



Czech Republic

Financial Market Research in the Czech Republic: Major economic changes ahead to influence the financial sector and comeback of SME orientation

Overall economic situation

The Czech economy has been recovering from a crisis. However, the planned cuts, austerity measures, and reforms prepared and presented by the government in successive steps have a considerable influence on the economy with the VAT unification and health care and pension system reforms forming just two of the most obvious examples. In the financial sector, there are plans for the withdrawal (in various ways) of state support from mortgages, life insurance and building society type savings.

Consumers

The consumer confidence index is currently at the same level as it was in 2004 and 2000. We may assume that another 4-year cycle has started (see Chart 1) and if there are no major economic, political, or environmental changes ahead, we can expect some growth in the next two years – so that the levels of the indices would then be similar to those in 2002 and 2006.

From a financial and economic point of view, consumers foresee their own (household) financial situation as remaining stable or becoming slightly better in the future. On the other hand, they are rather pessimistic in their expectations with regard to the overall (national) economic situation. The index related to purchases of consumer durables has been stable following its decline during the crisis.

Similarly, the behaviour of sole traders and small companies is expected to track the behaviour of the consumers closely. We assume, therefore, that there will be a tendency for growth in this market in the next two years but the political and economic influences are still not completely predictable.

Banks

The most apparent trend amongst the banks is a swing back to the SME sector. At the turn of the millennium, the banks attempted to serve SMEs individually but this turned out to be ineffective and a slight decline in their SME orientation followed. Nowadays, most of the major banks are revising their attitudes to this segment, looking for effective ways to serve it.

As many clients have recently asked for state-of-the-art mystery shopping studies, where the mystery shoppers are real clients, one of the opportunities for market research lies in panels of real bank customers (SMEs or other segments). However, the balance between the high demands of clients in terms of the quality of the panel and the fieldwork and the standard pricing of mystery shopping studies is an issue that still remains to be resolved.

CONSUMER CONFIDENCE INDEX (CCI)

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