

The Erste Corporate Banking Innovation Barometer: The Czech Republic at a Crossroads

- ⇒ **The ECB Innovation Barometer tracks the innovative potential in the Czech Republic and the EU**
- ⇒ **Denmark is doing the best, while the Czech Republic ranked 16th, like last year**
- ⇒ **There is a new clever application available with the barometer, providing well-structured comparisons by country and parameter**

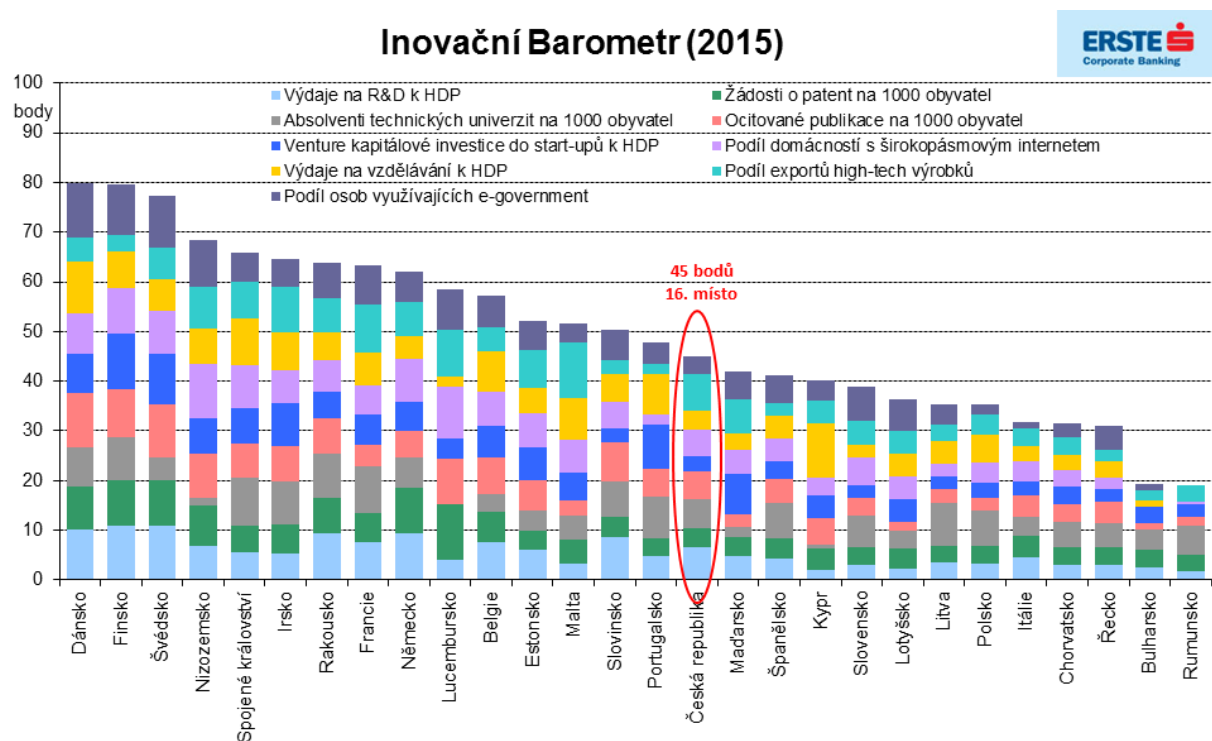
Since 2008, the Erste Corporate Banking Innovation Barometer has tracked the competitiveness of all 28 European Union Member States, as well as the innovative character of their economies. How is the Czech Republic doing? In terms of innovative potential, our country is still slightly below the European Union average – like last year, it ranked 16th. For the complete report and to get the new application that enables comparisons between countries and parameters, check here: <http://www.erstecorporatebanking.cz/barometr/>

“If the Czech Republic does not want to remain just an assembly-oriented economy in the east of Europe, it has a grand task before it: it must fundamentally increase its innovative potential,” says Jan Jedlička from Ceska sporitelna’s EU Office. “In order for our country to become a high-income economy in the north-west of the European Union, it has to focus on several key areas: innovation, research and development, information society, knowledge economy, and products with high added value,” added Jan Jedlička.

For the Czech Republic, there are three main conclusions to draw from the outcomes of the ECB Innovation Barometer. We are investing enough money into research and development (with nearly 2% of GDP, we are in 10th place in the EU), but it is not utilised effectively, in terms of the number of actually tradable outcomes, i.e., patents, where we are well below the EU average. Whereas in the Czech Republic, approximately 0.2 patents are registered per 1,000 inhabitants, the EU average is five times that number. This is due to companies being less involved in research and development, and a low level of cooperation between the state sector, universities, and business.

In terms of the number of graduates from technical disciplines at tertiary educational institutions, we are an above-average country, which corresponds to the Czech Republic’s industrial focus. Nevertheless, the number of university graduates in technical disciplines has been dropping for the last five years, and if this trend continues, there is a risk of deepening the present imbalance on the labour market in the demand for qualified engineers. That would have a strong adverse impact on our industry-oriented economy.

The Czech Republic achieved the worst results in the sub-indicator “volume of foreign capital fund investments into start-ups”. That means that good ideas have a hard time getting venture-capital financing. One way to improve would be to take advantage of the potential of EU funds, which not only offer non-refundable subsidies, but can also be used for venture capital investments.



Source: the CS EU Office, own calculations

For details, be sure to read the entire report, which is available here:

http://www.erstecorporatebanking.cz/barometr/files/SR_2015_11_Inovacni_barometr_ECB_2015.pdf

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Ceska sporitelna's profile

Ceska sporitelna is the largest bank in the Czech Republic • More than 5 million clients use its services: individuals, small and medium-sized enterprises, and municipalities, but we also finance large corporations and provide financial market services • Ceska sporitelna has been a member of Erste Group since 2000, and under that brand, it serves affluent and corporate clients • It boasts the most extensive branch and ATM networks in the Czech Republic • It also plays an important role as an innovator: for example, it was the first bank on the Czech market to start issuing contactless cards comprehensively, and to develop a network for their use • For additional interesting information about Ceska sporitelna, read here.

Erste Corporate Banking – an exceptionally strong partner in corporate and investment banking and financial markets

The largest provider of loans to corporations in terms of the aggregate loan amount • Major arranger of syndicated, club, acquisition, and project financing solutions • A leader in arranging domestic and foreign bond issues for local as well as international clients • A major advisor on mergers and acquisitions • The

largest trader on capital markets in the Czech Republic, measured in terms of the number of stocks issued (IPOs and SPOs) and their volume • One of the most important partners of the European Investment Bank in Central Europe • A leading M&A consultant for local and regional clients from the business and public sectors • The largest EUR/CZK trader and a leading provider of Treasury services to corporate and public sector clients • The largest asset manager for corporate and institutional clients • *For additional interesting information about Ceska sporitelna's corporate banking, read here.*

Erste Group's Profile

Erste Group is the leading financial services provider in the Eastern part of the EU • Approximately 46,000 employees serve 16.4 million clients in more than 2,800 branches in 7 countries (Austria, Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia) • As of Q1 2014 Erste Group has reached EUR 203.9 billion in total assets, a net profit of EUR 103,3 million and a cost-income-ratio of 57.0%.