

06/2023



News of the Day

Building societies offer solution to the state to make money without cancelling state aid

State support for building savings amounted to CZK 4.2 billion last year. In addition, the state spent another CZK 8 billion on housing allowances. It is certain that households are now more threatened by energy poverty than ever before and that applications for state housing allowances will only increase in the future and the costs to the state will rise significantly. Yet it is building savings that can help the state to reduce these costs, so that the state ultimately saves money and recovers the cost of aid many times over. According to the Ministry of Industry and Trade, at least 3% of the housing stock needs to be renovated annually. An analysis by the Czech Banking Association shows that the cost of these renovations amounts to CZK 60 billion per year. The state is currently investing around CZK 19 billion a year in these renovations, so there is a deficit of CZK 41 billion. This is where building societies can help. They provide loans of approximately 60 billion annually. They can therefore take on the financing of these costs. In addition, they can provide the state with a ready-made and controlled infrastructure that can be used immediately for a good quality and targeted distribution of subsidies and aid to Czech households. This would make state aid more attractive without

negatively impacting the budget; in the medium term, it would reduce spending expenditures from other budget chapters. The state could thus easily support the energy transformation of households and save on the costs of the dynamically growing expenditures associated with the housing allowances.



From the Market

Czech banking sector is very stable

In recent days, the [Czech National Bank](#) has been closely monitoring the situation in the US, where medium-sized banks have failed, and the echoes of this situation in Europe. Domestic banks are well capitalized and are required to comply with strict regulatory rules, including those for liquidity management. There are no banks with a business model similar to the banks that ran into trouble in the US in the Czech banking sector. Domestic banks have virtually no financial links with US troubled

banks, which is also true for the parent companies of domestic banks. Domestic banks also have no significant financial links to Credit Suisse.

Every second loan from building savings last year was for reconstruction and refurbishment. Czechs are looking for ways to save money on energy prices

Loans from building savings play a significant role in modernizing and improving the quality of housing for Czechs. Every second household has used a building loan at some point. Last year alone, building societies provided loans worth almost CZK 60 billion, more than half of which, according to the Ministry of Finance, was used for reconstruction or renovation. At a time of high energy prices, Czechs are looking for solutions to save money. One of them is investing in renovations that lead to a reduction in the energy consumption of households. Building society loans are an ideal instrument for financing these renovations. Thanks to the low interest rate of the loans, these investments start to pay off almost immediately.

Banks promote diversity, 43 % of managers are women

An initiative of five large banks has been set up under the auspices of the Czech Banking Association to create a relevant sector benchmark in the key areas of diversity. Approximately 75% of employees in the entire banking sector work in the group of these five banks. The resulting benchmark, according to identically set definitions for all participating banks, will help to accelerate the promotion of equal opportunities and enable the sharing of experience and inspiring solutions. For example, the findings so far show that banks are promoting women in management - 43% of management positions are held by women. If other banks would like to participate in the benchmark to gain insight into how they compare to their competitors, simply contact the [CBA](#).

ČSOB warns against fraudsters inviting to buy its shares

Československá obchodní banka has warned of fraudsters who are abusing its logo on the internet and are using video to try to lure money from people with a fake offer to buy the bank's shares. The bank is not traded on the stock exchange and it is therefore not possible to buy its shares. Details of the fraud, including a sample video, can be found [here](#).

Commentary

Confidence in the economy rose in March

Economic confidence increased in March, mainly thanks to industry, where expectations for future production improved markedly. The retail sector is also more positive with regard to future developments. By contrast, household confidence fell slightly again in March, with a larger proportion of respondents rating their financial situation worse than a year ago. In a positive sign, households' concerns about price increases are falling further. Thus, the March confidence indicators continue to be rather mixed, still confirming the difficult income situation of households despite the more optimistic outlook for industry and only very gradually declining expectations of many firms regarding future price increases.

Jakub Seidler,

Chief Economist of the CBA

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The volume of mortgages granted increased

Banks and building societies granted mortgage loans in the volume of CZK 7.9 billion in February this year. Month-on-month, the volume of mortgages granted increased by 20% and reached the highest level in the last six months. Overall, however, the volume of mortgages granted remains among the lowest in the last 10 years. The interest rate on new mortgages fell for the second month in a row in February, from 5.93% to 5.90%. Financial markets are currently anticipating that interest rates will decrease only very slowly, indicating that even any decline in mortgage rates in the period ahead will be very modest.

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From Legislature



The President signed the pension insurance act

On Thursday, 16 March 2023, Petr Pavel, the President of the Republic, signed the act of 8 March 2023, amending Act No. [155/1995 Coll.](#), the Pension Insurance Act, as amended, and certain other laws. According to the new law, the June pension increase will be about half of what it is under the current legal rules. The average monthly pension will thus increase by CZK 760 instead of the expected CZK 1,770. After signing the controversial law, the President said, *"I am convinced that it is absolutely necessary for the Constitutional Court to review this law. The Constitutional Court is the only institution that has the power to decide whether the law is in line with the Constitution or not. Even I, as President, do not have this power. The opposition has announced that it will challenge the law in the Constitutional Court. If, for some reason, it does not do so, I would consider it my duty to make a submission to the Constitutional Court myself."*

CBA EDUCA



CBA Strategic Management launched: managing business in the context of trends.

If you are managing a business or are a member of its top management and if you are interested in current trends, you will find many answers to your management decisions in the CBA Strategic Management for Top Managers management training program. Lecturers in the program will include, for instance, Tomáš Šimon, the CEO of Česká spořitelna and President of the CBA, macroeconomist Jakub Šidler, Radek Špicar, Vice-President of the Confederation of Industry of the Czech Republic and Petr Kolář, former diplomat and politician. The program starts on 13 April. Please read the details at www.cbacfo.cz.

Students of the Jan Kepler Grammar School in Prague will go to Brussels!

In the national round of the financial-educational competition European Money Quiz which took place last week, a two-member team of students from the Jan Kepler Gymnasium in Prague 6 won the most points. The 2nd place went to students from the Na Dědině Primary School in Ostrožská Nová Ves and the third place went to students from the Dvořák Grammar School in Kralupy nad Vltavou. The winners of the national round of the competition will take part in the European final, which will take place in Brussels in mid-May. Almost 300 teams from schools across the Czech Republic qualified for the national round of the European Money Quiz this year, five times more than last year.



ZAČÍNÁME
V DUBNU
2023

Vzdělávací programy

Pro vrcholové manažery i členy volených orgánů

ČBA Strategické řízení pro vrcholové manažery

ČBA Corporate Governance

6 výukových dnů nabitých unikátním obsahem.

Aktuální témata, přesah a kontext. Špičkoví řečníci.



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