

24/2022



NEWS

Dear Colleagues,

The first Advent is over and the first snow fell in many parts of the country. And though information is not very positive lately, it is these little things that we should rejoice in. The coming Christmas should be a holiday of peace and, above all, a holiday of golden family moments. Spending the Christmas Holidays with the people you love is better than any present. So, if you can, try to slow down your often exhausting work pace and enjoy time with your loved ones. We will try to relieve you from the hustle and bustle by gathering information for you in the CBA NEWS that you might find interesting and that you should not miss.

Christmas, what the latest legislation is, and also how this year's ninth year of the CBA's "Bankers Go to Schools" project progressed. The participation of both banks and schools was record-breaking and the feedback from all sides was very positive. This is news that warms our hearts and that charges us with energy for the coming years. There should be as much positive news as possible, especially at this time.

Enjoy the last 30 plus days of this year and remember that holidays are best when spent in a peaceful family atmosphere.

Monika Zahálková, Managing Director



News of the Day

Czechs will treat themselves to Christmas despite inflation. This year they will put themselves into debt because of presents significantly less than in other years.



High inflation and dramatic price rises will not affect this year's Christmas celebrations. On average, Czechs plan to spend over CZK 13,000 on gifts, food and decorations this year, which is approximately CZK 1,000 more than last year. They do not plan to borrow money for presents. While one in ten Czechs borrowed money for Christmas shopping last year, only 3% of respondents are considering a loan this year. [This has been indicated by](#) a survey conducted by the Czech Banking Association and the research agency Ipsos.

"It is good that people are cautious when planning their Christmas spending and the vast majority of them would not go into debt for

presents. Still, we recommend caution. It's always a good idea to think about whether you have the means to repay such a commitment, or to choose the provider of such a loan very well. It is always a good idea to find out exactly how much I will pay for my loan," Filip Hanzlík, the Chief Lawyer and staff support for consumer affairs of the Czech Banking Association, points out. Still, people sometimes borrow for Christmas. This year, however, significantly less than in previous years. While last year, one in ten Czechs borrowed for Christmas spending, this year only 3% of respondents plan to borrow. Most often they plan to borrow up to CZK 10,000. Those who plan to take out a loan for Christmas presents or have already taken out a loan most often borrow directly from a bank (58%). Almost 20% of people who have borrowed for Christmas presents in the past said that they have problems repaying the loan, which they will solve by postponing repayments. 14 % say that they would borrow from their families when dealing with issues in repaying. The money that Czechs have borrowed or plan to borrow this year for Christmas presents is most often used to buy toys for children (42%). 38% of them will buy large appliances, 27% home furnishings and 23% consumer electronics. Lack of savings is the most common reason for such a loan, in 42% of cases. Almost a quarter (23%) do not want to wait and save for the goods they desire. 19% are convinced by the fact that the item they are buying is on sale. 19% want to give their children and family a nice Christmas.



Confidence in the economy grew slightly

Economic confidence has risen slightly in November, but the trend had been quite heterogenous. Business confidence fell further due to weaker expectations for industrial production, while household confidence improved in November - but still remains at a historically low level.

Inflation concerns have decreased among households and are at early 2021 levels. Selling price expectations among companies declined in November, particularly in services and to a lesser extent in industry. This suggests that headline inflationary pressures, while having peaked, remain strong given the passing through of high energy prices on companies' costs. The key development will come at the beginning of the year, when a number of price lists are being changed.

Assets in mutual funds have diminished this year

The assets that Czechs have in mutual funds diminished this year by three billion, to CZK 705 billion by the end of September. However, in the third quarter, assets started to grow again. The biggest growth was recorded in money funds and especially bond funds. On the other hand, mixed and structured funds recorded the biggest drop in assets.

The [data from the Czech Capital Market Association \(AKAT\)](#) indicated that. Last year, the assets deposited in funds increased by CZK 118 billion to CZK 708 billion for the whole year.

The number of cyber-attacks is growing

In the first 10 months of the year alone, the number of cyberattacks nearly doubled compared to last year. By the end of October, the [Police of the Czech Republic registered](#) 15,409 crimes committed in cyberspace, compared to 9,518 in 2021 and 2,195 a decade ago. Until the end of the year, according to representatives of the Police of the Czech Republic, there is an extreme danger of cyber-attacks.

Producer prices are falling

[The growth of producer prices slowed down in October](#) and declined slightly year-on-year for all groups surveyed. While this may provide signs of optimism that the main inflationary pressures are behind us, there will still be many producers responding with a delay to rising input prices, especially energy, and the slowdown in producer price growth will generally be very gradual. Agricultural producer prices fell 3% month-on-month, while livestock prices continued to rise, up 3% month-on-month. The global food price index has been falling in recent months and has

already reached the levels existing before the war in Ukraine. Thus, the growth in the prices of food should start to gradually slow down, although it will shift more to livestock items such as meat, milk, eggs. Construction prices rose by just 0.3% month-on-month, ending the brisk growth seen since January this year. Prices for services for businesses were broadly flat in October after recording the strongest month-on-month increase since February this year in September. Industrial producer prices accelerated further month-on-month by 0.6%, broadly in line with market expectations.

ECB likely to raise interest rates again

To fight inflation, the European Central Bank (ECB) expects that it will have to raise interest rates to a level where they will not only stop stimulating economic growth, but will instead hamper it. This was stated in a speech by [Christine Lagarde, President of the ECB](#). The ultimate extent and the pace of monetary tightening policy will depend on the inflation outlook. The annual year-on-year increase in consumer prices in the euro area accelerated to 10.6% in October from 9.9% in September, according to Eurostat and is now at its highest level since the introduction of the single European currency more than 20 years ago. The ECB raised its key interest rate by a further 0.75 percentage point at the end of October. It pushed it to 2%, the highest level since 2009.



From Legislature



Green for the EGAP Plus guarantee program

Exporters will be helped in facing the impact of the war in Ukraine by the EGAP plus state guarantee program.

Investment loans or working capital loans will be guaranteed by the state through the Export Guarantee and Insurance Corporation. Up to approximately CZK 6.25 billion is to be allocated for guarantees. The [law](#) was signed by President Miloš Zeman in mid-November. The terms of the guarantees were determined by a government decree approved by the Czech Government on 16 November 2022. The guarantee program will essentially be similar to the COVID plus guarantee system, which was established to support large export-

oriented companies as a result of the coronavirus pandemic and was terminated on 31 December 2021. The introduction of the proposed type of support is made possible by the Temporary Crisis Framework adopted by the European Commission in connection with the Russian aggression in Ukraine at the end of March. This originally allowed guarantees to be granted only until the end of this year, but has recently been extended until the end of 2023.



Meet the challenges of ESG in the banking sector



The relatively new and broad topic of sustainability (ESG) has recently resonated not only in society as a whole, but also in the banking sector. In the context of the current European CSRD directive, the topics of environment, social issues and also management are blending into many activities of banks, which are thus subject to a number of obligations. On the other hand, a properly set "ESG strategy" can give individual companies a competitive advantage and access to new markets. Therefore, the Czech Banking Association is organizing a full-day seminar on 8 December 2022, during which participants will clarify the information resulting from the European CSRD: lectures will be given at the seminar by Petr J. Kalaš, sustainability expert and President of the Czech Business Council for Sustainable Development, Ondřej Veselovský, ESG expert at CRIF - Czech Credit Bureau and Petr Procházka, Sustainable Finance & European and International Agenda staff support at the Czech Banking Association. The final panel discussion will be attended by Matúš Púll, Chief Sustainability Officer from Česká spořitelna, Blanka Beranová,

Executive Lead of Group Corporate Sustainability from ČSOB and Michal Putna, Sustainability Officer from Raiffeisenbank. If you are interested in ESG, you can register for the seminar at michala.svatonova@cbaonline.cz.



Bankers visited schools for the ninth time

The ninth year of the Czech Banking Association's financial education project "Bankers Go to Schools" saw record interest from schools and lecturers this year. During October and November, more than 230 bankers went to schools and gave lectures to approximately 5,000 pupils and students from all regions of the Czech Republic. We talked to Andrea Machálková, who is in charge of the Bankers Go to Schools project at the Czech Banking Association, about what attracts schools and students to the project, how bankers dealt with all the eager enquiries, as well as how today's young people are doing in the area of financial literacy.

This year marks the ninth year of the financial education project Bankers Go to Schools, organized by the Czech Banking Association. What is the aim of the project?

The project was first initiated by the Czech Banking Association in 2013. The aim of the project is to increase the financial literacy of young people - pupils and students primarily aged 15 to 16. Schools applying for the project can choose from two topics - Financial Literacy and Cyber Security. The two-hour information-packed seminars are then led by experts from

member banks directly at the schools. This year alone, more than 230 volunteer bankers have signed up for the project.

What is the interest in the project from schools and which subjects of lectures do they prefer?

The number of schools that are interested in the offer of seminars and have signed up for the project is increasing year by year. Although this year's "Bankers" project is not yet over, the main round of lectures takes place every year in October and November, we can already say that more than 5,000 children from 90 schools from different parts of the Czech Republic have joined the 2022 project. A report by Czech Television, which was broadcast on 9 November as part of the morning Studio 6 also contributed to raising awareness of Bankers Go to Schools. As financial services move into the online space and the importance of security and personal data protection increases, so does the interest of schools in seminars on this topic. Thus, the ratio of lectures delivered on Financial Literacy and Cybersecurity is almost even this year.

Have you prepared any novelties for pupils and students?

The Czech Banking Association is implementing a nationwide educational campaign #nePINdej, which draws attention to the growing danger of fraud on the Internet. In this year's Bankers Go to Schools project, we have included a playful online test as part of this educational campaign, which has been prepared especially for pupils and students (www.kyberhra.cz). By completing the Cyber Game, children will learn about the dangers that lurk in cyberspace, how to recognize them and how to defend themselves against them.

How many banks have participated in this year's project?

Despite the challenges faced by the banks this year, a total of 13 banks' employees participated in the project, namely: Air Bank, Česká spořitelna, Commerzbank, ČSOB, Hello bank!, HSBC, Komerční banka, mBank, Max banka, MONETA Money Bank, PPF Bank, Raiffeisenbank and UniCredit Bank. It is not only the number of volunteers - bankers of various specializations - who have signed up that is pleasing but also the continued interest of representatives of bank managements in

participating in the project. The schools welcomed members of the Board of Directors of Komerční banka and Raiffeisenbank. I would like to take this opportunity to the representatives of the participating banks for their helpful attitude and for their beneficial cooperation in organizing the project in their banks.



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