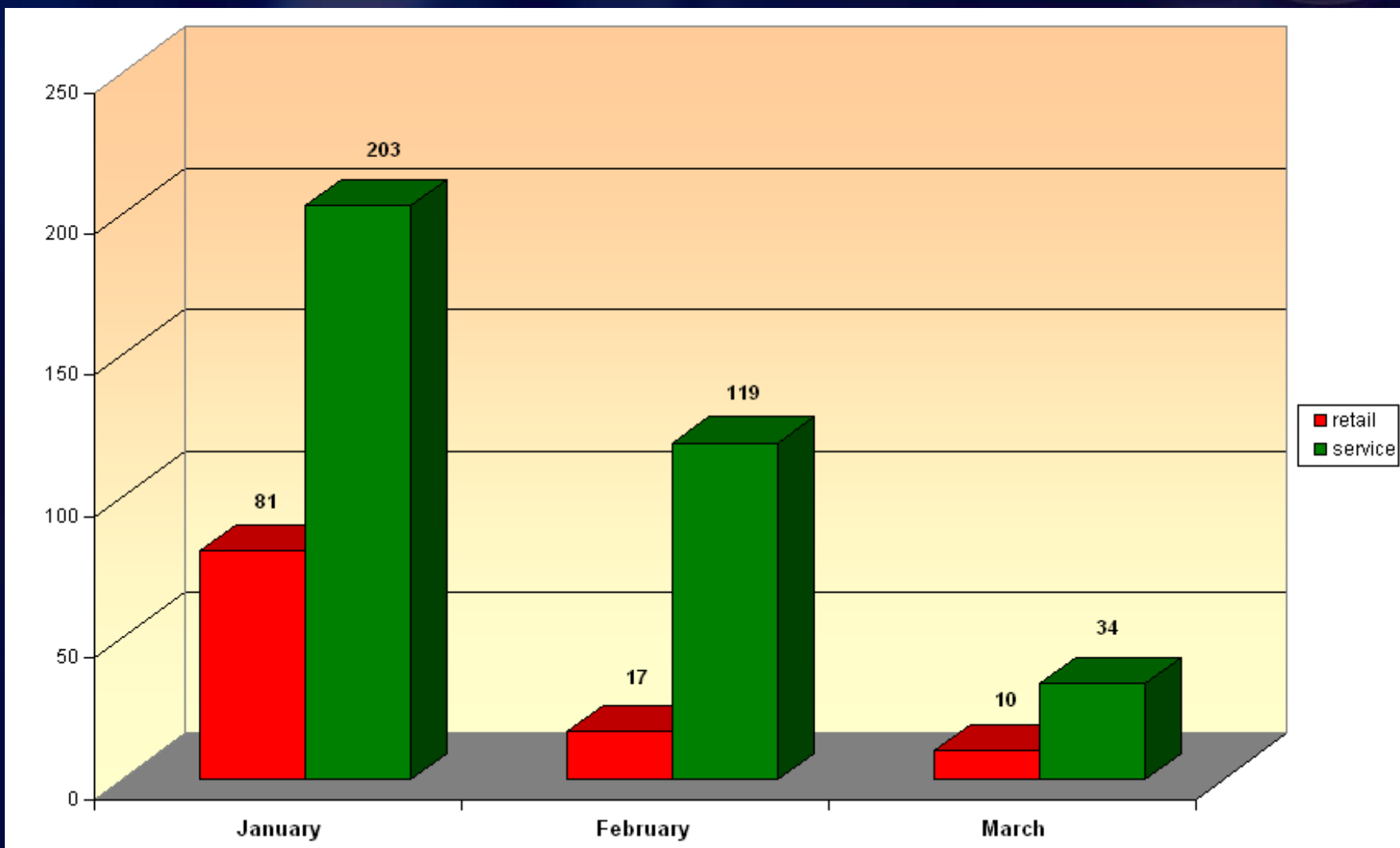


number



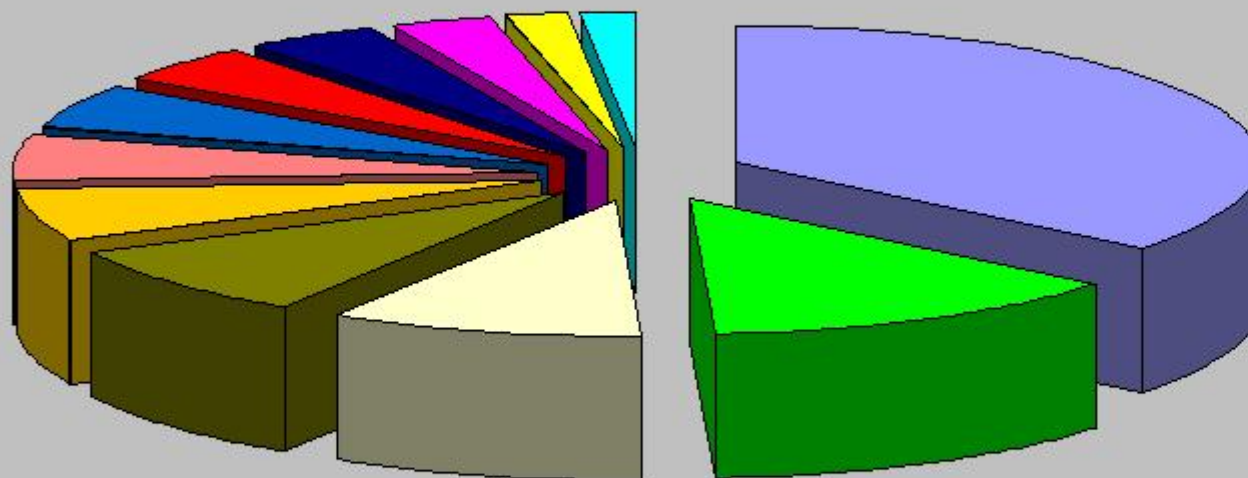
total from that euro increase of price (euro)

## Complaints on price increase retail vs. services





# Structure of complaints (by market segments)



■ restaurants and cafés	142
■ transport	53
□ food	38
■ parking	35
■ mix goods	25
■ leisure facilities	22
■ hairdresser's salon	20
■ sports facilities	18
■ accommodation	17
■ toys	12
■ taxi	7
■ television	7

# STI goals till the end of 2009



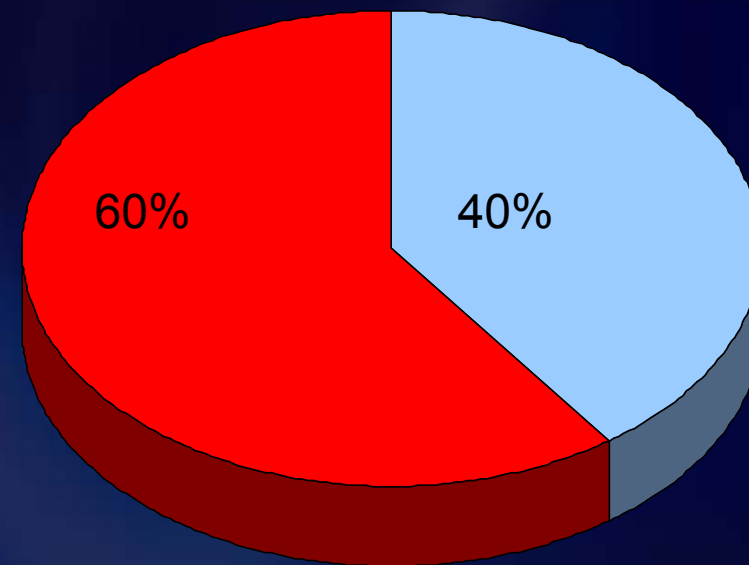
- STI will follow the recommendation of the EC:  
*„the authorities should make sure that all complaints from the citizens are duly investigated and pay special attention to the price developments at the end of the dual display of prices period“*
- Continue monitoring prices in risky sectors (restaurants, cafés, hairdressers...)
- Monitor prices of basic food items
- Regular notification of all relevant authorities

# Information campaign



Budget 6,5 m EUR

- In cooperation with professional agency: Creo/Young & Rubicam
- Information campaign for general public started in January 2008
- Lasted till end February 2009



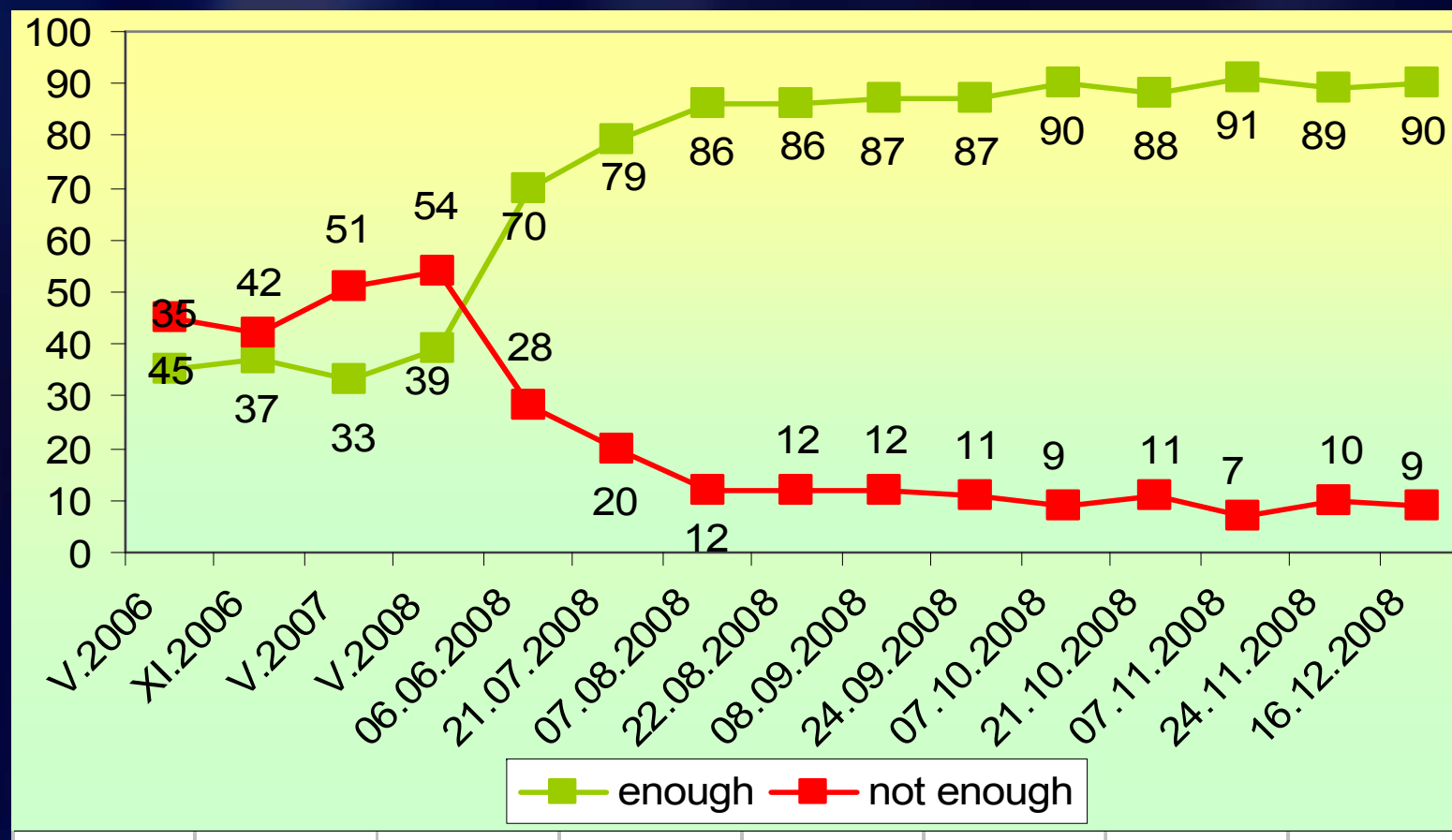
■ NBS ■ Government

**Partners:** EC, ECB, OeNB, domestic institutions

# Saturation with information



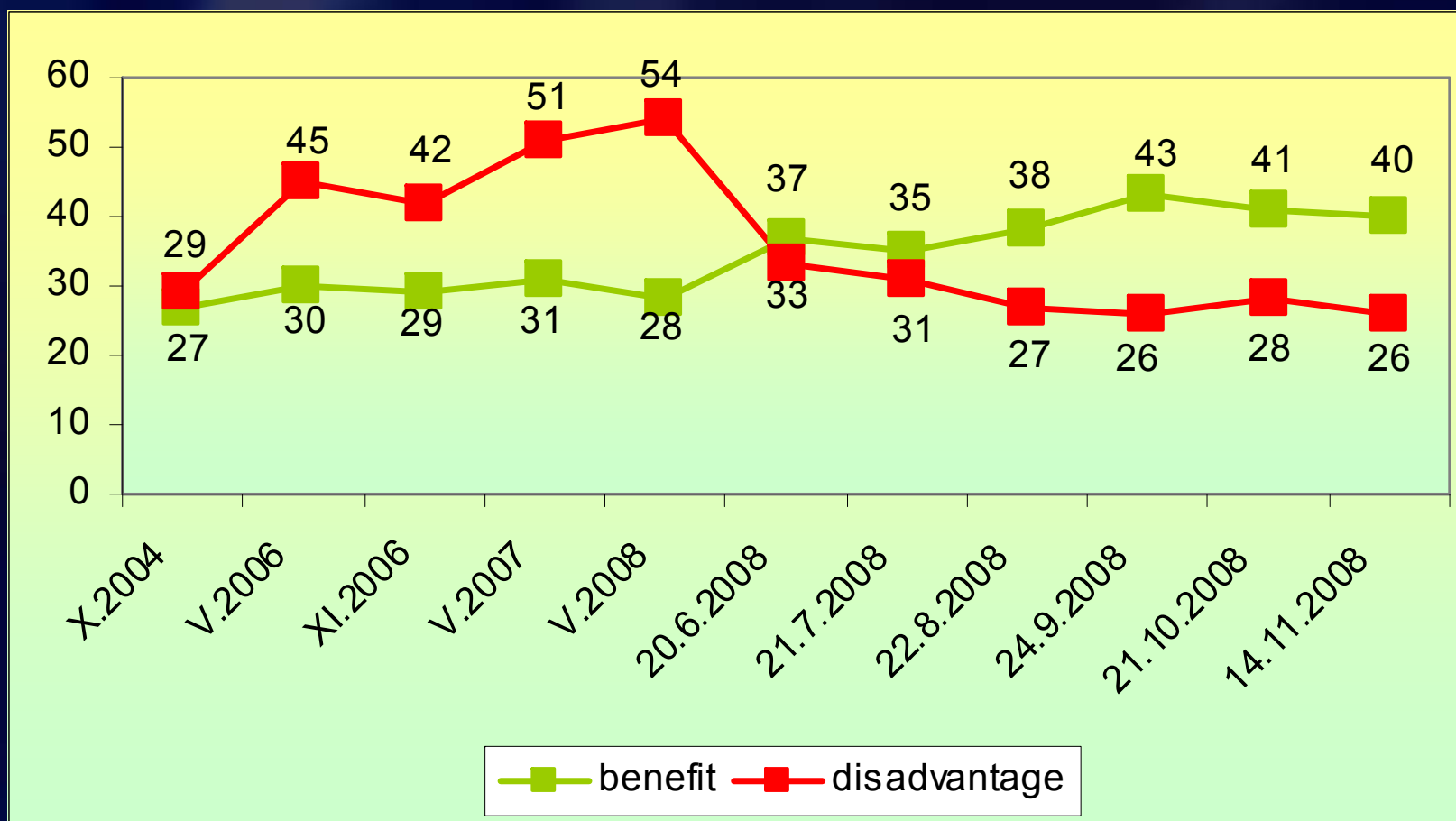
Do you have enough information about the euro changeover (Slovak Stat's)?



# Public opinion on the euro



What will euro mean for you, personally (Slovak Stat's) ?



# Lessons learned



- Political consensus is essential!
- Realistic and not shifted target date
- Starting Preparations well in advance pays!
- Effective/transparent structure of responsibility
- Best practises from other countries (AT, SI, BE, MT, CY...)
- Not everything works everywhere (black list)
- Comprehensive „*KISS*“ campaign

# Hurdles and troubles



Good Reasons  
To Commit Suicide

- Everybody needs more money, staff...
- Public procurement process
- Short time for minting, sub/frontloading
- Slow legislation – amendments, modifications, exceptions
- Public sector is always slower
- Public myths to be fought („teuro“, coins....)

# Thanks for Your Attention



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