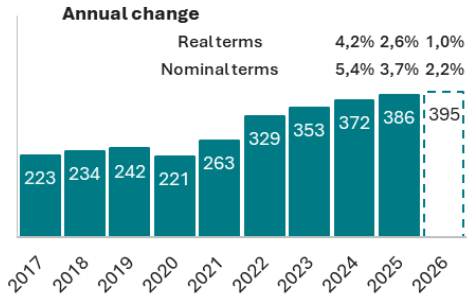
NATIONAL BANK OF GREECE

PRESS RELEASE

The digital sector as a driver of productivity growth and convergence with Europe

In an environment of increasing uncertainty, the focus for Greek businesses is shifting from short-term resilience to the structural factors that can sustain the growth momentum of recent years. In this context, the latest issue of the Business Trends series by the Economic Analysis Division of the National Bank of Greece focuses on the distinct momentum of the digital sector (ICT) in Greece and explores its role as a key driver of productivity growth in the economy.

Business sector sales
in bn euros

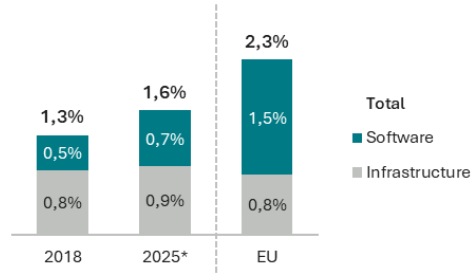


Source: Elstat | Analysis & Estimates: National Bank of Greece

Despite the positive momentum maintained in 2025, business sector sales slowed markedly (+2.6% in real terms, compared with +4.2% in 2024), reflecting prevailing external pressures. This is evidenced both by (i) the halt in the improvement of Greece's share of European business activity (having recovered just 10% of the losses caused by the country's deep economic crisis that began in 2009) and (ii) by the subdued start to 2026 (stagnation in the first two months). Under these conditions, our estimates point to sales growth of around 1% for 2026, with geopolitical developments acting as a drag, creating asymmetric downside risks. In this context, it is of vital importance to identify sectors that can serve as accelerators of economic growth.

Against this backdrop, the digital sector (ICT) was the top-performing sector in 2025 (sales +6% in real terms) and also emerges as one of the most dynamic sectors, with a steadily growing role in Greek business activity over the past 25 years (rising from 2.9% to 6.5% of the economy's gross value added), supported by technological developments in mobile networks, fiber optics, and software. However, this progress has not been accompanied by meaningful convergence with European benchmarks (the sector accounts for 10.6% of the economy in the EU), suggesting that the improvement largely reflects exogenous technological trends rather than a domestically driven acceleration of the sector.

ICT capital stock
% of total net capital stock



[*] Estimate based on 9-month data for 2025
Source: Eurostat | Analysis & Estimates: National Bank of Greece

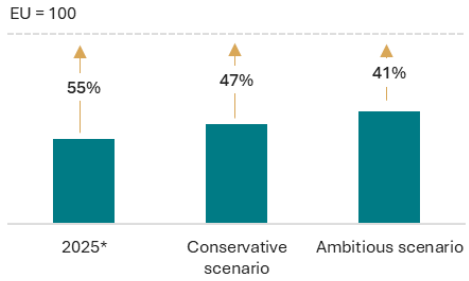
The role of the digital sector is not limited to the narrow boundaries of its industry, as it has a decisive impact on the overall productive structure of the economy. Specifically, Greece's digital gap with Europe is estimated at 30% – a gap that is reflected symmetrically in the composition of the economy's fixed assets (ICT capital stock as a percentage of total capital stock) and in the digitalization of enterprises (use of tools such as CRM and BI). Indeed, the composition of digital investment indicates that the issue lies not in the access to technology, but in its use. Specifically:

✓ In terms of technological infrastructure, Greece exhibits performance comparable to that of the EU (telecommunications and IT equipment accounting for 0.8% of total fixed assets).

✓ By contrast, the lag is concentrated in software (0.7% versus 1.5% in the EU), i.e., in the component related to the integration and utilization of technology in the production process.

Productivity gap of the Greek economy

relative to the EU (value added per hour worked)



[*] Estimate based on 9-month data for 2025

Source: Eurostat | Analysis & Estimates: National Bank of Greece

From this perspective, the lag in the utilization of technology acts as a constraint on the entire economy, with the mechanism operating largely through the labor productivity channel. Indeed, our analysis confirms that productivity is linked both to the overall level of digital assets and to their composition, with the share of software playing a decisive role. Thus, based on our estimated model, we calculated the impact of digital investment on the course of productivity over a ten-year horizon, under the assumptions of two scenarios:

- ✓ In the conservative scenario, digital investment maintains its current pace and the divergence in terms of assets from the European average remains close to 30%. Under these assumptions, labor productivity increases cumulatively by approximately 30% by 2035 (compared to 11% in the EU based on current trends), thus limiting the productivity gap with the EU to 47% from 55%. In this case, the benefit for the Greek economy reaches €12 billion in 2035 (compared to the current digitalization trend).
- ✓ In the ambitious scenario, digital investment accelerates by 40% with the aim of bringing ICT capital stock in line with the European average. Under these conditions, productivity increases cumulatively by approximately 50% by 2035, thus limiting the gap with the EU by another 6 percentage points (to 41%). This acceleration is consistent with the investment momentum of the previous decade; therefore, it constitutes a realistic strategic objective that would provide the Greek economy with a benefit of around €23 billion in 2035.

In a global environment where Europe itself lags technologically, convergence with the European average is no longer an ambitious target but a minimum requirement. Greece has already laid the foundations for the digital transition with initiatives such as myDATA and Greece 2.0. The next step is the establishment of a coherent and binding framework that will make digitalization both easy and the most advantageous choice for SMEs. Based on best practices, the priorities of such a reform can be structured around three axes:

- ✓ Creating of a single digital platform (AADE, EFKA, Land Registry, Banks), aiming at facilitating processes, simplifying procedures and reducing costs (following the model of Estonia).
- ✓ Using of electronic invoicing as a lever for adopting pre-approved, low-cost programs (e.g. ERP with integrated AI), alongside advisory and financial support (following the models of Portugal, Italy and Germany).
- ✓ Enhancing the transformation capability of businesses through targeted investment incentives and the development of digital skills (following the model of Estonia).

Consequently, the establishment of a coherent and binding digitalization framework can act as a lever for the organizational transformation of businesses and the broader productive convergence of the economy.

The study is available on the National Bank of Greece Group website, under Economic Analysis & Research (Category: Greek Entrepreneurship).

https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/elliniki-epixeirimatikotita/taseis-tou-epixeirein

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