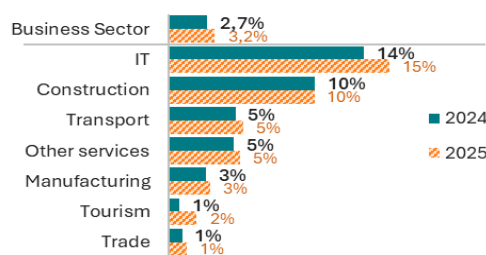


## Emerging technologies call for significant enlargement of Greek enterprises

In 2024, the business sector maintained its positive momentum, recording a 2.7% increase in sales (in deflated terms), led by the IT sector, which tripled its share of GDP over the past two decades. According to the latest "Business Trends" issue from the [Economic Analysis Division of the National Bank of Greece](#), while this growth is impressive, it must be further strengthened, as Greece ranks among the lowest in the EU in critical digitalization areas, with visible impacts on productivity. As new technologies are reshaping global business conditions, the growth of both the IT sector and the average size of Greek businesses is critical for competitiveness in the next five years, as it will enable the "digital leap" needed to catch up with the EU.

**Annual sales performance per sector**  
yoy growth in deflated terms



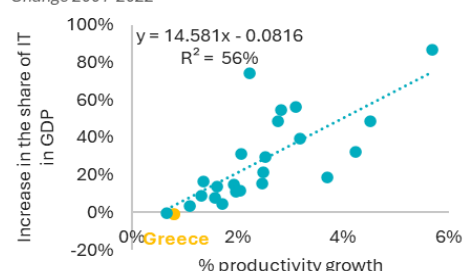
Source: Eurostat, EL.Stat.

Starting with the overall performance of the business sector, turnover continued to grow in 2024 (+2.7% in deflated terms), maintaining the trend of 2023. This increase allowed the share of Greek businesses in European value added to reach 1.1% (up from 1% on average during 2016-2021), albeit remaining lower than the pre-crisis share (1.7% in 2001-2009). This momentum is expected to continue into 2025, with projected sales growth of around 3% (in deflated terms). On a sectoral level, the most positive results were seen in business support and investment activities (+8% in deflated terms in 2024, compared to +2% in other sectors), driven by (i) the process of closing

the investment gap created during the economic crisis and (ii) incentives from the Recovery Fund for investments and qualitative upgrades of the business sector. In particular, the IT sector has consistently delivered top performance, increasing its share of GDP to 1.6% in 2024, up from 0.7% in 2014 (and 0.4% in 2004). However, there is significant potential for further growth, as the European average share is 3.3%, with most countries having converged near this average, while Greece remains last in the rankings.

**Correlation between the size of IT sector  
and productivity**

Change 2001-2022

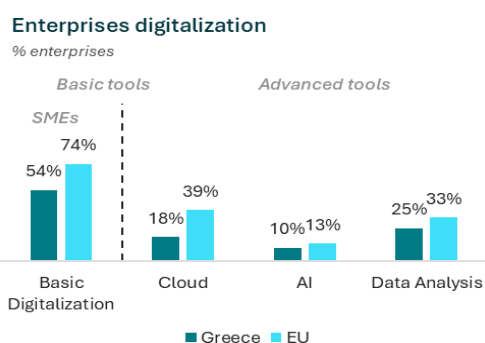


Source: Eurostat, European Commission

Further expansion of the IT sector is critical for the competitiveness of the Greek economy, as it can provide a significant boost to productivity. Specifically, it is estimated that for each additional percentage point of the sector's share in GDP, productivity increases by 15% in the medium term. Complementary to the sector's expansion is the dynamic core of existing businesses, which (though relatively small by EU standards) show remarkable potential, with R&D expenditure c.11% of value added (compared to 5% in the EU). In turn, the IT sector's growth is expected to boost software investments, leading to a more balanced mix of digital investments (c.60% concern hardware, vs. 30% in the EU), thus improving their efficiency.

However, the required growth of the sector cannot happen in isolation. It will practically follow the increased demand for business digitalization – a goal aligned with the EU strategy for 2030 (EU Digital Decade).

- In this context, the first step has been taken with the improvement of the digital environment, with full convergence expected by 2030 in Europe (i) in digital infrastructures (aiming for 100% of the population to have access to high speeds by 2030, up from 38% today), and (ii) in public sector digitization (across all services).



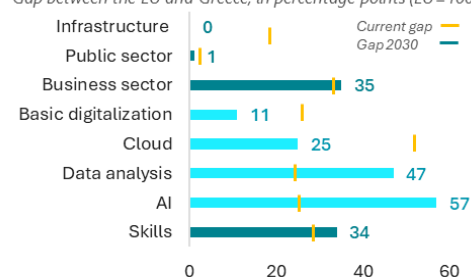
Source: Eurostat, European Commission

- What holds back the capitalization of favourable conditions is the significant lag (around 30-35%) in critical areas such as (i) business digitalization and (ii) digital skills. This partly reflects corresponding gaps in business culture and economies of scale tied to the small size of Greek enterprises. For example, nearly half of the business sector is covered by SMEs (compared to  $\frac{1}{3}$  in the EU), with an average turnover about  $\frac{1}{2}$  of the EU average, leading to low adoption of advanced digital solutions.

Without structural changes in these areas, there is a visible risk of widening the digital gap with the EU in the next five years, as the 2030 digital goals reflect the current business structure of European countries. Specifically, based on official goals, by 2030 it is expected that (i) the gap with the EU will remain (around 30-35%) in skills

#### Evolution of Greece's digital lag compared to the EU (based on 2030 goals)

Gap between the EU and Greece, in percentage points (EU=100)



Source: Eurostat, European Commission

and basic tools like cloud solutions, and (ii) the gap will widen (up to 50%) in advanced areas such as data analysis, use of AI and employment of ICT specialists (which are key sources of productivity). Such a development would "cancel out" much of the benefits of the convergence of digital infrastructure with the EU, as their utilization rate is estimated to be limited to c.40% by 2030 (vs 67% on average in the EU). At the same time, this lag will significantly harm the competitiveness of the economy, at a time when 70% of new value added will be digitally activated, changing the terms of global entrepreneurship. Therefore, the goal is the full convergence with the EU as soon as possible.

The challenge is ambitious, as it requires significant acceleration from businesses to ensure that (i) nearly all have at least a basic level of digitalization (up from  $\frac{1}{2}$  today), and (ii)  $\frac{3}{4}$  of the business sector adopt advanced digital tools (up from 10-25% currently). Implementing this vision requires the absolute prioritization of the awakening, guidance and support of businesses to scale up (either organically or through partnerships) and upgrade their business sophistication. This will be the catalyst that enables them to adopt advanced digital tools, leading to a virtuous cycle of productivity. Supportive factors will include elements such as digital training for employees (13% of businesses offer such programs, compared to 22% in the EU) and strengthening the momentum of the IT sector (upgrading workforce expertise).

The study can be found on the National Bank Group's website, in the Economic Studies and Analyses section (Category: Greek Entrepreneurship):

<https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/sales-2025q1>.

Athens, April 28, 2025