

Dear Colleagues,

Cyberattacks and other types of attacks against bank customers continue to rise. Since thousands of people have largely moved many of their personal and professional activities online in the COVID years, the curve has risen sharply. Unfortunately, despite the epidemic's decline, attacks have increased rather than decreased. Almost all age groups are being targeted by hackers, who are using a variety of techniques, some of which are highly complex and others, which are rather simple. We must, regrettably, accept the truth that hacking has become a regular, albeit illegal, industry. And it often doesn't require much IT knowledge to carry out the attacks.

I'm pleased that the banking industry in the Czech Republic is at the cutting edge of technological solutions for safeguarding customer accounts and other banking systems. But even the most advanced technology is ineffective in the face of naivety, credulity and carelessness. That is why we have decided to launch a major nationwide educational campaign called #nePINdej! to warn and educate the public on how to identify attacks and how not to be tricked by them.

I want to say a big thank you to all the partners who have joined us and are helping us! Without them, we would not have been able to implement such a large-scale project that really makes sense.

I'm hoping the best for you! And most importantly, #nePINdejte! *(The name of the campaign, which means "Don't give your PIN to anyone; a pun, it also means "do not blabber"; translator's note).*



Monika Zahálková, Managing Director

News of the Day

CBA launches large campaign against fraudsters



The number of attacks on bank customers has quadrupled in the last two years. Damage estimates are in the hundreds of millions of crowns, with an average of 161,500 crowns per damaged client. In the first seven months of this year alone, the number of attacks on bank clients was twice as high as in the entire last year.

In response to the dramatic increase in the number of attacks, the Czech Banking Association, in cooperation with government authorities and key Czech business firms, launched a nationwide educational campaign #nePINdej! A key element of the campaign is the interactive educational [Kybertest](https://www.kybertest.cz), which will introduce the public to the most common cyber scams in an entertaining way and teach them how to recognize and avoid them." *The name #nePINdej! is a play on words that serves as a humorous reminder to people to be cautious with their sensitive data and to protect their money when shopping online. At the same time, it will activate the public on social networks and other channels in a specially developed online application to test their ability to resist cyberattacks*", says Monika Zahálková, the Managing Director of the CBA.

The cyber test has several variants that simulate the most common

fraudulent practices according to different age groups. *"Different questions are thus generated for teenagers than for seniors. The same as hacker attacks – they try different practices on the younger generation than practices used on the middle generation and yet different practices with regard to the oldest citizens",* explains Tomáš Trachta, member of the Board of Directors of Company itego, a.s., which programmed the Kybertest for the CBA and cooperated closely in the implementation of the entire campaign. After the test is launched, each participant receives virtual money for the "game", which they must protect as best as possible from fraudulent attacks. After each question, people learn the correct solution, so they can learn from it and avoid falling victim to the next simulated attack. *"Our goal is not to catch people out and show them how bad they are at navigating in cyberspace. Our goal is primarily to educate and teach as many citizens as possible how to detect the practices of fraudsters and how not to be robbed by hackers,"* explains Monika Zahálková.

The #nePINdej! campaign is certainly one of the biggest campaigns in the field of cyber security that has been implemented to date. It is also unique in that it involved both state administration bodies dealing with cybersecurity and key companies in Czech business, which themselves, or their clients, are also affected by fraudulent attacks. In addition to the Czech Banking Association, which is implementing the project, the campaign involves the Police of the Czech Republic, the National Cyber and Information Security Agency (NÚKIB), itego, a.s., CISCO, Thein Security, Česká pošta, ČEZ, Mastercard, O2 and České dráhy. Media partners are Czech Television (main media partner), Seznam Zprávy, Deník and Cinestar.



Corporate deposits and loans, particularly in foreign currency, are increasing.

By the end of July, household deposits in banks had increased by CZK 17 billion, a half-percentage point month-on-month, to CZK 3.109 trillion.

There was also a slight 0.4% increase in total household loans to CZK 2.011 trillion. As a result, the resulting balance is nearly CZK 100 billion higher than the CZK 1 trillion threshold, according to the [Czech National Bank's most recent statistics](#). The self-employed, on the other hand, continue to reduce the volume of deposits at a rapid pace, which has already fallen by nearly CZK 30 billion (more than 16%) year-on-year, by more than 3.5% compared to the previous month, in absolute terms by almost CZK 5.5 billion. Even so, the excess of deposits over loans, at CZK 106 billion, remains very significant. Another remarkable phenomenon that we have been observing since interest rates started to rise on the interbank market is the desire of exporters, who have a natural protection against exchange rate fluctuations, to take out low-interest loans in foreign currency. Their volume rose by 34 billion crowns month-on-month, which represents the entire increase in corporate loans. At the same time, unlike in previous months, businesses also increased their deposits, by 36 billion crowns compared to June, half of which is again in foreign currency.

The Ministry of Finance improved its estimate of economic growth

In its new [macroeconomic forecast](#) for this year, the Ministry of Finance improved the estimate of economic growth to 2.2% and downgraded the estimate for next year to 1.1%. At the same time, according to the MoF, average inflation is expected to be 16.2% this year and to fall to 8.8% next year. During the rest of this year, inflation should approach 20%, according to the MoF. The Ministry estimates this year's general government deficit to reach 3,8 %. Minister Zbyněk Stanjura says the aim is to push the deficit below 3% by the end of the term of office and thus meet EU criteria.

Confidence in the economy declined again

Confidence in the economy declined further in August, mainly due to a decline in confidence among entrepreneurs, while household confidence improved slightly for the first time after a decline in confidence lasting almost half a year. However, the August increase in confidence among households was only moderate and, overall, household confidence remains among the weakest since the start of data tracking. On the positive side, there was a noticeable decline of concerns about price increases among households, which had reached their lowest level since January last year. Among entrepreneurs, confidence declined in all monitored segments, but most significantly in the construction sector,

where firms expect a fall in the employment. In general, firms have downgraded their assessment of the current situation, but still expect an improvement in the coming months. [More in the commentary by Jakub Seidler](#), the Chief Economist of the CBA.

The Eurozone reached record inflation

High inflation is not a concern only for the Czech Republic, but for the whole world. And the eurozone is no exception. The inflation rate here reached another high in August. The year-on-year rate of consumer price growth accelerated to 9.1 percent from 8.9 percent in July. The estimate was published by [Eurostat](#), the European Statistical Office. This makes August the ninth month in a row in which inflation has risen significantly. According to Eurostat, the main driver of high inflation is the current crisis in Ukraine, which has had an impact on food and energy prices. Energy prices were the biggest price pressure last month, rising by several tens of percent.



The Number of the Week

161,500 CZK
average damage per client caused by cyber attacks

From Legislature



Government rejects mandatory establishment of corporate accounts

The [government](#) has rejected a proposal by ANO members of Parliament to enact an obligation for banks to provide a “basic payment account” to companies and all other legal entities. According to the cabinet, this proposal fundamentally interferes with the guaranteed contractual freedom of financial institutions and could expand the scope for financial crime. Thus, the government will send a dissenting opinion to lawmakers on the amendment to the Act on Payments for further discussion in the Parliament. The obligation to set up a basic payment account has so far only applied to accounts for consumers, which also follows from the relevant European directive, unlike the obligation to set up a basic payment account for legal persons. Among other things, the Government considers that any company from the European Union, including companies with unclear or risky business activities, could apply for a basic account. The government believes that these could include shell companies, which are used only to move money, in some cases illegally. The proposal would therefore create room for vulnerability of the Czech financial sector in relation to domestic and foreign financial crime.

Financial Education

How to run a company properly? Find out in the new CBA training program



A successful organization is shaped by the right principles of management and governance. The Czech Banking Association is therefore launching a new corporate governance training program that focuses on developing skills in these areas. The program consists of six modules, during which leading Czech businessmen and managers will share their experience and provide information that is necessary for proper performance as a member of the governing body or in various managerial positions or professions. The program starts on 11 October, registration forms and more information can be found [here](#).



Attacks in cyberspace are rising steeply

The scope of attacks on bank customers, citizens, and businesses is increasing in a steep curve. Banks and police officers are registering unprecedented increases. Fraudulent activities can take dozens of different scenarios and forms and are aimed at virtually all age groups.

The largest percentage of cyber-attacks (almost 40%) is directed at the public sector, the private sector (21%) and the healthcare sector (17%). Although the financial segment is one of the less affected in terms of its share in the total number of these attacks, it is a sensitive area as it can directly affect people's savings.

Banks are investing massively in security

The Czech financial sector is one of the best secured. Compared to other institutions, banks invest the highest percentage of their budgets in cyber

security and 43% of them plan to increase their budgets in this area this year. These expenditures are also linked to the fact that 81% of financial institutions experienced an attempted attack last year.

The number of attacks and damage are increasing

While approximately 5,000 attacks on bank customers were registered in 2020, last year there were already more than 12,000, and this year, in the first seven months of the year alone, fraudsters attacked in almost 21,000 cases. *"In particular, fraudulent phone calls, known as vishing, which are among the most insidious, have increased dramatically. While two years ago, their number was in the low hundreds, this year we are already talking about dozens of thousands. And their success rate has also increased. Almost every second fraudulent phone call unfortunately ends in damage to the client,"* said Monika Zahálková, the Managing Director of the Czech Banking Association.

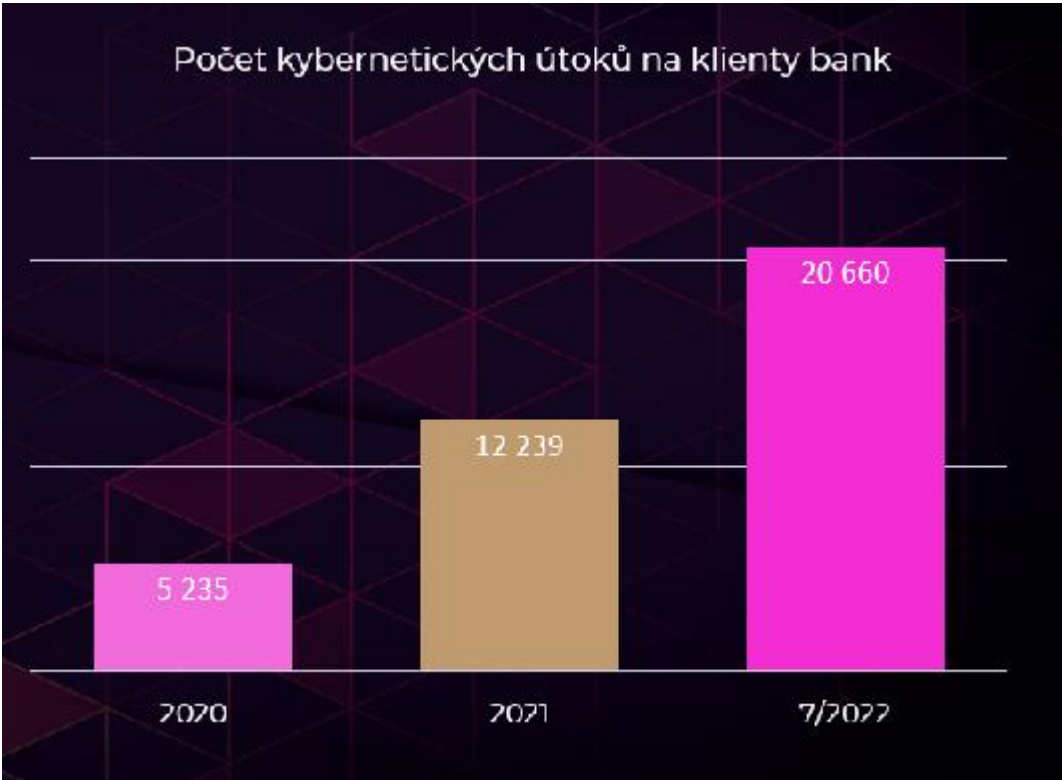
The average amounts lost by clients in attacks are unfortunately quite high. In one successful attack, a client loses an average of CZK 161 500. Phishing (fraudulent e-mails) results in a damage of approximately CZK 73,000 per client, but for fraudulent phone calls it is a quarter of a million crowns.

Fraudsters are coming up with new methods

There are also more and more methods used by fraudsters who are trying to trap their victims. In addition to the traditional fraudulent emails, SMS and the vishing mentioned above, frauds on social networks are becoming increasingly common, where the perpetrator can even steal the identity of a real person and then contact their friends under that identity in order to extort money from them. Also, fraudsters have started using a new method last year, so-called reverse advertising scams, which are on the rise. In this case, the attackers target mainly sellers who choose "secure payment" as a payment method, i.e., transferring money from card to card, through the wallet of the chosen bazaar. As clients are approached by the imaginary buyer of their goods, they do not expect that someone is trying to get access details to their accounts and online banking from them. They want to sell the goods, and in order to achieve this as soon as possible, they blindly cooperate and fill in their card details and account access details, believing that they are doing nothing wrong and believing that they will get money for the goods they are selling. Unfortunately, the opposite is true, they lose everything.

That's why last week, the Czech Banking Association launched a large #nePINdej! Campaign. The central element of the campaign is

the [Kybertest](#) mentioned in the introduction. We hope you will find time for it and that you will enjoy it.



Unsubscribe from news.

A dark blue banner containing five white social media icons: Facebook, Twitter, a globe, LinkedIn, and YouTube. Below the icons, the text "Unsubscribe from news." is displayed in white.