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SEVERAL REMARKS ON THE MONETARY POLICY OF EU RELATED TO THE POSITION OF NATIONAL BANK OF SLOVAKIA AND A VISION FOR THE EUROPEAN BANKING UNION

Abstract [1]

This article is divided into three parts – each concerning the monetary policy of EU. First part deals with relationships between monetary policy of EU and economic policy of EU. Second part is central to the research goal of this article. In this part the similarities and differences between the status of National bank of Slovakia and European Central Bank are compared according to their respective roles and functions. Last part of the article describes legal framework of European banking union as a corner stone of future development of monetary policy of EU.

Keywords: monetary policy, European central bank, National bank of Slovakia, European bank union

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Introduction

The article deals with monetary policy of EU. This subject is addressed from the three points of view. Firstly, the place of monetary policy in EU legal order is analysed – specifically the relation between monetary policy and economic policy as is enshrined in founding treaties of EU.

Secondly, the institutional framework of monetary policy is explained. This explanation is based on the legal interpretation of set of rules governing institutions having power in the are of monetary policy – specifically rules provided for in the Art. 130 and 131 of Treaty on the Functioning of the European Union (TFEU).

Third final part of the article concerns with next important phase of development of EU monetary policy – that is with European banking union. This part deals primarily with the reasons that led to creation of the banking union. Finally, the list of the most important legal acts that form the foundation of the banking union is presented.

Regarding scientific methodology, the article employs mainly the scientific methods of analysis and synthesis. The hypothesis of this article is that "*the legal status of National bank of Slovakia should be strengthened in national*

legal order of Slovak republic (SR) especially in the matters of its independence and consulting powers due to the important role that it fulfils for the monetary policy of EU." Besides aforementioned scientific methods, the article employs the method of horizontal comparation of authentic language mutations of EU legal acts. Based on this methos, several discrepancies between versions of legal acts in Slovak language and other official languages will be addressed in the article.

Economic and Monetary Policy of EU

Legal bases of economic and monetary policy of EU are provided for in title VIIII, part III of TFEU with corresponding name: "Economic and monetary policy." Two different notions forms name of this title specifically: "*economic policy*" and "*monetary policy*." According to art. 119 (1) TFEU *the activities of the Member States and the Union shall include, as provided in the Treaties, the adoption of an economic policy which is based on the close coordination of Member States' economic policies, on the internal market.* Economic policy of the EU is realized by coordination of general economic policies of Member states. In this regard, monetary policy and economic policy are close intertwined. According to arg. 119 (2) TFEU *Concurrently with the foregoing, and as provided in the Treaties and in accordance with the procedures set out therein, these activities shall include a single currency, the euro, and the definition and conduct of a single monetary policy and exchange-rate policy the primary objective of both of which shall be to maintain price stability and, without prejudice to this objective, to support the general economic policies in the Union, in accordance with the principle of an open market economy with free competition.* The realization of the monetary and foreign exchange policy should not be viewed as something concerning exclusively euro. Monetary policy serves several distinct roles, and it should always seek to help with implementation of the economic policies of EU.

Monetary and economic policies are connected also through the objectives that thar are sought to be attained by both policies. Goals with respect to economic policy are stated in ar. 120 TFEU as follows: *Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Union, as defined in Article 3 of the Treaty on European Union, and in the context of the broad guidelines referred to in Article 121(2*). Economic policy should always seek to attain objectives stated in art. 3TE – mainly *to promote peace, its values and the well-being of its peoples*. Besides, *the Council shall, on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Union* (121(2) TFEU). The current recommendation is Council Recommendation on broad guidelines for the economic policies of the Member States and of the Union (COM/2015/099 final – 2015).[2]

Objectives of monetary policy are directly stated in art. 127 (1) TFEU. Primary objective of the monetary policy is to maintain price stability. All other objectives of the monetary policy are secondary as follows from the text of the article: *Without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in Article 3 of the Treaty on European Union. The ESCB shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119.* Monetary policy similarly to the economic policy shall be contributing to the achievement of the objectives of the Union as laid down in Article 3 (these are essential and represents character of EU as a whole).

In the article 127 (1) TFEU, the requirement for monetary policy to support economic policy is reaffirmed. The achievements of the objectives of both policies shall **be in accordance with the principle of an open market economy with free competition.** This principle - principle of an open market economy with free competition is one of the general principles of legal order of EU. Role of this principle is important in various areas other from monetary policy. Importance of this principle in defining the principle of contractual freedom was emphasized by general advocate Maciej Szpunar. In his opinion delivered on 15 July 2021 in case Case C-261/20 Thelen Technopark Berlin GmbH the general advocate stated (paragraph 76): *One can sometimes get the impression that freedom of contract is the elephant in the room. In my opinion, it has not yet found its rightful place in the system of EU law.*

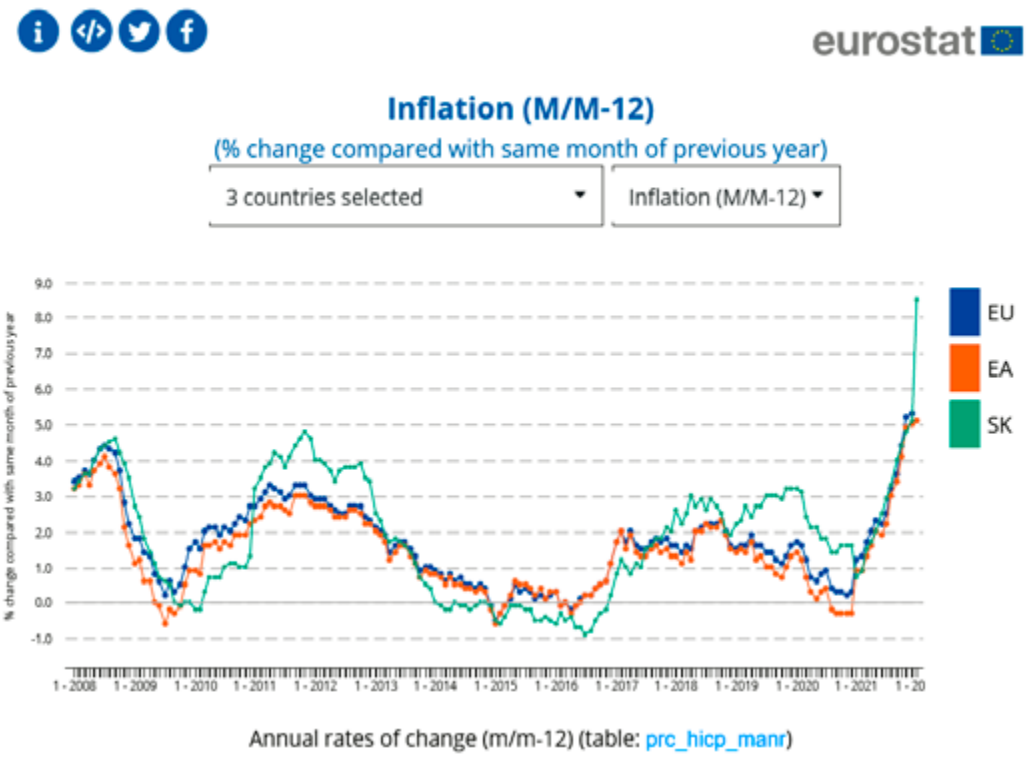
[2] This recommendation includes following guidelines: Guideline 1: Boosting investment; Guideline 2: Enhancing growth by the implementation of structural reforms; Guideline 3: Removing key barriers to growth and jobs at EU level; Guideline 4: Improving the sustainability and growth-friendliness of public finances; Guideline 5: Boosting demand for labour; Guideline 6: Enhancing labour supply and skills; Guideline 7: Enhancing the functioning of labour markets; Guideline 8: Ensuring fairness, combatting poverty and promoting equal opportunities.

However, it underpins its framework, above all in the context of the operation of fundamental freedoms. (60) The internal market and a highly competitive social market economy, as referred to in Article 3(3) TEU, as well as the adoption of an economic policy which is conducted in accordance with the principle of an open market economy with free competition, as referred to in Article 119 TFEU, would be inconceivable without it. Yet, it remains hidden behind the entire system of other EU principles and laws.

Notion "prize stability" is not defined in TFEU. This notion is based on "quantitative target" set by ECB's Governing Council as follows: "*The ECB's Governing Council, after concluding its strategy review in July 2021, considers that price stability is best maintained by aiming for 2% inflation over the medium term. We consider the Harmonised Index of Consumer Prices (HICP) to be the appropriate measure for assessing the achievement of the price stability objective.*" Harmonised Index of Consumer Prices (HICP) was introduced by Council Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonized indices of consumer prices. This regulation is no longer in force and it was replaced by Regulation (EU) 2016/792 of the European Parliament and the Council of 11 May 2016 on harmonised indices of consumer prices and the house price index, and repealing Council Regulation (EC) No 2494/95. HCIP (henceforth "Regulation on HCIP") is defined in art. 2(6) in connection with art. 3(3) Regulation on HCIP as follows: "*'harmonised index of consumer prices' or 'HICP' means the comparable index of consumer prices produced by each Member State*" and "*The HICP and the HICP-CT shall be based on the price changes and weights of products included in the household final monetary consumption expenditure.*" Importance of the HCIP is expressed in para 4 of recital of Regulation on HCIP stating: "*The European System of Central Banks (ESCB) uses the HICP as an index in order to measure the achievement of the ESCB's price stability objective under Article 127(1) TFEU, which is of particular relevance for the definition and implementation of the monetary policy of the Union under Article 127(2) TFEU. Pursuant to Articles 127(4) and 282(5) TFEU, the ECB is to be consulted on any proposed Union act in its fields of competence.*"

Data aggregated by Eurostat offers information about the HCIP development (Graph no. 1):

Graph no. 1.



Description of the Graph

The graph described comparison of the monthly change in consumer prizes HCIP since 2008. The blue line represents change in consumer prizes HCIP in EU member countries. The orange line represents change in consumer prizes HCIP in exclusively for eurozone. These two lines show strong correlation. The green line represents change in consumer prizes in SR. There has been increase in HCIP of 3,2 % in Slovakia for the year 2021[3]. As it is evident from the Graph, the monetary policy of EU was successful in keeping the consumer prizes HCIP below 2,0 % threshold until 2021. There was an increase of HCIP in all indicators in the year 2021. The year 2021 was a year in which the negative economic impact of COIVD-19 pandemics had started to be apparent. It is troubling, from Slovak perspective, that great increase in HCIP, was observed in hanuary of 2022.

Institutional Framework of EU Monetary Policy and National Bank of Slovakia

Monetary policy is realized by institutional framework under the name **European System of Central Banks** (henceforth „ESCB")." According to art. 282 TFEU "*The European Central Bank, together with the national central banks, shall constitute the European System of Central Banks (ESCB).*" The Eurosystem was created alongside ESCB for member states that adopted euro as their currency (art. 282 TFEU). This creates system of two concentrated circles – an broader circle (all EU member states) and narrower circle within the broader circle (only member states whose currency is euro). The ECB is institution that is in the middle of both these circles. The ECB is an part of institutional framework of EU. The aim of EU institutional framework is expressed as follows: *Union shall have an institutional framework which shall aim to promote its values, advance its objectives, serve its interests, those of its citizens and those of the Member States, and ensure the consistency, effectiveness and continuity of its policies and action* (art. 13 (1) EU).

The completion of currency union (as was intended by EU) has not been achieved. Therefore there are differences in delegation of powers between member states and EU in the area of monetary union. According to art. 3 (1) letter c) TFEU "*The Union shall have exclusive competence in the following areas: (…) monetary policy for the Member States whose currency is the euro.*" EU has only shared competence in monetary policy with relation to other member states. In this case, the EU may execute its powers only in accordance with a principle of subsidiarity and proportionality. Such situation is by same regarded as asymmetrical integration [Amtenbrink, Herrmann 2020, p. 55].

Member states that have not euro as their currency are addressed in art. 139 (1) TFEU as: *Member States in respect of which the Council has not decided that they fulfil the necessary conditions for the adoption of the euro shall hereinafter be referred to as "Member States with a derogation*". The denotation of "*Member States with a derogation*" led some authors to the conclusion, that the introduction of euro currency in all member states is to be regarded as one of objectives of EU integration [Amtenbrink, Herrmann 2020, p. 55].

The rule provided in the art 131 TFEU is especially important for national central banks of EU member states. According to art. 131 TFEU "*Each Member State shall ensure that its national legislation including the statutes of its national central bank is compatible with the Treaties and the Statute of the ESCB and of the ECB.*" Primary law of EU imposes on each member state and obligation of compatibility of national legislation concerning its central bank with EU treaties and Statute of the ESCB and of the ECB [Ruśkowski 2019] (henceforth "Statute"). The Statute is as a Protocol no. 4 attached to the TFEU.

With respect to the art. 131 TFEU the meaning of a word "compatible" (in Slovak "zlučiteľný") is important. The English language mutation of the article we can compare with German translation. In German the art. 131 TFEU says *Jeder Mitgliedstaat stellt sicher, dass seine innerstaatlichen Rechtsvorschriften einschließlich der Satzung seiner nationalen Zentralbank mit den Verträgen sowie mit der Satzung des ESZB und der EZB im Einklang stehen.* The phrase „*im Einklang stehen*" can be translated as "to be in harmony". English version of the rule express the condition that national legislation concerning national banks must not to contain any contradiction of EU law. The German expression evokes somehow broader interpretation – namely that besides the prohibition of contradicting rules, the national legislation is to pursue the achievement of common goals with EU legislation in the regulation of national central banks.

One of the most important requirements for the national legislation of the member states is the principle of the independence of the national central banks. This

[3] As follows from The Confirmation on inflation in the SR by Statistical office of the Slovak Republic from 14.01.2022.

requirement are expressed in art. 130 TFEY as follows: "*When exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and the Statute of the ESCB and of the ECB, neither the European Central Bank, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the European Central Bank or of the national central banks in the performance of their tasks*." Thus, this rule is is formed by two distinct requirements.

The first requirement concerns the performing of their functions by ECB, national central banks, and members of their decision bodies. It prohibits to seek (from one's own initiative) or to take (as a result caused by other) "*instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body.*" This prohibition does not concern the taking of the instruction from ECB within powers conferred upon it by treaties. These are enshrined in the art. 132 (1) and following TFEU including the powers to impose sanctions (for example art. 132(3) TFEU states: "*Within the limits and under the conditions adopted by the Council under the procedure laid down in Article 129(4), the European Central Bank shall be entitled to impose fines or periodic penalty payments on undertakings for failure to comply with obligations under its regulations and decision*").

The second requirement is addressed towards the *institutions, bodies, offices or agencies and the governments of the Member States.* As follows from art. 130 TFEU they are *to respect this principle and to seek to influence the members of the decision-making bodies of the European Central Bank or of the national central banks in the performance of their tasks*. We are of the opinion that this second requirement has broad application impact. Firstly, the formal aspect is expressed in wording "*to respect this principle.*" This imposes a positive obligation upon a member state to adopt such legislative framework for national central banks, that would offer enough "space" for decision-making bodies of central bank to independently fulfil their obligations. The wording not "*to seek to influence the members of the decision-making bodies*" prohibits the member state from exerting of the influence upon working of the decision-making bodies and their members. For a comparison we are citing the art. 7 of the Statute, which goes as follows: "*In accordance with Article 130 of the Treaty on the Functioning of the European Union, when exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and this Statute, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks*." The wording of the art. 7 of the Statute is identical with art. 130 TFEU in English. Slovak language version of the art. 7 use a little different wording: "*ani národné centrálne banky pri plnení ich úloh*" which translates as "*nor national banks in the performance of their tasks*". This discrepancy is due to the difference in language translations of this article 7 of the Statute. Although the meaning of the art. 7 of Statute in Slovak is different, the Slovak wording is fully compatible with the wording of art. 130 TFEU.

The requirement for the independent status of the NBS is expressly stated in art. 56 (1) of the Constitution of SR as follows: "*The National bank of Slovakia is an independent central bank of Slovak republic.*" Further provisions on the independence of NBS are contained in § 12 (1) of the Law no. 566/1992 Coll on National bank of Slovakia (henceforth "LoNBS"). According to § 12 (1) LoNBS "*NBS fulfils its duties regardless of the instructions from the state agencies, agencies of municipalities, other bodies of public authority or any or all natural or legal persons.*" The § 12 (1) LoNBS use phrase "*regardless of the instructions.*" This wording implies that there may be some *instructions* addressed towards NBS and that NBS is obliged to ignore these instructions. Such reading of the § 12 (1) LoNBS is obviously falls. The § 12 (1) LoNBS should be interpreted in connection with art. 130 TFEU. From this interpretation clearly follows that the state agencies and other persons are prohibited from issuing any instructions for NBS. The prohibition for the members of the board of NBS to seek or to take instructions from others is provided for in separate § 7 (7) LoNBS. Based on these observations, we may conclude that national legislation concerning independence of NBS is in accordance with TFEU and the Statute. Certain reservation we have with regards to the requirements for the persons to become an member of the Board of NBS [Babčák, Štrkolec, Prievozníková 2012, p. 50]. According to the § 7 (7) LoNBS

"*Member of the Board of NBS may become natural person that have sufficient knowledge and experience in the area of monetary policy or finance, with full legal capacity and one that is to whole extent without any criminal record.*" Between those is lacking requirement to be person "whose independence is beyond doubt." Therefore, must be viewed with strong criticism situation in which politically exposed person may become a member of the Board of NBS. Situation of this kind occurred repeatedly in the past. Therefore we propose de lege ferenda to extend § 7 (7) LoNBS as to include the requirement for the member of the Board of NBS to be a person "**whose independence is beyond doubt.**"

NBS plays an important role in monetary policy through its consultation competence. According to the art. 4 (1) letter a) of the Statute *in accordance with Article 127(4) of the Treaty on the Functioning of the European Union: the ECB shall be consulted: on any proposed Union act in its fields of competence; by national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 41*. Slovak version of the cited art. 4 (1) uses different wording: "*porady s ECB sa vedú.*" This could be translated as "*consultation with NBS are held.*" Literal interpretation of Slovak version of this article misleadingly implies that member states may choose whether to held consultation with ECB or not. This error in interpretation is evident based on the systematic comparison with art. 127 (4) TFEU which unequivocally stated that consultation with ECB is in this respect mandatory. Rules for consultations are provided for in Council Decision of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions no. 98/415/EC [Siekmann 2021, p. 356] (henceforth "Decision on consultations"). The consultations are mandatory with regards to the any draft legislation within the field of competence of ECB – for example: *currency matters, means of payment, national central banks, the collection, compilation and distribution of monetary, financial, banking, payment systems and balance of payments statistics, payment and settlement systems, rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets* (2.1. Decision on Consultations). The Slovak version of Decision on consultations contain misleading wording of the first sentence of the para 2.1. of the Decision on Consultations. According to Slovak version: "*Orgány členských štátov sa poradia s ECB o akomkoľvek návrhu právneho prepisu v rámci svojej oblasti právomoci na základe zmluvy, a najmä: (…).*" This could be translated as "*the authorities of the Member States shall consult the ECB on any draft legislative provision within their field of competence pursuant to the Treaty and in particular on:*" The Slovak version of the wording thus falsely offers to the member states the decision to choose "their field of competence" for which to conduct consultation with ECB. The Slovak language mutation of Decision on consultation is wrong in this regard. This conclusion is evident from comparison with English and German wording of the para 2.1. of Decision on Consultations. The English version uses wording "its" which clearly as singular points to the competence of ECB and not to the competence of plurality of member states. The German version of para 2.1. of the Decision on Consultations explicitly states *Die Behörden der Mitgliedstaaten hören die EZB zu allen nach dem Vertrag in die Zuständigkeit der EZB fallenden Entwürfen für Rechtsvorschriften*.

From obligation to be submitted under consultations are excluded the draft provisions *the exclusive purpose of which is the transposition of Community directives into the law of Member States* (para 1.2. of the Decision on Consultations). The fact that these provisions follows from the EU law is sufficient for their direct implementation without the requirement to submit them firstly under consultation. In all cases in which the member state request the consultation, the NBS has to *immediately on receipt of any draft legislative provision, notify the consulting authority whether, in its opinion, such provision is within its field of competence* (para 2.3 of the Decision on Consultations).

"*In the OLAF judgment, the Court of Justice of the European Union (the 'Court') clarified the objectives of Article 127(4) of the Treaty in terms of the obligation to consult the ECB on any proposed Union act within its fields of competence.*"[4] In the Olaf case, the Court offered its decision concerning action of Commission of the European Communities (henceforth "Commission") for annulment of Decision 1999/726/EC of the European Central Bank of 7 October 1999 on fraud prevention. The art. 2 of the contested decision stated that the anti-fraud committee had sole competence for administrative investigations within the ECB so far as combating fraud is concerned. The Commission viewed such provision led to negation of the powers conferred upon OLAF by Regulation (EC) No 1073/1999 of the European Parliament and of the Council

[4] *Guide to consultation of the European Central Bank by national authorities regarding draft legislative provisions* (online: https://www.ecb.europa.eu/pub/pdf/other/consultationguide201510.en.pdf).

of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF).[5] In its defence the ECB also stated that it had not been consulted before the adoption of the OLAF regulation although OLAF regulation falls in its field of competence. The Court offered its interpretation of the obligations under 127(4) TFEU (para 110; 111): "*In that regard, the Court observes that Article 105(4) EC is placed in Chapter 2, devoted to monetary policy, of Title VII of Part Three of the EC Treaty and that the obligation laid down in that provision to consult the ECB on any proposed act in its field of competence is intended, as the Advocate General points out at paragraph 140 of his Opinion, essentially to ensure that the legislature adopts the act only when the body has been heard, which, by virtue of the specific functions that it exercises in the Community framework in the area concerned and by virtue of the high degree of expertise that it enjoys, is particularly well placed to play a useful role in the legislative process envisaged. That is not the case as regards the prevention of fraud detrimental to the financial interests of the Community, an area in which the ECB has not been assigned any specific tasks. Furthermore, the fact that Regulation No 1073/1999 may affect the ECB's internal organisation does not mean that the ECB should be treated differently from the other institutions, bodies, offices and agencies established by the Treaties*" From these considerations clearly follows that duty to consult the ECB does not concern all draft legislation on monetary policy. Only when the draft legislation is related to the specific functions that ECB exercises in Community framework the consultation with ECB about the draft legislation must be held.

Also, NBS has power to be consulted on upon draft legislation within its competence. This follows from § 13 (2) LoNBS according to which: "*NBS shall offer its opinion on the draft legislation submitted to the Government, within the field of competence of NBS and such that are not submitted by NBS (…).*" This provision is speaking only about legislation submitted to the Government, but other phases of legislative procedure are omitted from § 13 (2) LoNBS. An obligation to ask the consultation from NBS on draft legislation is not prescribed for draft legislation submitted by members of the parliament. This obligation is lacking also from the Law no. 350/1996 Coll. on proceedings of the National Council of the Slovak republic (henceforth "LoP"). The § 20 ods 2 LoP only states that Governor of Národná banka Slovenska could not be expelled from the meeting of the National Council of the Slovak republic. Firstly, we propose that this ban of expulsion should be extended towards all members of the Board of NBS. We also consider necessary to introduce the mandatory consultation with NBS also for draft legislation proposed by members of the parliament.

From the fact that NBS were not consulted on draft legislation does not follow that after its adoption the law affected by such error ought to be deemed as unconstitutional. Thus, Slovak legal order does not contain sufficient constitutional protection in a case of a violation of the § 13 (2) LoNBS.

European Banking Union

Changes in EU legislation concerning the bank sector are closely connected with financial crisis of 2007-2008. There are several reasons that led to the creation of this financial crisis. Some authors points to the abandonment form the requirement for the specialization and separation of functions of financial institutions especially credit institutions. This specialization originally was meant as to protect the deposits and to prevent the risk of systematic failure of capital markets. "*Nowadays, under the model of "universal bank", credit institutions are generally allowed to trade in financial products, whilst previously this activity was restricted to other financial operators, such as securities firms and insurance companies*" [Lasagni 2019, p. 15].

The definition of bank in Slovak law contains in § 2 (1) Law no. 483/2001 Coll. on banks which states: "*A bank is a legal person with seat in Slovak republic in the legal form of joint stock company, which is an credit institution according to special regulation and which has bank licence. Other legal forms are excluded.*" The definition of credit institution contains Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. Besides accepting of accepting deposits and offering loans, the banks is Slovakia are allowed to perform various others business activities. These activities include performing of investment activities and investment services according to § 6 (1) c); f) Law no. 566/2001 Coll. on securities and investment services. Furthermore the banks are according to § 2 (2) 1 – 3 Law on Banks allowed to: *perform business with financial instruments; with gold*

[5] This regulation is currently repealed and replaced by Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999.

and with instruments of capital markets. Banks are therefore permitted to conduct variety of activities within financial markets. Therefore, Slovak banks have status of "universal bank" and they are not only credit institutions.

Second reason that led to the financial crisis of 2007-2008 in eurozone countries was close link between state financial operations and national banking sector. This interconnection was referred to also as a vicious circle. Euro Area Summit Statement from 29th June 2012 addresses this as follows: "*We affirm that it is imperative to break the vicious circle between banks and sovereigns. The Commission will present Proposals on the basis of Article 127(6) for a single supervisory mechanism shortly. We ask the Council to consider these Proposals as a matter of urgency by the end of 2012.*" This statement proposed aim to establish new regulatory framework for banks and financial institution by means of EU law. The so called "Bank union" is based on several legal instruments also called "pillars of bank union" [Busch, Ferrarini 2020, p. 93] including:

- SSM (single supervisory mechanism) – introduced by: Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions,
- SRM (single resolution mechanism) – introduced by: Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC,
- Package CRD IV – introduced by: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC Text with EEA relevance,
- CRR – introduced by aforementioned Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance,
- Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes Text with EEA relevance.

European Supervisory Authority (European Banking Authority) was established by SRM regulation. European Banking Authority is a part of European System of Financial Supervision (ESFS). ESFS contains: the European Systemic Risk Board (ESRB), for the purposes of the tasks as specified in Regulation (EU) No 1092/2010 and this Regulation; the Authority; the European Supervisory Authority (European Insurance and Occupational Pensions Authority) established by Regulation (EU) No 1094/2010 of the European Parliament and of the Council (38); the European Supervisory Authority (European Securities and Markets Authority) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council (39); the Joint Committee of the European Supervisory Authorities (Joint Committee) for the purposes of carrying out the tasks as specified in Articles 54 to 57 of this Regulation, of Regulation (EU) No 1094/2010 and of Regulation (EU) No 1095/2010; the competent or supervisory authorities in the Member States as specified in the Union acts referred to in Article 1(2) of this Regulation, of Regulation (EU) No 1094/2010 and of Regulation (EU) No 1095/2010. According to art. 2 (2) SRM regulation: *The main objective of the ESFS shall be to ensure that the rules applicable to the financial sector are adequately implemented to preserve financial stability and to ensure confidence in the financial system as a whole and sufficient protection for the customers of financial services.*

Common rules contained in legal acts concerning policies relating to the prudential supervision of credit institution form so called "Single Rulebook". The Banking union is one of the most important steps in monetary policy of EU. The importance of the Banking union was emphasized in Draft COUNCIL RECOMMENDATION on the economic policy of the euro area of 11th January 2022. The draft states that "*The deepening of EMU remains essential. The Banking Union and the Capital Markets Union are mutually reinforcing projects to promote growth, safeguard financial stability and support a genuine Economic and Monetary Union*. " We assume that future development of monetary policy of EU will be determined based on the completion and strengthening of the Banking union.

Conclusion

We identified several wrong or misleading translations of legal provisions of EU law concerning EU monetary policy to Slovak language. These deficiencies could be overcome

by interpretation of affected legal acts according to English and German language versions these legal provisions. Especially Slovak version of Council Decision of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions no. 98/415/EC contains provisions which stand in stark conflict with English and German language version of the decisions as well as with aims of this legal act.

The comparison between powers conferred upon ECB and NBS led us to the conclusion, that improvements in certain legal rules concerning NBS could be made. We are of the opinion that criteria for membership in Board of NBS should be strengthened. We proposed that requirement of "whose independence is beyond doubt" should be include in § 7 ods. 4 ZoNBS.

We are of the opinion that consultation powers of NBS should be broadened. We propose that mandatory consultation with NBS should be introduced for draft legislation proposed by members of the parliament. We also proposed that the violation of obligation to consult draft legislation with NBS should have constitutional consequences – e.g. that adopted in such wrong manner would be deemed unconstitutional.

We consider banking union as an important stage in the development of the EU's monetary policy. The impact of banking union will increase with time, and it will serve as an important safeguard for future stability in EU.

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