

05/2023



## News of the Day

**Building savings is celebrating its 30-year anniversary. It has helped two thirds of Czechs to fulfil their dreams of living.**

**Building savings has been on the market for 30 years. It is currently used by 3.2 million Czechs and another third of the population used it in the past. Most often it is used to fulfil dreams of living. Czechs use it to finance everything from the purchase of a property, to renovations, or household equipment.**

Building savings began to operate in the Czech Republic thirty years ago, in the spring of 1993. In the first year alone, 220,000 people set it up, and today, approximately 3.2 million people are saving with it. The absolute record in terms of the number of contracts concluded was set in 2003, when 2.1 million contracts were concluded. Another record year was 2021, when building societies granted loans worth CZK 109.8 billion.

Initially, the Czechs used the product mainly for savings, but nowadays, the building savings is attractive mainly because of loans that keep interest rates below 4% p.a., even in times of higher interest rates. Loans are granted without collateral and for up to 25 years. Their use is very broad, from the

purchase of real estate to its renovation. Currently, these loans are also widely used to finance adjustments in order to improve energy consumption of households; Czechs use them to finance investments in photovoltaics or heat pumps.

Last year, building societies concluded almost half a million new contracts and granted loans worth almost CZK 60 billion. Building savings for children is very popular. There are approximately 700 000 such contracts today.

## STAVEBNÍ SPOŘENÍ PLNÍ SNY O BYDLENÍ **UŽ 30 LET**



- 3,2 milionu spokojených klientů
- Nejvýhodnější půjčky na trhu – úroková sazba pod 4 % p.a.
- Splatnost úvěrů až 25 let bez zajištění
- Půjčky na snížení energetické náročnosti bydlení
- Státní příspěvek až 2000 korun

**AČSS**

ASOCIACE ČESKÝCH STAVEBNÍCH SPOŘITELN

# From the Market

## **Czech Police warns against fake bankers**

Fake bankers are again attacking bank customers. The Police of the CR also issued a [warning](#) against them. Swindlers contact randomly selected bank clients, claiming that someone has stolen their identity and now wants to take out a loan from the bank using that identity. During the phone call, they convince them to go to their banks, take out the maximum amount of credit the bank will allow, and then deposit the money in a bitcoinmat. By doing so, the victims will supposedly exhaust their credit limits and the thief who stole their identity will no longer be able to apply for any more loans. The average amount that people lose in this way is around 400,000 crowns. The police have also registered a case where the victim lost CZK 2 065 000.

## **The Association of Czech Building Savings Banks is strengthening its team**

The Association of Czech Building Savings Banks (ACSS) announced changes in its team and in its organizational structure. Monika Zahálková, the Managing Director of the Czech Banking Association, has taken over the executive management. Radek Šalša is the head of communications and media contact and also holds this position at the CBA. ACSS wants to take advantage of the expert and analytical background of the Czech Banking Association and the synergies that this change brings. However, it remains an independent entity with its own presidium.

## **EIB releases Czech Republic investment survey overview**

The European Investment Bank has published an overview of [corporate investments in the CR](#). The 2022 report analyses the effects of the economic shock caused by the Covid crisis and the readiness of companies to cope with new massive shocks that test their resilience. It also assesses how the response and recovery programs put in place by the European Union and national governments have helped firms, but also shows how companies' perceptions of investment conditions are again clouded by recent events. In addition, the EIB has also

recently published the [EIB Investment Report 2022/2023](#) and [Investment Report 2022/2023 - Key Findings \(eib.org\)](#).

## Commentary

### **Inflation slowed slightly in February**

Year-on-year price growth slowed to 16.7% in February from 17.5% in January. The main reason for the slight decline in year-on-year inflation was related to housing, where both energy and owner-occupied housing prices fell slightly compared to January. However, due to the high comparison base, the year-on-year dynamics fell more noticeably, reducing annual inflation by 0.4 pp for energy prices and 0.2 pp for imputed rent. Food prices rose only slightly in February, by 0.6%, after another significant increase in January. Year-on-year increase of food prices thus slowed from 25.6% to 24.6%. Like the CNB, the CBA forecast expects average inflation of 10.8% this year and slightly above 3% next year.

**Jakub Seidler,**  
**Chief Economist of the CBA**



### **Half of corporate loans are in foreign currency**

The persistently low interest in mortgage lending was reflected in weak growth in lending to the population in January generally. Mortgage loans rose by almost CZK 3 billion m/o/m to CZK 2 050.4 billion, while in the case of the self-employed, they have been slightly declining for the third month in a row and are also lower in the

year-round comparison. The total volume of corporate loans rose by CZK 18.6 billion m/o/m to CZK 1 255 billion. Of this increase CZK 15.6 billion is accounted for by loans denominated in euro, which, converted, already amount to more than CZK 566 billion. The difference between interest rates on koruna and euro loans means that almost half of the corporate loans are now in foreign currency.

**Miroslav Zámečník,**  
**the Chief Advisor of**  
**the CBA**



### **Average wages rose, real wages fell**

The average wage reached CZK 40,353 at the end of last year and increased by 6.5% over the whole year. For the whole of last year, it rose by 6.5%, but after taking into account 15% inflation, real wages fell by 7.5%, the sharpest decline in three decades. Over the past three years, average wages in the economy have risen by 18.5%, with above-average growth in administrative activities, electricity (23%) and health and social care (22%), while the slowest growth has been in accommodation and food services (14.6%) and construction (15%). For this year, we expect wage growth to accelerate to 8%, but given double-digit inflation, the fall in real wages will continue this year.

**Jakub Seidler,**  
**Chief Economist of the CBA**



### **The share of non-performing corporate loans has fallen**

The beginning of the Year of the Hare brought any significant deterioration in the ability of borrowers to repay their obligations to banks according to banking statistics. Let's be thankful about that, as well as about the fact that the shares of

non-performing loans are low. At the end of January, only 3.28% of non-performing loans were registered for non-financial entities, down from 3.41% month-on-month. For households, mortgages more than 90 days past due account for only 0.58% of the total volume, consumer loans are below 4%, and loans to self-employed, with a 5.13% share of non-performing loans, are more than a percentage point lower than a year ago.

**Miroslav Zámečník,**  
**Chief Advisor of the CBA**



## From Legislature



### **The Constitutional Court has ruled: banks continue to be obliged to keep free protected accounts**

Banks must continue to provide people dealing with distraint with free protected accounts, the Constitutional Court has ruled. It rejected a proposal by a group of senators to repeal the relevant part of the Civil Procedure Code. According to the court, this obligation on banks is not an unconstitutional restriction on the right to pursue business. According to the court, the aim of this provision is clearly to protect debtors from disproportionately high fees charged by financial institutions for setting up and maintaining protected accounts. The contested provision does not interfere with the very core of the banks' right to do business, it pursues a legitimate objective and reasonable and not arbitrary means are chosen to achieve that objective. The provision therefore passed the so-called reasonableness test applied by the Constitutional Court.

## CBA EDUCA



## Expert seminar on proficiency in banking services

In February, CBA EDUCA organized a seminar on proficiency in banking services. Its aim was to summarize the conditions and rules related to the distribution of banking services & products. The discussion revealed that certain issues related to the demonstration of proficiency in the distribution of insurance are unclear and ambiguous, despite the CBA's supervisory benchmark. Therefore, the CBA, together with its partners, is working on a series of qualified questions for the CNB aimed at providing the HR departments of partner organizations with a clear interpretation.



## March is Financial Health Month

In order to promote financial education in the Czech Republic, the Ministry of Finance, in cooperation with EFPA CR and yourchance organization, has declared March as the [Financial Health Month](#). Throughout the month, a number of events will take place to increase financial literacy among children and adults. During March, the Czech Banking Association is organizing national rounds of the [European Money Quiz](#), a financial education competition for pupils and students aged 13-15. The competition will culminate in a pan-European final round to be held in Brussels in mid-May.

# HR SETKÁNÍ

- Práce z domova jako benefit
- Práce z domova, její efektivita a motivace týmu
- Práce z domova a právní novinky

**30. BŘEZNA 2023**  
od 9 do 11 hodin, sídlo ČBA



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