

81% of Czechs are afraid of the consolidation package. They are afraid of the increase in VAT on some products or the increase in property tax.

The proposed consolidation package has made Czechs nervous about their finances, with 81% of respondents fearing it. Three quarters of people are most afraid of the VAT increase on some products. This is according to a survey conducted by Generali Investments CEE. Due to fear for their finances, two thirds of Czechs are saving on energy, and over 60% of them on food.

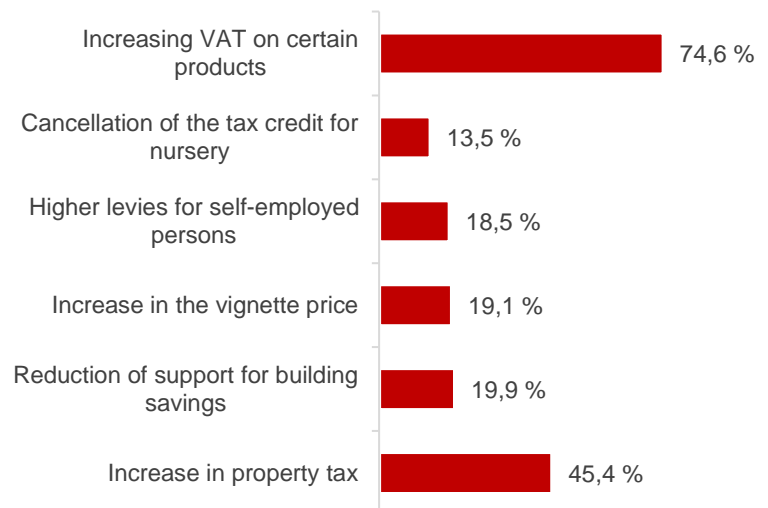
The impact of the current inflation rate on their finances is felt by 82% of Czechs. This is according to a survey conducted by Generali Investments CEE in August this year. The data collection was carried out through the Instant Research application of Ipsos.

Consolidation package – a new bugbear for Czechs

The inflation concerns have been joined by the fear of a consolidation package, which 81% of Czechs are currently afraid of. The government's package aims to slow down the process of state indebtedness through more than fifty different measures and improve public finances. For three-quarters of Czechs, the biggest scare is the increase in VAT on some products, while 45% of respondents said they were worried about an increase in property tax. Another fifth of respondents is worried about a reduction in support for building savings.

“The consolidation package is perceived by many Czechs as yet another thing they have to cope with financially. 8 out of 10 respondents still perceive the impact of inflation on their finances. The energy crisis is also reverberating throughout this year. The government package therefore represents another hit to their wallets. A total of 36% of respondents also said they are considering a better-paid job as a result of the current inflation rate,” says **Radomír Jáč**, Chief Economist at Generali Investments CEE.

Which impacts of the government package are you most worried about?



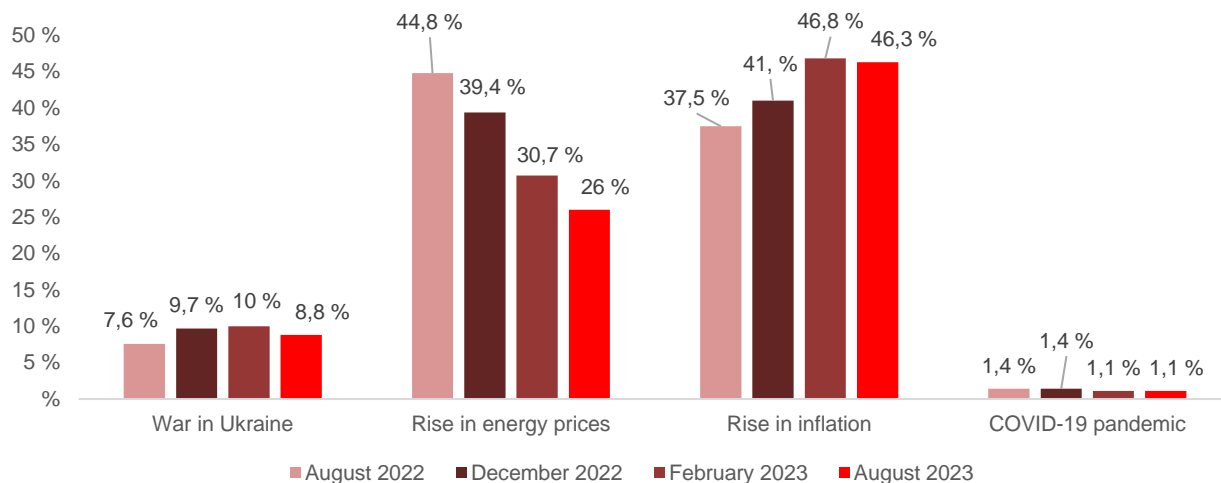
Source: Instant Research survey for Generali Investments CEE

Fear of rising energy prices has fallen

While inflation concerns still hold sway among Czechs, energy prices are making fewer people nervous. High inflation continues to be considered the main reason for their financial worries by 46% of respondents. By contrast, only a quarter of Czechs are most worried about the impact of the energy crisis, compared to 45% in the middle of last year.

“The drop in energy prices means relief for many people. But headline inflation remains a problem. And now comes a new test in the form of the government's package, the content of which the public is still getting to know,” adds **Radomír Jáč**.

Which of these events makes you most nervous about your finances?



Source: Instant Research survey for Generali Investments CEE

Czechs stop going to restaurants and cancel subscriptions

Long-term price rises have forced Czechs to reassess their spending on everyday activities. The percentage of Czechs who have cut back on restaurant visits has risen year-on-year. While a year ago it was 45% of respondents, now it is more than half. More and more people are also cancelling their subscriptions. 22% of Czechs are already cutting back on magazine subscriptions or using streaming services. More than a third of respondents are also cutting back on spending on their hobbies.

“People are defending themselves against the effects of inflation in a very similar way to the previous quarters. They are increasingly focusing on saving and limiting spending in their daily lives. In response to rising costs for basic necessities such as food and energy, we are seeing some people choosing more economical options and delaying purchases of less essential items. On the other hand, it is positive that still only a small percentage of Czechs save on their children’s needs. Only 5% of respondents said they save on their children’s school equipment, and only 7% of Czechs save on their children’s leisure activities,” says **Radomír Jáč**.

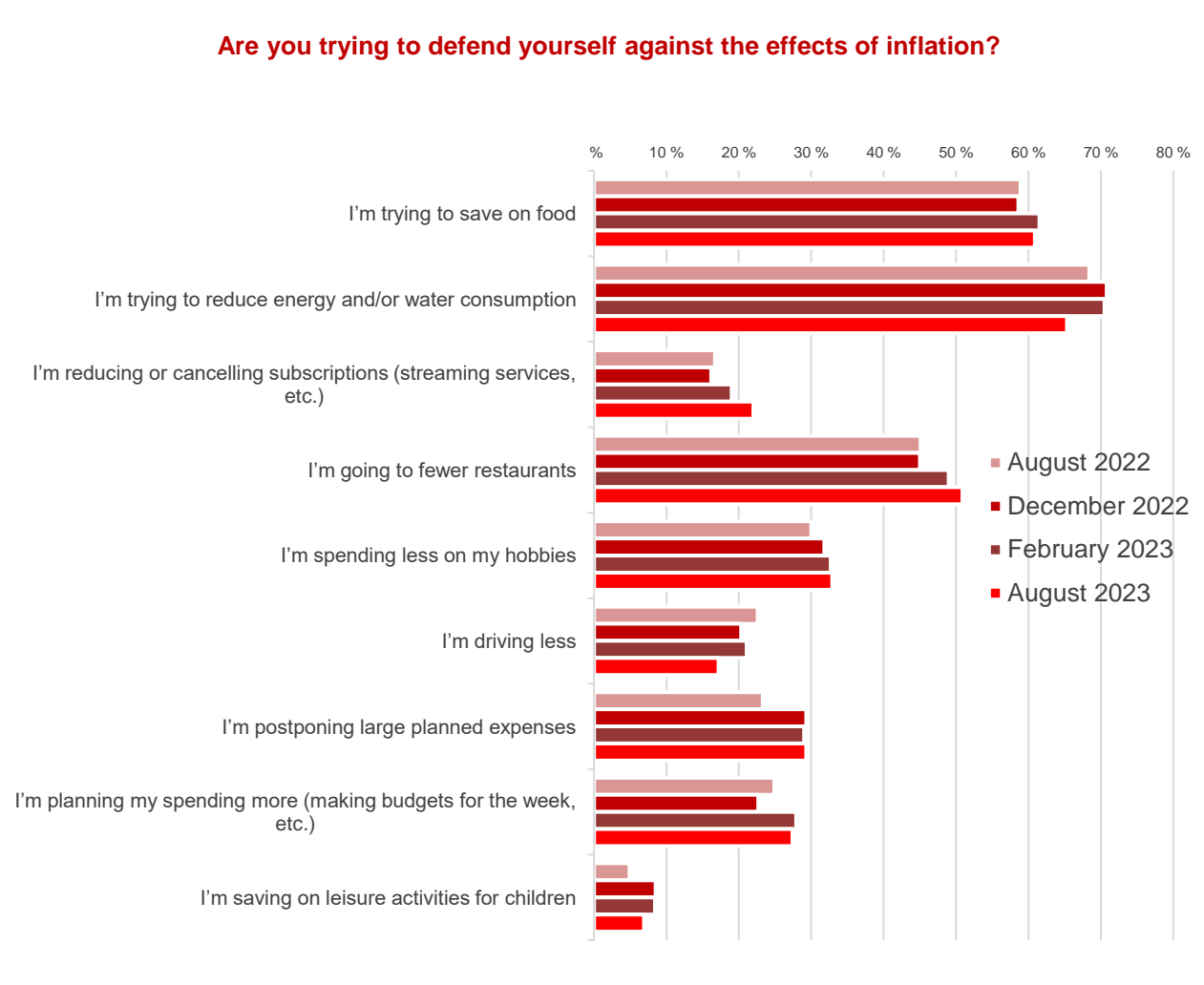
Czechs are worried about their savings

67% of Czechs are worried about their savings due to the current events on the financial markets. In the last six months, more than half of the respondents have changed the way they handle their savings, and more than a fifth are planning to change. Most often, Czechs are transferring funds to a better-interest savings or fixed-term account.

“Changing the way we handle savings, assets and funds in general is definitely a way that can help Czechs minimise the impact of inflation. The interest rate on current bank accounts is very limited and in the longer term, at the current inflation rate, it is significantly devalued in relation to purchasing power,” comments **Marek Beneš**, CFO of Generali Investments CEE.

“There is an opportunity to take advantage of the yield potential of investment funds and entrust part of your free funds to professional investment managers. It is important not to forget about diversification, i.e. the distribution of funds among different investment instruments such as funds, stocks, bonds, commodities and real estate. This strategy can help spread risk and potentially increase total returns over the long term. When choosing an investment portfolio, it is also important to consider your own investment objectives, risk tolerance and financial situation,” **Marek Beneš** concludes.

Are you trying to defend yourself against the effects of inflation?



Source: Instant Research survey for Generali Investments CEE

NOTES FOR EDITORS

The Generali Investments CEE's survey was conducted from 21 to 23 August 2023 on a representative sample of 1,050 respondents aged 18-65 from all regions of the Czech Republic. The data collection was carried out through the Instant Research application of Ipsos.

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