

Mr. President Wieser,
dear ladies and gentlemen,

Let me welcome you here in Prague to the XV Congress of the European Federation of Building Societies.

It is a pleasure for me that you invited me to this congress, and that the congress is held here in Prague. I believe it is due to the new enlargement, to the new members among the building and loan societies that the Czech Republic stands in the first line of the building market among the emerging countries of Europe.

After fourteen years of their existence, building and loan societies have become so widespread in the Czech lands that in fact every second citizen of this country has a contract with one of the six domestic building and loan companies, including the small babies.

There are relatively high subsidies from the state budget that add to the saved-up amounts of a relatively safe way of depositing money in a building society, and, in case of some people, beyond doubt, also open up the possibility of taking a credit with a low interest rate for the purpose of housing. In the Czech Republic, the state contribution is the highest outside countries where the building and loan societies play an important role in the financial market. The number of contracts per one thousand inhabitants is also the highest one. In thirteen years, since 1994, savings with building and loan societies have climbed to a tremendous height. Deposits reached a giant figure with twelve digits: 360 billion Czech crowns by the end of last year. The volume of credits reached 135 billion Czech crowns in the same year, and this year the state contribution will cost the tax payer about 15 billion Czech crowns.

I would like to say that the Czech housing funding stands on multiple pillars which complement each other. The client makes his decisions mostly on the grounds of his financial situation, size and character of the investment in housing and many other factors. Building savings work reliably even in those cases where mortgages cannot be applied either due to impossibility to use real estate as surety or when the loan amount is too low.

It is obvious that there are not only credits for houses in the value of several millions, but also credits amounting to just a few tens of thousand crowns. At present there are about 5.2 million inhabitants involved actively in the building saving system in the Czech Republic.

As the negative effect of growing saving popularity there are namely the increasing demands towards the budget, allocations for the state contributions. In the period of the existence of building saving, the state has paid in total about 122 billion Czech Crowns in the form of the state support.

But let me also state at the end of my speech that the Ministry of Finance is interested in a further reasonable development of the building and loan society sector as it plays an important role in the development of housing.

I wish you a pleasant and fruitful conference and thank you for your attention.