

10/2023



Dear Colleagues,

Less than two weeks ago, the Government presented a recovery package that will introduce significant measures for the building savings sector, too. We respect the Government's decision, we appreciate that our arguments supporting the further development of the building savings sector have been heard and that, based on these arguments, the Government has made an informed decision that will ultimately help Czech households to live better and with lower energy costs.

What exactly does the Government's recovery package mean for the building savings sector? According to information from the Czech Ministry of Finance, the parameters of state aid to building savings remain unchanged this year. This decision is an important beginning of the evolution of the sector. However, there is a six-month legislative process ahead and intensive work to fine-tune the details, which will result in approval in the autumn with subsequent effect from January 2024.

The changes to the level of state aid are

just one aspect of a broader plan for the evolution of the sector. The aim for building savings is to become one of the main tools for Czech households in the energy transformation of their homes. Together with the Association of Czech Buildings Savings Banks, we are working on the vision "Building Savings 2.0," which includes a comprehensive approach to building savings and to its further development.

Enjoy the sunny days,

Monika Zahálková
Managing Director of the CBA



News of the Day

The domestic economy has emerged from recession and will grow at a moderate pace this year.

The chief economists of the banks represented in the Prognostic Panel of the Czech Banking Association expect economy to grow at a moderate pace this year. The prediction has improved slightly compared to the February forecast, with growth of less than 3% expected for next year. Economic growth should gradually accelerate this year. According to the preliminary estimate, the more favorable development in the first quarter indicates that the domestic economy has already slightly emerged from a mild recession. Inflation has been revised upwards for this year and is expected to average approximately 11%, before dropping to about 8% at the end of the year. However, the forecast expects inflation to decline to 3% next year, although estimates of future inflationary pressures are currently very uncertain, and economists have divergent opinions. The labor market remains in good shape, which has led to a downward revision of the unemployment rate and also to a faster estimate of wage growth. It should reach 9 % this year. However, the decline in real wages will continue this year, but will be much moderate than last year. The CNB interest rates will start to decrease, with the forecast seeing the base rate at 6.5% at the end of this year and slightly above 4% at the end of next year. We expect the koruna exchange rate to be approximately CZK 24 per euro for this year and next.

[Please read more information \(in Czech only\) here.](#)



From the Market

ACSS respects the agreement of the government coalition

The Association of Czech Buildings Savings Banks respects the agreement of the government coalition, which will allow the citizens of the Czech Republic to continue to benefit from the main advantages of the building savings product, to further develop it, including in cooperation with other state institutions in the framework of the implementation of certain objectives in the field of housing, energy and environmental transformation. The good news for citizens who save and borrow from building savings is that they will retain the benefits of the popular 6-year building savings combined with favorable loans, for example to support household energy savings. In cooperation with the state, the ACSS will look for synergies in promoting sustainable housing so that savings banks can offer clients unique products and services on favorable terms in the market.

Interest in building savings is stable, the target amount is growing

Building societies granted loans worth CZK 10.85 billion from January to April, a year-on-year decline of 61.2 per cent. The number of granted loans declined by

26.4 per cent to 14,763, with loans secured by real estate down 72 per cent and the volume down 81.5 per cent. Unsecured lending to individuals remained at the same level as last year. The total number of new building savings contracts is comparable to last year, but the target amount of these contracts increased by 16.1 per cent to CZK 97.8 billion. This was indicated by data published by the Czech News Agency.

The end of birth numbers? It's a costly affair

The government is considering ending birth numbers and replacing them with non-specific directional identifiers. However, this change would require huge investment in the IT systems needed to implement them. It is estimated that the cost would be in the billions of crowns, both on the part of the state and private companies. The main argument for the change is data protection, but surveys show that most respondents have no problem with birth numbers and do not consider their replacement necessary. Moreover, the European Union does not require such a change, as data is already sufficiently protected thanks to the GDPR. In addition to the fact that migrating to a new system would be difficult and expensive, there is also a risk of complications and disruptions during the roll-out and operation of the new identifiers. Existing information systems in schools, hospitals and local authorities are built on birth numbers.

The annual report on convergence of supervisory practices has been published

In early May, the European Banking Authority (EBA) published its [Annual report on convergence of supervisory practices for 2022](#). In the report, the EBA notes wide consistent implementation of 2022 priorities in supervisory work programs and further improvements in the functioning of supervisory colleges. Supervisors have consciously applied proportionality in their supervisory practices. Competent authorities are still in the process of building up their capacity to review the risks associated with the digital transformation and environmental, social, and corporate governance (ESG). Competent authorities have continued to build their capacity to review risks related to digital transformation and environmental, social and governance (ESG) risks. Competent authorities have also demonstrated their ability to respond to macro events that have affected the financial situation of institutions under their supervision. The report notes that timely information exchange and cooperation should be enhanced.

Commentary

Agricultural and industrial prices are falling

Producer prices were a mix in April. There was a significant decrease in agricultural producer prices, which, together with a high comparative base, caused prices to stagnate year-on-year. Industrial producer prices also fell, which was not only due to a drop in energy prices. Annual industrial price growth fell below double digits for the first time since September 2021. On the other hand, prices of services continued to rise, by 1.6% month-on-month. Thus, the rapid price increases seen last year in the context of rising commodity prices are gradually unwinding in producer prices. However, inflationary pressures are beginning to move to other areas of the economy and the service sector. This requires the attention of the central bank, making it unlikely for the central bank to significantly relax monetary policy during this year.

Jakub Seidler,
Chief Economist of the CBA



The volume of mortgages decreased in April

Banks and building societies granted mortgages to households in April this year in a total volume of CZK 10.6 billion. The volume of mortgages granted thus decreased by CZK 2 billion month-on-month, which represents a 16% month-on-month decline. However, April activity on the mortgage market is always weaker than in March. After taking the effect of this seasonality into account, the volume of mortgages granted in April was essentially stagnant month-on-month. Both the volume and the number of mortgages were thus still at their highest levels in April and March since last summer, when the market started to freeze noticeably. After three consecutive declines, the interest rate on actual new mortgage loans rose slightly from 5.86% to 5.89% in April, returning to the levels seen in February and October of last year.

Jakub Seidler,
Chief Economist of the CBA



From Legislature



EU agrees on the wording of the new consumer credit directive

The wording of the draft directive of the European Parliament and of the Council on consumer credit ("CCD2"), which will repeal the original Directive 2008/48/EC, has been approved by the Committee of the Permanent Representatives of the Governments of the Member States to the European Union (COREPER). The publication of the directive in the Official Journal of the European Union is expected in November 2023 or early 2024, after which a two-year transposition period will begin, during which the CCD2 innovations should be implemented in the Czech legal system, in particular in [Act No. 257/2016, Coll., On Consumer Credit](#). The main changes brought about by CCD2 will concern the scope of application, restrictions on advertising, the introduction of a ban on unsolicited granting of credit, changes to pre-contractual information, creditworthiness assessment or the extension of consumer rights in the event of default (offering relief measures).

CBA EDUCA



Czechs finished fifth in the European EMQ final

On Tuesday, 16 May, the final round of the European Money Quiz 2023 financial literacy competition took place at the European Banking Federation headquarters. The Czech Republic was represented by a pair of students from the fourth grade of J. Kepler Gymnasium, Jan B. Cebecauer and Ondřej Buben. In the competition of 27 other teams from various parts of Europe, they won an excellent fifth place. The competition was held on the Kahoot! platform. Congratulations and thank you for your great representation!

New Cybersecurity seminar (not only) for laypeople

The most common types of cyber-fraud, how cyberattacks have changed over time, what they will look like in the future, and their connection to artificial intelligence. We'll discuss these topics on June 14 at a seminar on [cyber-security not only for laypeople](#). Participants will be guided through the day by David Března from ESET, Marek Macháček from Komerční banka, Jan Marek from Cyber Rangers and attorney Tomáš Ščerba. The panel discussion will include Kateřina Zemanová from the Police of the Czech Republic, Petr Barák from Air Bank, Jan Krob from Accenture, and Pavel Kolář from the CBA. [Please register HERE.](#)



odborný seminář

LIQUIDITY MANAGEMENT

Řízení rizika likvidity
Zpřístupnění informací
Regulační reporting
Výpočty a mnoho dalšího

7. června 2023

9:00 – 14:00

BASE Churchill I
Italská 2581/67
Praha 2

REGISTRUJTE SE NYNÍ NA
SEMINARE@CBAONLINE.CZ

14. června 2023

9:00 – 17:00

Churchill II
Italská 2581/67
Praha 2

Nejčastější typy kyberpodvodů
Kyberútoky v čase
Budoucnost podvodů
Podvody a umělá inteligence

odborný seminář

KYBERBEZPEČNOST PRO LAIKY