

18/2023



Dear Colleagues,

Cybersecurity is becoming an essential part of the modern banking sector. Recently, the largest Czech banks faced an unprecedented attack. Once again, they have shown not only their resilience, but above all, their ability to respond quickly. Within a short space of time, their systems were restored and became operational, without any negative impact on the funds from savers. The event reaffirmed the fact that the Czech banking sector is one of the most advanced and stable in the world. Once again, it has also shown that cybersecurity is a priority for banks, which is why they are investing considerable resources in it. They have well established internal systems and use modern technologies. However, the responsibility is not only on the banks, but also on the clients themselves, who are most often attacked by e-fraudsters. That is why the Czech Banking Association has once again launched an extensive educational campaign #nePINdej!, the central element of which is an interactive and playful CyberTest that will teach you how not to become a victim of e- swindlers. So don't hesitate to try it out!



Enjoy the Indian summer and #nePINdejte!

Monika Zahálková, Managing Director of the CBA

# News of the Day

## **Cyberattacks are increasing dramatically. That's why the CBA is once again launching a nationwide educational campaign #nePINdej! The campaign now also uses artificial intelligence.**

The number of cyberattacks on bank customers has been growing significantly for several years. In the first six months of this year alone, there were 31,323 such attacks and 10,219 of them were reported to the police. This is 15% more than in the same period last year. Total damage runs into hundreds of millions, with an average of CZK 21,522 per damaged client. The highest damage per client amounted to more than CZK 15 million. *"Cybersecurity is a priority for banks. A significant part of their budget is invested into this area, whether it relates to the development and implementation of new technologies or educational and awareness-raising activities. Thanks to investments in modern technologies and well-adjusted internal processes, banks are succeeding in preventing damage to clients or reducing it,"* says Jan Juchelka, President of the Czech Banking Association: *"The responsibility is not only on the banks, but primarily on the clients themselves. That is why the Czech Banking Association, in cooperation with the Police of the Czech Republic and the National Cyber and Information Security Agency, is once again launching the extensive #nePINdej! awareness campaign, during which the general public can learn about the most common types of fraud and learn how not to fall for them."*

Once again, the key element of the campaign is an interactive and playful test ([www.kybertest.cz](http://www.kybertest.cz)), where those interested can quickly and easily learn how to identify and avoid cyberattacks. To make the test even more attractive, the CBA has incorporated new types of frauds, but also artificial intelligence, because e-fraudsters also work with it and use it to rob their victims. There are also innovations in the way the campaign is communicated. Educational spots will now be broadcast on Czech television and the campaign is also heading to most cinemas across the Czech Republic.

In addition to the Czech Banking Association, which is the project promoter, the campaign involves the Police of the Czech Republic, the National Cyber and Information Security Agency (NUKIB), itego, a.s., Česká spořitelna,

Komerční banka, ČSOB, VISA, ČEZ, Balíkovna, O2 and Czech Railways. Media partners are Czech Television, Seznam Zprávy, Deník and Cinestar.

Ani **za** milion

\*\*\* | KYBERTEST

**#nePINdej!**

Naučte se, jak nenaletět!

↓

[www.kybertest.cz](http://www.kybertest.cz)

Nikdy nikomu nesdělujte svá hesla a přístupové údaje. Útoků na vaše peníze přibývá a jsou stále rafinovanější.

## From the Market

### The end of long mortgage rate fixation periods?

Nine out of ten people with a mortgage prefer longer-term interest rate fixations, i.e., for five years or more. But these could end because of the unclear situation regarding early repayment options for mortgages. Indeed, the volatility of interest rates in the market results in an outsized risk for banks. Longer-term fixations bring stability to the family budget and protect clients from unexpected increases in monthly payments. An amendment to the law is now heading to the Chamber of Deputies that could remedy the situation and help preserve long-term fixations.

Failure to pass the amendment could also impact clients by changing the amount of the payment over time, reducing a client's ability to obtain a mortgage in the amount they need to purchase the property, or reducing the affordability of homeownership. Please read more [here](#).

## **CNB ends remuneration of minimum reserves**

Last week, the Bank Board decided to end the remuneration of minimum reserves with effect from 5 October 2023, the first day of the new reserve maintenance period. The CNB took this step to lower the cost of implementing monetary policy while preserving its effectiveness. The European Central Bank adopted a similar decision in July 2023. Banks, foreign bank branches and credit unions (banks) are required to hold a certain proportion of their primary liabilities (2% since the end of 1999) on an account with the CNB as reserves.

## **Sending money to a phone number has been given the green light**

A new register for so-called payments to contact will be made available to banks by the Czech National Banks from 30 October 2023. The main task of the register will be to match phone numbers with account numbers. When sending money to users of this service, it will then be possible to enter their phone number instead of their account number. If the owner of the phone number has more than one bank account, he or she will have to choose which one to use when registering to receive payments to contact. However, it is also possible to have more than one phone number paired with a single bank account. For example, a married couple has one joint account, but each has their own mobile phone. Users should also see the recipient's account name, usually first and last name, before sending a payment. Phone numbers not included in the CNB registry will not be able to accept payment to the contact. The maximum limit for a single payment will be five thousand crowns.

## **Bronze for the CBA NEWS**

The regular fortnightly newsletter CBA NEWS won a bronze medal in the industry's largest competition, the Golden Semicolon, which has been awarding the best communication projects and corporate media for 21 years. We are delighted with this success and will do our best to continue meeting the high standard set.

## **The number of payment cards issued increased; number of transactions also increased**

In the first half of this year, the number of payment cards issued increased by approximately 750,000, bringing the total number of cards in circulation at the end of June to 14.75 million. Contactless cards accounted for 14.2 million of this number, a significant increase from 13.6 million at the beginning of the year. The data was published by the [Bank Card Association](#). The total number of card transactions at retailers reached 669 million in the second quarter of 2023, up 17 percent year-on-year. The total volume of transactions at retailers increased by 11 percent to CZK 393 billion. There were 5,544 ATMs in the country at the end of June, 11 fewer than at the beginning of the year.

## **ESMA published the Trends, Risks and Vulnerabilities Report**

The European Securities and Markets Authority (ESMA), the regulator and supervisor of financial markets in the EU, has published its second [Trends, Risks and Vulnerabilities Report](#) of 2023. According to the report, financial markets are adapting to the new economic environment of durably higher inflation and interest rates and are reacting quickly to adverse events. Overall risks remain at high or very high levels, according to ESMA. Going forward, markets are set to remain very sensitive, especially to potential deterioration in economic fundamentals or risks in financial institutions, while keeping a close eye on private and public debt sustainability in the context of higher interest rates. Hence there is a high risk of corrections in a context of fragile market liquidity in equity, bond, and crypto markets. Volatility and inflation also increase short-term risks for consumers, particularly losses from negative real yields.

# Commentary

## **Retail trade confirmed slight improvement**

Retail sales (excluding auto) further decreased their year-on-year decline in July, to -1.8% from June's -3.9% (-4.1 before revision). The development ended well above analysts' consensus forecast of a 3.1% y-o-y decline. This was mainly due to the revision of retail dynamics last year, which lowered the July 2022 scaling base. The month-on-month development in July itself fell short of market estimates expecting growth of about 0.5%, as sales grew by only 0.1%, while growth in June and May was approximately 0.4-0.5%. Overall, sales in July were 4.5% below the

pre-pandemic 2019 average in real terms, and as much as 11% below for food, but households paid over 20% more in nominal terms.

**Jakub Seidler,  
Chief Economist of the CBA Industry fell noticeably in  
July**



Industrial production in July ended well below expectations, falling by 2.8% year-on-year, while the analysts' consensus had predicted a slight growth of 0.5%. The month-on-month decline adjusted for seasonal effects amounted to 2,6 %. As in the previous month, electricity generation pushed down the industry with a negative contribution to growth of -1.4 pp. However, this was also true in the previous month and the double-digit year-on-year decline even slightly eased in July, with electricity generation growing by a strong 8% month-on-month. The drop in electricity generation is thus not the main negative surprise in the July figures. The fact is that most manufacturing sectors saw a fairly noticeable month-on-month decline, with the top-weighted automotive sector alone growing by only a modest 0.4%, not enough to outweigh the decline in other industries and get the industry into the red numbers.

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



## From Legislature



### **Amendment to the Consumer Credit Act referred to the Chamber of Deputies**

The Chamber of Deputies will shortly discuss a draft law amending certain laws in connection with the development of the financial market and with the support provided to old-age provision schemes, which includes an amendment to the

Consumer Credit Act. The amendment provides for a more detailed regulation of the "costs reasonably incurred" for the early repayment of mortgages. At present, it is not clear under what conditions a mortgage can be repaid before the end of the agreed interest rate fixation period, including situations when switching to another bank. The new calculation of the reasonably incurred costs, as proposed by the Government, would clarify the situation. Both the client and the bank would know exactly what conditions and costs to expect. When a mortgage is refinanced to another bank outside of existing situations where the mortgage can be repaid early, a part of the cost of the original loan hedging interest rate risk, would be passed on to the early repaying client, that is to say, in simple terms: a part of the reasonably incurred costs for securing the mortgage for the client. The cost should not exceed 2 % of the amount of the exceptional repayment and the calculation should be based on the reference rate announced by the Czech National Bank. Citizens will thus be able to use independent online calculators for comparison, as is the case with insurance. The costs connected with early repayments would thus not be paid by everyone in the form of higher interest rates, but only by those who repaid the credit early for reasons other than those provided for by the law.

The logo for CBA EDUCA is displayed in white, bold, uppercase letters on a dark teal background. The text is centered and flanked by three vertical white lines of varying lengths, creating a stylized frame. The background of the logo features a faint, dark image of people in a meeting or discussion.

**CBA EDUCA**





## New specialized seminars coming soon!

CBA EDUCA is preparing a new series of seminars with current topics for the financial sector. The first one will take place on 19 Sept and is focused on the Liquidity Management. The next one takes place on 3 Oct and will focus on AML - trends, modern-day challenges, and the regulator's perspective. The seminar is key to understanding obligations under the AML Act, it will provide practical recommendations and present the views of the regulator. Collaboration with renowned institutions ensures the quality and relevance of the content. Please find out more about seminars [here](#).

## AML: TRENDY, VÝZVY A OČEKÁVÁNÍ



Pavel Kolář, ČBA



Kateřina Zemanová, Policie ČR



Petr Barák, Air Bank



Michaela Hladká, FAÚ



Magdaléna Plevová, FAÚ



Viktor Kabeš, FAÚ



Kateřina Pscherová, ČNB



Martin Mužný, ČNB



ČESKÁ  
BANKOVNÍ  
ASOCIACE



3. října 2023  
9.00–17.00, ČBA

REGISTRUJTE SE  
[WWW.CBAEDUCAPLUS.CZ](http://WWW.CBAEDUCAPLUS.CZ)



