

Dear Colleagues,

It is no secret that the Czech Banking Association considers cybersecurity to be one of the most topical issues and it is strongly committed to it. We have already informed you many times about the ongoing #nePINdej! campaign, which is at its imaginary top, and now you can also see it on TV screens. Thanks to our partnership with Czech Television, we have the opportunity to broadcast spots warning against cyber crooks and promoting our cyber-test in prime time. Currently, more than 1,000 people a day try it out, which we think is a great number. We are also pleased with the results achieved by those who complete the test. On average, the score is about 70%. Not bad, but let's not kid ourselves that it's good. After all, in cyberspace, all it takes is a little inattention and your savings are irretrievably gone.

That's also why we've devoted considerable space to cybersecurity again in today's edition. In our annual survey, we have again measured the cybersecurity index, which is slightly worse this year than last year. You can read about how Czechs behave in the online world, how they protect their devices and what passwords they use most often in the Topic section.

I wish you a pleasant reading and a calm autumn.

Monika Zahálková, Managing Director



News of the Day

Hacker attacks are on the rise, one in three Czechs has encountered them this year



More than half of Czechs have been the target of a hacker attack in the past. The most common were bogus e-mails promising their recipients that they would win in a contest or a large inheritance from a forgotten family member. One in three Czechs has even encountered a hacker attack this year. This was revealed in a survey prepared for the Czech Banking Association by the IPSOS Agency.

"In the first seven months of this year alone, the number of attacks on bank clients was twice as high as in the whole of last year. In particular, the number of fraudulent phone calls, so-called vishing, which are among the most insidious, has increased dramatically. While two years ago their number was in the low hundreds, this year we are talking about dozens of

thousands. And their success rate has also increased. Almost every second fraudulent call nowadays unfortunately ends up being a loss for the client. The average amount lost by clients in these attacks is quite high, roughly a quarter of a million crowns," said Monika Zahálková, the Managing Director of the Czech Banking Association.

Young people aged between 18 and 34 are the most frequent victims of attacks. Fraudsters most often target login data, in 40% of cases. Almost a third tried to obtain a credit card number and a quarter targeted personal data such as a birth certificate number. There was also interest in password or PIN, in 22% of cases.



Confidence in the Czech economy continues to decline

Confidence in the Czech economy declined slightly by 0.3 points to 89.8 points in October. The composite confidence indicator fell below 90 points for the first time since last March. It has been declining for five months in a row. Household confidence even reached a new low in October, the weakest level since the data have been tracked since 2002, and for some sub-indicators (e.g., fears about the deterioration of their financial situation) the situation is even the worst since the beginning of 1998. Confidence among entrepreneurs also declined in October, for the fifth month in a row. In contrast to the previous month, the decline was not broad-based and was mainly driven by industry and slightly also by construction. [More in the commentary](#) by Jakub Seidler, the Chief Economist of the CBA.

General government deficit of EU member states declined in the second quarter, but increased in the Czech Republic

Government deficit in EU member states fell to 86.4 percent of gross domestic product (GDP) at the end of the second quarter, from 87.5 percent at the end of the first quarter. This was indicated by data from the statistical office [Eurostat](#). Government deficit declined in all member states except the Czech Republic, Luxembourg and the Netherlands - the Czech Republic was the second worst performer in the EU in this respect. Greece had the highest government deficit-to-GDP ratio at the end of the second quarter, while Estonia was the least indebted. The most significant decline in government deficit was achieved by Cyprus. The Czech Republic is one of the four EU Member States where the deficit also increased year-on-year in the second quarter. Slovakia, Hungary and Romania also reported year-on-year increases in their government deficit-to-GDP ratios.

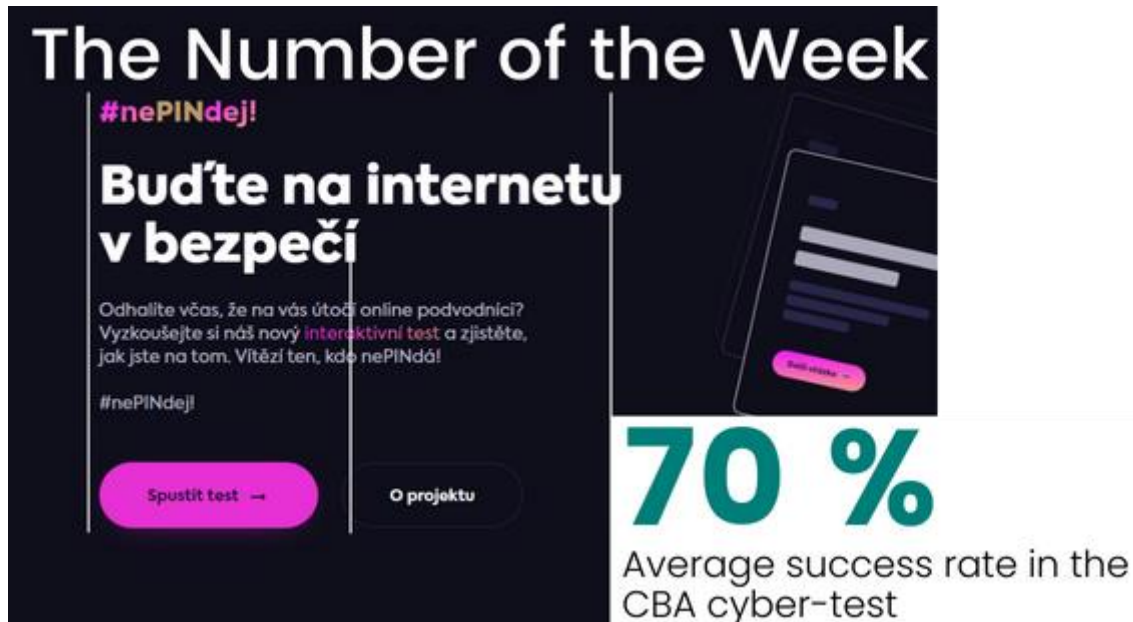
ECB raised the basic interest rate by a further 0.75 percentage point to two percent

The European Central Bank (ECB) [raised](#) its key interest rate by a further 0.75 percentage point, as expected. The rate was moved to two percent, the highest level since 2009. By tightening monetary policy, the ECB is trying to bring inflation under control. The ECB has also said it expected to raise interest rates further in the future.

EBA published two European programs

The European Banking Authority (EBA) has published its [European Supervisory Examination Program](#) for 2023, which identifies key topics for supervisory attention across the EU. Key topics include macroeconomic and geopolitical risks, operational and financial resilience, ESG risks and digital transformation, and money laundering and terrorist financing risks in SREP and internal controls/governance. The EBA has also published the [European Resolution Examination Program](#), which is aimed at shaping the priorities of the work of resolution authorities. Resolution authorities are expected to consider the following key topics in developing their priorities for 2023: how MREL shortfalls are being addressed, the development of management information systems for valuation in resolution, preparations for

managing liquidity needs in resolution, and operationalization of the bail-in strategy.



The Number of the Week

#nePINdej!

Bud'te na internetu v bezpečí

Odhalte včas, že na vás útočí online podvodníci? Vyzkoušejte si náš nový **interaktivní test** a zjistěte, jak jste na tom. Vítězí ten, kdo nePINdál!

#nePINdej!

Spustit test →

O projektu

70 %

Average success rate in the CBA cyber-test

From Legislature



The Chamber of Deputies approved a bill to simplify the establishment of commercial companies

In mid-October, the Chamber of Deputies approved a [government bill](#) aimed at simplifying the establishment of commercial companies. For example, the registration of a company in the

Commercial Register will no longer be conditional on the prior acquisition of a trade license. Founders will be able to use memorandum templates, which will be available on the Ministry of Justice's website, to establish a limited liability company. The bill is based on the European directive on digitalization and will now be referred to the Senate for its consideration.

Financial Education

European Money Quiz 2023 Final to be held in Brussels



The European Banking Federation (EBF) is preparing the next year of the popular pan-European financial literacy competition European Money Quiz (EMQ). The main objective of the initiative is to help improve children's financial knowledge across Europe. The competition is coordinated at national levels by the banking associations of the participating countries, i.e., in the Czech Republic by the Czech Banking Association. The competition is aimed at pupils and students aged 13 to 15 and is run on the popular online educational platform Kahoot! The organization of the last two years of the competition was affected by the anti-pandemic measures. In 2023, however, we will return to the popular format of the final round of the competition, where the winners of the national rounds will compete in a fundraising competition directly in Brussels, where the EBF is based. All finalists of the EMQ 2023 national rounds are therefore in for an enjoyable and exciting experience. Pupils and students can already prepare themselves to make the most of the questions by taking the [practice tests](#) available on the [competition website](#). The final round of the competition will take place in Brussels on 16 May 2023.

Topic

Cybersecurity Index 2022: Czechs are still cautious in the online banking space

Czechs are cautious in the online space. The Cybersecurity Index has reached 67 points, keeping close to last year's score. People consider financial transactions sensitive and most would never disclose access details to online or mobile banking. Banks are the most trusted institutions for Czechs when it comes to protection from data leaks. This has been shown by a survey conducted by the Czech Banking Association and the research agency Ipsos. The results of the survey are matched by the running data of the Cyber Test, which was passed by 54,000 people in less than two months with an average result of 70%.

The Cybersecurity Index scored 67 points, one point less than last year

Last year's results were the best since tracking began, with the index reaching 68 percent. People with primary education scored an average of 65 percent, while the college-educated got an average of 68 percent. *"People seem to be aware of the risks associated with the online environment. The vast majority would not provide online banking access details. Almost two-thirds of people check their spending and savings accounts regularly,"* says Petr Barák, financial and banking security expert of the Czech Banking Association.

Czechs are cautious about sharing information, but a quarter will sometimes open an unknown attachment

Under no circumstances would 86% of Czechs provide their account login

details. More than half would not share their savings, credit card number or family pictures. People are only willing to disclose other information under certain circumstances. More than three quarters will share their phone number and home address in such cases. Almost three-quarters do not open attachments from unknown senders, but a quarter will open at least some. Most people read bank alerts about potential threats and around half do so regularly. Eight out of ten Czechs access their online banking through their own device, which is completely under their control.

People trust banks the most in data protection

Banks, insurance companies and savings banks are considered the safest when it comes to protecting against data leaks. 59% of Czechs consider them trustworthy. In contrast, only less than a third perceive the state administration (e-government) as secure. People have the lowest trust in fintech companies, non-bank lenders and chain stores.

People most often connect to e-banking via Wi-Fi

People only connect via Wi-Fi when it is well secured. 44% of them are in the habit of doing so. More than a quarter of people then connect anywhere, using a data plan. Only 8% of Czechs manage their finances using public networks. Six out of ten people routinely use them to deal with their emails and other correspondence. Almost half (44%) log on to social networks in this way. *"Connecting to public, unencrypted Wi-Fi is never safe. However, people do and will do it. Once connected to a public network, people need to be very vigilant and should not access their internet or mobile banking at all. But many people still don't realize this and because of this they reveal information they shouldn't reveal,"* says Milan Habrcetl, Cyber Security Specialist at Cisco.

Trading in online bazaars is common, fraudulent phone calls are usually detected by people

Almost half of Czechs have shopped in online bazaars and more than a third have sold some goods in them. The most common form of payment was a bank transfer, and in four out of ten cases it was a personal delivery. Fraudsters often target sellers. There has been a significant increase in such cases this year. *"Because selling clients are approached*

by the supposed buyer of their goods, they do not assume that someone is trying to get access details to their accounts or internet banking from them. In order to achieve the sale of their goods as soon as possible, they carelessly cooperate and fill in their card details and account access details thinking they are doing nothing wrong. Unfortunately, the opposite is true, they usually lose everything," explained Lieutenant-Colonel Ondřej Kapr from the Police of the Czech Republic. Only 3% of people would provide information during a fake phone call. More than half of them would then check the situation with their bank.

Dozens of thousands of people have tried cyber test, with an average success rate of 70%

In September, the Czech Banking Association, in cooperation with partners, launched the nationwide #nePINDej! campaign to bring people to Kybertest.cz webpage and educate them in this way. In less than two months since the launch of the Cyber Test, the campaign has attracted almost 54,000 people who passed the test with an average 70% success rate. The Cyber Test consists of the ten most common scams and people can thus test how resistant they are to possible hacker attacks. The CBA has recently launched a version of the Cyber Test for the younger generation. Kyberhra.cz is aimed at pupils in the second grade of primary schools, secondary schools and vocational schools and multi-year grammar schools. Fraudsters choose their targets across all generations, regardless of age or education.



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