

**BANKING AT A CROSSROADS**

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**“Bank’s legacy and new challenges ahead. The steps to recover and to restore mutual trust with the customers”**

- Greek banking sector succeeded to implement all the required actions, regarding its legacy (high standards of corporate governance, reduction of Npls volume, restructuring plans, return to profitability, lifting of capital controls, skilled staff, able to support their demanding transformation to digital). Greek Banking system entered 2020 having left behind the challenges of the last decade. Simultaneously we have got our lessons. To achieve a stable banking system we need robust supervision, enhanced capital, robust national legislation, which governs the conflicted interest between banks and customers, flexibility, cooperative borrowers and customers.
- Greek banking system at the outbreak of the pandemic crisis has proven stability. Indeed Greek banks left their legacy behind and became a decisive part for the solution in the current pandemic situation, being released by their past challenges. 2019 has been a year of Growth for the Greek Economy (19,%, higher than the growth in Eurozone). Greek banks entered the covid crisis, being in the best situation of the last decade (they regained profitability, have further reduced the non performing loans, after the total lifting of the capital controls deposits are back, and the credit expansion has been increased, both to bigger enterprises and less to small and medium size companies).
- Pandemic shows the future steps and all the elements we need to achieve the target, at the end to restore trust and confidence.
- And these are in first place Supervisory readiness (see Enria speech, 4/11/2020) *“During this starkest of challenges, the banking union has proved invaluable in enabling a swift and unified supervisory response across the whole euro area”*.
- If you visit the web site of the Hellenic Bank Association, where we have created and permanently update the covid financial impact, you can count 91

announcements by the European Central Bank, the European Banking Authority, ESMA (European Securities and Markets Authority), referring on covid, with varied context.

- In the same website you can count about 200 ministerial and legislative acts, issued in Greece, from March 2020 up today, as well as useful press releases by HBA, indicating all the initiatives and measures undertaken by the Greek Banking system in order to safeguard entities and individuals against the Covid 19 Pandemic.
- Supervisors have reacted in short time and have temporarily shown flexibility enabling credit institutions to keep providing credit to households and viable business. They have also shown that the euro area banking sector can withstand the pandemic.
- The legacy and the enormous volume of non performing loans has not prevented the Greek Banking sector from being alerted to support the Greek economy, following of course or the European tendency and utilizing in a holistic way all the facilities granted by the supervisors.
- Via public funds 3,5 billions were in place for the support of entities and the Greek Banking sector have contributed with another 11,2 billion, up to the end of August 2020, for the business area, covering all the levels of commercial activity.
- Furthermore through private moratoria, a total amount of 20 billions for individuals and entities have been suspended for the next year (in total 370.000 cases). In summary the Greek banking sector have contributed 35 billion, during the covid crisis.
- Due to covid restrictions vulnerable customers are protected against any enforcement measures and the Bridge program has offered a valuable support to mainly to performing customers
- Due to covid customers have been encouraged and asked to avoid any unnecessary visit to bank branches which were and remain open, during the lock

down. During covid pandemic consumers and customers have access to the bank branches, although we encourage them to make use of the e banking facilities. I would like to underline that the strengthen of the ebanking and the completion of all the banking transactions is considered to be in highl levels. The argument that the ebanking and its use bears expenses for the customers is not sustainable.

- In few words Banking sector has successfully navigated the immediate pressure of COVID 19 crisis.
- Banks kept all their channels open in full operation, they have to combine sound business decisions with a deep understanding to their customers and of course to replot the post covid 19 strategy.
- Remote work is a revolution and the Banking sector was the channel for the distribution of the public financial packages.

The emerging challenge is to adapt their operating models to drive efficiency an resilience

New lending and digital are still the priorities of the banking sector. Both are subjected to close cooperation between banks, state and customers. You may offer a variety of e banking facilities to your customer but if he is reluctant, the enormous infrastructure of the banks shall remain useful less. Furthermore without the contribution and the modernization by the State the digitalization of the Banks shall remain uncompleted. For instance we can not ask the banks to proceed with the opening of the bank account in one step, without for them to be able to have, subject of course to the consensus of the client, direct to the corporate data of the customer.

The last 10 months the Greek State has made remarkable steps. Covid has given to the State a good chance for all the areas, like Justice, job, education, taxation, and another number of common and useful services. I dear to make prediction, that if we continue the same path and the jointed efforts the next 4 years the banking landscape, shall be substantially different.

New Lending. Due to Covid we have currently put aside the most relevant discussion in the new lending conditions. The new targets and the new taxonomy have been set by the European Commission, but their implementation means for the domestic economy a common understanding by the State.

From the past, but mostly from the covid experience where supervisors, national authorities, Governments big enterprises, which have to adjust and transform their business models, on the basis of the sustainable growth, consumers who have to overcome their concerns on personal data and make themselves familiar with technology

World wide banks enjoy a very restricted or even negative reputation, among all the stakeholders enterprises (investors, individuals.

Investors consider banks not to be sufficiently attractive, due to the risks that they bear.

Enterprises consider banks no to be sufficiently supportive.

Individuals consider banks to be hostile.

Government consider banks not to be sufficiently flexible against their customers.

Supervisors set the priority to stability. All these different goals should be harmonized under the umbrella of trust.