

20/2023



Dear Colleagues,

We had the honor to host our colleagues from banking associations across Central and Eastern Europe in the CBA last week. The meeting was part of an informal platform of banking associations called "V8", which serves as a forum for discussion and exchange of views on current issues relating to the banking sector.

The introductory speech was delivered by Jan Juchelka, the President of our Association, who welcomed all participants and highlighted the role of banks and banking associations in the development of the economies of all participating countries. This was followed by an official agenda with a series of joint discussions on topics that shape the banking sector, such as cyber security and action to combat fraud, the role of national development banks and cooperation with commercial banks, a comparison of PSD 3 with PSD 2, issues related to the representation of ZBP in Brussels and common interests.

Our agenda also included a visit to the Czech National Bank Visitor Center and exhibition, which was introduced by Eva Zamrazilová, the Deputy Governor.

I am truly glad that we had the opportunity to take on the role of host and welcome our colleagues to our premises. I hope that we will continue to meet regularly and continue to cooperate on prominent issues related

to the banking in Europe.

Photos from the meeting are [here](#).

I wish you pleasant autumn days.

Monika Zahálková
Managing Director of the CBA



News of the Day

Warning: beware of false summonses – the Czech Police warns of a new type of fraud

The Police of the Czech Republic strongly warns citizens against a new type of cyber fraud that has recently emerged. These are fraudulent summonses in which the writer pretends to be a state or international institution and requests citizens to send their registration data via e-mail correspondence. Specifically, these are various forms of false summonses for allegedly committing offences of a moral nature, such as cyberpornography, child pornography, online sexual solicitation and extortion, pedophilia, and exhibitionism. These fake emails contain fictitious signature clauses of senior police officials.

The police emphasize that such summonses are in no way genuine, and citizens should not respond to them. This kind of fraud seeks to obtain victims' personal information and can lead to the misuse of their email accounts and even e-banking details. The police also point out that official summonses are always served on official letterhead using an officially approved departmental emblem. These documents contain the exact names

of the positions held and the Police Department and are accompanied by a penalty notice explaining the consequences if the person served fails to comply with the summons.

Phishing, which includes false summons emails, is the most common type of cyber fraud. Although it often contains a number of grammatical errors and is written in machine-translated Czech, there are still plenty of people who respond to the summons and provide the scammers with their personal details and passwords. That's why the Czech Banking Association launched a nationwide educational campaign #nePINdej! at the beginning of September, which introduces the public to the most common types of fraud in cyberspace through a playful interactive test. Over a quarter of a million people have already taken the test and the average score is 75%.



Ministerstvo spravedlnosti České republiky



GENERÁLNÍ ŘEDITELSTVÍ KRIMINÁLNÍ POLICIE

PŘEDVOLÁNÍ K SOUDU

Pro průzkum
(článek 331-1-22 trestního řádu)

Jsem Jiří Zlý, ředitel Úřadu pro vyšetřování zločinů.

Ve spolupráci s Evropským policejním úřadem (EUROPOL) se na Vás obracím krátce po zadržení kybernetické infiltrace (autorizované, zejména v oblasti dětské pornografie, pornografických stránek, kyberpornografie), abych Vás informoval, že jste předmětem několika probíhajících soudních řízení:

- * KYBERPORNOGRAFIE
- * PORNOGRAFICKÉ STRÁNKY
- * DĚTSKÁ PORNOGRAFIE

Prosíme vás, abyste se vyjádřili e-mailem a napsali nám své zdůvodnění, abychom mohli a zkontrolovány za účelem vyhodnocení sankcí; to za přísných podmínek Přísných 48 hodin.

Po uplynutí této doby budeme muset naši zprávu předat státnímu zástupci Richardu Krcacovi, specialistovi na kyberkriminalitu, aby na vás vydal zatykač a zařadil vás na seznam sexuálních delikventů.

Váš případ bude rovněž zveřejněn v médiích, aby byla informována široká veřejnost. Vaše rodina, komunita a přátelé budou vědět, co na počítači děláte.

Nyní jste upozorněni.

Jiří Zlý

ředitel Úřadu kriminální policie a vyšetřování Policejního prezidia.

Otevřeno 24 hodin denně, 7 dní v týdnu



From the Market

Czech Republic will participate in the capital increase of the Council of Europe Development Bank

The Czech Republic will actively participate in the capital increase of the Council of Europe Development Bank (CEB), which will enable the bank to respond more quickly to the current needs of the member states in the context of the covid crisis and the refugee situation caused by the conflict in Ukraine. This step was approved by the Czech government at its recent meeting. The Czech Republic will contribute EUR 9.4 million (approximately CZK 229 million) to the capital increase of the bank. The CEB provides loans to states, and due to the growing needs of the member states, the risk of losses has increased. The capital increase is necessary to enable the bank to maintain financial stability and to meet the established financial standards. The total amount to be provided by the member states is €1.2 billion (approximately CK 29.2 billion).

European Commission publishes report on the state of the Digital Decade in the EU

The European Commission has published its first report on the State of the EU's Digital Decade, which provides a look at progress towards achieving the digital transformation of the European Union. [According to the report](#), Czechia has untapped digital potential to contribute further to the collective efforts to achieve the EU's Digital Decade targets. Czechia participates in many multi-country projects and has the ambition to become a key player in state-of-the-art technologies such as quantum and microchips. With its updated digital strategy in line with the Digital Decade Policy Programme, there is a strong focus on boosting basic and advanced digital skills and Czechs are becoming increasingly skilled and online public services are becoming more available. However, enterprises are still struggling to hire ICT experts, or to profit fully from the benefits of digitalisation by using big data tools or the improved communication offered by social media. Limited coverage of fixed very high capacity networks (VHCN) risks hampering digitalisation progress for the economy and society, especially in rural areas.

Basel Committee publishes BASEL III Monitoring Report

The Basel Committee has published [BASEL III Monitoring Report](#), which sets out the impact of the Basel III framework on the banking sector. The report is based on data provided by 178 banks and their supervisors as of the end of 2022. The report

notes that bank capital ratios declined at the end of June 2022, but are now increasing above pre-pandemic levels. Liquidity coverage ratios (LCRs) are declining but remain above pre-pandemic levels.

ESMA has published its work program for 2024. Green and digital transformation will be a key focus.

ESMA (European Securities and Markets Authority) will develop rules on sustainable finance as part of the new European Green Bond Regulation and will deliver its final report on greenwashing, which will propose actions to combat this practice. ESMA will also finalize technical standards for the European Single Access Point (ESAP) and continue preparatory work on the necessary IT infrastructure which will support ESMA. In the area of digital finance, ESMA will finalize work on technical standards and guidelines related to MiCA regulation and the Digital Operating Resilience Act (DORA). It will also help in finalizing and possibly also in starting the implementation of the new Retail Investment Strategy (RIS) and will assess in 2024 whether national competent authorities have sufficiently improved their supervision of cross-border activities of investment firms.

Commentary

Retail sales declined more than expected in August

Retail sales (excluding cars) disappointed in August, with the year-over-year decline increasing to -2.8% (worse than the -1.5% expected). In addition, July's numbers were revised from -1.8% to -2.1%. On a month-on-month basis, sales dropped again (-0.8% month-on-month), whereas they had already been rising or stagnating slightly in the last three months, although the drop in sales in August was driven more noticeably by fuel, which became significantly more expensive. The largest year-on-year declines were recorded in household goods stores (-9.3%), clothing and footwear (-8.4%) and computer and communication equipment (-7.7%). Sales of food in non-specialized stores with food declined by 3.4% and in specialized food stores by 1.1%. By contrast, internet and mail-order business enjoyed growth of 2.8%. Weak household confidence does not suggest any early turnaround in household consumption, so retail sales are likely to drop again this year at a similar pace to last year (-3.8).

Jakub Seidler,
Chief Economist of the CBA



Record low share of non-performing corporate loans

The share of non-performing corporate loans dropped to an all-time low of 2.85%, the lowest level in the entire CNB reporting period since January 2002. At that time, the share of non-performing corporate loans amounted to 17,67 %. This was the aftermath of the 1990s; after the completion of the privatization of banks and the consolidation of the whole sector, the quality of loan portfolios improved rapidly until the outbreak of the global fiscal crisis in 2008. However, the banking system managed the subsequent increase of non-performing loans with merits and without government assistance. The evolution of NPLs differs in the case of self-employed and the population. Twenty-one years ago, the portfolio of the self-employed was unbelievably bad, with repayment difficulties affecting up to 40% of loans. By contrast, the share of non-performing mortgages, which were then in their infancy was 1.5%, but at that time they were only granted to households that were most creditworthy. This August, we are talking about a deterioration of a few hundredths of a percent in mortgages, with the share of non-performing loans "climbing" to 0.61%. Self-employed persons are also paying their loans properly, with a default rate of 4.88%, extremely low in historical context.

Miroslav Zámečník,
Chief Advisor of the CBA



From Legislature



Government approves stricter rules for investments in unlicensed asset managers

The government last week approved an amendment to the Act on Management Companies and Investment Funds to tighten rules for investments through unlicensed asset managers. The amendment is aimed at preventing circumvention of the existing law and increasing public awareness of risky investments. Unlicensed asset managers will now have to identify their entities as "venture capital entities" and warn investors of the higher risk of these investments. The qualified investor requirement will also no longer be sufficient to invest in these entities. Investors will now only be able to place money with unlicensed asset managers if the minimum investment is €125,000 (CZK 3 million). The draft law is now awaiting parliamentary approval and, if passed, would come into force in July 2024.

CBA EDUCA



Liquidity management or ESG for advanced in November

The high-level specialized seminar on liquidity management is scheduled for 21 November, with a few places left. You will get a comprehensive view of the liquidity risks, practical examples, and insight from the CNB regulator. The next event will be an ESG seminar on 28 November, building on the previous meeting. We will discuss the Banking Questionnaire, new developments in the CSRD and non-financial reporting, as well as, for instance, the currently prepared National Energy and Climate Plan 2030. Registration will open in a few days.

PRO VELKÝ ZÁJEM MÁME DRUHÝ TERMÍN

LIQUIDITY MANAGEMENT

- Scénáře pro řízení rizika likvidity
- Zpřístupnění informací o likviditě
- Přístup ČNB v oblasti dohledu řízení rizika likvidity a financování
- Prostor pro diskusi a networking



21. listopadu 2023
9.00-14.00, ČBA



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