



2024/2025

Business in Serbia - CFO Perspective -

TPA Serbia
Research



RESEARCH OBJECTIVE



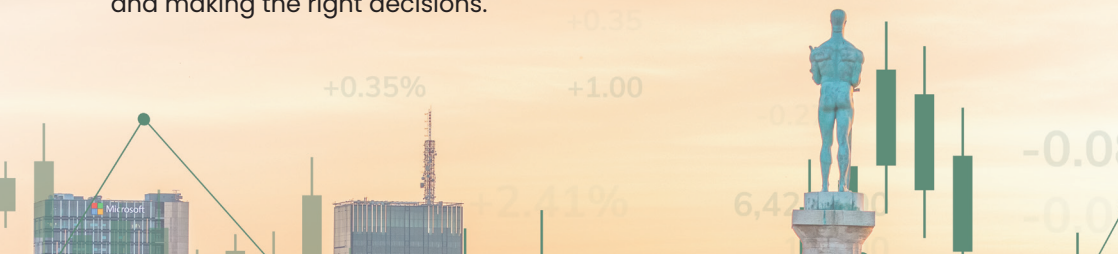
The research aims to gather insights into market trends in the economy and plans for business reorganization from the perspective of finance sector executives. It specifically focuses on the challenges faced by both global and domestic companies in the finance sector. The findings and insights can serve as valuable resources for financial directors and executives across various sectors to enhance their planning and decision-making processes. The study involved the participation of fifty CFOs.

RESEARCH AREAS

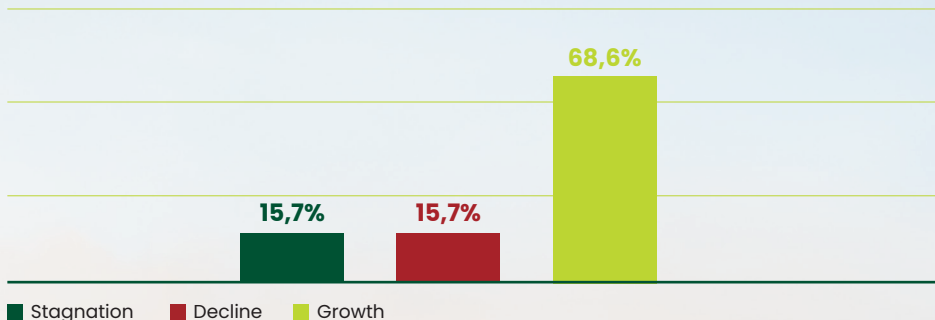
Global and local market conditions in the Republic of Serbia raise numerous questions:

- What are the most critical trends in economic movements?
- What are the strategic priorities in the legal entity businesses?
- What business risks do executives perceive as the greatest?
- When is it planned to start applying artificial intelligence in some segments of the company's business?
- How do companies plan to invest in excess company liquidity?

The research results will provide a roadmap for improving the planning process, all with the aim of optimal management of company resources and making the right decisions.



Based on your financial statements, did your business experience an increase or decrease in revenue in H1 2024 compared to H1 2023?



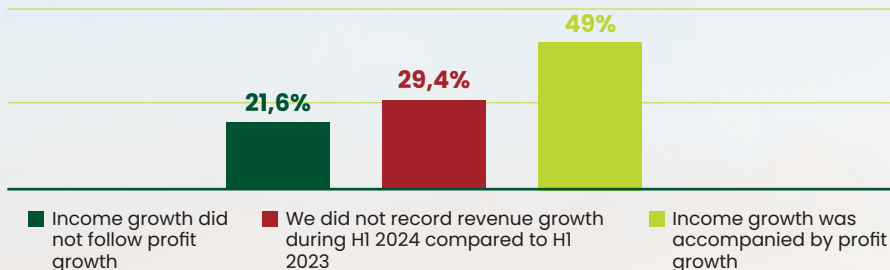
The presented results are not surprising, primarily because in 2024, the world economy showed signs of resistance to the consequences of the multidimensional crisis ongoing since 2020 (pandemic, inflation, Ukrainian crisis, Middle East). In the context of the period of ongoing crises and those yet to follow, the foregoing is exceptionally gratifying because the resilience of the global economy is now much more significant, with optimistic projections for 2025 as well. Leading central banks confirm more favourable economic conditions by stimulating interest rate policies. On the other hand, the Serbian economy relies to the greatest extent on the EU, primarily on Germany, which is the main factor holding back the development of Europe. The problems facing the German industry could cause an overall decline in economic activity for the second year. I believe that Serbian companies that have experienced a decline in turnover are at least to some extent related to Germany and potentially the automotive industry.



Pavle Knežević

Chief Financial Officer,
Siemens d.o.o. Beograd

If your business experienced revenue growth in H1 2024 compared to H1 2023, was this growth accompanied by an increase or decrease in profitability?



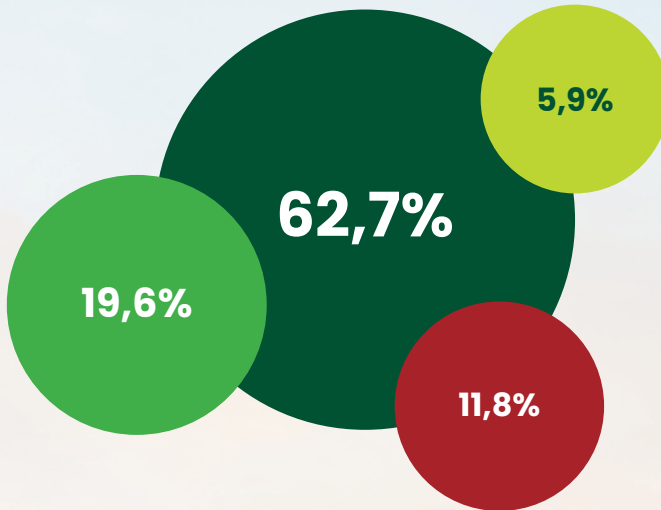
The fact that 49% of respondents reported their companies achieved both an increase in income and profitability indicates that a significant portion of the economy has successfully adapted to post-Covid challenges. These challenges include rising wages, energy costs, and raw material prices, which have grown more sharply compared to the pre-Covid period. Companies managed to overcome these obstacles either by improving efficiency or by raising the prices of their goods and services. However, other companies must focus on enhancing efficiency, particularly by increasing labor productivity, as the scope for raising prices is narrowing due to the current trend of declining inflation.



Bojan Žepinić

Managing Partner,
TPA Serbia

What is your prediction regarding the change in the total number of employees within your company in January 2025 compared to January 2024?



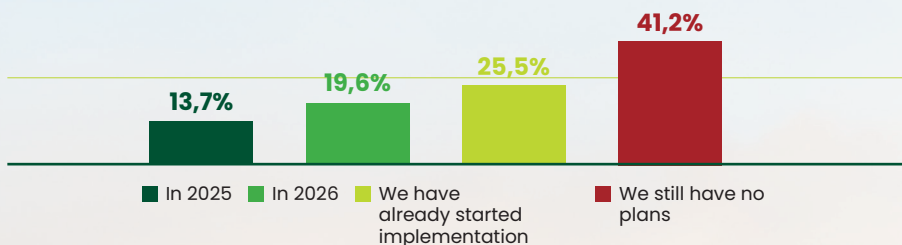
The majority of respondents indicated that they do not plan any significant changes in the number of employees. This suggests that these companies are focused on increasing labor productivity, likely as a result of implementing digitalization and artificial intelligence tools. These advancements are expected to reduce salary growth in relation to income growth. To achieve this, investments in technology are essential to further enhance efficiency.

- No significant changes
- Increase by 5-10%
- Decrease by 5-10%
- Increase by more than 10%
- Decrease by more than 10%

Bojan Žepinić

Managing Partner,
TPA Serbia

When do you estimate that your company will start using artificial intelligence in some business segments?



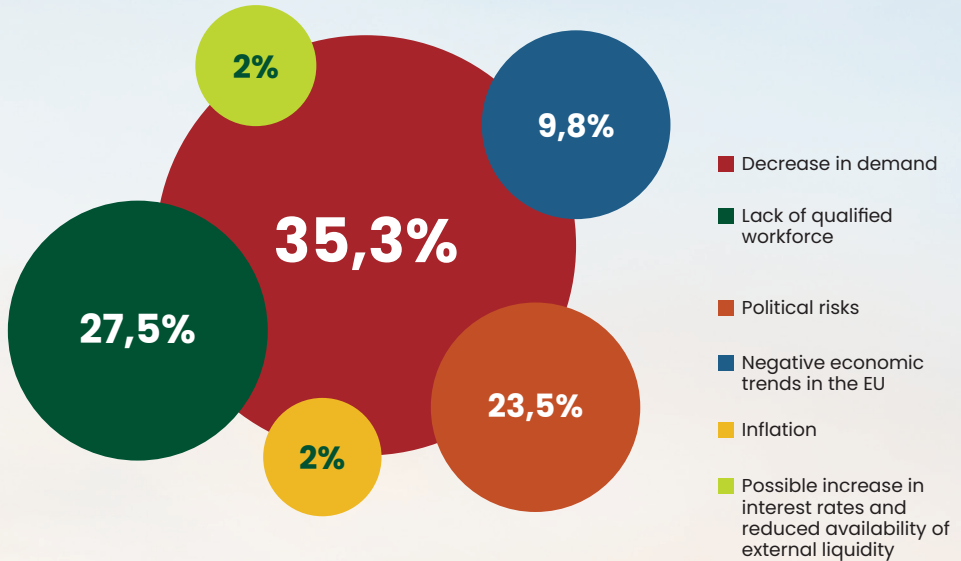
The results indicate that artificial intelligence (AI) is increasingly being applied in business and that more and more respondents are planning to introduce AI. This increase is not surprising considering the speed of AI development and the increasingly widespread use of existing ones such as the well-known ChatGPT, Claude, Copilot, and Gemini. In our world, the availability of information is of utmost importance, which has created the need for faster and faster information processing, where AI plays a significant role. In business, from analyzing data and personalizing services and products to optimizing processes and reducing production costs, AI can help increase efficiency. Such results show that the increasing potential of AI as an assistant to people in business is recognized.



Ana Perović

Tax Director,
TPA Serbia

Which of the above factors will represent the highest risks for your business in 2025?

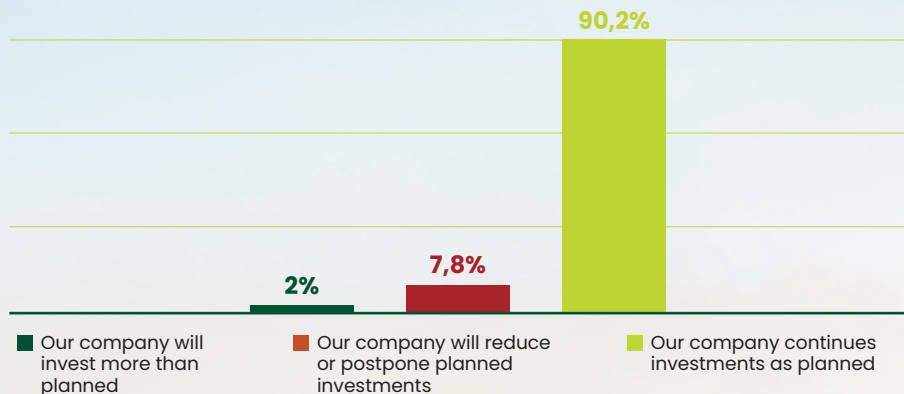


Tomas Haneder

Managing Partner,
TPA Group

We are facing a turbulent time full of political and economic insecurities. One crucial thing for a consulting company to remain successful in such disruptive periods is quick adaptability! That's why we are in touch with the latest trends and developments to tailor our scope of services to the needs of our clients.

How will the reduction of the reference rate in Serbia and by the ECB in 2024 impact your company's planned investments for 2025?



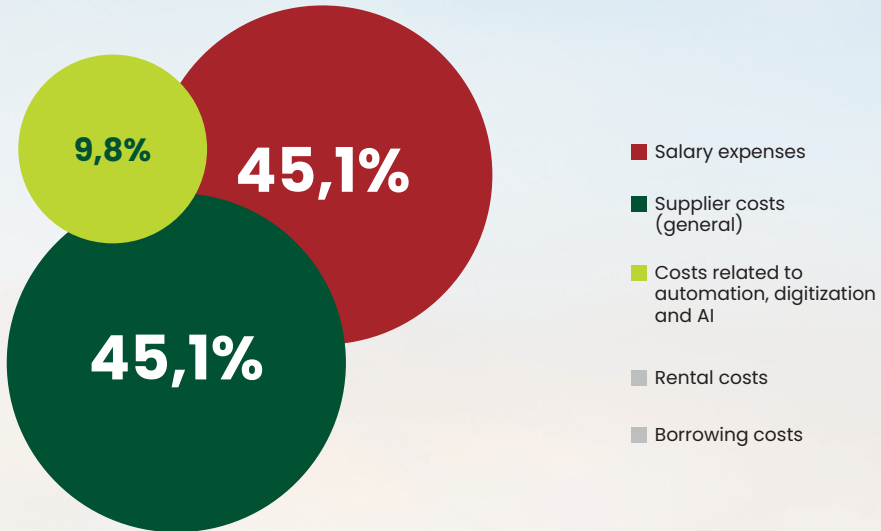
Although the mutual connection cannot be ignored, the fact is that the investment climate is reflected in the direction of several different factors, which can make the reference interest rate fluctuations irrelevant. Namely, the influence of the level of the reference interest rate on potential investments should not be observed separately since the degree of correlation is significantly conditioned by other variables as well.



Bojan Lukić

Manager of the Tax
Advisory Department,
TPA Serbia

Which of the mentioned cost categories do you anticipate will see the largest increase in your budget in 2025 compared to 2024?

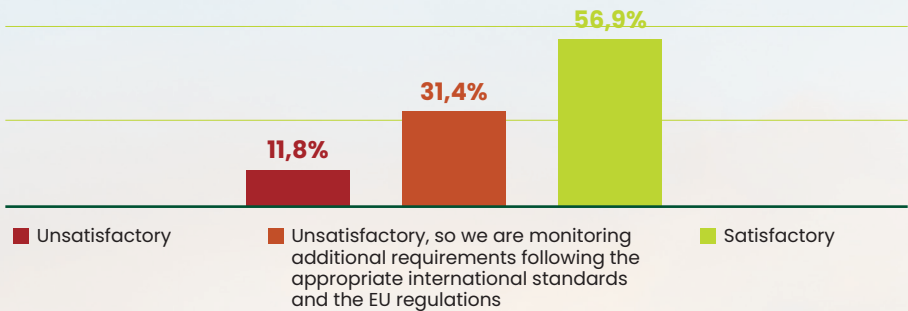


Branislav Lončar

CFO,
Max Bet

Technological transformation, data-driven business practices, demographic changes, and responsible business are the four most significant trends shaping the global economy. Accordingly, investments in technology, capital investments in software solutions and infrastructure, labor costs, and investments in standards related to responsible business are expected to experience significant growth in the coming period. The strategic development phase plays a crucial role in driving the growth of these cost categories. For Maxbet, the focus over the next three years will be on software development, infrastructure, and talent acquisition.

In Serbia, the legal framework for ESG in the field of non-financial reporting is very limited. Does the existing framework adequately meet your current needs for non-financial reporting?



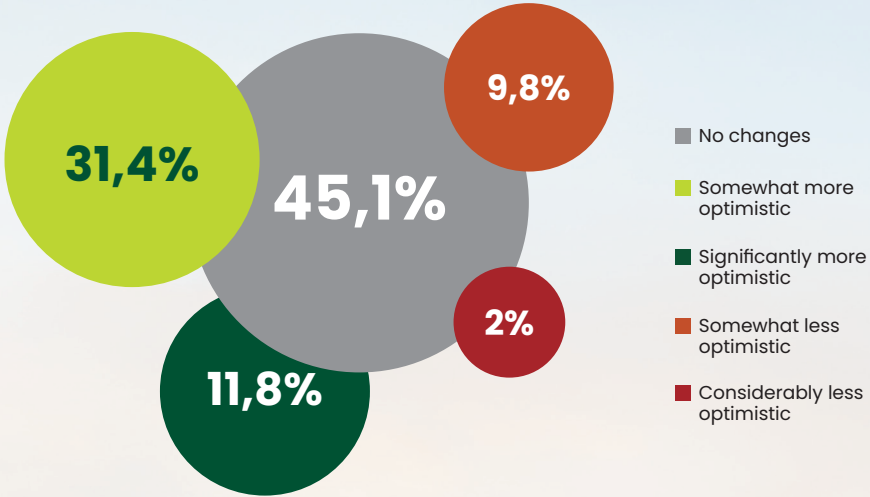
The survey result is mainly in line with the Serbian legal framework, which is being gradually harmonized with the requirements of CSRD (Corporate Sustainability Reporting Directive) to enable companies to meet the new sustainability reporting standards. CSRD is a regulation of the European Union that applies to companies that operate in the EU or are connected to its market. Looking at the results, the topic must gain momentum.



Pavle Knežević

Chief Financial Officer,
Siemens d.o.o. Beograd

How do the financial prospects for your company compare to those from six months ago?

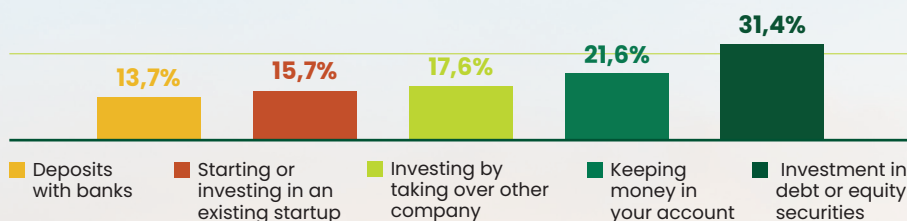


Ognjen Jovanović

Director of Accounting and Pay Roll Department, TPA Serbia

The survey reveals moderate optimism among CFOs in Serbia. These results align with the anticipated GDP growth, which is expected to be driven by infrastructure investments and the inflow of foreign direct investments (FDI), potentially from new countries and industries. This growth is further supported by Serbia's improved credit rating (BBB-), alongside increased domestic consumption fueled by rising employment and salaries. Nevertheless, it is important to consider several risk factors that could temper these optimistic projections. Geopolitical uncertainties, fluctuating energy prices, the global economic slowdown, and sluggish growth in the Eurozone may lead to more cautious expectations among some respondents.

How would you manage the company's surplus liquidity?



The results of the conducted survey indicate that, while the economy appears inclined to place its surplus liquid assets in term savings with commercial banks, the reality is more nuanced. Despite the unattractive and low-yield interest rates on deposits in recent years, 52.9% of respondents expressed a preference for directing their surplus liquid assets toward various types of investments.

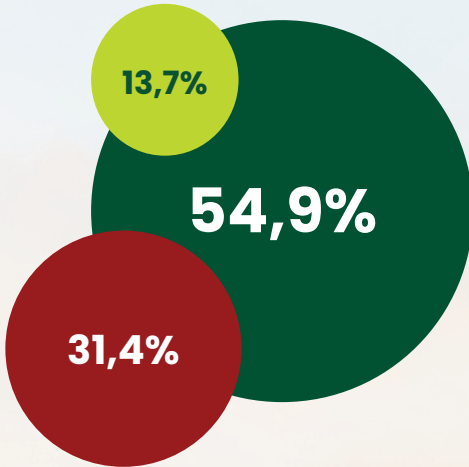
The key difference lies in the nature of these options. Term savings offer companies certainty, as they know the exact amount in dinars they will receive at the end of the stipulated term. In contrast, investments come with higher risk and uncertainty but also present the potential for greater returns.



**Nataša
Marinković**

Director of Accounting
Department,
TPA Serbia

Research indicates that the majority of fraud cases within a company are committed by internal employees. To prevent this, have you considered implementing control measures through forensic accounting?



- We already have adequately implemented internal controls
- No, we do not have that in our plans
- Yes, we plan clearly in the future defining and adopting procedures that have as their goal the prevention of illegal actions in this part

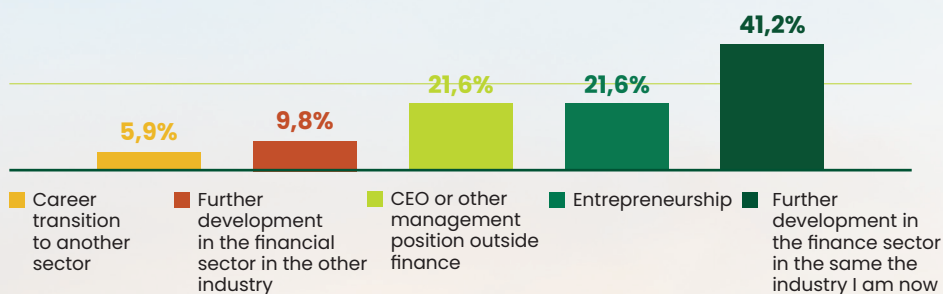


Jelena Hadžić

Director of the Audit Department,
TPA Serbia

Based on the survey results, we can notice that most responses show that internal controls are already in place. However, there is potential for improvement through the implementation of forensic accounting, which would further strengthen the system of protection and prevention of fraud within the company. In most companies, an adequately implemented control system is a positive signal that internal controls have already been established to prevent fraud. For some companies, forensic accounting is not yet part of the plan for the future, which may be a sign that the organization currently considers existing internal controls a sufficient safeguard. At a smaller number of companies, plans to introduce control through forensic accounting in the future are already being considered.

How do you see your further career development?



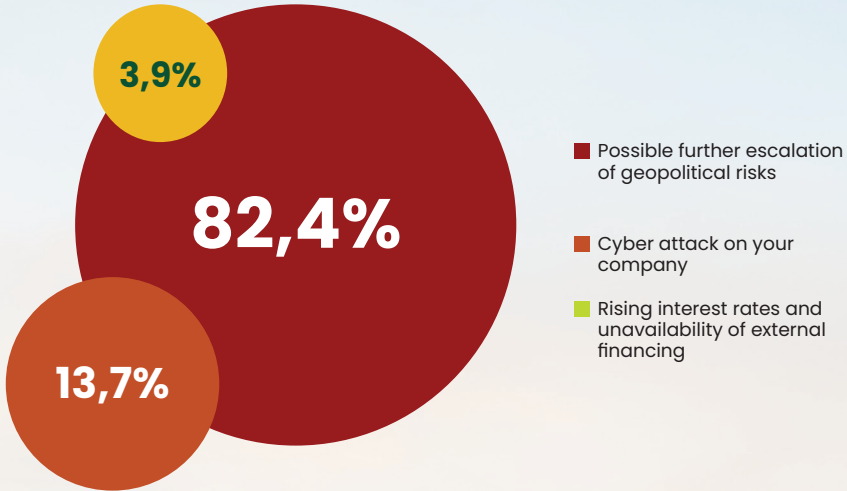
From the results of the survey, we received four key insights. There is domination of the financial sector, entrepreneurship is an attractive option, there is interest in changing the industry within the finance department, and that transition to another sector is a relatively rare choice. In conclusion, the survey shows that most respondents seek a balance between stability, personal development and professional advancement. Finance remains a core and attractive career option. However, many seek and widen their perspectives towards entrepreneurship, leadership positions in various industries, and specialized roles. Although the most significant percentages are concentrated within the financial sector, it is clear that more and more people are relying on their ambitions to lead organizations or do business outside of traditional frameworks.



Jelena Vesić

HR Generalist,
TPA Serbia

Which “what if moment” in 2025 worries you the most?

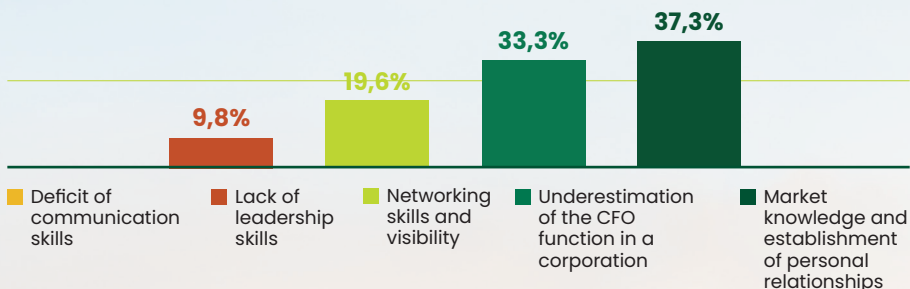


Ana Perović

Tax Director,
TPA Serbia

The situation between Russia and Ukraine is intensifying, and the respondents recognized the escalation of conflicts in other parts of the world as the biggest threat in 2025. Disruptions in the supply chain, rising logistics costs and rising inflation worldwide are direct consequences of the current war. The results are expected because the increase in tension and constant turmoil in international relations can lead to new hotspots and, thus, conflicts, which directly affect the destabilization of the economy and, thus, the business of companies.

What do you think are the biggest challenges a CFO faces in becoming a CEO?



Based on the survey results, we can conclude that the biggest challenges for the CFO in assuming the CEO position are mainly related to market knowledge, building relationships and recognizing the strategic value of their function. The biggest challenge for the CFO on the way to the CEO position is market knowledge and establishing personal relationships. This is a key factor, as the CEO must be able to connect with key players in the market and understand the dynamics of the industry in which the company operates. Also, underestimating the CFO function is a big challenge in corporations. The CFO often has a key role in financial management but may not be recognized. Networking and visibility are raised as potential problems, meaning it can be difficult for CFOs to build a strong network of contacts and a presence at the organization's strategic level. There is a deficit of leadership skills, which is an essential factor because the position of CEO requires a high level of leadership and the ability to manage large teams and complex situations.



Jelena Hadžić

Head of Audit,
TPA Serbia



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Bojan Žepinić has been the Managing Partner of TPA Serbia since 2010 and is responsible for the company's entire operations. Since 2020, he has been the chairman of the management board of the TPA Group.

Bojan is a guest lecturer and an expert author in tax and M&A.

TPA Serbia is a member of the TPA Group and is one of the leading companies in the field of accounting, tax consulting, auditing, and IT solutions in Serbia's field of finance.

TPA Group has over 1,850 employees working in 30 offices in Albania, Austria, Bulgaria, Hungary, Poland, the Czech Republic, Romania, Serbia, Slovakia, Slovenia, Croatia and Montenegro.

In September 2020, TPA Serbia became a full member of Baker Tilly International. Thanks to the cooperation of TPA Serbia with the Baker Tilly International network, 12 countries of the independent TPA Group are connected on a global level and can provide quality services in all major business centers and regions of the world.

