

Primož Dolenc: Statement - release of IMF findings

Statement by Mr Primož Dolenc, Acting Governor of Bank of Slovenia, at the release of the IMF findings, Split, 18 November 2025.

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First I would like to express our thanks to the IMF mission, who during their visit on this occasion drew up (i) an assessment of the current situation, (ii) economic forecasts, and (iii) economic policy recommendations.

To begin, we should say that the IMF's findings generally support our own current analysis and recommendations.

For example we share the assessment that current economic activity is being affected by the complexities of the trade and geopolitical situation, and faces huge uncertainty.

Economic growth has slowed this year, which the IMF also finds, but is expected to gradually recover in 2026 and 2027. Banka Slovenije will as usual unveil its latest projections at the end of the year. The current indicators point to a gradual recovery in economic growth, although the difficulties seen at the halfway point of the year mean that it will remain sluggish in 2025, but positive.

Inflation will remain slightly elevated this year, albeit temporary, as a result of a rise in energy prices driven by rising prices of heat and fuels, and in reflection of the waning of a negative base effect in electricity prices. Food price inflation will also remain elevated as cost pressures persist along the food supply chain. Our baseline scenario nevertheless envisages that inflation will gradually slow next year to approach its medium-term target rate of 2%.

We also share the IMF's assessment with regard to the structural challenges facing the Slovenian economy. Here a key factor is the slowdown in labour productivity growth, which calls the long-term viability of economic growth into question. Similarly to today's findings by the IMF, our analysis shows investment to be one of the main factors that could drive a rise in productivity. We find investment activity in Slovenia to be weak, but expect it to increase slightly as the economy strengthens in 2026 and 2027. The most notable of the structural factors that are reducing growth in productivity and potential GDP are the changing structure of the economy, and adverse demographic trends related to the tightness of the labour market.

How Slovenia's economic progress fares in the coming years, and thus its quality of life, will therefore depend on the ability to address the aforementioned challenges.

The IMF assesses the current state of the Slovenian banking system to be good, which was also Banka Slovenije's recent assessment in its Financial Stability Review. The banks have good capital adequacy, liquidity and solvency are high, and profitability is also in good shape. Household lending remains strong, with existing loans largely proving to be adequate. Growth in lending to non-financial corporations by contrast remains low. The NPL ratio is still low, although a slight increase is discernible. The IMF recommends that bank exposure to more sensitive sectors of the economy be

monitored amid the trade risks, particularly in manufacturing. Banka Slovenije has been diligent in monitoring this so far, and will remain so.

The general level of systemic risks to the banking system has not changed significantly over the last six months in our opinion, and we still assess the majority of risks other than cyber risk as low to moderate.

Banka Slovenije is also playing its part in the banking system's successful handling of the shocks from the environment, through its macroprudential policy measures and microprudential supervision. These are preventive and balanced, and focus on strengthening the resilience of the banking system and limiting systemic risks, while we also ensure high credit standards through existing measures. In today's findings the IMF judges our approach to be appropriate.

To conclude I would like to highlight Banka Slovenije's work in the area of financial literacy, which was recognised by the IMF, whose recommendations call for this work to be continued. We have strengthened projects in this area enormously in recent years. This year alone more than 10,000 people have taken part in our projects, and we are planning additional activities over the coming years. We know that a financially literate public who are aware of financial risks and of the growing risk of abuse from the environment help to build financial stability and to create a more stable economic environment.