



Research Paper

FINANCIAL PERFORMANCE OF PENSION FUNDS IN CENTRAL EUROPE: WHY ARE CZECH FUNDS THE WORST?

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Abstract

The paper examines the low financial effectiveness of the Czech system of voluntary pension funds, and compares them with results of pension funds in other Central and Eastern European countries; namely Bulgaria, Croatia, Hungary, Poland and Slovakia. Using estimates of the Sharpe Ratio, we compared the financial performance of pension funds with the performance of four chosen investment instruments. With the exception of Poland, none of these exceeded the performance of ten-year bonds in the compared countries. The most alarming finding is that the weakest performance has been detected for the pension funds in the Czech Republic. Unsatisfactory results of the Czech pension funds are mainly due to the rudimentary form of their regulations and insufficient legal constraints which have allowed them to increase their costs. In the conclusion of our paper we suggest a possible change in the current regulation, so that in terms of performance the Czech pension funds at least match those of its more successful Central European peers.

[Download](#) the complete study (in Czech only).

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