Press Release

**Deloitte CFO Survey 2021: CFOs more optimistic than at the start of the pandemic but cautious**

**Prague, 3 February 2021** – After a year of living in the pandemic crisis, CFOs in the Czech Republic are cautiously optimistic in their outlook for the future. According to the 12th edition of the Deloitte CFO Survey 2021, 48% respondents are more optimistic about their company’s financial prospects, which is 38 percentage points more than in the spring of 2020 at the time of the first pandemic wave, and 17 percentage points more than before its outbreak.

Over a hundred CFOs in the Czech Republic took part in the Deloitte CFO Survey at the end of the last year. They are optimistic but remain cautious. According to 79% of respondents, their companies should not take greater risks in the balance sheet. This trend has been growing since 2019. Despite optimism, there is still a high level of financial and economic uncertainty, which is confirmed by 57% of respondents compared to only 31% before the pandemic.

*“Compared to the situation six months ago, the number of positive answers to the expected future revenue growth has increased by 25 percentage points to 47%; however, it is still well below the level recorded in the period of economic growth before the pandemic. A similar restrained trend in the current economic uncertainty is apparent in the area of investments as well, where 36% of respondents are expecting a decrease in investments. Six months ago, it was as much as 58% of respondents, whereas in the periods before the pandemic, only 15 to 25% of respondents expected a decrease. Looking at the reactions of the CFOs, we cannot expect to return to pre-pandemic period trends,“* says Ladislav Šauer, Audit Partner at Deloitte.

*“The need for digitalisation has significantly increased due to the global pandemic. Almost a half (47%) of the CFOs said that over a quarter of the work would be performed remotely in the next twelve months. In addition to technologies enabling remote work, another technology that is slowly becoming more popular in accounting and controlling processes is AI-based automation. Apart from the traditional payment matching (51%) AI is becoming more prominent in the detection of erroneous data (8%) and reconciliation of intercompany relations (8%),“* adds Jaroslav Beneš, Tax Director at Deloitte.

*Most investments in digitalisation of financial processes in 2021 are planned in the areas of accounting transaction processing (45%), management reporting (29%), management accounting and planning (26%), budgeting and forecasting (24%). This is in line with the effort for automation and cost reduction in financial transaction processes and strengthening of processes for decision-making support. In the coming years, we expect a higher increase in investments into planning, budgeting and forecasting processes as well as into advanced data analytics, which has so far been mentioned only by 7% of respondents,“ says* Marek Kouřil, Advisory Services Partner at Deloitte.

The crisis is also reflected in the strategic priorities of companies and in investments. For the next twelve months, the highest priority of the CFOs is growth on the existing markets, followed by cost reduction and introduction of new products and services. Expansion through acquisitions has the lowest priority at the moment; investments are planned namely for organisation and business process improvement (64% respondents) and ICT infrastructure (52%). The most significant reduction of investments can be seen in staff training (18%). Complete cessation of investments is the most striking in brand development, land and buildings (both 7%).

*“The CFO survey also confirmed the trend that has been apparent in the past few months on the M&A market, where the number of transactions being prepared or considered is accelerating. According to 68% of the CFOs, there will be a year-on-year increase in mergers and acquisitions in 2021, which represents a growth of 28 percentage points compared to 2020. A number of interesting investment opportunities are emerging with the market volatility and uncertainty and investors are striving to strengthen their market position across the economic sectors, “* adds Roman Lux, Financial Advisory Director at Deloitte.

**The economy will certainly slow down**

A total of 71% surveyed CFOs estimate 1.5% or lower GDP growth in the Czech Republic; that is 20 percentage points more than a year ago. However, they are less worried about staff shortages as the unemployment rate will rise according to 88% of respondents. The prevailing view is that staff costs will not change or will increase slightly. The pressure on the growth of staff costs has thus decreased compared to last year.

The view of the surveyed CFOs on the risk factors in the next twelve months is not surprising either. The leading risk factors are still the reduction of domestic (55%) and foreign (46%) demand, followed by the economic outlook (39%) and exchange rate risk (29%). After having dropped last spring, the lack of qualified staff is the fifth highest risk factor with 28%.

*“Moreover, the number of respondents who perceive cyberattacks as a significant risk has doubled year-on-year to 12%. It is not surprising after the recent attacks on hospitals and increase in remote work, often with the use of private computers,“* concludes Jan Seidl, Risk Advisory Director at Deloitte.

Click [here](https://www2.deloitte.com/cz/cs/pages/finance/articles/pruzkum-nazoru-financnich-reditelu.html?nc=1) for more information on CFO opinions.

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