

Searching for Growth Drivers: A Debate with the Chief Economists of the Systemic Greek Banks

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Introductory slide deck

LSE-Hellenic Observatory Online Public Event

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Outline

- Projections
- Sovereign rating
- Economic sentiment
- Economic growth
- Investment trends
- Labour productivity
- Exports/Imports
- Corporate lending
- Mobility of firms
- Upcoming Challenges
 - *Energy transition*
 - *Labour shortages*
 - *SMEs upgrading*
 - *Phasing out of guarantees*
 - *Global Trade Tensions*
- Findings from systemic banks research
 - ✓ *Export oriented sectors*
 - ✓ *Absorption of EU funds*
 - ✓ *Productivity gaps*
 - ✓ *Current account deficit*

Latest published projections by the BoG in the context of the March 2025 Eurosystem staff projections

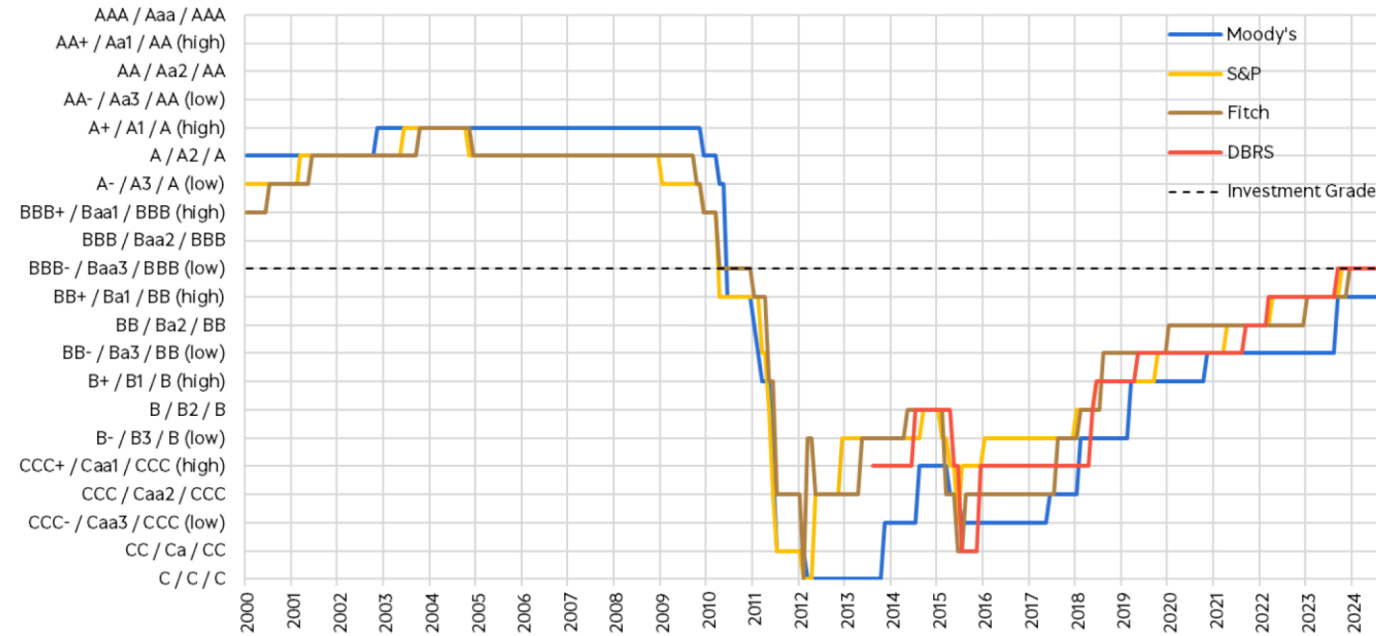
(year-on-year % changes)	2023	2024	2025 ^f	2026 ^f	2027 ^f
Real GDP	2.3	2.3	2.3	2.1	2.0
Private consumption	1.8	2.1	2.0	2.0	2.0
Government consumption	2.6	-4.1	-0.2	-0.1	0.6
Gross fixed capital formation	6.6	4.5	6.0	6.8	1.5
Exports (goods and services)	1.9	1.0	3.8	3.2	3.8
Imports (goods and services)	0.9	5.5	3.5	3.7	2.9
HICP (non-SA)	4.2	3.0	2.9	2.3	2.5
HICP excluding food & energy (non-SA)	5.3	3.6	3.6	2.8	2.2
Total employment (NA data)	1.2	1.2	1.3	1.1	1.2
Unemployment rate (% of labour force)	11.1	10.1	9.9	9.2	8.6
Current account (% of nom.GDP)	-6.2	-6.4	-5.7	-5.1	-5.1

Table 3: Projections for Greek GDP by international organizations

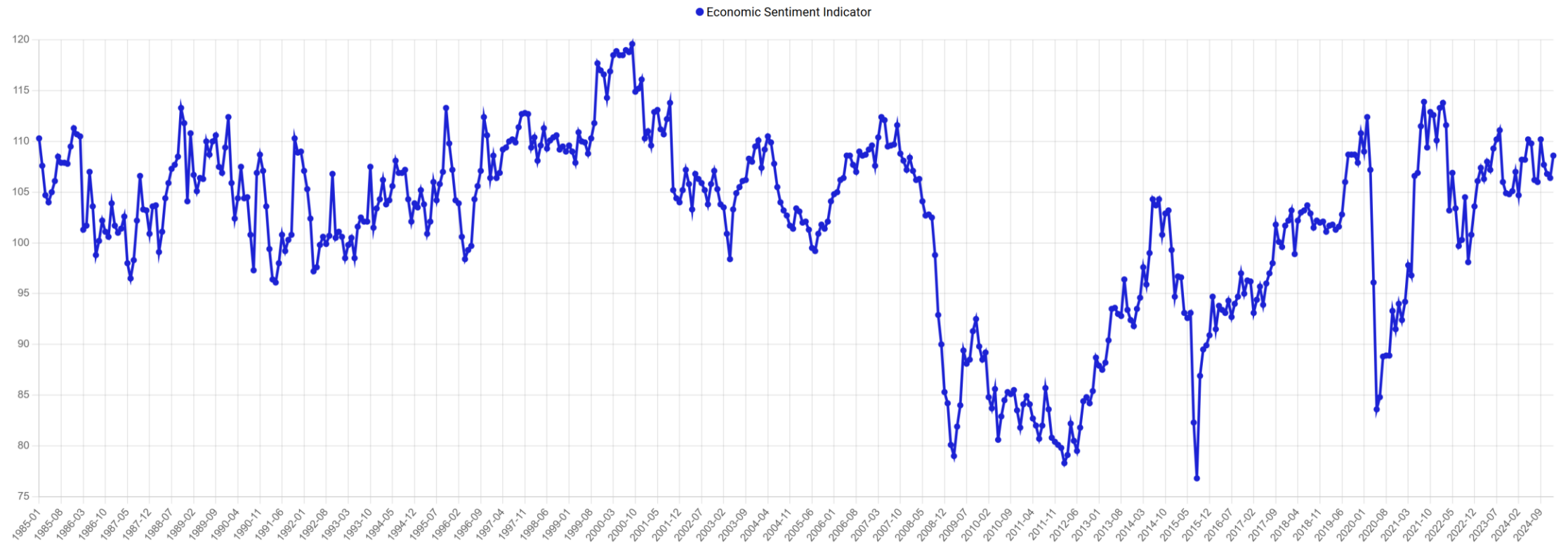
Percentage changes compared to a year earlier	Release date	2023	2024	2025 ^f	2026 ^f
OECD	Dec 2024	2.3	2.3	2.2	2.5
European Commission	Nov 2024	2.3	2.1	2.3	2.2
IMF	Oct 2024	2.0	2.3	2.0	-
Consensus	March 2025	2.3	2.3	2.2	2.0

Greek sovereign rating history

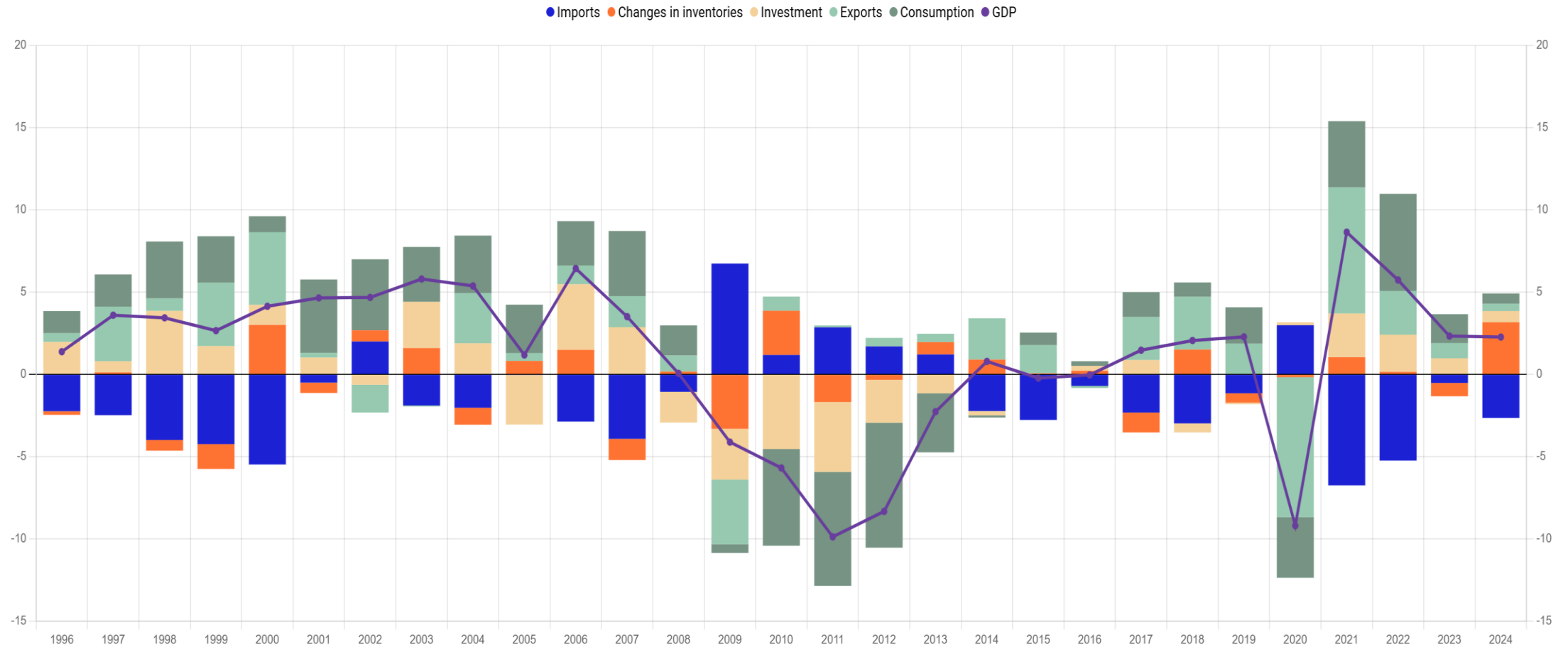
	Current LT Rating	Outlook	Last Rating Up/ Down grade	Latest Review	Next Scheduled Review
Fitch	BBB-	Stable	Dec 2023	Nov 2024	-
Moody's	Ba1	Positive	Sep 2023	Sep 2024	-
Standard & Poor's	BBB-	Positive	Oct 2023	Oct 2024	-
DBRS	BBB (low)	Positive	Sep 2023	Sep 2024	-



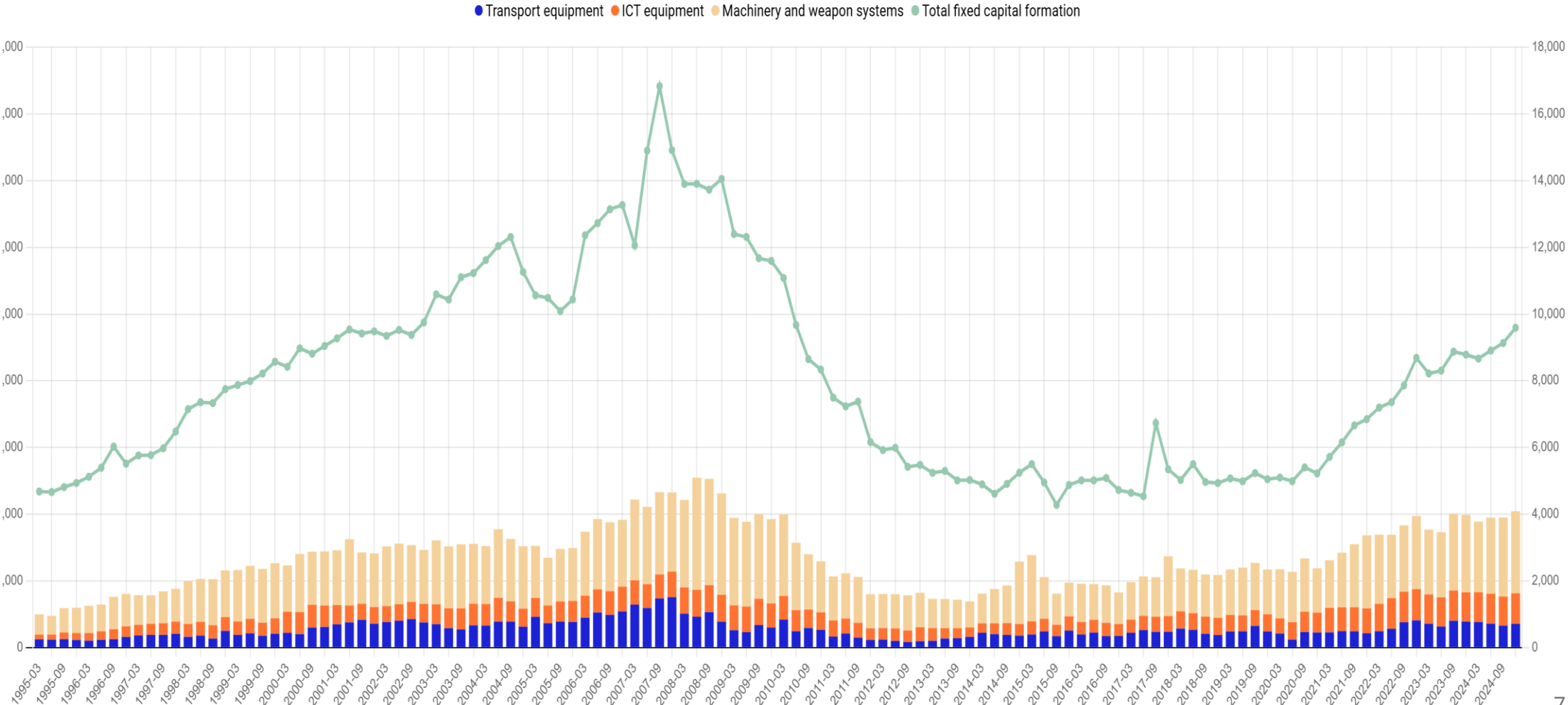
Economic Sentiment Indicator



Contributions to annual GDP growth

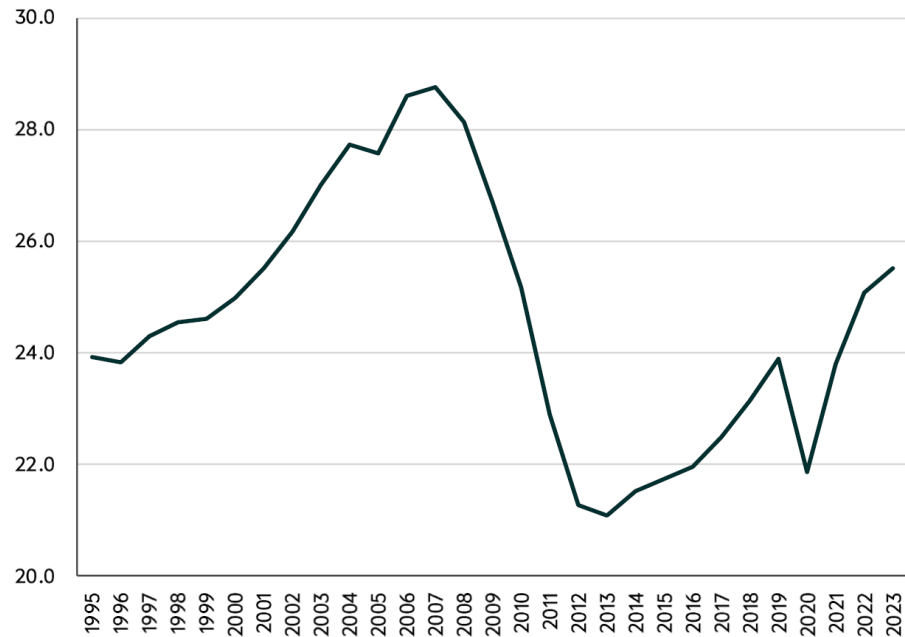


Fixed investment by asset type, seasonally adjusted

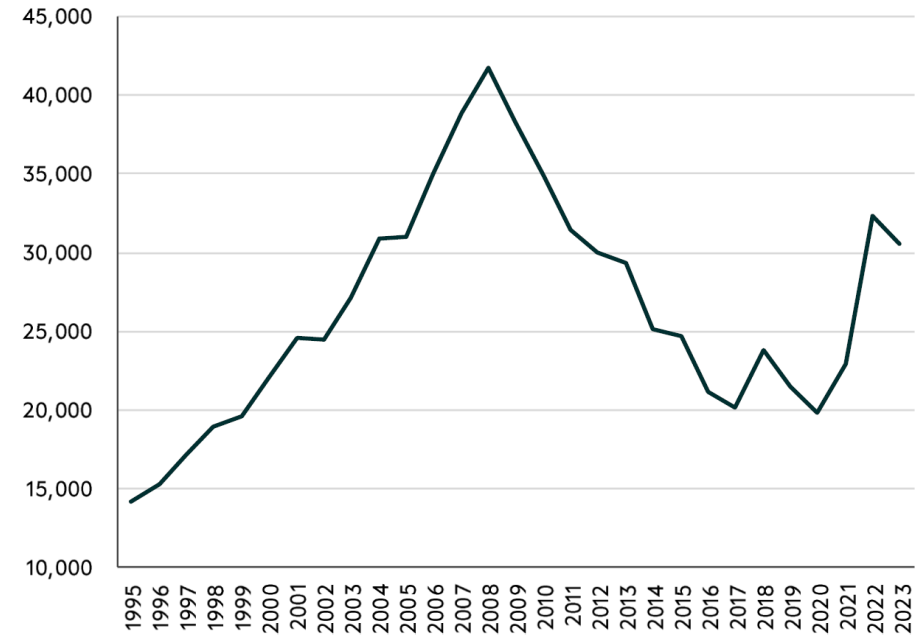


Capital productivity and profitability on solid recovery path

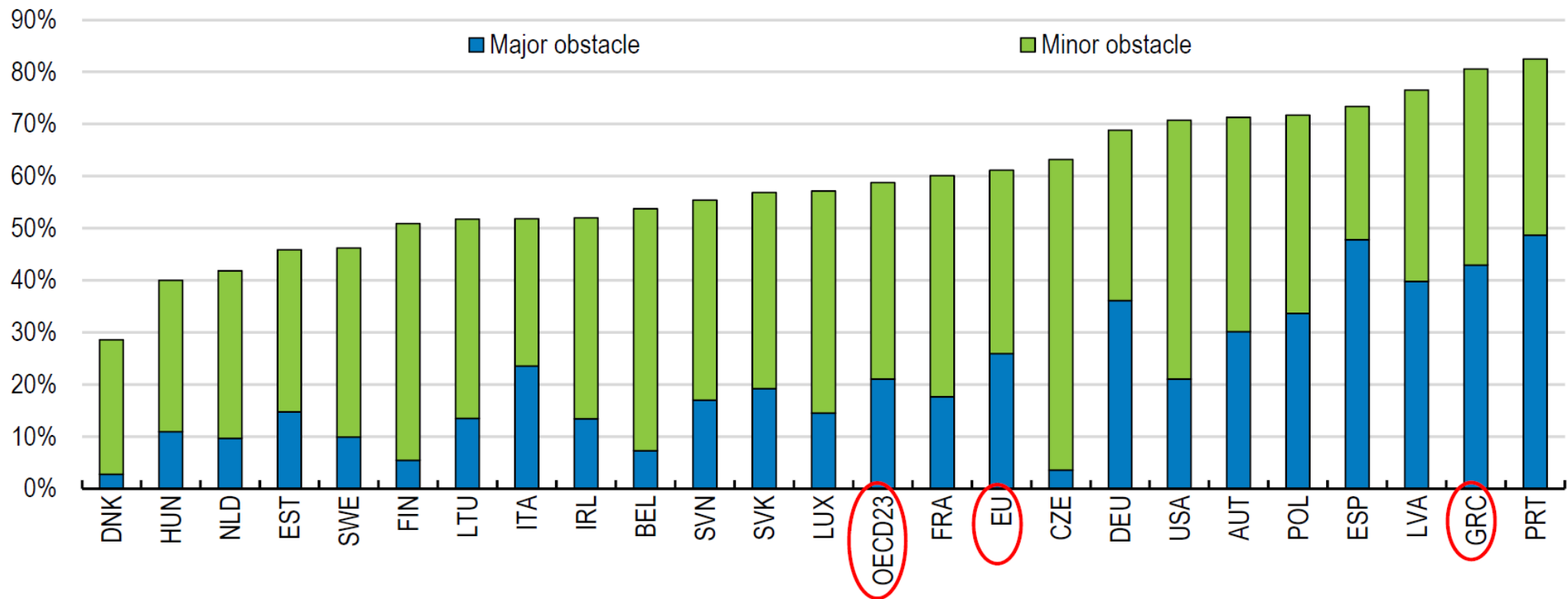
Capital Productivity
(GDP as % of net capital stock, in 2020 prices)



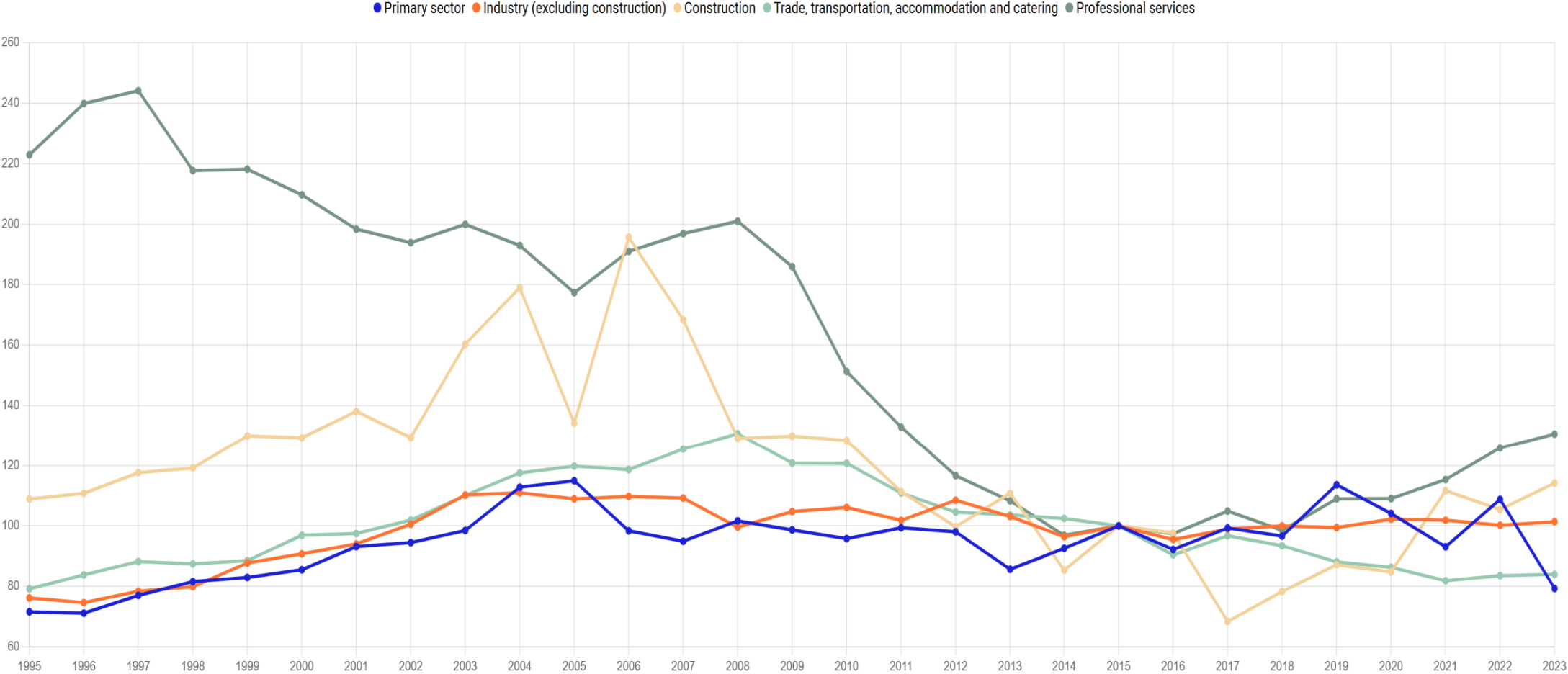
Gross Operating Surplus of Non-Financial
Corporations (€mn, in current prices)



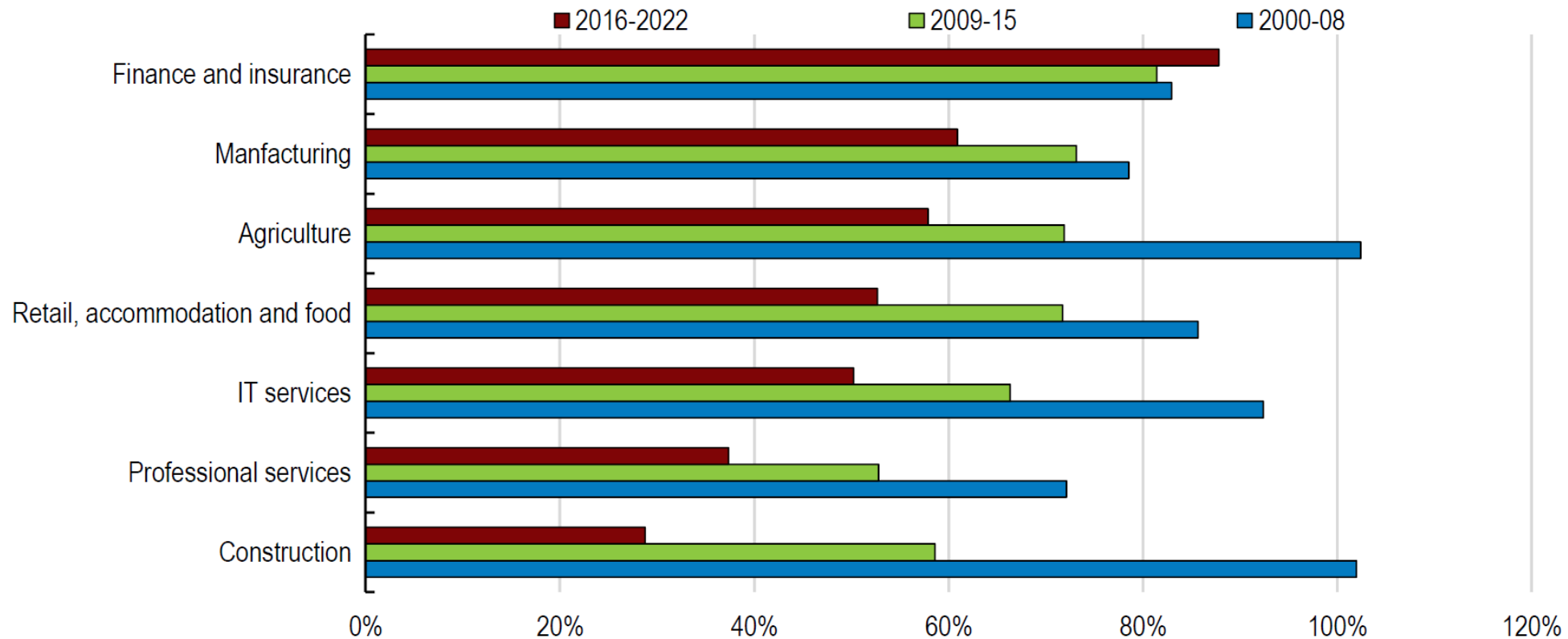
Share of firms indicating regulatory burdens as investment obstacle in 2023



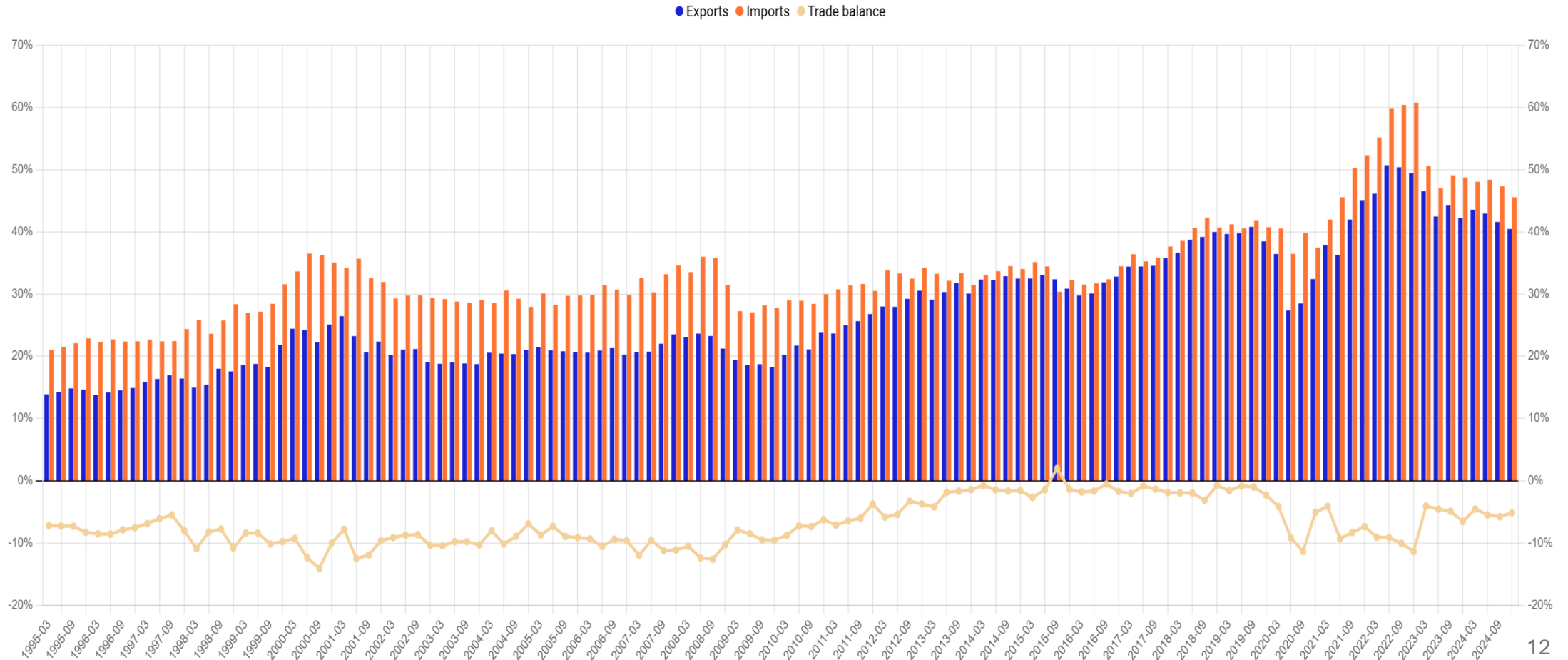
Labour productivity per hour worker in each sector



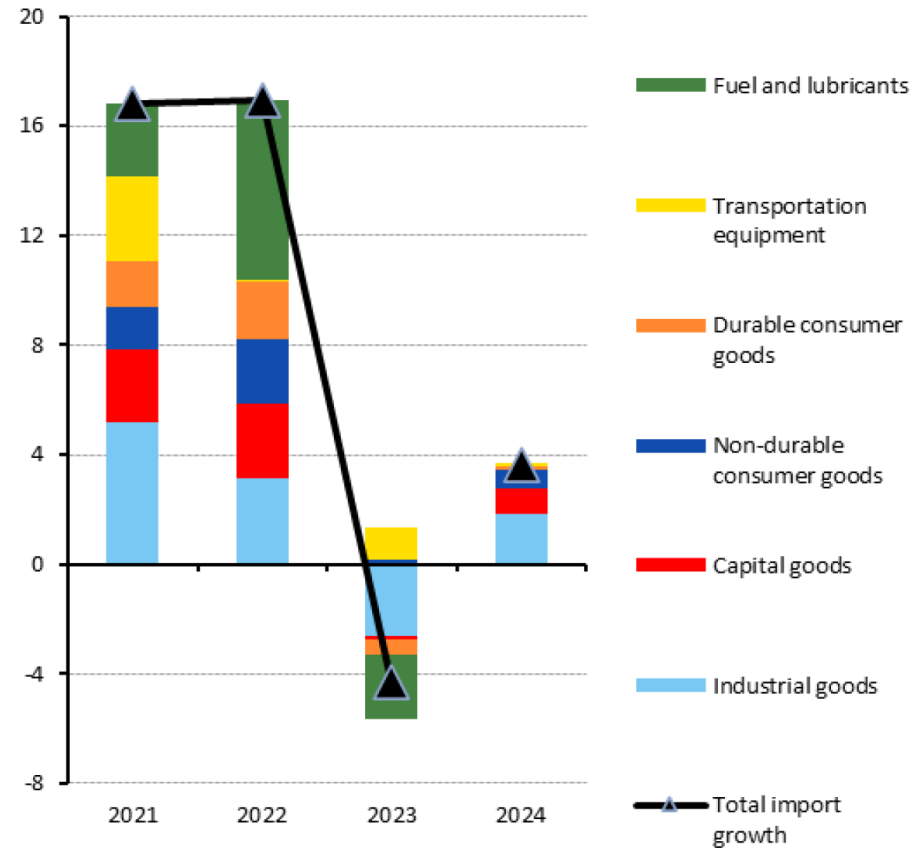
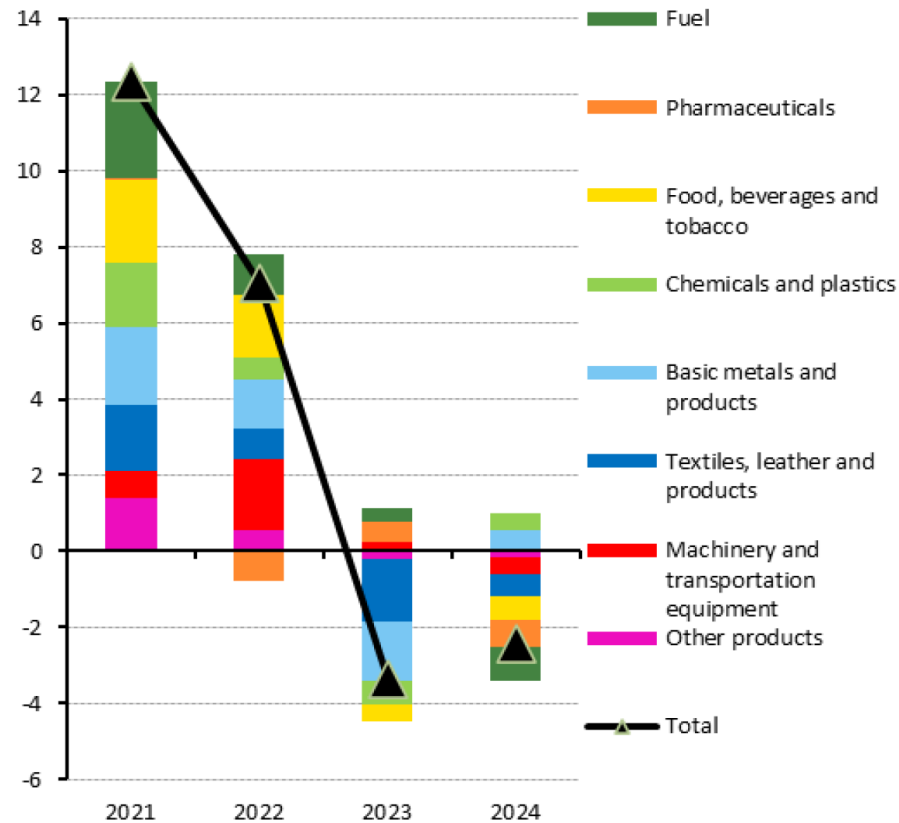
Sectoral labour productivity gaps in terms of value added per person employed to EU27 average



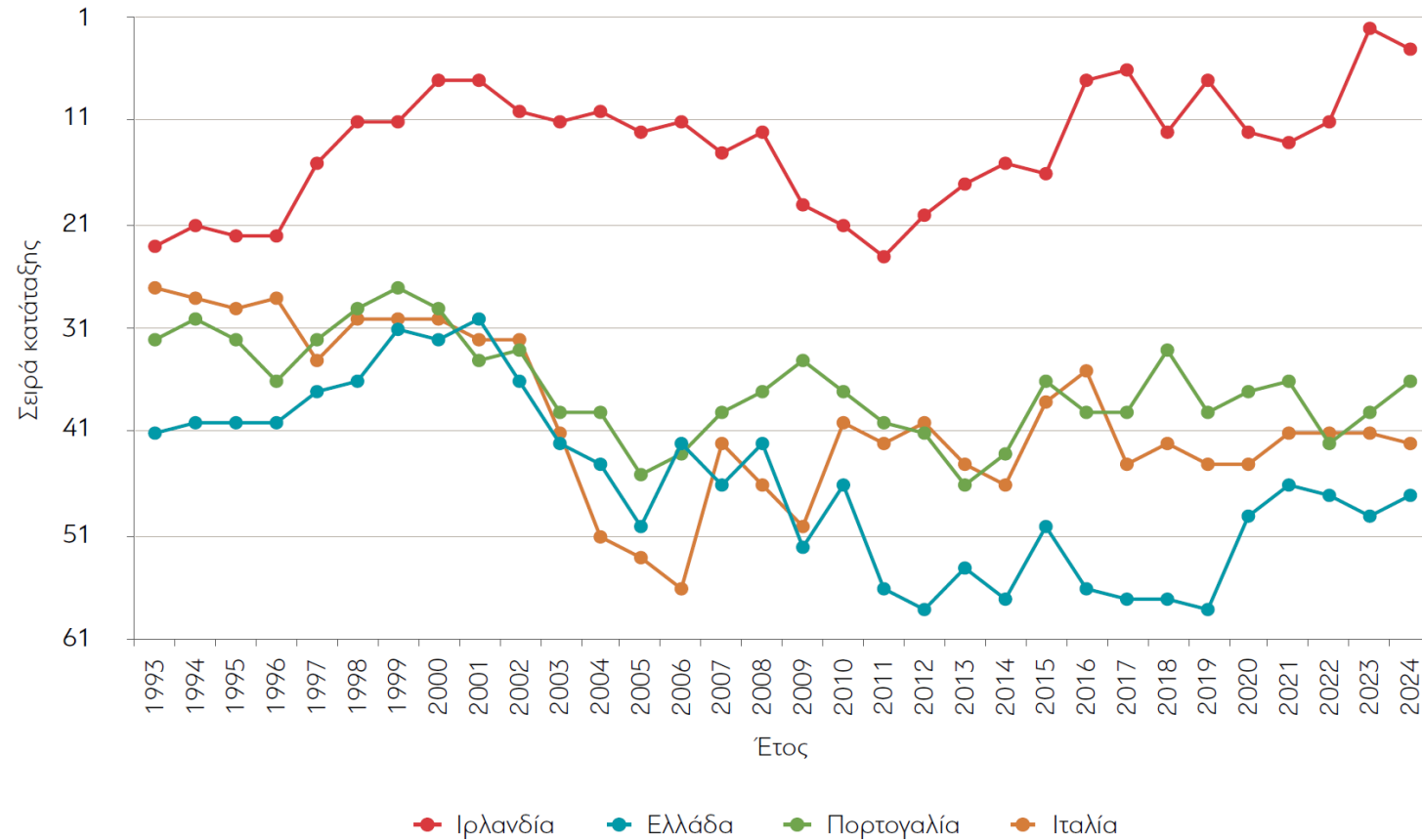
Exports and imports of goods and services, seasonally adjusted in GDP share



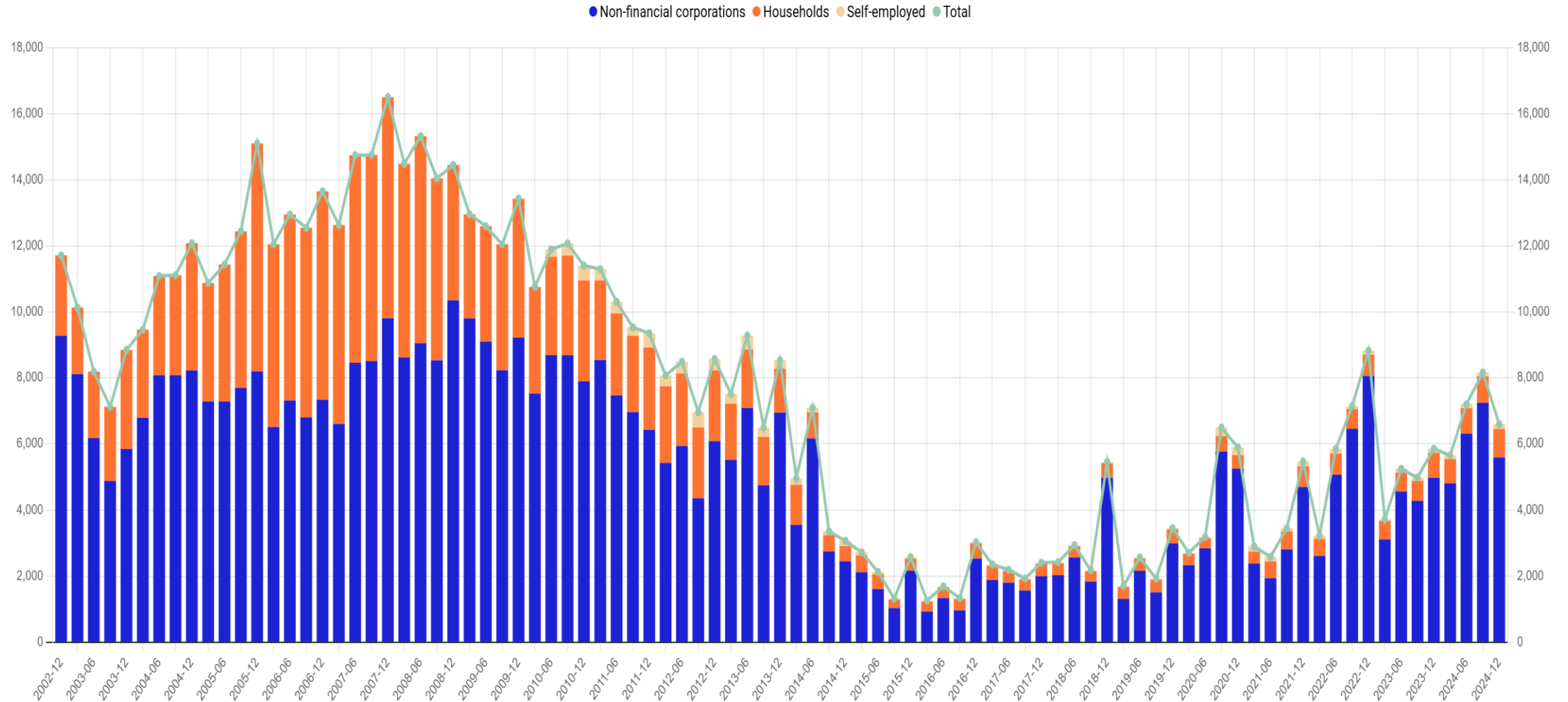
Contribution of each sector to total export and import growth (%) - constant prices



Competitiveness of the Greek economy: World Competitiveness Scoreboard

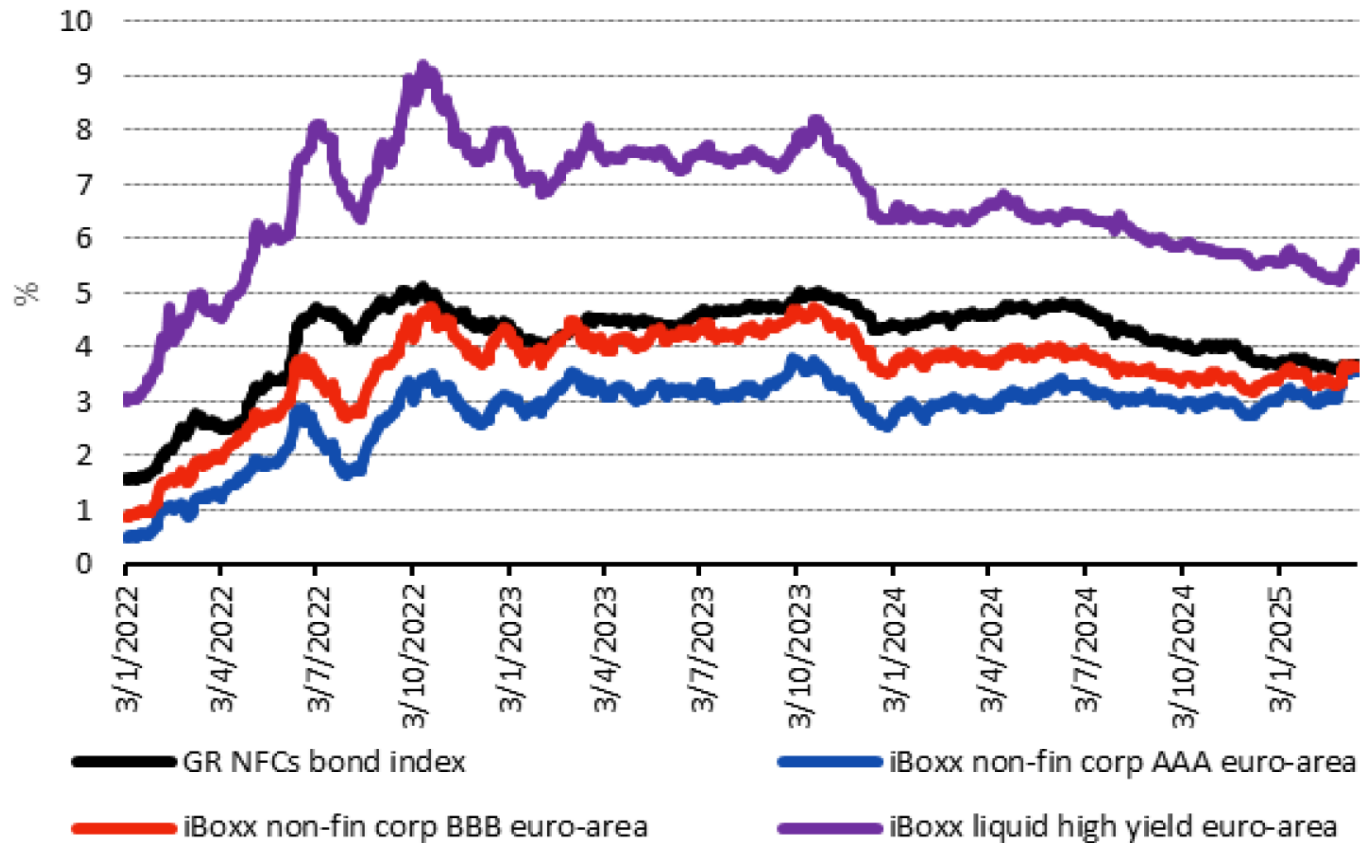


Generation of new loans



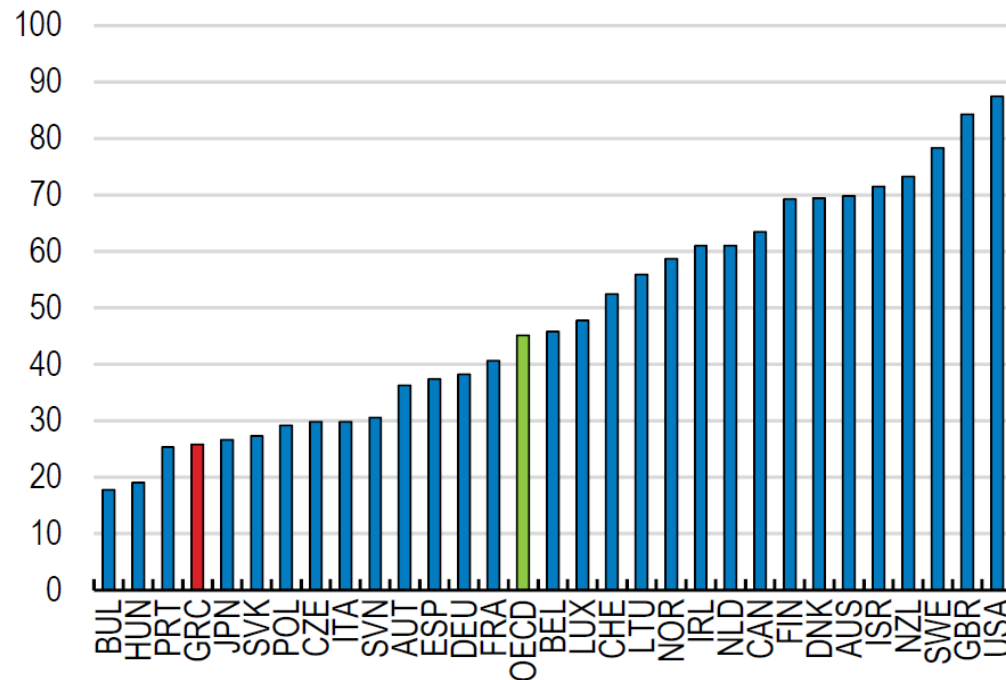
Large Greek NFCs are sustainably funded by international investors

GR NFCs bond index & iBoxx indices for EA non-financial corporates

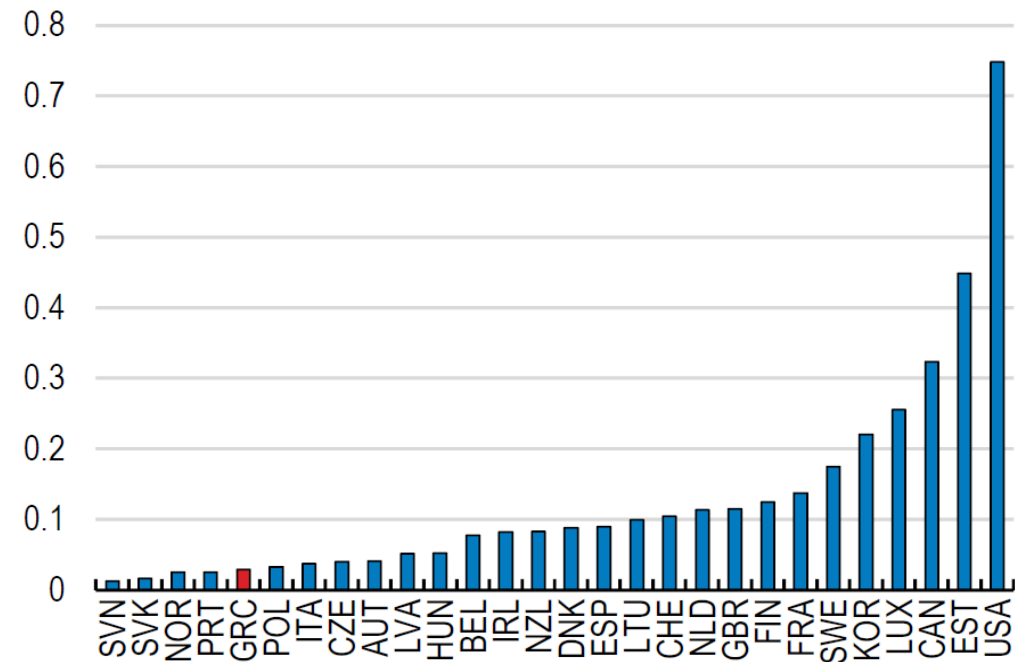


The take-up of alternative forms of finance remains low

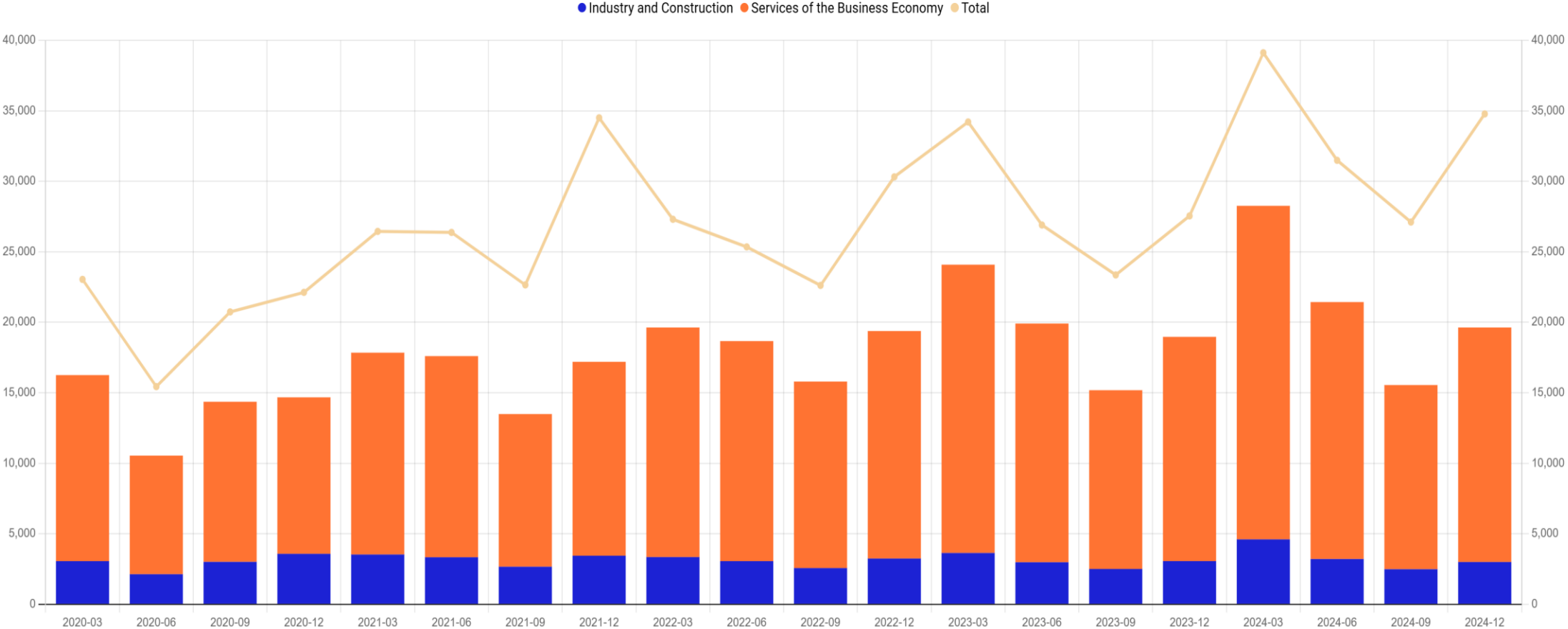
A. Fintech activity
Index, 100=highest activity, 2022¹



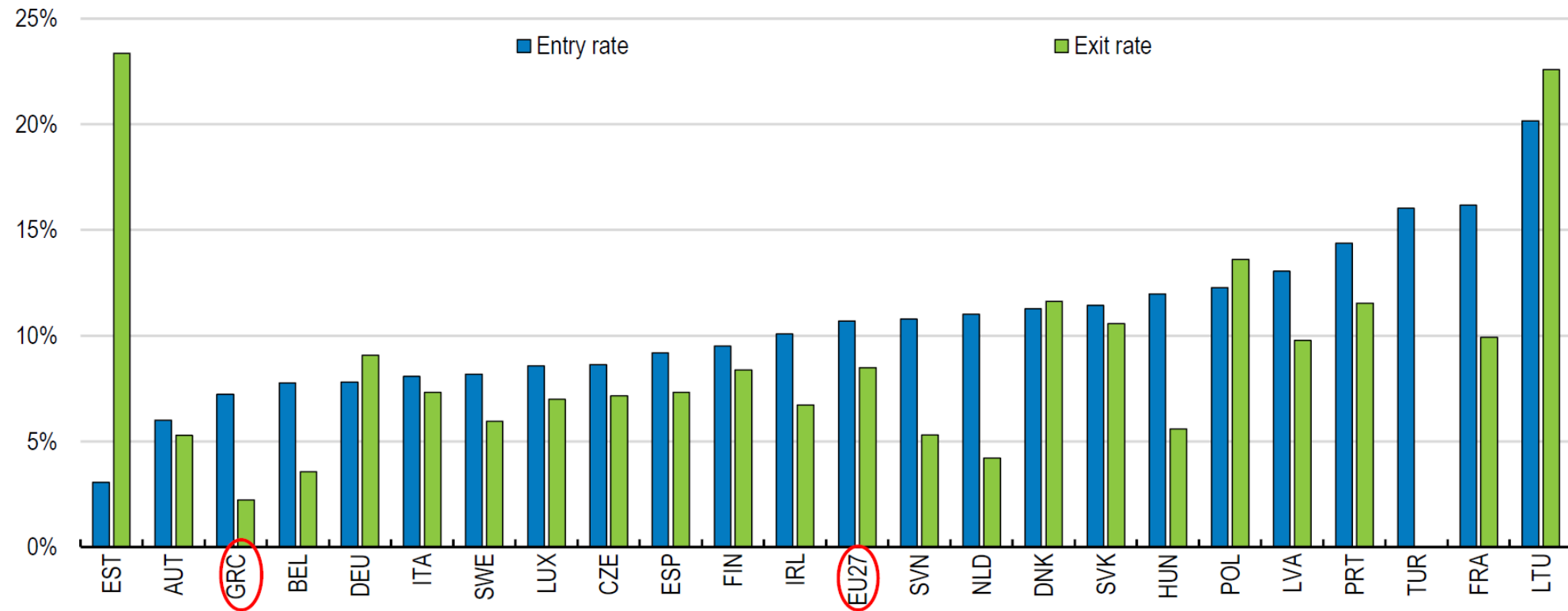
B. Venture capital investments
% of GDP 2022



Registrations of new enterprises in industry and services



Firm entry and exit as % of active enterprises in 2021



Upcoming Challenges

Transitioning to sustainable energy

Shortages in the workforce

Upgrading small and medium enterprises (SMEs)

Gradually eliminating guarantees

Global Trade Tensions

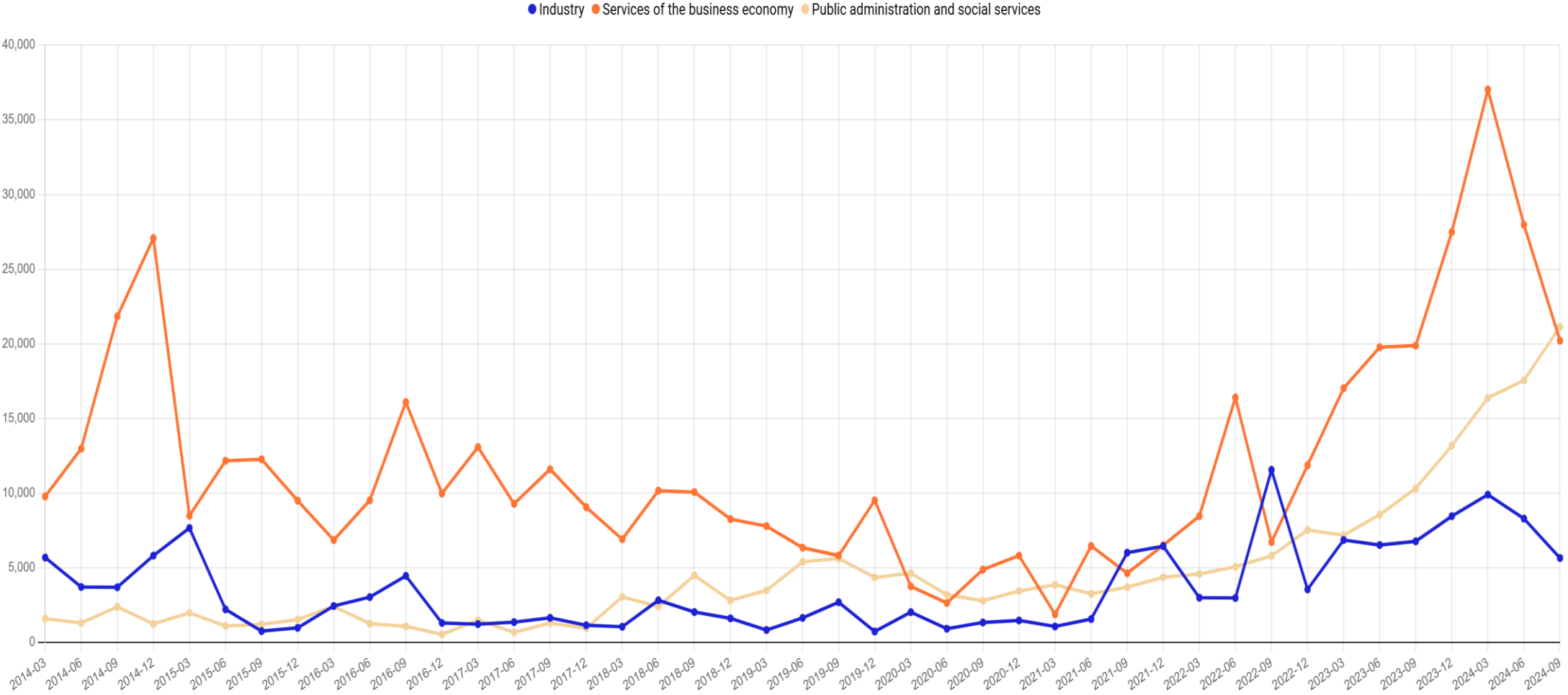
Challenge	Implications	Risks	Opportunities
Energy Transition	High investment needs	Higher energy prices	Leader in renewables
Labour shortages	Growth constraint & wage pressures	Skills mismatch	Invest in human capital & attract high-skilled diaspora
Upgrading SMEs	SME modernisation critical for productivity gains	Innovation gap widening	Expand SME networks
Phasing out guarantees	Financial stability risks	Rise in NPLs & credit tightening	Stronger banking practices

Greece is proactively addressing the energy transition by prioritizing mitigation efforts. However, it faces several challenges moving forward, including issues with implementation, the costs associated with adapting to climate change, and gaps in funding.

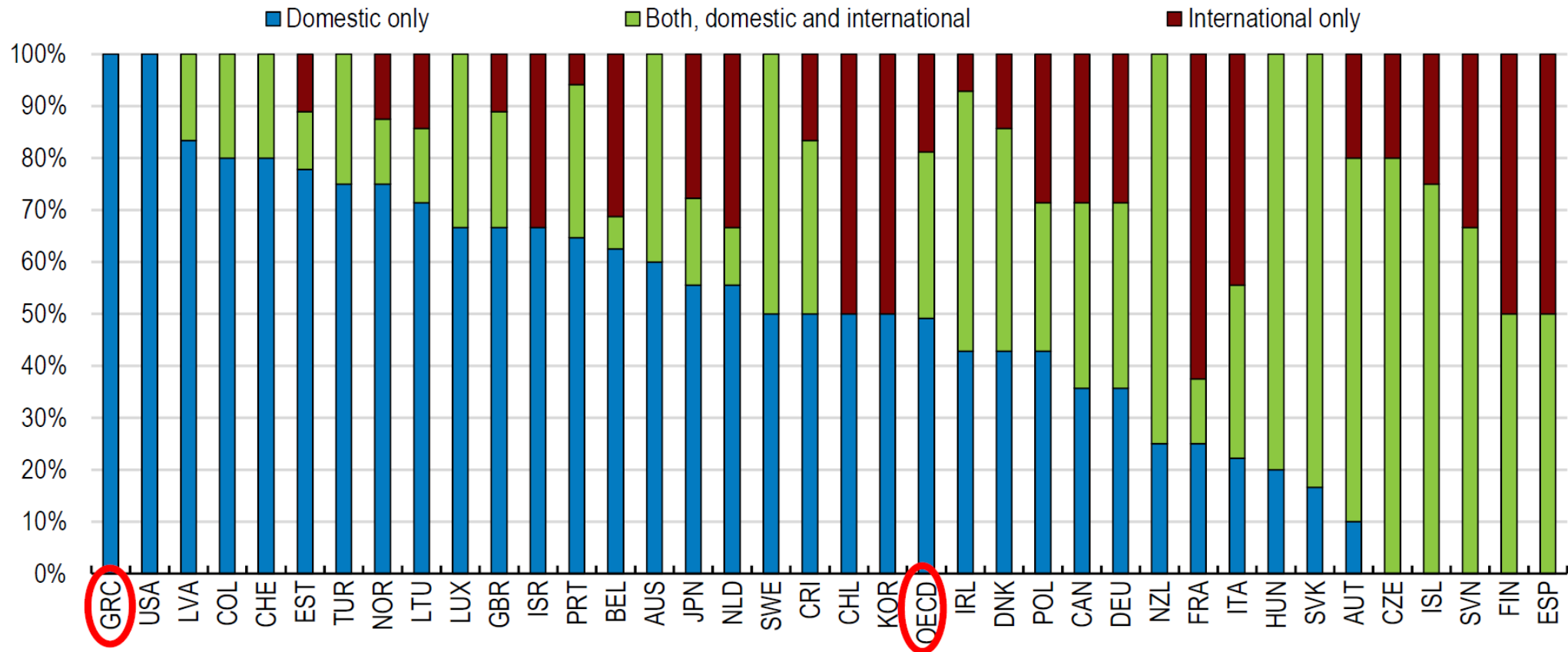
Selected climate targets for 2030 and 2050

	Most recent data (2021/2022)	2030	2040	2050
Emissions	-29% of total greenhouse gas (GHG) emissions in 2021 compared to 1990 levels	-55% of total GHG emissions compared to 1990	-80% of total GHG emissions compared to 1990 level	Net zero emissions
Renewable energy	22% share of renewable energy of gross final energy consumption in 2021	44% share of renewable energy of gross final energy consumption		
Electricity	46% share of renewable energy sources of electricity generation in 2022	82% share of renewable energy sources of electricity generation		
Transport	4% share of energy from renewable sources in transport in 2022	29% share of renewable energy sources in transport		
Buildings	31% share of energy from renewable sources in heating and cooling in 2022	46% share of energy from renewable sources in heating and cooling		

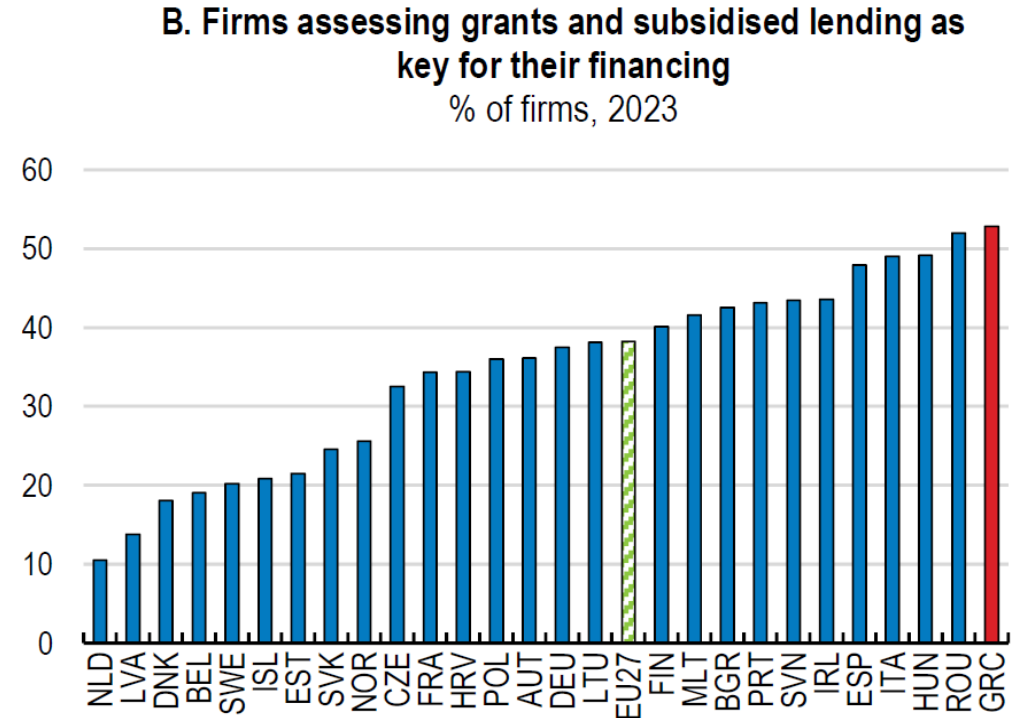
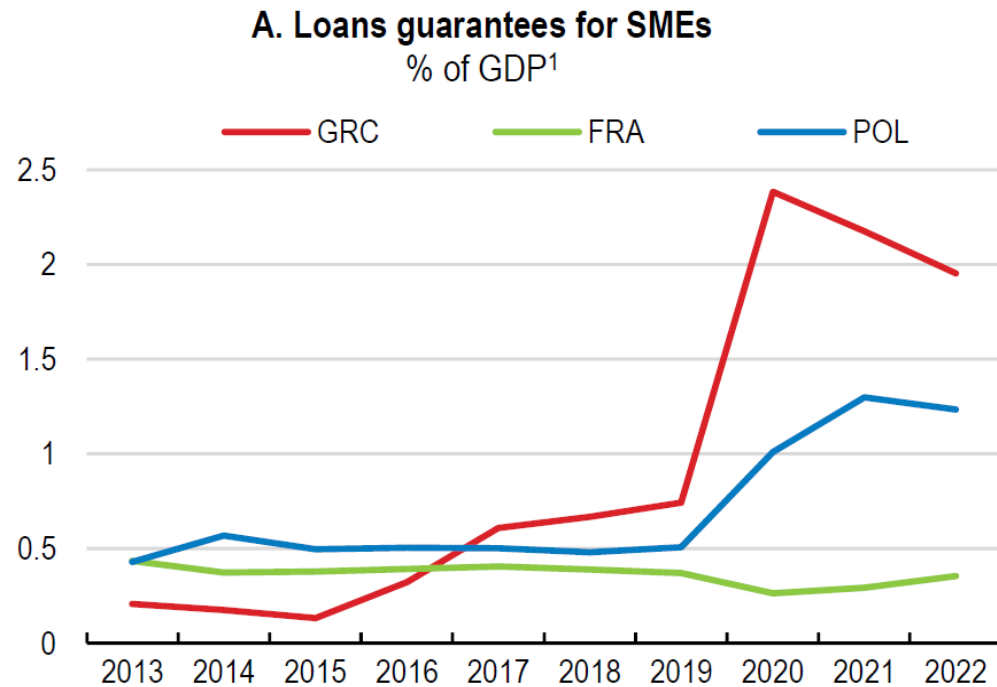
Vacancies by economic sector, seasonally adjusted



Share of SME innovation-related network policies by geographic scope



Loan guarantees have increased rapidly



Global Trade Tensions: Limited but Rising Risk

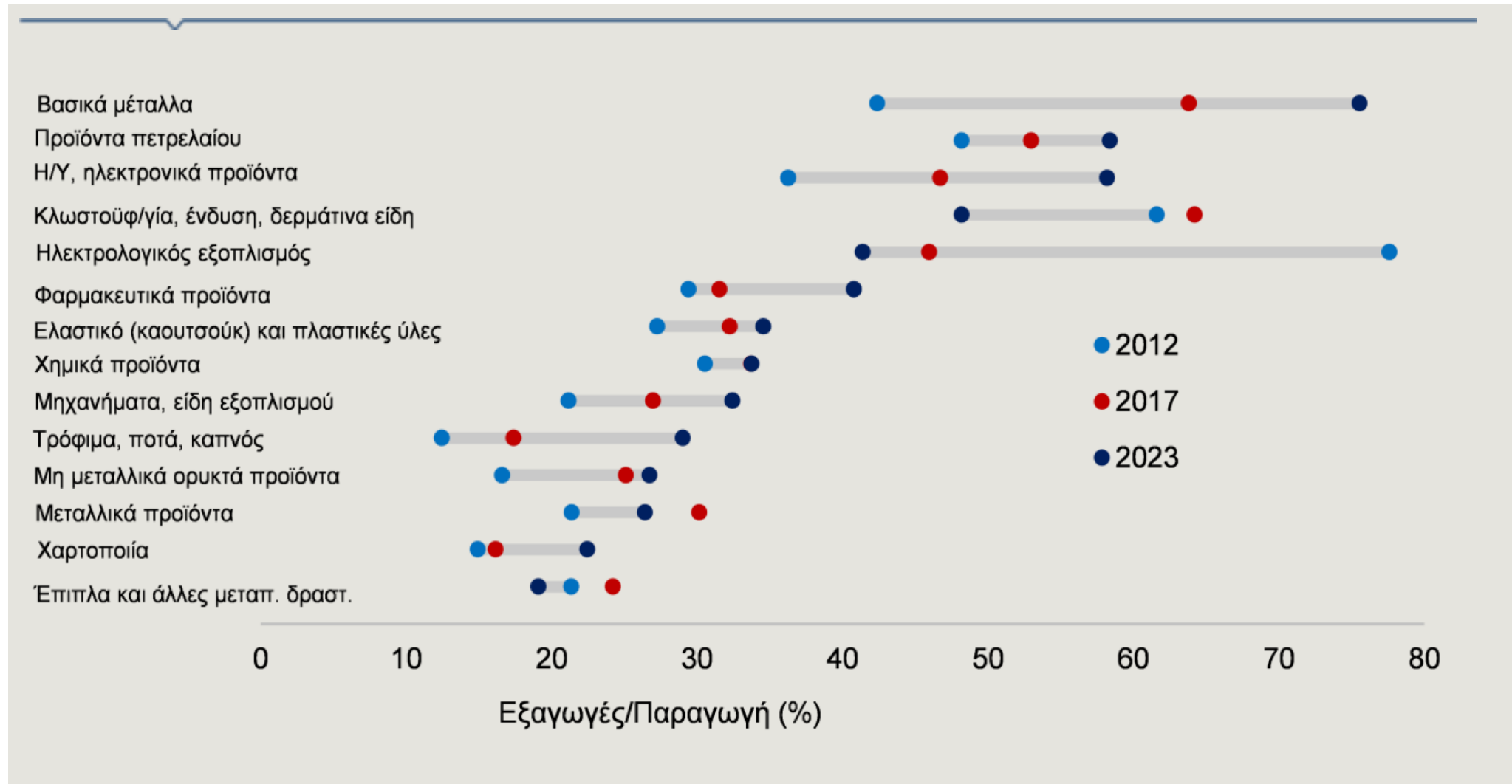
- **US announced tariffs** mainly targeting China at this stage, with escalation risks existing
- **Direct impact on Greece** expected limited due to low US export exposure
- **Indirect impact** expected moderate:
 - Weaker global trade flows may soften European and Greek exports
 - Potential slowdown in shipping, tourism, investment sentiment

Exposure Type	Level of Risk
Direct Export Exposure	Low
Indirect (Global Growth)	Moderate
Financial Market Volatility	Low-Moderate

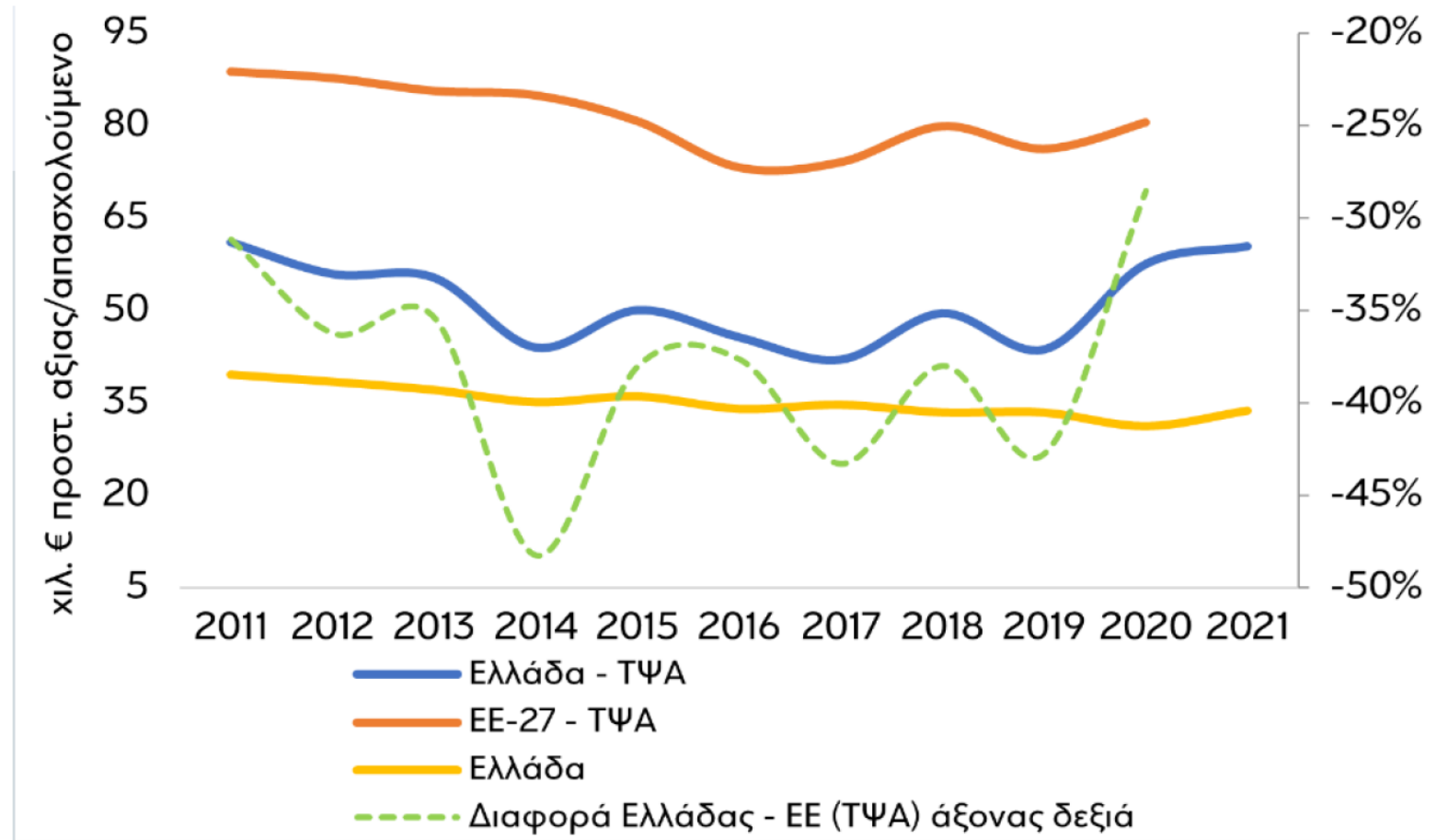
Findings from systemic banks research:

- *Export-driven industries*
- *Utilization of EU funding*
- *Disparities in productivity*
- *Deficit in the current account*

Alpha Bank: Sectoral Exports/Output in 2012, 2017 and 2023

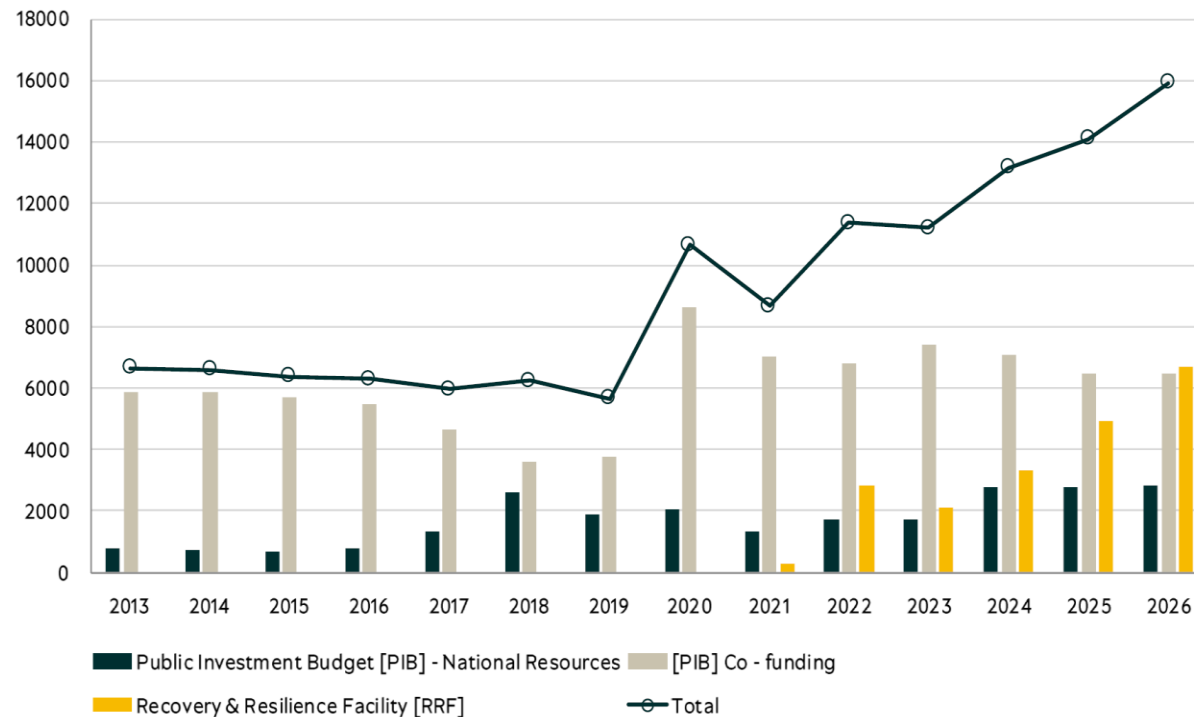


Eurobank: Productivity in telecommunications & digitalization services, Greece and EU 27



Piraeus Bank: RRF in practise: Out of 18.22 bn euro in RRF grants only 7 bn euro have been absorbed so far

Public Investment Budget [PIB] & Recovery Resilience Facility [RRF]
Expenditures (€mn)



RRF Grants

- A total of 800 investment plans, with a combined budget of €22.1 bn, have been submitted to the National Recovery and Resilience Plan, Greece 2.0, up to Oct.'24.

NBG: disentangling the current account deficit

