



ΙΔΡΥΜΑ ΟΙΚΟΝΟΜΙΚΩΝ &
ΒΙΟΜΗΧΑΝΙΚΩΝ ΕΡΕΥΝΩΝ

Trends in the Greek Economy and Payments

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Athens Mastercard Innovation Forum 2023

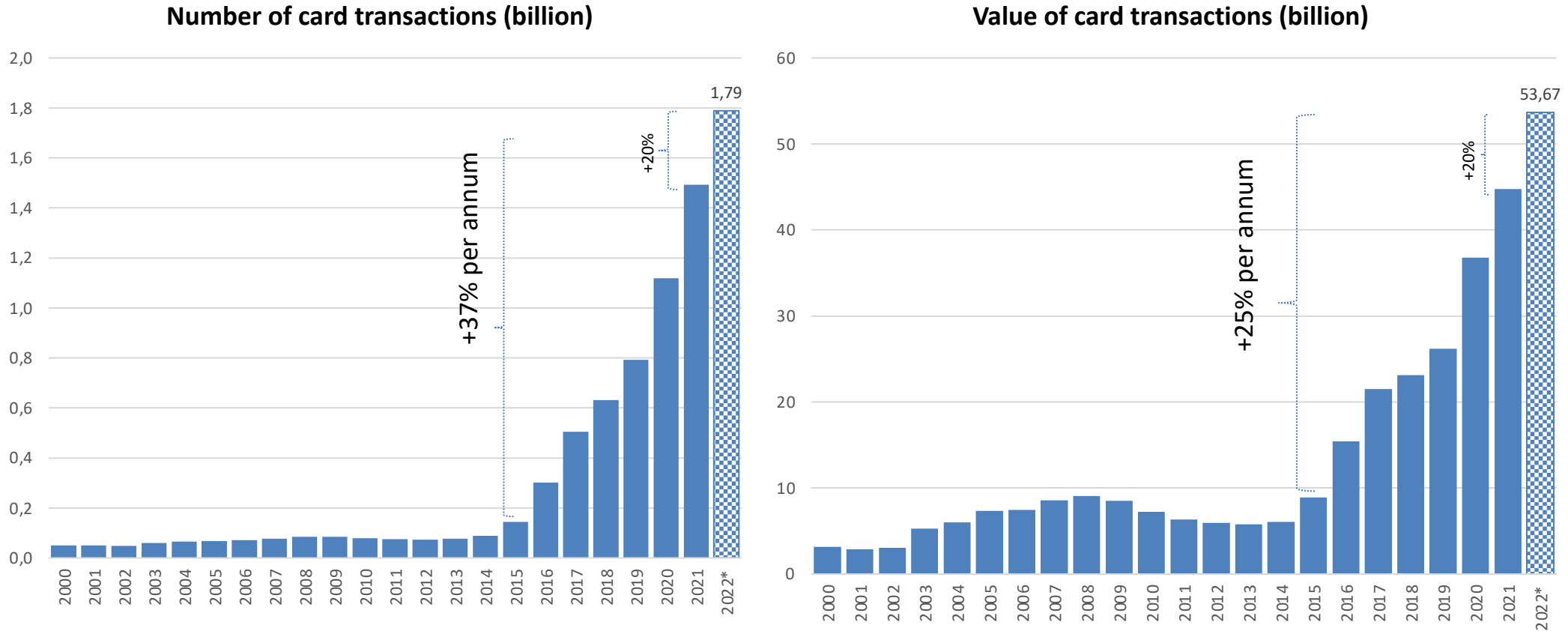
12 October 2023

DIGITAL PAYMENT TRENDS

MACRO TRENDS

LOOKING FORWARD

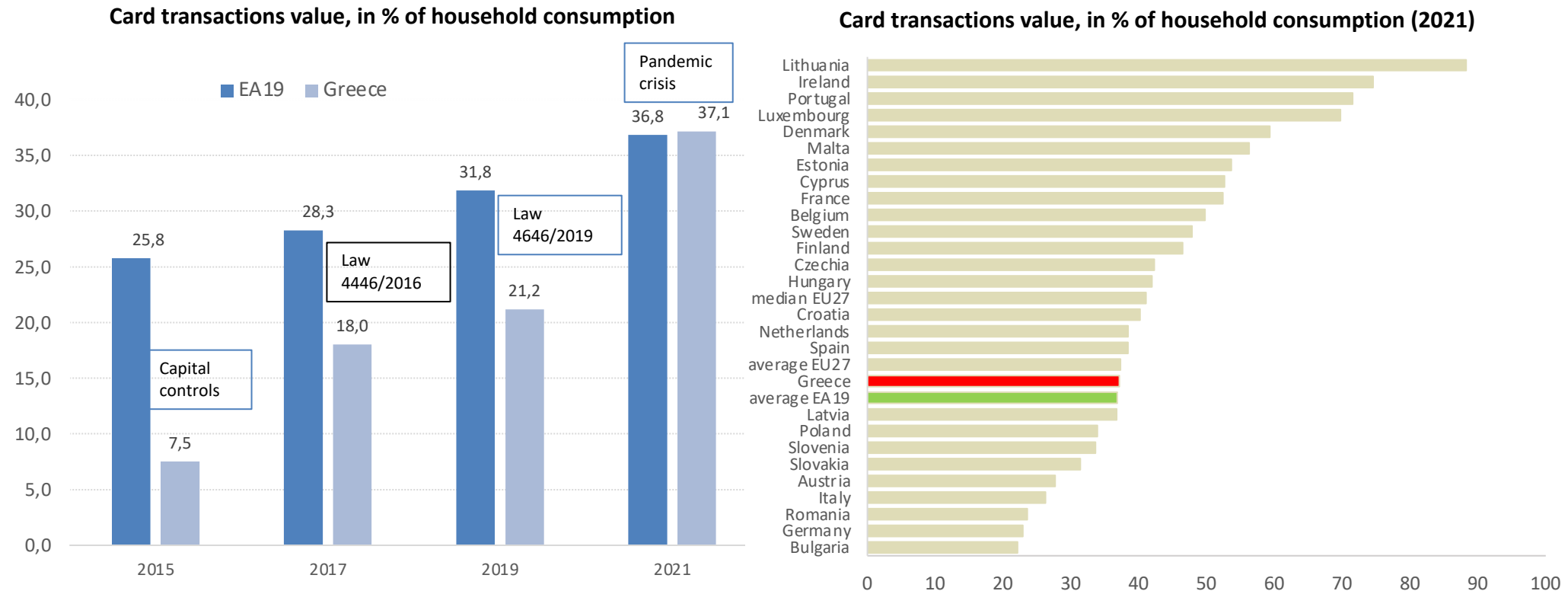
The use of card payments has shot up in Greece since 2015...



Source: ECB, HBA **Data processing:** IOBE. Note: The data refers to cards issued in Greece only. Figures for 2022 are IOBE estimates based on provisional data by Hellenic Bank Association (HBA).

... by more than 12 times with respect to number of transactions, more than 6 times with respect to value of transactions

The use of card payments in Greece, proportional to private consumption, has converged to the Euro Area average in 2021 ...



Source: ECB, Eurostat. Data processing: IOBE. Note: Card transactions data refers to cards issued in each country/region.

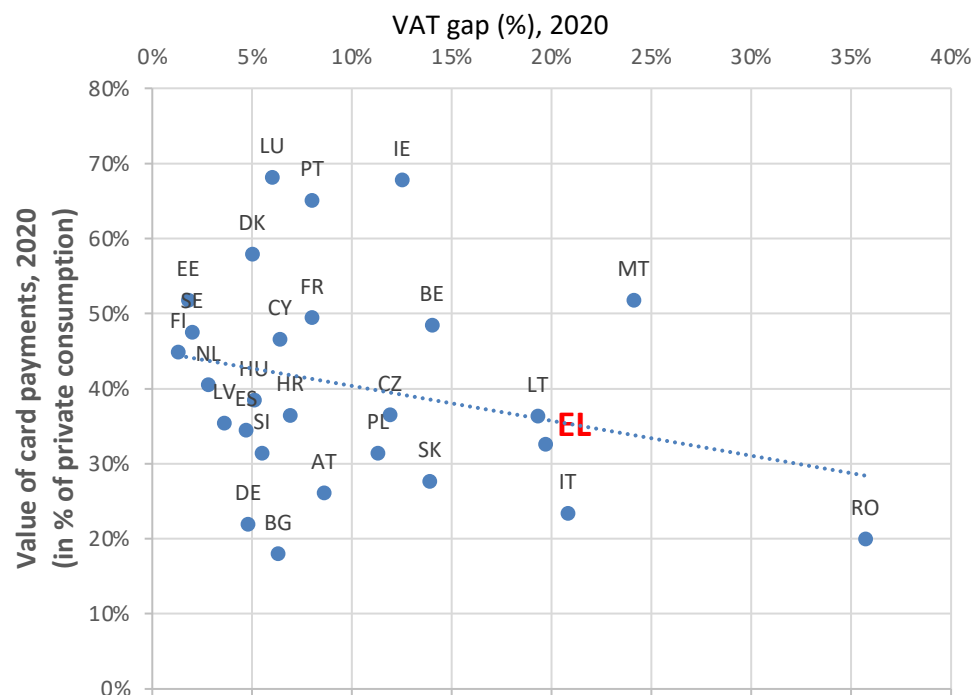
... for the first time ever.

However, it remains only in the 18th position among all EU members.

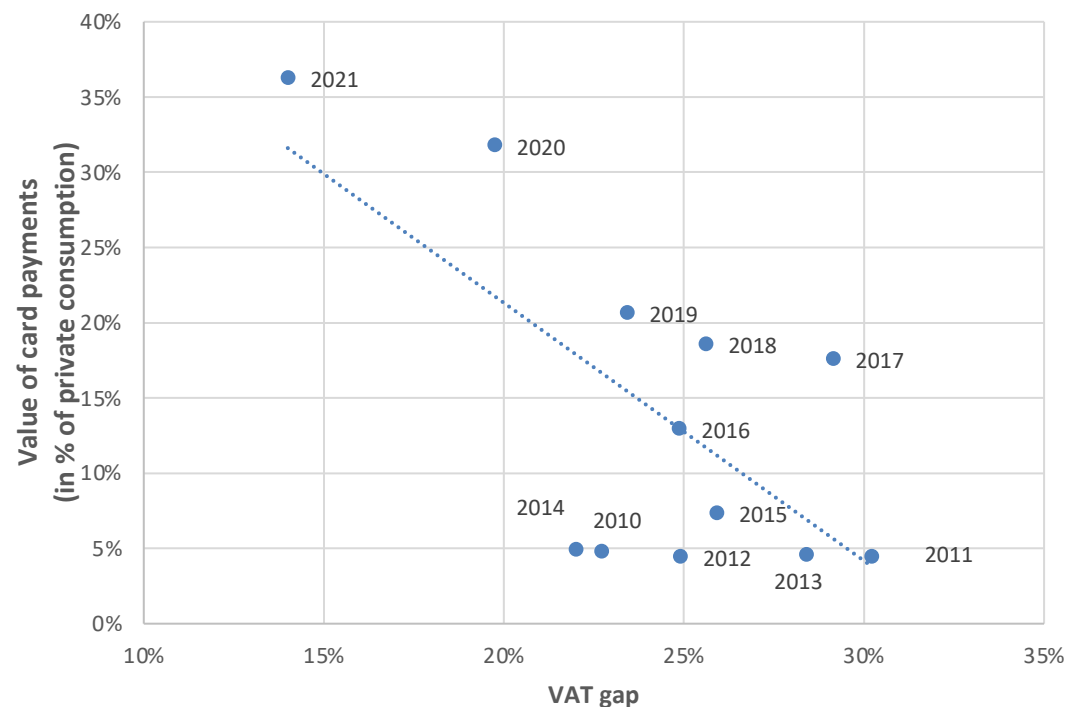
Besides, there is evidence that the use remains low in particular sectors, such as services

VAT gap is negatively correlated with the value of card payments across EU members and within Greece across time.

Card payments and VAT gap across the EU, 2020



Greece: Value of card payments and VAT gap, 2010-2021

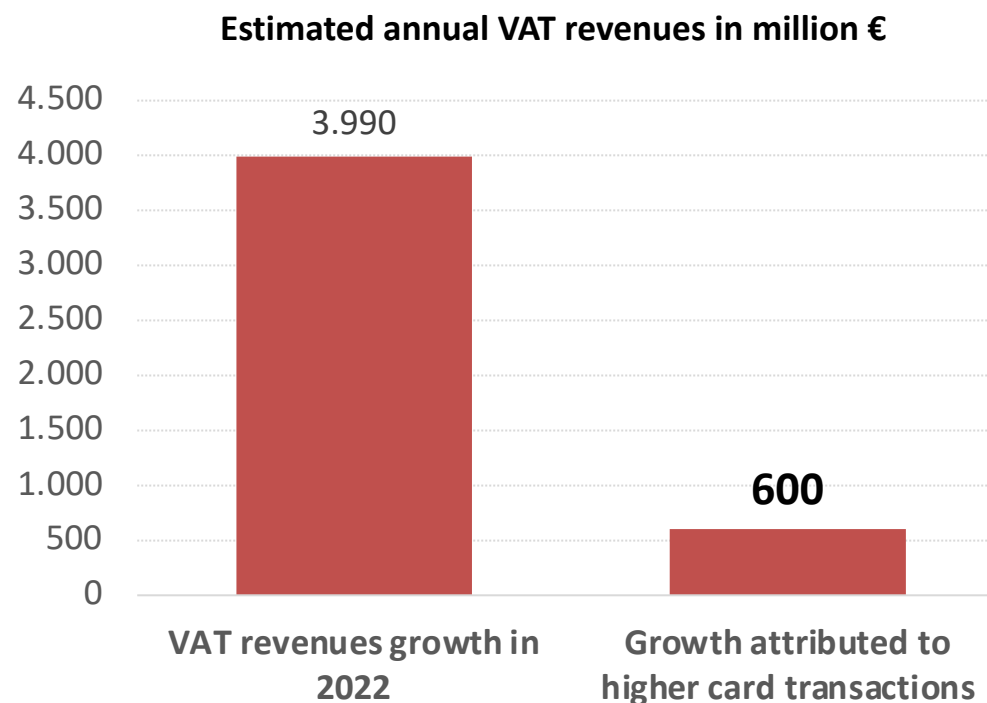
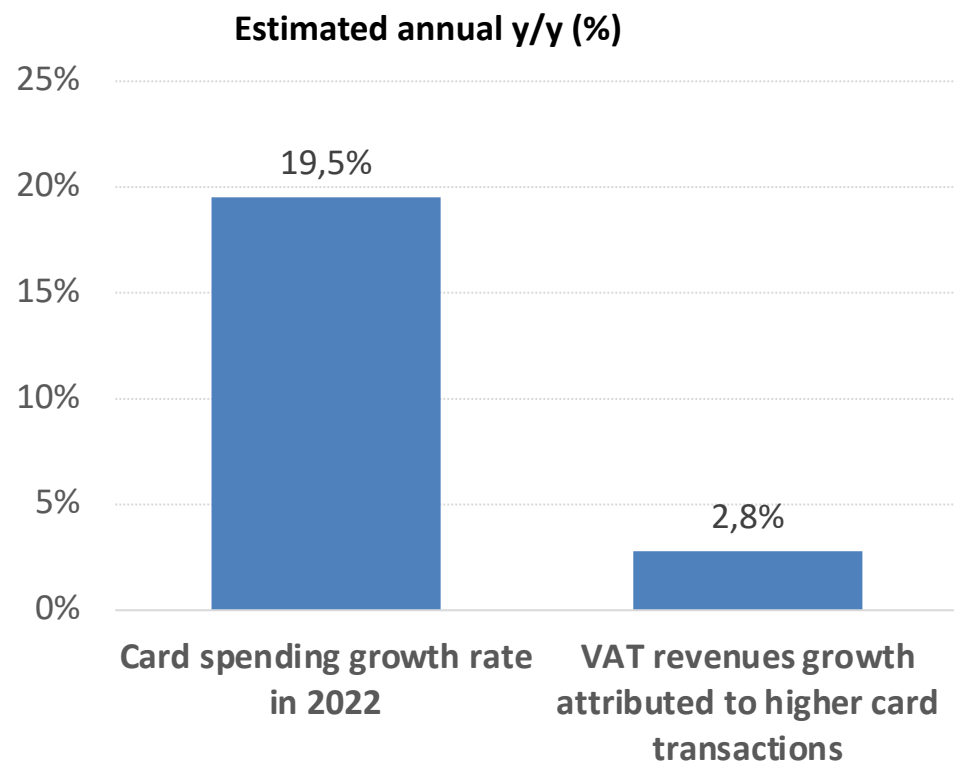


Source: EC, Ministry of Finance, ELSTAT. Data processing: IOBE

Note: VAT gap is estimated by the EC as a share (%) of annual collected VAT revenues. The value for 2021 is based on provisional EC estimates.

The reduction in the VAT gap during the last years resulted in higher VAT revenues, indicating a possible positive impact from the increased use of card payments

In 2022 only, we estimate that €600 million additional VAT revenues were collected by the Greek state, associated with the expansion of card payments



Source: IOBE estimation

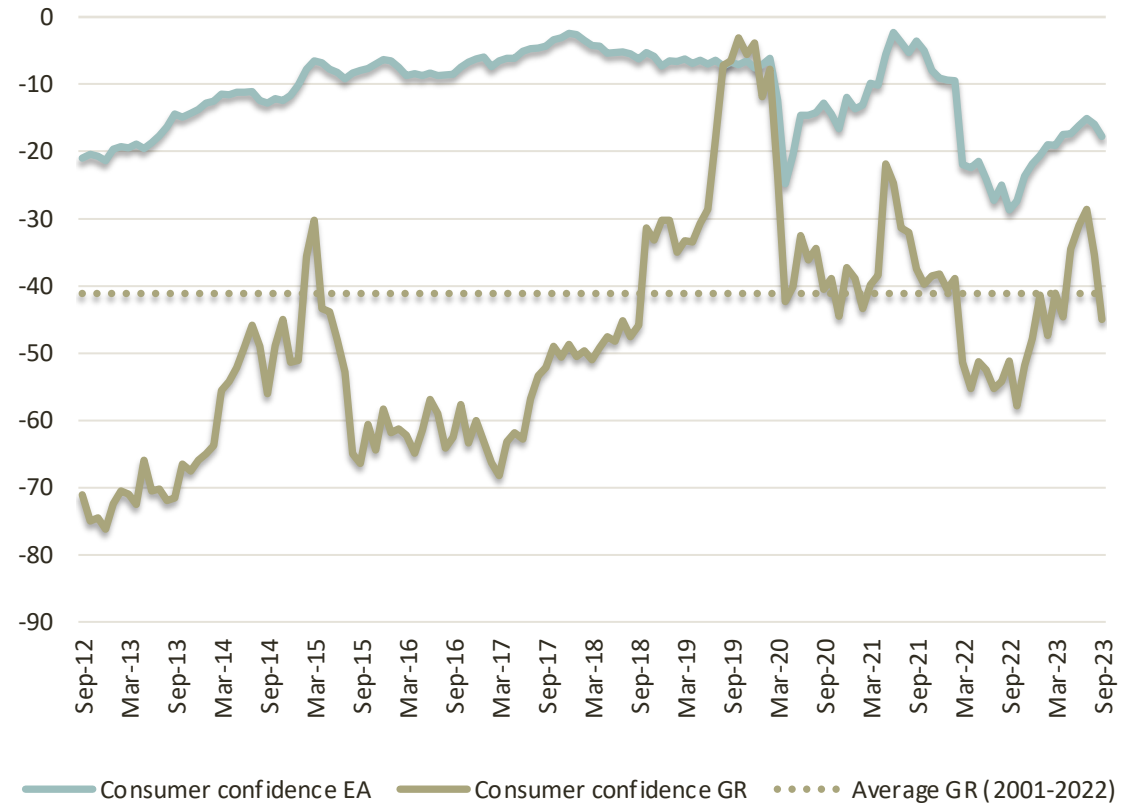
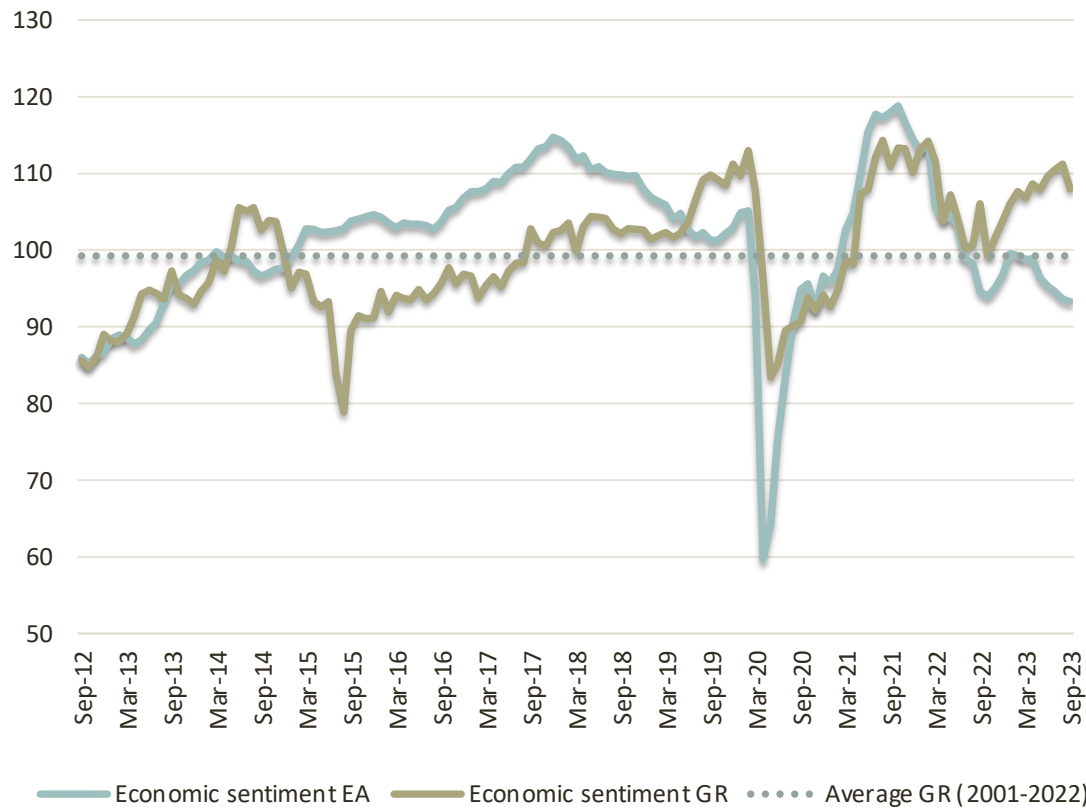
€10 of new card spending in 2022 is associated on average with €0.67 previously undeclared VAT revenues. The total impact on tax revenues is significantly larger, if one includes the positive effect on income tax revenues due to the broadening of the tax base.

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Economic Sentiment and Consumer Confidence

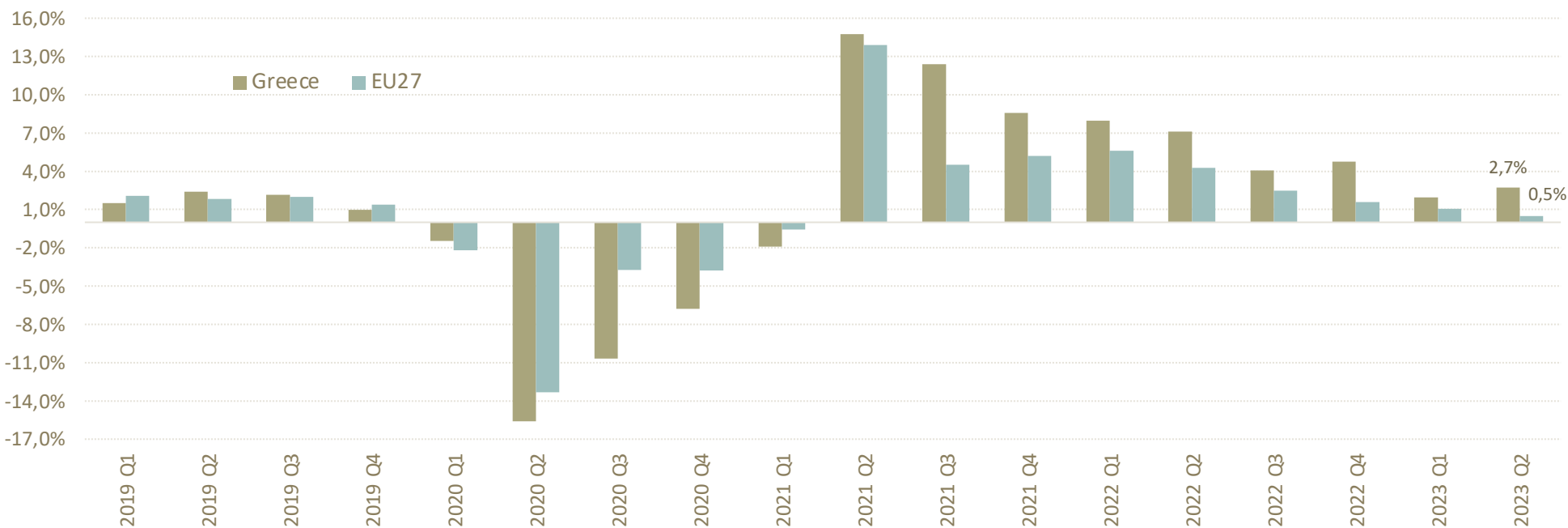


Sources: European Commission, IOBE

Economic sentiment has been recovering since mid-2022, though with some fluctuations. Consumer confidence remains subdued compared to EU peers.

Greek GDP growth rate keeps its momentum, while other European economies are decelerating

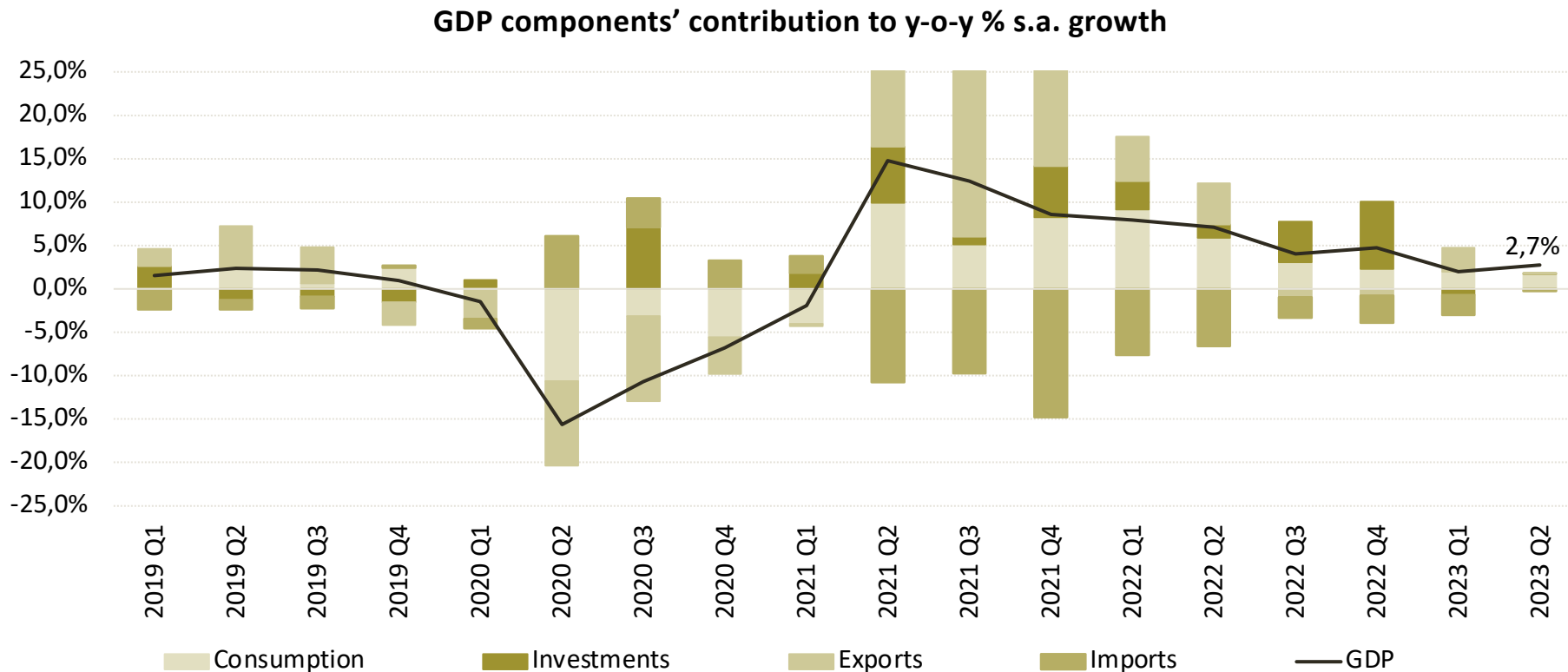
Quarterly real GDP (y/y growth rate)



Source: ELSTAT, s.a., constant 2015 prices

Most forecasting entities anticipate an **annual real growth rate above 2%** for the current year

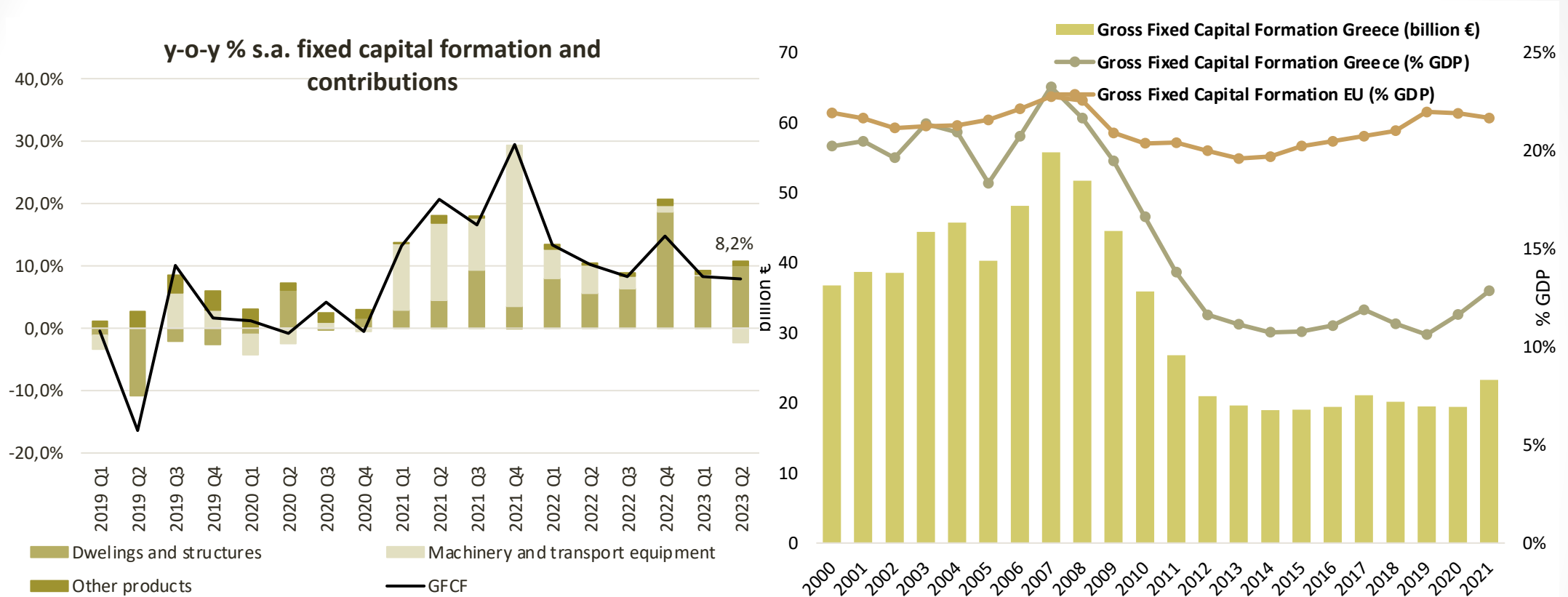
GDP drivers



Source: Quarterly National Accounts, Eurostat

- **Private consumption has been highly resilient** during 2022 and 2023.
- **The economy has become more extrovert**; however, exports' momentum has been slowing down during 2023. Tourism is expected to record another historical high performance this year.
- **Fixed investments growth** continues, mainly driven by the construction sector.

Gross fixed capital formation and investment gap

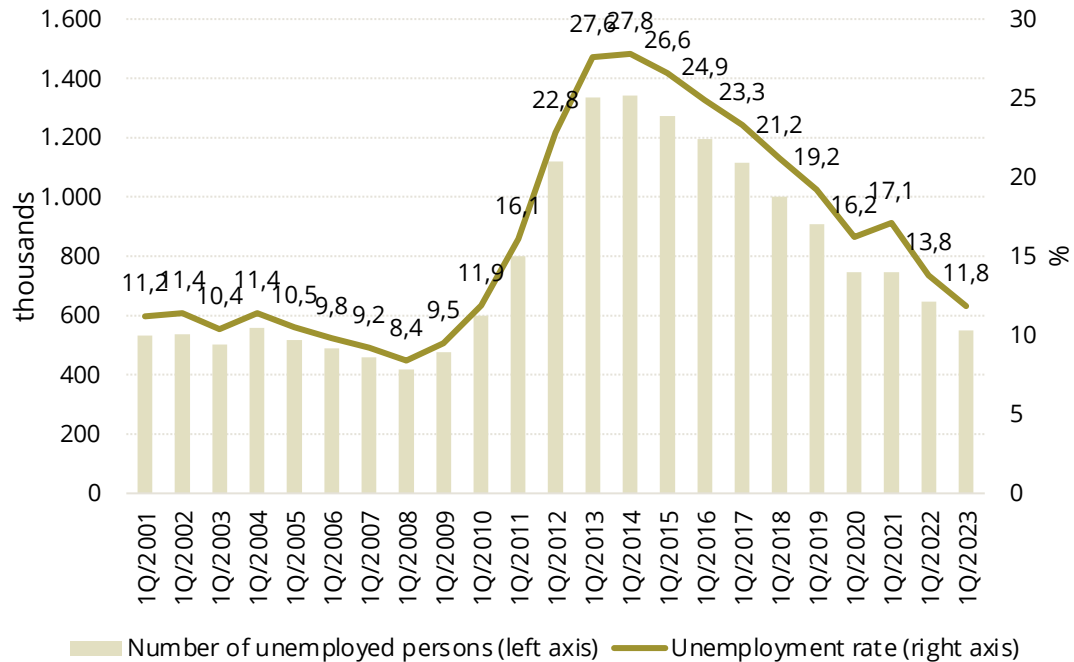


Source: Quarterly National Accounts, Eurostat

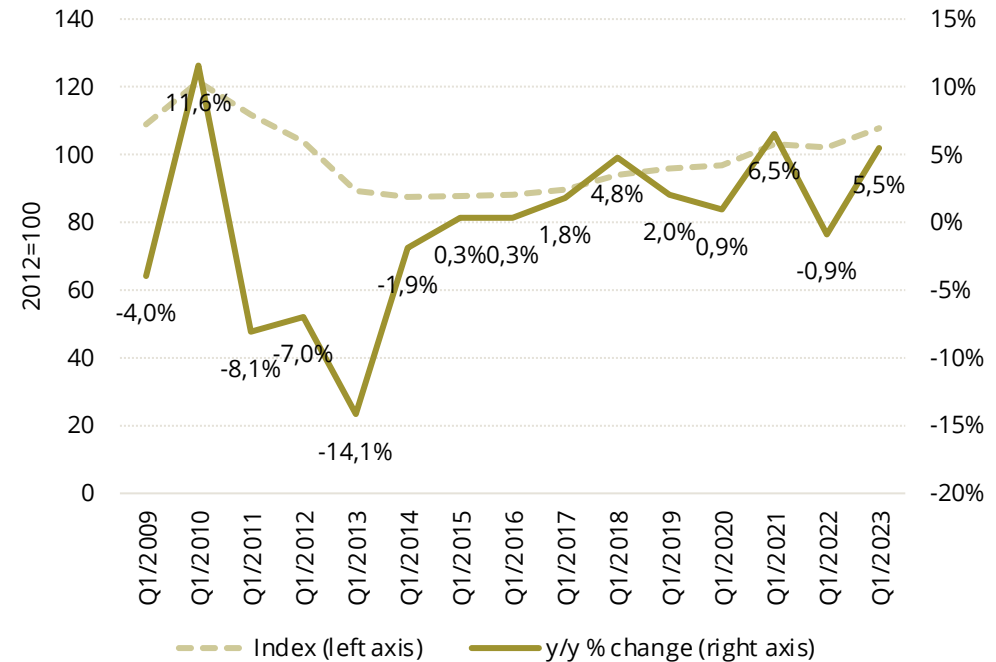
The recovery of fixed investments in 2023 is mainly due to the construction sector, while the trend for machinery and transport equipment has been fluctuating. Investment rates are still low in Greece, compared to European peers.

The labor market continues to show progress

Unemployment trends



Seasonally adjusted labor cost index



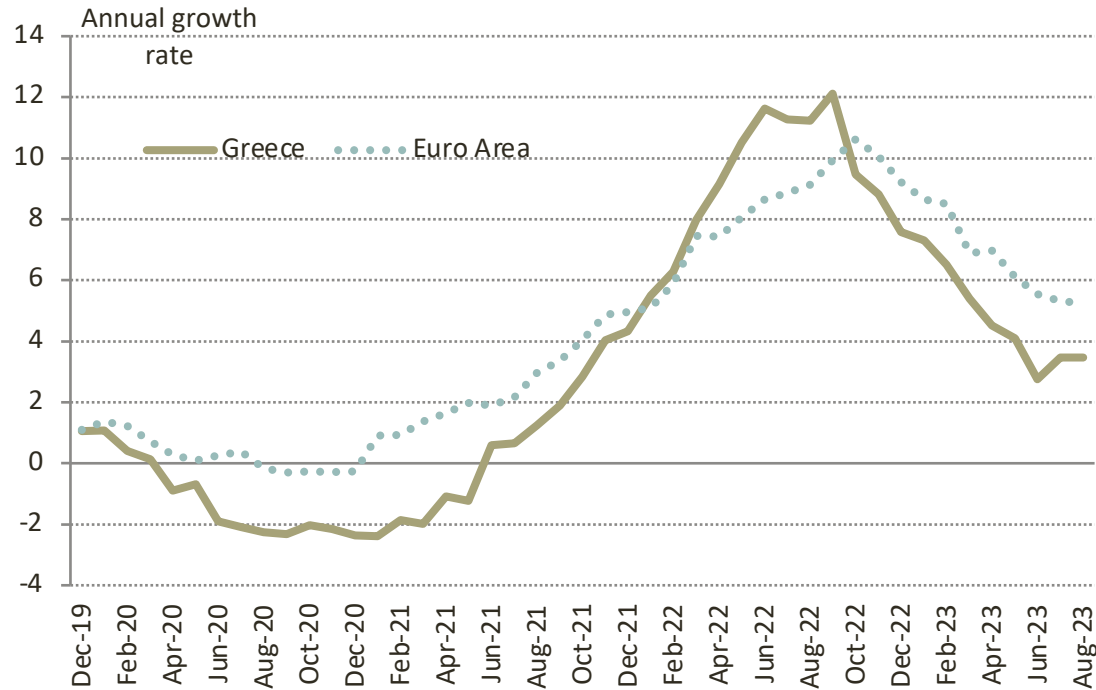
Source: ELSTAT

The unemployment rate has been systematically easing, converging to 11% towards end 2023.

Labor cost has been rising since 2016.

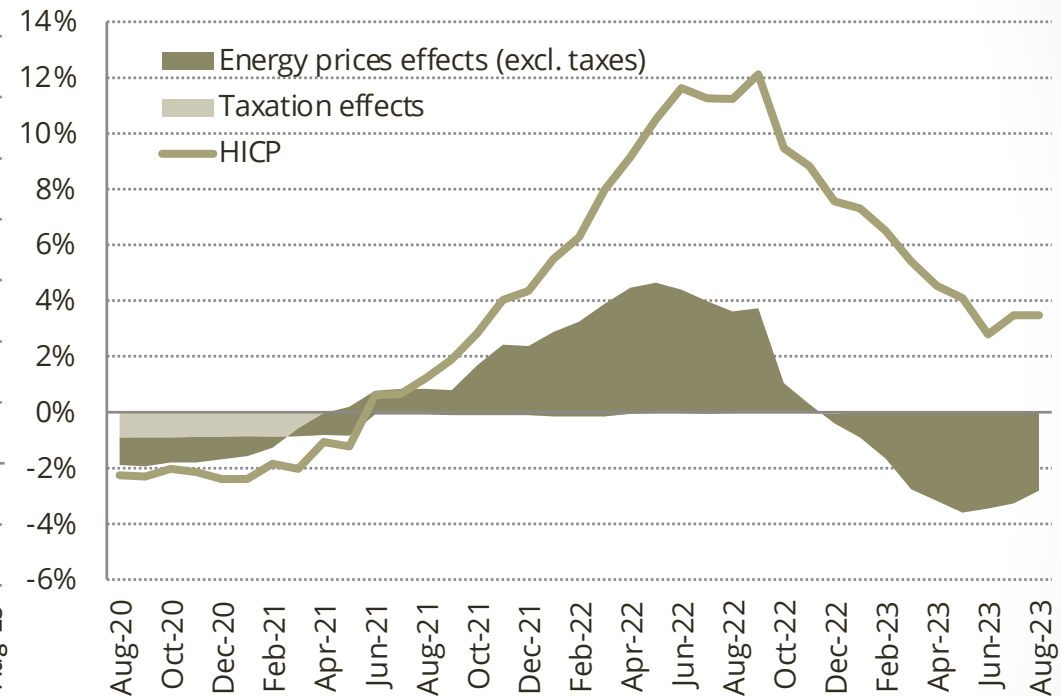
The drop of inflation rate, following lower energy prices during 2023 H1, has halted since the summer...

Harmonised Index of Consumer Prices (HICP)



Source: Eurostat

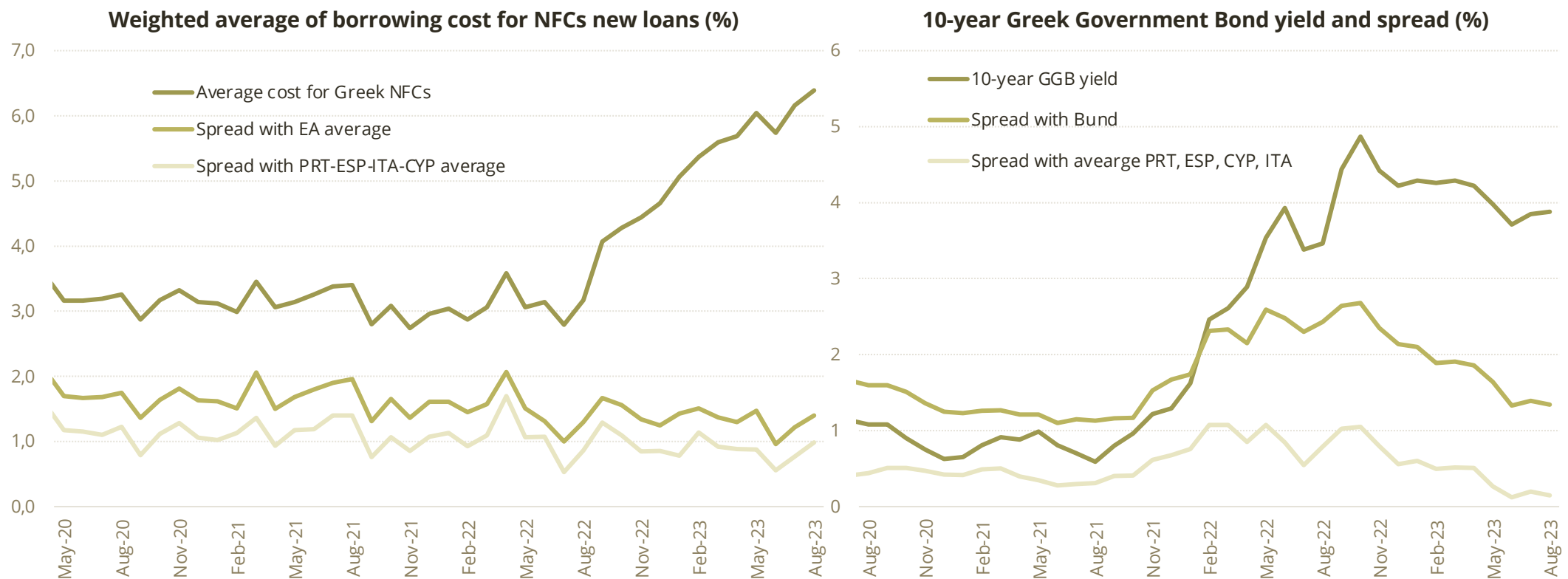
HICP in Greece and impact of energy goods' prices and changes in taxation



... to a range close to 3%.

Headline inflation rate remains below EA average, although core inflation is higher.

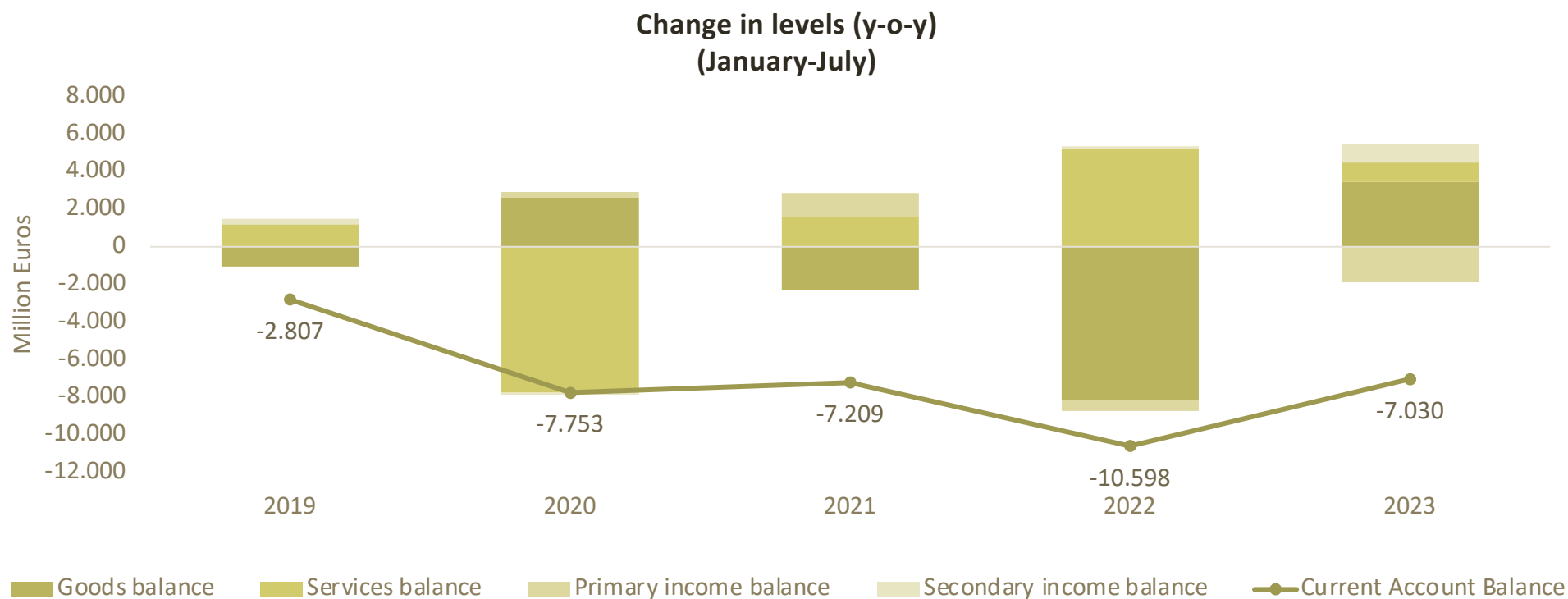
The cost of new private funding has considerably increased during 2023, amid restrictive monetary policy...



Source: ECB

...while the cost of new public financing has eased, due to narrowing spreads with EU peers, also affected by the gradual recovery of sovereign investment grade rating by international agencies.

Current account deficit has shrunk in 2023, but it remains large...



Source: Bank of Greece

... close to the levels of 2020 and 2021.

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Main trends and challenges

- Consumption growth, digital transformation of retail markets
- Global risks and implications for Europe
- Fiscal priorities in Greece: primary budget surplus and mix of taxes and expenditure
- Gradual transformation into a new growth model?

Assessment

Dual dynamics of the domestic recovery

- Domestic uncertainty due to political instability has declined
- Gradual closing of the output gap after a ten-year debt crisis

Important contribution of EU policies

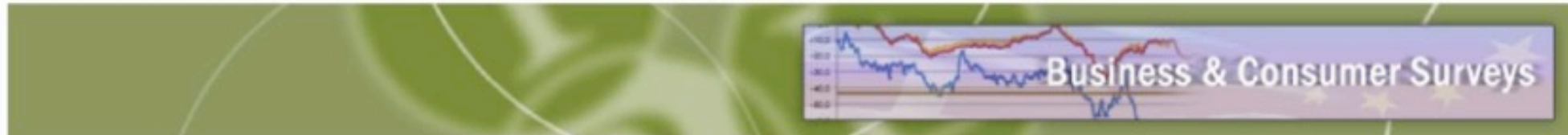
- RRF
- Fiscal measures

Challenges domestically and abroad

- Public administration and markets
- External shocks, persistent inflation, longer duration of high interest rates

Three economic policy priorities

- 1) Ensuring **smooth financing** of the country in the medium term, on competitive terms
 - Investment grade recovery
 - Fiscal stability and predictability, sustainable fiscal policy mix
- 2) Improving the **production model**
 - Increasing productivity, attracting capital, both physical and human, to offset adverse demographic trends
 - Integration of new technologies, innovation in production, creation of high value jobs
 - Extroversion
- 3) Jobs and incomes **distribution**
 - Social mobility opportunities
 - Employee training programs



Bulletin of Trends in the Greek Industry Sector(January 2023)

Monthly bulletin of trends in the Greek industry sector...

[Read more...](#)

Compensation cost indicators of long-term hospital insurance programmes for 2021

The scope of this study is to estimate indicators for monitoring the compensation cost of personal hospital insurance programmes. These indicators exclusively concern guaranteed renewable programmes. They measure the annual percentage changes of the average expenditure of the health insurance market as a whole. The study is

About I.O.B.E.



The Foundation for Economic & Industrial Research (IOBE) is a private, non-profit, public-benefit research organisation.

It was established in 1975 with the dual purpose of promoting research on current problems and prospects of the Greek economy and its sectors and of generating reliable info... [Read More](#)



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Business and Consumer Surveys

Next report of Business and Consumer Surveys concerning January results, will be released on February 1, 2023.