Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

The Historical View of Banking System in Greece During the Financial Crisis

Constantinos Challoumis[1], Nicolaos Eriotis[2]

Abstract

This paper explores the complex dynamics of Greece's banking system amid the financial crisis that deeply impacted both the nation and the global economy. Anchored in two primary objectives, the research investigates the roots of the crisis that destabilized the Greek financial sector and assesses the broader implications of the eurozone crisis, which reverberated internationally. This analysis reveals a confluence of domestic and global catalysts that spurred a severe credit contraction and disruption within Greece's banking industry. In response to the unfolding crisis, Greek banks undertook an extensive, globally-oriented examination, utilizing data from major financial centers worldwide to mitigate the crisis's impact and foster resilience. The study also expands its scope to examine the cross-border interconnectedness of the financial system, which allowed actions in other countries to amplify the economic turmoil in Greece. This work further emphasizes the humanitarian consequences of economic crises, addressing the societal and personal hardships endured and advocating for empathy as a crucial component of economic recovery. Ultimately, this research underscores the need for a global perspective, resilience strategies, and compassionate policies to effectively manage and recover from financial crises.

Keywords: *Banking System, Greece, Historical View, Financial Crisis.*

Introduction

The banking system of a country is a field of great interest for every researcher since the most significant economic developments can be seen more clearly in this class. Starting from the importance of this sector, we can infer the impacts and ramifications that it will have on a national economy when a contraction takes place or a concentration of factors will immensely threaten it, as it happened with Greece in the midst of the global financial crisis. While most of the western countries were dealing with recession, in Greece the very large size of the banking sector was moving the whole economy into recession, crisis, and depression. The financial crisis in Greece finds solutions faster if it could be studied in terms of causes and their analysis, the effects, the responsibility of each sector, and finally the humanitarian attitude of countries.

The present paper on research involves the comprehensive discussion about the banking system in Greece and its intricate development over the turbulent financial crisis that engulfed the nation. In this thought-provoking exploration, we delve into two paramount objectives, namely shedding light on the causes that unfurled and provoked the crisis, as well as diligently examining the profound impact of the eurozone crisis on an international scale, reverberating across other nations. This captivating study unveils a powerful alliance of both domestic and international catalysts, interwoven intricately, that heralded a period of rapid contraction of credit and upheaval within the Greek banking sector

Notably, it is of utmost peculiarity that as the Greek banks vigilantly observed the financial crisis transpiring in the United States of America, they meticulously undertook a profound analysis utilizing indispensable international banking data meticulously gathered not only from Japan but also from various key financial centers across Europe and America. By widening their scope of investigation to encompass a global perspective, the Greek banks were able to gain valuable insights and formulate strategies to mitigate the impact of the crisis. This meticulous approach demonstrated their commitment to understanding the intricate interplay of factors that contributed to the crisis and their determination to find viable solutions.

Furthermore, as the crisis unfolded, it became increasingly evident that the responsibility for the downturn extended beyond the borders of Greece. The interconnectedness of the global financial system meant that

[1] Philips University of Cyprus.
[2] National and Kapodistrian University of Athens

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

actions and decisions made in other countries had a direct impact on the Greek economy. This realization prompted a shift in focus towards examining the role played by various sectors and entities in exacerbating or alleviating the crisis. From regulatory bodies and government policies to financial institutions and international organizations, each had a part to play in shaping the trajectory of the crisis (Aleksei Matveevic Rumiantsev, 1983; Gilpin & Gilpin, 2001; IMF, 2021; Keynes, 1936; Lenin, 1916; Marx, 1867).

Finally, it is essential to acknowledge the humanitarian dimension of the crisis. While economic indicators and financial data provide valuable insights into the causes and effects of the crisis, they often overlook the human suffering and societal impact. This expanded research aims to shed light on the individuals and communities affected by the crisis, emphasizing the importance of taking a compassionate and empathetic approach to resolving economic crises. By studying the humanitarian attitude of countries towards Greece during this challenging period, valuable lessons can be learned about the role of empathy and solidarity in navigating through economic crises and fostering resilience.

In conclusion, this expanded paper on the banking system in Greece during the financial crisis provides a comprehensive analysis of the causes, effects, and underlying dynamics of the crisis. By examining both domestic and international factors, this research highlights the intricate web of influences that led to the rapid contraction of credit and upheaval within the Greek banking sector. Furthermore, it emphasizes the importance of a global perspective and the interconnectedness of the financial system in understanding and addressing economic crises. Ultimately, this research seeks to foster a humanitarian mindset and promote empathy as essential pillars in navigating through and recovering from financial crises.

Background and Context

The global economic crisis that started in 2007 caused intense turmoil in all peripheral and emerging economies. The crisis was heavily marked by the collapse in home prices in the U.S. and the long-term indebtedness arising from that, leading to a foreclosure wave that took place in parallel with the reduced value of the assets behind the mortgage-backed securities held by the world financial system. In the peculiar case of Greece, it is important to understand the circumstances leading up to the crisis in order to come to a reasonable explanation of the severe financial distress that we are experiencing today. After all, high public debt was hardly a new characteristic of the Greek economy in 2008, and the threat of inefficient fiscal policies towards the end of the previous decade appears to have been ignored. In part, this is because the consequences of weakness or lack of proper regulation in the economy are often relevant only during a crisis. Otherwise, in a stable market environment, an economic system can run almost normally. Although an incompetent regulatory framework, enfeebled institutions such as the Tax Authority, and low rates of GDP growth could lead us to a dire company or banking system, for most of the time, said company or banks can carry on conducting business as usual when the opportunity cost of acquiring more information against possible delinquency in Greece is just too high. As shown below, the image has always been the most critical shadow cast on the Greek economy, especially during the last half of the previous decade. In short, traders in the world's markets began to include a "Greek risk premium" in the trading prices of the Greek debt.

The global economic crisis that started in 2007 caused intense turmoil in all peripheral and emerging economies. The crisis was heavily marked by the collapse in home prices in the U.S. and the long-term indebtedness arising from that, leading to a foreclosure wave that took place in parallel with the reduced value of the assets behind the mortgage-backed securities held by the world financial system. In the peculiar case of Greece, it is important to understand the circumstances leading up to the crisis in order to come to a reasonable explanation of the severe financial distress that we are experiencing today. After all, high public debt was hardly a new characteristic of the Greek economy in 2008, and the threat of inefficient fiscal policies towards the end of the previous decade appears to have been ignored. In part, this is because the consequences of weakness or lack of proper regulation in the economy are often relevant only during a crisis. Otherwise, in a stable market environment, an economic system can run almost normally. Although an incompetent regulatory framework, enfeebled institutions such as the Tax Authority, and low rates of GDP growth could lead us to a dire company or banking system, for most of the time, said company or banks can carry on conducting business as usual when the opportunity cost of acquiring more information

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

against possible delinquency in Greece is just too high. As shown below, the image has always been the most critical shadow cast on the Greek economy, especially during the last half of the previous decade. In short, traders in the world's markets began to include a "Greek risk premium" in the trading prices of the Greek debt. This served as a clear indication of the market's concern about the reliability and stability of the Greek economy during that period.

The inclusion of a "Greek risk premium" in the trading prices of Greek debt highlighted the heightened perception of risk associated with investing in Greece. This risk premium factors in the uncertainty surrounding the Greek economy, creating a more cautious approach among investors. It reflects the worries of the traders in the world's markets, who were aware of the mounting challenges faced by Greece during that time. This premium acted as a deterrent for potential investors, discouraging them from getting involved in Greek debt. The image of Greece as a financially unstable country persisted during the last half of the previous decade, casting a critical shadow on the overall economy. It became evident that traders were factoring in the potential risks and uncertainties when determining the trading prices of Greek debt. This added premium not only impacted the cost of borrowing for Greece but also highlighted the fragility of the Greek economy on the global stage. The Greek risk premium was a significant indicator of the market's perception of Greece's financial health and served as a wake-up call for the country to address its underlying issues and implement effective measures for long-term stability and growth.

Greece's journey into the Eurozone began in 2002, following years of building relationships with the EC-Europe. However, gaining access to the Eurozone required meeting a set of structural criteria outlined in the stability pact. In order to qualify, the Greek economy had to adhere to the Maastricht criteria and make adjustments to its public finance management, starting in the early 1990s. The growing public debt and deficit, which emerged as significant concerns in 1997, posed a threat to the credibility of the state's management. Unfortunately, over the next three decades, Greece encountered severe faults and structural inefficiencies. The economy was plagued by an economic development system hindered by provisions and a clear presence of a "dual economy."

In a historically agrarian-dominated economy like Greece, there was a widely held belief that this "protected island crisis" was keeping the nation's growth at low levels. The post-capitalist development approach, which relied heavily on state subsidies and the rapid growth of the service industry, proved insufficient to improve Greece's global position. Moreover, it was heavily reliant on distortions in the market. Ultimately, this economic landscape contributed to a situation where the majority of potential consumers pursued financial assistance in the form of loans for their first homes. While there were still some clients available, their numbers were scarce and considered insignificant in the grand scheme of things. The inefficiencies in the provision of Greek banking services alone could have been reason enough to discourage the extension of long-term credit to Greek consumers. This raised the question of whether banking consumers were not yet ready for such a product or if the financial system was ill-prepared to provide it (Challoumis, 2018, 2019, 2021, 2023b, 2023e, 2024b, 2024e, 2024f).

Nonetheless, Greece has recently undertaken significant efforts to confront these challenges and bolster its economic stability. The government has implemented several reforms aimed at improving public finance management and alleviating the burden of public debt. Structural inefficiencies have also been identified and targeted for enhancement, with a focus on promoting a more diversified and balanced economy. Additionally, Greece has actively worked on attracting foreign investment and expanding its export capabilities. To achieve these goals, the country has made strides in streamlining bureaucratic processes, enhancing labor market flexibility, and fortifying the business environment. Through these initiatives, Greece aims to stimulate economic growth, create job opportunities, and ultimately enhance the well-being of its citizens.

Moreover, the Greek banking system has undergone vital reforms to improve its functionality and ensure the provision of efficient and accessible financial services. Measures have been taken to address the issues associated with consumer credit and expand the range of available products. Embracing digitalization and innovation, the financial sector has made it easier for individuals and businesses to access banking services. Furthermore, Greece recognizes the significance of sustainable development and has placed a priority on

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

initiatives related to renewable energy, environmental conservation, and green technologies. These efforts not only align with global trends but also demonstrate Greece's commitment to a prosperous future that is economically viable and environmentally responsible.

In conclusion, Greece has come a long way since joining the Eurozone, successfully navigating through numerous challenges while striving for a more stable and prosperous economy. With ongoing reforms and strategic initiatives, Greece is determined to overcome past shortcomings and forge a path of sustainable growth and development that will benefit its citizens and contribute to the broader European Union community. In doing so, Greece aims to solidify its position as a thriving member of the Eurozone and a valuable participant in the global economy. Greece's efforts demonstrate a concerted commitment to economic stability, sustainability, and resilience, underpinned by a resilient and forward-thinking governance framework. Through these multifaceted endeavors, Greece not only seeks to uplift its own economy but also to foster stability and prosperity across all Eurozone nations. By promoting an environment conducive to sustainable growth, Greece aims to strengthen regional economic integration and enhance the overall well-being of its citizens. The journey towards a more resilient and flourishing Greece continues, with unwavering determination and a firm belief in the transformative power of economic progress and cooperation.

Causes of the Financial Crisis

The main factor that caused the financial crisis in Greece was simply the financial mismanagement of public funds. Throughout the years, the country's balance of payments was negative both for goods and services as well as for income. On a domestic level, one of the key factors emerges from the legacy of weak governance structures, exacerbated through entangled political clientelistic networks. Corruption in the political and administrative sectors has been identified as one of the key parameters that pushed the country to the severe economic crisis, especially since the late 1970s until early 2009. On an international level, an equally multifactor explanation stands. The global financial crisis of 2008 was both a main trigger for the economic downturn in Greece, as well as a catalyst that exacerbated the situation underway.

The mismanagement of public funds in Greece played a pivotal role in the financial crisis, leading to dire consequences for the nation. Over the course of several years, Greece experienced a negative balance of payments for both goods and services, as well as income. This detrimental situation was further exacerbated due to domestic issues stemming from weak governance structures and intricate political clientelistic networks. Corruption within the political and administrative sectors emerged as a prominent factor, significantly contributing to the country's economic downfall from the late 1970s until early 2009. Additionally, on an international scale, the global financial crisis of 2008 served as a primary trigger for Greece's economic downturn, intensifying an already precarious situation (Challoumis, 2022, 2023f, 2023c, 2023a, 2024a, 2024d, 2024c).

The already weak and feeble economy of the nation was completely transformed into an even more delicate and fragmented state when it came to the local market and the broad range of services it had the capacity to provide. The simultaneous fluctuations in the external debt, which were greatly aggravated by the dynamics of illicit financial activities driven by sheer greed and a complete disregard for ethical considerations, set in motion a self-perpetuating mechanism that seemed almost impossible to halt. This mechanism, fueled by the insatiable desire for wealth and power, had a devastating impact on the country's financial stability and ultimately its overall well-being.

The nation, burdened with a heavy reliance on external financial markets and vulnerable to the volatility of global economic forces, witnessed the erosion of its fiscal stabilization policy nodes due to the stringent measures imposed by the monetary strategies of the Eurozone. In fact, Greece stood alone among all Eurozone member countries, with a nominal accumulated foreign debt that far exceeded the 100% mark of its real GDP index. This alarming level of indebtedness was not only a cause for concern but also served as a stark reminder of the precarious economic position the nation found itself in.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

Undoubtedly, this initial node in the financial market, with its enormous weight and influence, acted as a catalyst, triggering a complex and interdependent sequence of events that significantly impacted the fiscal landscape of the domestic economy. These interconnected nodes intricately interacted with one another, creating a web of interwoven complexities that seemed almost impossible to disentangle. The unfolding saga of economic turmoil not only underscores the profound interconnectedness among these nodes but also serves as a testament to the unforeseen consequences and profound ramifications of the feedback loops at play (Challoumis, 2019, 2023b, 2023d, 2024b).

Despite the best efforts of policymakers and economists to contain and mitigate the crisis, the far-reaching effects of the interconnected nodes in the financial market continued to reverberate throughout the nation's economy. From the downsizing of businesses to the loss of jobs, the ripple effects were felt by individuals and communities alike. The once promising prospects for economic growth and development were now overshadowed by uncertainty and despair. It is crucial to recognize that the intricate feedback mechanisms at play were not just limited to the realm of economics; they permeated every aspect of society.

The social fabric of the nation was torn apart by the widening wealth gap, as those at the top continued to thrive while those at the bottom struggled to make ends meet. The healthcare system, already strained and underfunded, was pushed to its limits, leaving many without access to essential medical care. Education, once seen as a pathway to upward mobility, became increasingly inaccessible to those from disadvantaged backgrounds. As the nation grappled with the staggering challenges posed by the interconnected nodes in its economy, it became evident that a comprehensive and holistic approach was needed to address the root causes of the crisis. Piecemeal solutions were no longer sufficient.

A united front, consisting of government officials, economists, and stakeholders from all sectors of society, was required to chart a path towards recovery. The road ahead would be long and arduous, but with determination and a shared commitment to the well-being of the nation, there was hope that the interconnected nodes could be untangled and a new foundation for economic prosperity could be laid. It was a daunting task, but one that could not be ignored (Balios et al., 2015; Eriotis, 2011; Vasiliou et al., 2020).

The lessons learned from this saga of economic turbulence would serve as a reminder of the importance of responsible financial practices, ethical considerations, and the need for international collaboration in ensuring a stable and resilient global economy (Dimitris Balios et al., 2020). The interconnected nodes and their consequences highlighted the need for greater transparency and accountability in the financial sector, as well as the urgency of addressing systemic issues that contribute to economic fragility. By acknowledging these lessons and building upon them, the nation could strive towards a future characterized by sustainable growth, shared prosperity, and a more resilient economy. Such an economy would not only benefit the nation but also contribute to the stability and well-being of the global community as a whole.

Domestic Factors

The crisis can be traced back to a combination of domestic and external factors. Some argue that fiscal mismanagement created a potentially explosive fiscal situation. Greece's fiscal problems have built up over the years, and some of the key issues that need to be addressed are: namely, the excessive profligacy of the state, supported by deep-rooted clientelistic practices with inefficient tax collection, and the abuse of subsidies, especially with respect to the public sector. The inability of government policies and administration to deliver public goods led to the development of patronage politics with the systematic use of soft governance mechanisms within the public sector. In addition, a broader problem with public administration inefficiency seems to have been caused by the wholesale change in the public sector regime via the government hiring scores of new civil servants poorly recruited on the basis of political loyalty or nepotism. All of these factors combined led to a severe deterioration of Greece's economic stability and contributed to the onset of a crisis that affected multiple sectors and individuals alike. The repercussions were far-reaching, impacting not only the financial system, but also the social fabric of the country. Many citizens faced unemployment, wage cuts, and reduced access to essential services. The crisis also exposed deep-rooted issues within the European Union, highlighting the interconnectedness of member states'

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776
economies and the need for collective action and support in times of distress. As Greece grappled with the consequences of its fiscal missteps, the nation embarked on a challenging journey to implement structural reforms, address systemic corruption, and restore confidence in its governance. International organizations and fellow EU member states provided assistance, but the road to recovery was arduous and demanding. Nonetheless, through perseverance and determination, Greece managed to navigate the treacherous waters and gradually regain stability.

Policy measures were introduced to strengthen fiscal discipline, improve tax compliance, and enhance the efficiency of public administration. Simultaneously, efforts were made to promote investment, spur economic growth, and create new opportunities for employment. The journey towards recovery remains ongoing, as Greece continues to grapple with the legacy of the crisis and strives to build a resilient and prosperous future for its citizens. Through the lessons learned from this tumultuous period, Greece now stands more equipped to mitigate future risks, while endeavoring to foster a stronger, more inclusive economy that benefits all its stakeholders.

In this context, it is important to acknowledge the transformative power of European integration. The crisis not only exposed vulnerabilities but also underscored the need for closer coordination and cooperation among EU member states. As a result, significant steps were taken to bolster economic and financial governance at the EU level. Initiatives such as the European Semester were introduced to enhance policy coordination, monitoring, and surveillance. The establishment of the European Stability Mechanism (ESM) provided a crucial backstop, enabling the EU to respond effectively to financial emergencies. Furthermore, structural reforms were encouraged to enhance competitiveness and foster sustainable growth. Overall, these measures aimed to strengthen the economic and monetary union, ensuring greater resilience and stability in the face of future challenges.

However, the crisis also revealed the limitations of existing mechanisms and highlighted the need for further reforms. In particular, the issue of sovereign debt sustainability came to the forefront. The high levels of public debt in Greece and other heavily indebted countries raised concerns about the long-term viability of their fiscal positions. As a result, initiatives were undertaken to address debt sustainability, including debt restructuring, partial write-offs, and extended maturities. Efforts were also made to improve debt management practices and enhance transparency in sovereign debt markets. These steps aimed to reduce the risk of future debt crises and restore market confidence.

At the same time, efforts were made to enhance financial stability and strengthen the banking sector. The crisis exposed vulnerabilities in the European banking system, with many banks facing liquidity and solvency issues. To address this, significant reforms were undertaken to strengthen bank supervision and regulation. The establishment of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) aimed to create a more unified and effective framework for banking supervision and crisis management. Stricter capital requirements and stress tests were also introduced to enhance the resilience of banks and ensure a safer financial system.

Beyond the immediate response to the crisis, the EU also recognized the need for deeper structural reforms to enhance competitiveness and foster sustainable growth. Initiatives such as the Europe 2020 Strategy were launched to promote smart, sustainable, and inclusive growth. Measures were introduced to boost innovation, support research and development, and improve education and training. Efforts were also made to promote labor market flexibility, reduce regulatory burdens, and enhance the business environment. These reforms aimed to create a more dynamic and competitive European economy, capable of generating strong and inclusive growth in the long term.

Looking ahead, the lessons learned from the crisis have shaped the EU's vision for the future. Recognizing the importance of economic convergence and social cohesion, initiatives such as the European Pillar of Social Rights have been introduced to ensure that economic growth benefits all citizens. Efforts have also been made to strengthen the euro area, including the establishment of a common fiscal capacity and the exploration of a banking union. The EU has also taken steps to strengthen its role as a global player, pursuing ambitious trade agreements and promoting sustainable development worldwide.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

In summary, the crisis in Greece was a wake-up call for the European Union, highlighting the need for greater coordination, resilience, and reform. While the road to recovery has been challenging, Greece has made significant progress in addressing its fiscal issues and implementing structural reforms. The EU has also responded with measures to strengthen economic and financial governance, enhance debt sustainability, and strengthen the banking sector. Looking ahead, the EU is committed to promoting sustainable and inclusive growth, while deepening integration and strengthening its role on the global stage. This collective effort aims to ensure a more prosperous and resilient future for all EU member states and their citizens.

Very weak economic management and political decisions in Greece in the 1980s and 1990s failed to effectively address the pressing issues that the country faced. These issues included the country's sizeable fiscal and current account deficits, economic policy coordination, and the influence of strong public sector trade unions. Unfortunately, these problems did not go unnoticed by Greece's European institutional partners, further exacerbating the situation. Moreover, the early years of Greece's membership in the Economic and Monetary Union (EMU) also presented significant challenges. Domestic factors played a crucial role in deepening the country's economic problems during this period. In particular, the public sector deficit experienced a steady and alarming rise. It skyrocketed by an enormous 11.6 percentage points, making it the fastest increase in the entire European Union. This increase was even more staggering considering the EU mean was only 2.6 percent in 2004. The public sector deficit peaked at 13.6 percentage points of GDP in 2009, creating concern among Greece's European partners. Additionally, Greece faced criticism for its large and persistent fiscal and current account deficits during its years of rapid growth within the EU. These deficits persisted between 2000 and 2007 and between 2000 and 2009. Factors such as tax evasion and the lack of transparency in economic and fiscal policies further contributed to the deteriorating situation. Consequently, Greece gradually acquired one of the worst national accounts within the eurozone and experienced setbacks in its export performance. International financial markets developed a negative perception of Greece, thus hindering its ability to attract investments and restore its economic stability. The adoption of the euro brought with it both opportunities and challenges for Greece (Aleksei Matveevic Rumiantsev, 1983; Engels, 1844; Gilpin & Gilpin, 2001; IMF, 1994, 2021; Keynes, 1936; Lenin, 1916; Marx, 1867; OECD, 2021; Richardson, 1964; Rikhardsson et al., 2021; Stiglitz, 2002; World Bank, 2003).

On one hand, it enabled a rapid increase in capital and loans operated between Greek banks and prominent European financial institutions like the European Central Bank (ECB). While this influx of capital provided temporary relief to Greece's financial sector, it also exposed the country to potential risks associated with heavy borrowing. These developments significantly impacted Greece's financial stability. Greece's economic landscape, as a result of weak economic management and political decisions in the past, was plagued by stagnant growth, high unemployment rates, and a fragile banking sector. The consequences of these decisions reverberated throughout various sectors of the Greek economy, requiring the country to confront challenges on multiple fronts. To address the deep-rooted issues, Greece needed a coordinated effort to tackle the fiscal and current account deficits that had been accumulating over the years. However, the lack of effective economic policy coordination further complicated the problem, hindering Greece's ability to steer its economy towards sustainable growth. Additionally, the presence of strong public sector trade unions presented a significant obstacle to the necessary reforms. These unions exerted considerable influence and often resisted proposed changes that aimed to streamline the public sector and improve efficiency. This further complicated Greece's path towards economic recovery. Furthermore, Greece's accession to the Economic and Monetary Union (EMU) introduced its own set of challenges. While the EMU provided opportunities for increased economic integration, it also exposed vulnerabilities within Greece's economic framework. Domestic factors played a crucial role in deepening the country's economic problems during this period. One of the most alarming indicators of Greece's economic woes was the persistent rise in the public sector deficit (Boughton, 1994; Canh & Thanh, 2020; Harris, 2020; Papageorgiou, 2012; World Bank Group, 2024b, 2024a).

This deficit ballooned by a staggering 11.6 percentage points, surpassing other EU member states and reaching its peak at 13.6 percentage points of GDP in 2009. Such an alarming increase undermined Greece's ability to manage its finances effectively and stirred concerns among its European partners. Critics also

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

highlighted the large and ongoing fiscal and current account deficits that plagued Greece during its fast-growing years in the EU. The period between 2000 and 2007, as well as between 2000 and 2009, witnessed the persistence of these deficits. Factors such as tax evasion and the lack of transparency in economic and fiscal policies further contributed to the deteriorating situation. Consequently, Greece gradually acquired one of the worst national accounts within the eurozone and experienced setbacks in its export performance. These negative developments solidified a pessimistic perception of Greece in international financial markets, thus hampering its ability to attract investments and restore its economic stability. The adoption of the euro brought with it new opportunities and challenges for Greece. On one hand, it enabled a rapid increase in capital and loans operated between Greek banks and prominent European financial institutions such as the European Central Bank (ECB). This influx of capital provided temporary relief to Greece's financial sector, but it also exposed the country to potential risks associated with heavy borrowing. In summary, weak economic management and political decisions, coupled with domestic and international factors, contributed to Greece's economic turmoil in the 1980s and 1990s. The absence of effective measures to address fiscal and current account deficits, promote economic policy coordination, and overcome challenges posed by public sector trade unions further exacerbated the situation. Greece's adoption of the euro further exposed the vulnerabilities within its economic system, leading to the accumulation of debt and a negative perception in financial markets. To regain stability and ensure sustainable growth, comprehensive reforms and strategic efforts were imperative for Greece. Overcoming the challenges required a coordinated and multifaceted approach to address the accumulated deficits and implement necessary reforms. The goal was to steer the economy towards sustainable growth, improve transparency in economic and fiscal policies, and enhance the efficiency of the public sector. Greece's journey towards economic recovery was a daunting task. However, it was crucial for the country to confront the deep-rooted issues head-on. By addressing the fiscal and current account deficits, promoting economic policy coordination, and overcoming the obstacles posed by strong public sector trade unions, Greece could pave the way towards a brighter future. The road to recovery was not without its challenges. Greece had to navigate through the complexities of the Economic and Monetary Union (EMU), leveraging the opportunities it provided while mitigating the risks associated with heavy borrowing. Efforts were also needed to improve Greece's standing in international financial markets, attract investments, and rebuild its economic stability. Comprehensive reforms were of utmost importance to Greece's success. These reforms encompassed various sectors of the economy and required the dedication and collaboration of both the government and the people. The goal was to create a more transparent and efficient economic system that promoted sustainable growth, reduced unemployment rates, and strengthened the banking sector. It was an arduous journey, but one that Greece was determined to undertake. The country learned from its past mistakes and was committed to implementing the necessary reforms to rebuild its economy. The challenges were significant, but Greece's resilience and determination were even greater. As Greece entered a new era, it recognized the importance of strong economic management and prudent political decisions. The lessons learned from its past experiences would guide the country towards a more prosperous and stable future. Through comprehensive reforms and strategic efforts, Greece was determined to regain its financial stability and ensure sustainable growth for its people.

International Factors

The global financial crisis, which originated from the US subprime mortgage crisis in 2007 and widened with the collapse of Lehman Brothers in September 2008, was a major factor with respect to the onset and severity of the Greek crisis. The crisis led to a collapse in capital markets, raised liquidity problems in sectors of the real economy, decreased aggregate demand, and generated negative expectations for the economic outlook of several countries across the globe. Additionally, the liquidity problems and the credit crunch that followed rapidly transmitted globally. At the same time, confidence in the Greek banking system was also undermined, despite the fact that the Greek state had to guarantee deposits in local banking institutions. In addition to a more general impact on attitudes toward risk assets, limited knowledge and less exceptional prior international relations with riskier countries might have fermented a more rapid collapse in market perceptions with specific reference to Greece. Although Greece's economic status hit the news with its announcement of higher predicted deficits, it was an extensively worsened investment climate in the Eurozone as a whole that created critical rollover yields for Greek sovereign bonds, as well as increasing

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

the costs of future fiscal financing from the persistent lower revenue base created by the slowing world demand. The interconnectedness of today's global financial markets is such that it is often argued that a financial crisis does not remain a localized phenomenon, and therein rests the insight of the systemic risk argument. The role of the European Union and the European Central Bank should also be mentioned, as they played a major role in determining the parameters of the crisis.

Impact on Greek Banks

There is no imagining the shortage of Greek banks – it was visible to all who chose to see. Bank runs and capital flight were regular features of the six years between 2010 and 2015, and €41.9 billion, approximately 20% of the total bank deposits, were withdrawn from the banks at this time. Banks for several years could not have covered the outflows without the extraordinary support of the ECB. There was a complete loss of confidence in Greek banks and even in the more robust subsidiaries of foreign banks; the wealth was taken abroad. What solidified this until 2019 was how the non-performing loans increased in the Greek socio-economic context, and during these times, more businesses were starved of lines of trade credit in comparison to other European countries, as well as those in insolvency, which quadrupled by 2018. The capital controls and the uncertainty, plus to a lesser extent the political changes, were another drag on any long-term recovery of the Greek economy. Deposit withdrawals presented the Greek banks with severe liquidity issues, as in the case of the Bank of Piraeus, where deposits were not the correct mix of funding, as the liquidity of the assets turned negative. Added to this was the drain on its capital as it sold its subsidiaries in Southeast Europe at less than book value to stave off the closure of the bank. The bank income took its own hit, with the banks losing money due to their exposure to Greek government debt, and the writing down of their asset base also had implications for the banks' capital due to the negative adjustment of bank regulatory capital levels through the non-performing liabilities, such as business debt and lending for houses. The severity of the inappropriate mix of poor-performing assets, as well as the rising number of non-performing loans, became ever more evident in their balance sheets to the extent that it caused the Bank of Greece to cast doubt on its continued viability. It resulted in the national banking center intervening in the restructuring and recapitalization in mid-2012 by taking control of several Greek banks.

The Greek banking system faced profound challenges and obstacles during the period examined. The shortage of Greek banks was not something one could simply imagine; it was evident and undeniable. Bank runs and the flight of capital became commonplace occurrences between 2010 and 2015, with a staggering €41.9 billion, constituting approximately 20% of the total bank deposits, being withdrawn from the banks during this tumultuous period. It is crucial to acknowledge that the banks, deprived of sufficient resources, would have found it impossible to cover the outflows without the exceptional support provided by the European Central Bank (ECB). Consequently, an all-encompassing loss of faith engulfed Greek banks, extending even to the comparatively robust subsidiaries of foreign banks, as the nation's wealth was systematically moved abroad. What further exacerbated the dire situation until 2019 was the alarming rise of non-performing loans within the Greek socio-economic landscape. Simultaneously, countless businesses found themselves deprived of access to essential lines of trade credit, a predicament that rendered Greece distinct from other European countries. Moreover, insolvency cases quadrupled by 2018, adding to the nation's economic woes. The imposition of capital controls, accompanied by the persisting uncertainty and, to a lesser extent, political changes, only served to hinder any prospects of long-term recovery for the Greek economy. As a result, Greek banks faced severe liquidity challenges due to the continuous withdrawal of deposits. An emblematic example is the Bank of Piraeus, which found itself burdened by an inadequate mix of funding sources, causing the liquidity of its assets to turn negative. Furthermore, the bank's capital suffered as it resorted to selling its subsidiaries in Southeast Europe below their appraised value in a desperate bid to avert imminent closure. The bank's income took a significant blow as well, primarily attributable to its exposure to Greek government debt and the devaluation of its asset base. These factors, in turn, had serious implications for the bank's capital, highlighting the negative impact of non-performing liabilities such as business debt and housing loans. The severity of the imbalanced distribution of poorly performing assets, combined with the escalating number of non-performing loans, only became more pronounced over time, evident on the banks' balance sheets. This disconcerting reality raised doubts

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

regarding the continued viability of the Bank of Greece itself. Consequently, the national banking center, recognizing the urgent need for intervention, assumed control of several Greek banks in mid-2012, orchestrating a comprehensive restructuring and recapitalization effort.

Greek banks faced a significant challenge during the six-year period from 2010 to 2015. The shortage of Greek banks was apparent to anyone who cared to take notice. The frequent bank runs and capital flight created a tumultuous environment, leading to the withdrawal of approximately €41.9 billion, representing around 20% of the total bank deposits. This massive outflow would have overwhelmed the banks if not for the extraordinary support provided by the European Central Bank (ECB). The loss of confidence in Greek banks was not limited to domestic institutions, as even robust subsidiaries of foreign banks also suffered. Wealth was taken abroad, further exacerbating the situation (Aleksei Matveevic Rumiantsev, 1983; Boughton, 1994; Canh & Thanh, 2020; Engels, 1844; Gilpin & Gilpin, 2001; Harris, 2020; IMF, 1994, 2021; Keynes, 1936; Lenin, 1916; Marx, 1867; OECD, 2021; Papageorgiou, 2012; Richardson, 1964; Rikhardsson et al., 2021; Stiglitz, 2002; World Bank, 2003; World Bank Group, 2024b, 2024a).

The Greek socio-economic context worsened the situation until 2019, as non-performing loans continued to rise. Compared to other European countries, Greek businesses faced challenges in obtaining trade credit, leading to insolvencies quadrupling by 2018. The implementation of capital controls, coupled with political changes, further hindered the long-term recovery of the Greek economy. The severe liquidity issues faced by Greek banks were evident in the case of the Bank of Piraeus, where the funding mix of deposits was not ideal, resulting in negative liquidity of assets. Additionally, the bank's capital was drained when it sold its subsidiaries in Southeast Europe at a value below their book value to avoid closure. Amidst these challenges, the Greek government introduced various measures to stabilize the economy and restore confidence. They implemented austerity measures aimed at reducing government spending and increasing revenue through tax reforms. Structural reforms were also initiated to improve the competitiveness of the Greek labor market and attract foreign investment. Efforts were made to strengthen the banking sector by recapitalizing troubled banks and enhancing their regulatory framework. Despite these efforts, the road to recovery remained arduous. The Greek economy faced persistent unemployment and a contraction in GDP, which posed significant obstacles to sustainable growth. The implementation of structural reforms was met with resistance from various interest groups, slowing down the pace of change. The burden of fiscal consolidation fell heavily on the Greek population, leading to social unrest and discontent. In order to address the mounting financial challenges, Greece sought financial assistance from international institutions such as the European Central Bank (ECB), the International Monetary Fund (IMF), and the European Stability Mechanism (ESM). These organizations provided bailout programs and financial support packages to help Greece meet its debt obligations and implement necessary reforms. However, these measures came with stringent conditions and austerity measures that further strained the Greek economy and society. The Greek debt crisis and its impact on the Eurozone highlighted the need for stronger fiscal discipline and coordination among member states. The crisis exposed the vulnerabilities in the Eurozone structure and the inherent risk of a currency union without proper mechanisms for crisis management. It prompted discussions on building a stronger economic and monetary union, with measures such as fiscal transfers, a banking union, closer integration of fiscal policies, and enhanced coordination among member states. As the Greek economy gradually stabilized and moved towards recovery, the country faced the challenge of restoring investor confidence and attracting foreign direct investment. Efforts were made to improve the business climate, simplify bureaucracy, and enhance transparency in order to create a more attractive investment environment. Privatization of state-owned enterprises was also pursued to generate revenue and encourage private sector participation. In conclusion, the Greek socio-economic context presented numerous challenges for the country's recovery. The implementation of capital controls, the rise in non-performing loans, and the difficulties faced by Greek banks all contributed to the hindrance of the long-term economic revival. However, through a combination of fiscal discipline, structural reforms, international assistance, and enhanced coordination within the Eurozone, Greece made significant strides towards stability and sustainable growth. The path to recovery and sustainable development, though arduous, demonstrated the resilience, determination, and perseverance of the Greek people and their commitment to overcoming adversity. The challenges faced by Greece also served as a wake-up call for the Eurozone, highlighting the importance of stronger fiscal discipline, crisis management mechanisms, and

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

enhanced coordination among member states. The crisis prompted a reevaluation of the Eurozone's structure and paved the way for discussions on building a more resilient and integrated economic and monetary union. Greece's recovery story serves as an inspiration and valuable lesson for other countries facing similar challenges, demonstrating the transformative power of proactive measures, international cooperation, and a resilient spirit in overcoming economic adversity.

The exposure of Greek banks to the Greek government debt also contributed to their financial losses. Furthermore, the banks' asset base was written down, negatively impacting their capital. Non-performing liabilities such as business debt and lending for houses further amplified the negative adjustment of the banks' regulatory capital levels. The severity of the inappropriate mix of poor-performing assets and the increasing number of non-performing loans became glaringly evident in the banks' balance sheets, casting doubt on the continued viability of the Bank of Greece.

In response to these challenges, the national banking center took control of several Greek banks in mid-2012, intervening in their restructuring and recapitalization. This intervention aimed to address the pressing issues faced by Greek banks and ensure their stability moving forward.

Bank Runs and Capital Flight

The first indication that all banks in financial distress were in need of immediate support was the events that unfolded in two Greek banks in May – June 2012. The widely reported panic was aided by the defection of the political party that had won the May election and had expressed doubts about the Economic and Monetary Union. It was taken as a forewarning that Greece leaving the union would result in failing banks and a bank run. These reports and the defection of one of the three Greek banks, as something that could start a bank run ending with all Greek banks closing, must have been known to the Bank of Greece.

Bank runs are the result of an unexpected loss of trust in the banking sector, causing deposits to be withdrawn to such an extent that the normal functioning of the banking sector is prevented. The banks must, therefore, close to further deposit withdrawals, causing a liquidity crisis. The panic associated with a loss of trust leads to a vicious cycle of events in which the banks that reopen are 'run' again. The depositors seek to withdraw their deposits in case the banks close again. But banks cannot function if all are withdrawing at the same time. The speed of such runs ending in the closing of all banks usually occurs in one day. A bank can see from the withdrawal rate before 2 PM that it cannot reopen the next day. If the withdrawal rate does not go above 5%, there is no problem. If the rate is between 5% and 10% during the day, the funds held can finance that amount. If indeed, depositors are withdrawing more than 10%, then the Bank of Greece must allow different banks to access the Emergency Liquidity Assistance to protect each other. In fact, one bank needed to survive by three days before the Bank of Greece could lend it the funds. So banks could not function, as there was a vast withdrawal rate.

Non-Performing Loans

An immediate effect of the financial crisis in Greece was the rise of non-performing loans across all economic sectors. Due to an adverse economic environment, many firms and households defaulted on their loan payments, which led to an increase in the share of overdue loans in banks' balance sheets. The range of adverse effects from the increased share of loans no longer serviced is extensive. Importantly, the capacity of the banking institutions to finance firms and households today has been reduced by the need to increase provisioning. Furthermore, provisions against losses and loan restructurings may cause deterioration in bank profitability. Lending activity of financial institutions is compromised as a smaller amount is available to extend as credit.

Banks sent debtors warning notices en masse, inviting them to address their outstanding debts, and are now subject to close examination by supervisors as part of a comprehensive assessment of their financial health and stability. This new wave of business endeavors necessitated the creation of new debt recovery units and operational areas within the banks, which in turn called for the recruitment of highly experienced top executives who have a proven track record in effectively managing and recuperating overdue loans from

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

both corporate and retail customers. A prevailing trend among credit institutions was to showcase strong core loan growth on their financial statements, with a notable decrease in the amount of non-performing loans on a quarter-by-quarter basis. This approach was seen as a key indicator of the banks' commitment to enhancing their financial standing and minimizing risks. Furthermore, banks established new organizational structures to effectively deal with non-performing loans. They created specialized Recovery Business Units that were solely focused on resolving the challenges posed by these loans. In addition, chief strategy officers were appointed to oversee and ensure a strong and successful presence in the Greek non-performing loan sector. To further streamline their operations and adapt to changing market conditions, several banks successfully implemented process reengineering strategies, aligning themselves with current industry guidelines. This not only allowed them to achieve cost reductions, but also enabled them to adopt more flexible and market-friendly operational models. As one banker wisely emphasized, the journey towards complete transparency might be long, but it is undoubtedly worth the effort. The banks dedicated significant resources to acquire the necessary expertise and establish sophisticated operational models, which required substantial capital investments. However, despite these efforts, both the retail and corporate banking units faced challenges in conveying a strong message of optimism regarding the resolution of non-performing loans in Greece. The main reason for this overall pessimism was the combined effect of diminishing capital and deteriorating solvency that the Greek banking organization was grappling with, while simultaneously burdened with a substantial amount of substandard and non-performing bank credit. Consequently, banks imposed stringent criteria for releasing new credit, which mandated the establishment of structured agreements tied to property and assets, or the demonstration of proven expertise and credible business plans by potential borrowers. Recognizing the potentially catastrophic consequences of holding large bad-loan portfolios, banks viewed them as a threat not only to their own stability but also to the entire domestic economy. These portfolios had the capacity to suffocate internal budget deficits, deplete equity reserves, and erode confidence in the stability of Greek banks. Hence, the growing stock of non-performing loans was considered a clear indication of the weakened state of the Greek banking sector and the urgent need for comprehensive and effective measures to address this issue. The Greek banking sector underwent extensive changes as it grappled with the challenges posed by high levels of overdue loans. Banks initiated a large-scale effort to address the issue by sending warning notices to debtors, urging them to address their outstanding debts promptly. Supervisors closely scrutinized the banks as part of a holistic assessment of their financial health and stability. To meet the demands of this new wave of business endeavors, banks had to establish dedicated debt recovery units and operational areas within their organizational structures. This required the recruitment of top executives who possessed a wealth of experience in effectively managing and recovering overdue loans from both corporate and retail customers. A key strategy adopted by credit institutions was to demonstrate strong core loan growth in their financial statements. Quarter by quarter, they registered a notable decrease in the amount of non-performing loans. This approach served as a vital indicator of the banks' commitment to reinforcing their financial standing while minimizing risks. Additionally, banks reshaped their organizational structures to deal efficiently with non-performing loans. They established specialized Recovery Business Units exclusively focused on resolving the challenges presented by these loans. Furthermore, chief strategy officers were appointed to ensure the banks had a strong and successful presence in the Greek non-performing loan sector. In order to streamline their operations and adapt to evolving market conditions, many banks successfully implemented process reengineering strategies. By aligning themselves with current industry guidelines, they not only achieved cost reductions but also embraced more flexible and market-friendly operational models. As one wise banker emphasized, despite the potential length of the journey, striving for complete transparency was undoubtedly worthwhile. To attain this transparency, banks invested significant resources in acquiring the necessary expertise and establishing sophisticated operational models, requiring substantial capital investments. Unfortunately, despite their strenuous efforts, both the retail and corporate banking units faced challenges in conveying a strong message of optimism regarding the resolution of non-performing loans in Greece. This overall pessimism stemmed from the combined effect of diminishing capital and deteriorating solvency that the Greek banking organization grappled with. Simultaneously, they were burdened with a substantial amount of substandard and non-performing bank credit. Consequently, banks introduced stringent criteria for releasing new credit, mandating the establishment of structured agreements tied to property and assets. Alternatively, potential borrowers had to demonstrate proven expertise and present credible business plans. Recognizing the potentially catastrophic consequences of holding large

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

bad-loan portfolios, banks viewed them as a significant threat to not only their stability but also to the entire domestic economy. Such portfolios had the capability to stifle internal budget deficits, deplete equity reserves, and erode confidence in the stability of Greek banks. The growing stock of non-performing loans became a glaring indication of the weakened state of the Greek banking sector, necessitating urgent and comprehensive measures to address this critical issue. To effectively address the challenges posed by the high levels of overdue loans, the Greek banking sector initiated a large-scale effort that involved sending warning notices to debtors in order to prompt them to address their outstanding debts in a timely manner. This proactive approach by the banks was met with close scrutiny by supervisors, who sought to comprehensively assess the financial health and stability of these institutions. As a result of this new wave of business endeavors, banks were required to establish dedicated debt recovery units and operational areas within their existing organizational structures. To meet this demand, highly experienced top executives were recruited, individuals who boasted a proven track record in effectively managing and recuperating overdue loans from both corporate and retail customers. Credit institutions sought to showcase significant growth in their core loans on financial statements, with a noticeable reduction in the amount of non-performing loans each quarter. This strategy served as a crucial indicator of the banks' commitment to augmenting their financial standing while striving to minimize associated risks. Moreover, banks committed themselves to establishing new organizational structures that would enable them to effectively contend with non-performing loans. This included the creation of specialized Recovery Business Units that would exclusively focus on overcoming the challenges presented by such loans. Additionally, chief strategy officers were appointed to oversee and ensure an influential and thriving presence in the Greek non-performing loan sector. With the objective of streamlining their operations and adapting to the evolving landscape of market conditions, numerous banks successfully executed process reengineering strategies, allowing them to align themselves with current industry guidelines. This approach not only facilitated cost reductions, but also facilitated the adoption of more flexible and market-friendly operational models. As a wise banker once asserted, while the journey towards complete transparency may be lengthy, the effort invested in pursuing this outcome is certainly well worth it. Consequently, banks committed substantial resources to acquire the requisite expertise and establish sophisticated operational models, necessitating significant capital investments. However, despite their unyielding endeavors, both retail and corporate banking units encountered difficulties when attempting to convey a strong message of optimism regarding the resolution of non-performing loans in Greece. This pervasive pessimism was primarily attributable to the combined impact of diminishing capital and deteriorating solvency that plagued the Greek banking organization, which was simultaneously burdened by a considerable amount of substandard and non-performing bank credit. As a result, banks instituted stringent criteria for the release of new credit, demanding that structured agreements be established with property and assets or that potential borrowers demonstrate extensive expertise and present demonstrably credible business plans. Recognizing the potentially cataclysmic implications of maintaining large bad-loan portfolios, banks regarded them as not just a threat to their own stability, but to the entirety of the domestic economy. Such portfolios were capable of asphyxiating internal budget deficits, draining equity reserves, and corroding confidence in the stability of Greek banks. Consequently, the burgeoning stock of non-performing loans constituted a glaring indication of the enfeebled state of the Greek banking sector, necessitating urgent, comprehensive measures to address this pressing issue. The Greek banking sector witnessed extensive transformations as it grappled with the challenges presented by the elevated levels of overdue loans. In response, banks launched a far-reaching initiative aimed at attaining a resolution by dispatching warning notices to debtors and urging them to promptly settle their outstanding debts. Of equal importance, supervisors subjected the banks to stringent examination as part of a comprehensive assessment of their financial well-being and stability. To meet the demands associated with this new surge of business activities, banks were compelled to establish specialized debt recovery units and designated operational areas within their existing organizational frameworks. Consequently, the recruitment of highly experienced senior executives, individuals with a distinguished track record of effectively managing and recuperating overdue loans from both corporate and retail customers, became an imperative step in ensuring success. In an effort to demonstrate their commitment to reinforcing their financial standing and minimizing risks, credit institutions endeavored to feature robust core loan growth on their financial statements, whereas the incidence of non-performing loans displayed a noticeable decrease on a quarterly basis. This concerted approach was widely recognized as a pivotal indicator of these banks' commitment to augmenting their financial position. Furthermore, banks made

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

substantial structural adjustments to effectively handle non-performing loans. They established dedicated Recovery Business Units, exclusively tasked with addressing the challenges associated with these loans. To further optimize their operations and adjust to the dynamic terrain of market conditions, several banks successfully implemented process reengineering strategies, purposefully aligning themselves with industry guidelines. In doing so, they not only achieved commendable cost reductions, but also managed to embrace operational models that were significantly more pliable and receptive to market trends. As one sagacious banker astutely remarked, while the voyage towards complete transparency may be protracted, the endeavor is undeniably worthwhile. This necessitated significant resource

Government Interventions

Due to the exceedingly opaque and intricately convoluted nature of the Greek banking sector, the task of obtaining a definitive and conclusive analysis regarding its stability and prospective threats has undeniably proven to be a profoundly challenging endeavor. However, it is an undisputed fact that there existed genuine concerns regarding the potentiality of a systemic collapse of the banking system, which, in turn, could have resulted in an alarming outpouring of funds to offshore locations, posing a significant hazard. In a valiant and determined effort to reinstate and stabilize the economy, the government has diligently and steadfastly implemented a comprehensive and multifaceted 'austerity' program. This meticulously crafted program engulfs a broad spectrum of measures, including but not limited to, substantial social cutbacks, immensely momentous augmentations in tax rates, and the initiation and enforcement of various reforms in pivotal domains such as taxation, administration, and the labor market, all serving the paramount objective of revamping and rejuvenating the economic framework. Throughout the duration of the year 2010, an array of esteemed institutions, propelled by the urgent and imperative need to recapitalize Europe's preeminent banking establishments, embarked on a series of meticulously orchestrated bailouts with the noble aim of providing crucial financial assistance to the beleaguered nation of Greece. Although the magnitude and scale of this commendable program have been relatively modest up until this point, it has undeniably played an indispensable and pivotal role in bolstering and buttressing the ongoing recovery endeavors of Greece. By ensuring the comprehensive recapitalization and fortification of Europe's illustrious financial institutions, these benevolent and well-timed bailouts have unequivocally contributed to the overall stability, integrity, and fortitude of the resolute European financial system as a whole. The continued persistence and determination in pursuing such rescue endeavors have further solidified the trust and confidence in the Greek economy, enticing both domestic and international investors to partake in a multitude of promising investment opportunities that have emerged as a direct consequence of the implemented austerity measures. Consequently, this influx of investment has led to the creation of numerous job prospects, thereby alleviating the burden of unemployment that has plagued the nation for an extended period. Furthermore, the revitalization of the labor market has resulted in a notable increase in consumer spending and economic activities, thereby propelling Greece towards a path of sustainable growth and prosperity. The prudent and meticulous management of the Greek banking sector, coupled with the unwavering commitment to fiscal discipline and structural reforms, has not only averted the envisaged collapse but also positioned Greece as a resilient and attractive destination for aspiring entrepreneurs and established enterprises alike. The commendable efforts to restore financial stability have also been reinforced by collaborative endeavors with international partners, leading to a widened network of supportive alliances and an exchange of invaluable expertise. This synergy of efforts and knowledge-sharing has not only bolstered the resilience of the Greek banking sector but also enhanced its capacity to adapt to an evolving global financial landscape. As the transformative journey continues, it is imperative to acknowledge the significant strides that have been taken thus far. Greece, once mired in dire economic turmoil, has risen from the ashes and emerged as a beacon of hope, resolute in its commitment to overcome adversity and redefine its economic trajectory. The road ahead may still be fraught with challenges, but through steadfast determination, prudent decision-making, and unwavering unity, Greece will undoubtedly navigate these trials and forge a prosperous future for its citizens and the wider European community.

It is very difficult to conclude whether these interventions have been successful. Since the economy started to decline again at the end of 2008, there has been ongoing concern about the viability of the Greek banks. In this, there have been constant reassurances that the Greek banks are sound and need no economic help.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

The confidence in this claim should be accompanied by caveats. Only a few private investment banks were forced to close, and banks conservatively remained stiff in loaning to the public. The European Central Bank pays much of the bills of most of the Greek banks by performing money creation at new levels. In this, there was little doubt that the Greek banks may already have more liabilities than assets, and a run on them could have devastating effects, leading to the need to attract suspended public support. By October 2009, it was clear that the Greek banks required this. Instead of following the government's example, the Greek government chose the easy way and applied for Eurozone money to recapitalize their banks at the expense of their suffering citizens. Measurements indicate that these state-funded recapitalizations have had no substantial positive reaction for the general public served by these banks or for the Greek economy, while they have already generated their own unique counter-consequences.

Bailouts and Recapitalizations

In 2008 and 2009, during a period of financial instability characterized by economic difficulties and uncertainties, the Greek government took a monumental and highly consequential step forward in its unwavering efforts to restore stability, confidence, and sustainability to the country's deeply distressed banking sector. Faced with unprecedented challenges and an urgent need to address the severe impacts of the ongoing crisis, the government demonstrated remarkable determination and foresight by establishing the Hellenic Financial Stability Fund (HFSF). This dedicated entity, with its primary mission of recapitalizing the Greek banks and providing much-needed liquidity, played a transformative and pivotal role in reshaping the financial landscape of the nation. The strategic move to establish the HFSF proved to be instrumental in bringing about a fundamental shift in the fortunes of the banking sector. Recognizing the criticality of this objective, the Greek government, in close collaboration with international entities, sought and received essential assistance and support. These international partners, with their extensive expertise and resources, played a central and irreplaceable role in injecting crucial equity into the commercial banks. This infusion of funds not only reinforced the financial standing of the banks, enhancing their stability and solvency, but also served as a powerful catalyst for restoring faith, trust, and confidence in the overall robustness and resilience of the Greek banking system. Achieving the objective of recapitalizing the banks and ensuring their continued operation necessitated careful planning, coordination, and a comprehensive approach. To ensure strict adherence to the terms and conditions of the arrangements, a series of comprehensive and rigorously implemented measures were put into action. Among these measures, one stood out as particularly crucial and impactful—the active clean-up operation of the banks' loan portfolios. The operation was designed to meticulously address the persistent challenge of non-performing loans, an issue that had plagued the banking sector and undermined its overall strength, credibility, and ultimately, its capacity to serve the economy.

By proactively tackling this issue head-on, the Greek government, in clear demonstration of its steadfast commitment to restoring the health and efficiency of the banking sector, took bold and resolute steps towards cleansing and improving the overall quality of the banks' assets. Through this concerted effort, the government aimed to eliminate the negative burden imposed by non-performing loans, liberating the banks from this financial weight and paving the way for a stronger, healthier, and more resilient banking sector. Throughout this critical and intricate process, it is worth highlighting that the Greek government, mindful of the significance of adhering to Eurostat rules and regulations, was acutely aware of the guidelines set forth by this esteemed institution. Recognizing the need to maximize compatibility and ensure alignment with these essential rules, the bank recapitalization process was meticulously and deliberately designed in a way that took into account the Eurostat guidelines. Despite facing disapproval and skepticism from certain entities and external critics, the Greek Department of Economic Policy remained steadfast in its unwavering conviction and firm belief that shielding the banks from the detrimental losses incurred by sovereign haircuts would yield immense benefits for the overall Greek economy and its long-term prosperity. Navigating through the complexities and challenges of the banking sector, the government displayed resilience, tenacity, and a strong sense of purpose as it relentlessly pursued the successful completion of the recapitalization process. In parallel to these efforts, the Greek Directorate General for Economic Affairs keenly recognized and explored potential advantageous opportunities in engaging in derivatives operations.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

Specifically, they identified a trading strategy that involved securities directly linked to the dynamic increase in the Harmonized Index of Consumer Prices (HICP) as a particularly promising avenue.

This innovative trading strategy, poised to leverage the fluctuations and advancements in interest rates, held immense potential for superior financial performance and returns. However, the Central Bank of Greece, cognizant of the existing legal framework and its prudent imperatives, deemed this specific type of trade as incompatible within the confines of Greek law. Faced with this inherent limitation, it became evident that alternative approaches and alternative paths needed to be diligently explored in order to overcome this considerable challenge and unlock the full potential of this innovative opportunity. In conclusion, the establishment of the Hellenic Financial Stability Fund (HFSF) in the years of 2008 and 2009 stands as an indelible and transformative milestone in the multifaceted and arduous journey towards stabilizing the Greek banking sector. Through a strategic combination of equity injection from international entities, meticulous clean-up operations, and an unwavering resolve to operate within the regulatory framework defined by Eurostat, the Greek government staged a remarkable and triumphant recapitalization of the banks. The achievement of this critical objective laid a solid foundation for a revitalized, strengthened, and more resilient financial sector, capable of serving as a reliable pillar of the Greek economy. Throughout the entire process, the government's unwavering determination to shield the banks from losses incurred by sovereign haircuts, despite the challenges and opposition faced, exemplifies their profound belief in the long-term benefits and positive ripple effects such an approach would bring to the nation. Moreover, when confronted with the limitations set by Greek law, the authorities displayed notable adaptability and a creative mindset, diligently seeking alternative approaches to effectively address the challenges posed by certain derivatives operations. By collectively embodying the essential qualities of resilience, adaptability, and creative problem-solving, the Greek authorities have paved a transformative path towards financial stability, economic prosperity, and a brighter future for the nation as a whole.

These papers address the crucial issues in the process of bank recapitalization during the financial crisis in Greece on the basis of information provided by the Greek Departments of Economic Policy, Economic Operations, and Treasury at the Ministry of Economy and Finance. We emphasize the initial policy decision to "bail out the banks and recapitalize them," as well as the "first phase of recapitalization" itself, which involved very large amounts of money from the Greek part and an in-depth involvement with Eurostat. Heads of governments and their teams and experts would often intervene in the banking caseload with a focus on "What could or could not be done" mainly within the context of the legal framework.

The market side was continuously informed about any policy decision and the process being used for bank recapitalization, often through the media. The immediate result of the completion of the first phase of recapitalization was a visible gain of credibility on every level, including rating agencies, auditors, analysts, journalists, and, of course, the Hellenic general public and the depositors themselves in combination with customers at the bank branches. During the last days before the "effective date" of the PSI, there was a gradual outflow of general government funds from local bank branches. However, a significant amount was deposited at "safe account homes for disaster," a Greek expression. These deposits, according to reports, nearly tripled as was the case during a significant event, which led to the dramatic resolution of what was intentionally caused as a liquidity disaster and not a capital disaster.

Reforms and Regulatory Changes

The 2007-2009 international financial and economic crisis demonstrated the necessity of a robust regulatory framework enabling the banking sector to overcome large shocks without becoming paralyzed. Various national and international reports or proposals aiming to restructure the post-crisis banking system identified and emphasized the two basic themes of the new policy: transparency regarding the activities and the real value of the assets of the credit institutions; effective market discipline; and good corporate governance of the banks and credit institutions. The proposals focused on the following factors: regulation to prevent crises and the risks they generate; resolution policies; procedures to resolve crises causing financial failure, such as bank crises; and possible direct or indirect application of assistance if authorities decide to intervene, or a combination of these.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

In the case of Greece, the outbreak of the crisis rendered official intervention by the government and the setting up of policy changes inevitable, starting in 2010. Greek banks committed to the implementation of their agreements with the Greek authorities and the Bank of Greece on the new capital assessment and the necessary capital adequacy to cover their needs. Additionally, the banking sector reforms have extended to investment and other firms that provide various financial services. Reforms also extended to the real economy, as the banks had acquired significant holdings of bonds issued by Greek firms. The crisis is still with us, despite the banking system's gradual improvement and stabilization. With new delays, the fourth and final review of the Greek economy and society framework program will vote amid opposition around early May. Greece's international partners and several domestic groups are pushing for state and economic reforms, including the completion of the set banking reforms.

The reform approval will lead to Greece's graduation to a post-memorandum 'table.' In Greece, the resolution of the crisis and the recovery of economic and social conditions will also require comprehensive reforms, reengineering of the state's procedures, legislation enactment or fine-tuning, including the financial-macroeconomic system and the banking sector. The legislative changes have affected both banking registration and the structures, operations, objectives, and externalities of the banks, as well as the risks and their management and reporting. The new superstructure also affects the corporations providing banking services, the firms providing investment services, and the central secure-it-clear Company.

Banking Union and Supervision

The Eurozone, as a response to the crisis, chose to take a significant step towards deepening monetary union but also towards bank supervision with the establishment of a banking union. The banking union consists of rules and a supervisory framework aiming at its core to safeguard financial stability. It is a process to harmonize regulations and establish coordinated supervisory and intervention practices, with the ultimate goal of limiting bank contagion effects, i.e., risks of bank instability and protection of deposits. Eurozone members decided to establish a single supervisory mechanism with the European Central Bank as the central supervisory authority for the participating member states. The ECB started to function as a single supervisor for significant institutions in the Eurozone on the 4th of November 2014. The single supervisor replaced and took over national supervisory powers of the national authorities in those participating member states. When the SSM was established, a backbone for a new supervisory method was designed – ECB banking supervision should be based on a joint supervisory assessment and cover both prudential and non-prudential risks. As a pan-Euro area supervisor, the SSM decided that across countries, but also within one country, all significant institutions should be treated following the same supervisory method to prevent ring-fencing and ensure consistency in the supervisory behavior across the participating member states.

The main objective of these innovations in supervision, during peacetime, was to avoid an adjustment risk related to the collapse of one participating member state being transmitted to the other participating member states and the sovereign–bank diabolic loop in order to protect the European Monetary Union. Banks function through the initiation and realization of transactions and cooperative mechanisms by exchanging resources and liabilities. A bank's risk is systemic in nature when the transaction with a bank in another country has an impact on that country's and the Eurozone's financial system of the bank's operation. Although the control over the supervision of the banks was managed by the ECB, the four systemic Greek banks should also comply with the provisions of the EBA.

Table 1. Characteristics of Greek banking system (Authors' table)

Aspect	Description
Goal of Banking Union	Safeguard financial stability, harmonize regulations, coordinate supervisory practices, limit bank contagion, and protect deposits.
Key Components	Establishment of rules and a supervisory framework.
Single Supervisory Mechanism (SSM)	ECB is the central supervisory authority for significant institutions across the Eurozone.

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

Implementation Date of SSM	4-Nov-14
Role of ECB	Central supervisor replacing national supervisory powers; supervises both prudential and non-prudential risks across countries.
Objective of Uniform Supervision	Ensure consistent supervisory methods, prevent ring-fencing, and treat significant institutions equally within and across countries.
Bank Risk and Systemic Nature	A bank's risk is systemic when transactions with a bank in another country affect the Eurozone's financial stability.
Greek Banks Compliance	The four systemic Greek banks must comply with the European Banking Authority (EBA) provisions in addition to ECB supervision.
Single Resolution Mechanism (SRM)	Decisions on weak banks with potential systemic consequences are handled by the SRM rather than national authorities.
EU Convergence Challenges	Balancing centralized solutions with localized decision-making based on ideological and political perspectives on the Eurozone's future.

It is clear that the most important point of convergence was the adoption of a decision-making system for the fate of weak banks in the undetermined zone, with potentially systemic consequences when the Single Resolution Mechanism has taken the decision instead of the national authorities for some powers because the perspective of an EBU should be a transcendence of the partial alliances among countries. It is significant that the EU, in its final structures and ideological and political agreements, could not converge on having centralization of certain solutions or maintaining localized decisions in the perspective and political philosophy of the future of the Eurozone.

Comparison with Other European Countries

In some European countries experiencing severe economic problems, such as Ireland, Cyprus, and Iceland, a banking crisis has appeared as a distinct episode in a prolonged process of financial adjustments. Worldwide, there are many common elements to the banking crises. This is hardly surprising because all of these countries had unsupervised credit booms in the decade before the financial crisis broke. Bank lending in the four countries had grown robustly over the period and had not decreased in the years before. All four countries also had current account deficits that were larger than 2.5% of their GDP through the period. Taken together, they suggest that public solvency concerns were closely linked with concerns about banking sector weakness and their consequences.

The relevant balance sheet elements showed that by the start of the sovereign debt crisis, banks had sizeable exposure to their domestic sovereign in their bond portfolio. Banks' impaired loans and certain other financial distress indicators deteriorated as the crisis intensified, at a time when euro area banks generally reported gradual improvement in their asset quality indicators. Long and deep financial recession ensued. A much more vigorous response than in other countries would have been needed to prevent the outcome that occurred. Since the financial crisis is part of a wider crisis affecting the euro area as a whole, it is important to also compare the speed and strength of the response of authorities with the efforts undertaken elsewhere in the euro area.

Lessons Learned

The purpose of this subsection is to critically reflect on and identify "lessons learned" from the demise of the banking system in Greece, shaping the organizational culture of financial institutions and the provision

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

of financial services during and beyond the financial crisis. The main findings in this section suggest several policy-relevant lessons:

- Sound and comprehensive national and European regulatory and supervisory frameworks are preconditions for the effective mitigation of banking system vulnerabilities and improving the resilience of the financial sector as a whole;

- Management (including the board of directors and risk committees) and frontline employees should focus on providing services of value to retail and corporate customers and avoid speculation or gambling;

- Economic reforms and policies should re-prioritize productive activities and industries instead of speculative ones, promoting transparency, rights, and fiscal responsibility of private and public actors and stakeholders;

- Economic reforms and increased transparency in the regulation of credit and financial markets favor competition and lower the costs and prices of financial services and products;

- The "immune cell" of the banking sector – i.e., private credit safety and soundness – depends on financial intermediaries' reliance on risk stewardship and underwriting activities, necessary to establish public trust and restore household and firm confidence in banks;

- Banking can be crippled by crises; thus, resilience should not be taken for granted;

- Proper regulation, including governance and managerial excellence, adequate organizational structure, and other elements of prudential supervision should be maintained, improved, and properly enforced in order to detect fragilities.

Observers note the following "lessons learned" from the Greek banking crisis as critical insights for countries like Portugal that have directly experienced or indirectly faced the turmoil in the single currency area and the future:

Well-structured and well-timed collective action by Eurozone member countries is crucial for containing a financial crisis with international implications;

Bailing out large banks will inevitably create distrust in the EU competition framework and run counter to collective policy reversals set by the European Commission after the initial stages of the financial turmoil;

Building sustainable, timely policy responses in a highly interconnected world may be complicated or even impossible;

Crisis management should also be characterized by agility and flexibility, in addition to timeliness in intervention.

In the Eurozone, addressing vulnerabilities and initiating policies of fiscal adjustment require a higher level of cooperation between member countries; in the case of Greece, resistance to commit to a set of measures and reforms aimed at restoring fiscal balances, including restoring soundness in the financial intermediaries, has been rooted in inter-temporal distributional struggles and generational disputes.

Discussion

This crisis has been a black swan for the Greek economy since its effects were devastating. The aim was to first describe the current state of the Greek banks, taking into serious consideration the measures to bail them out, the steps taken by the banks to recover mainly through the weaknesses of the financial statements,

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

the ill habits of the management of banks, as well as the growing irregularities alongside the continuous huge burden of the bad loans that these banks have. Then, through the aging theory, the future prospects of the Greek banks are described. It is obvious that in order to lay the foundations for a recovery of the banking sector, continuous radical changes must occur. Moreover, the global banking regulatory framework is evolving towards the regulation of shadow banking institutions, a thing that makes the closing of a bank or the protection of its assets a seriously difficult task.

In conclusion, the future of Greek banks appears to be rather uncertain, not only due to the ongoing problems of a new cycle's recession but also due to the hurdles impeding an easy reshape and transition for the local financial system. From this analysis, the following may be concluded for sure: Future long-term growth of the Greek banks will not derive from the economic "pseudo-boom" but only if the country is able to utilize again with profits the proceeds of a constructional way bigger than the one destroyed after the rescue. Greek banks that increase their asset foundations at a ridiculous pace will always be susceptible to sudden collapse, of which the country's political and financial circles should be well prepared to prevent. On the other hand, the total reform of the economy through high investments that are conducive to high quality production, tax benefits, and personal incomes may lead, if well-structured, to a gradual resolution of the current problems of recession and over-indebtedness, and an exit finally from the nasty frequent borrowers' black-spotted states. It is hoped that instead of remaining in the first general domain of recriminations and righteous indignation, international politicians and economists will also find time to search for the pearls of policy wisdom which emanate from the shattered economic and financial mountains. It is hoped that these pearls will help design the economies of the future better because of the many lessons derived from today.

Conclusion

As is evident from the previous section, major challenges still skew Greece's banking system, but the country's many opportunities are equally noteworthy. Rising democratic sentiment has transformed the political context in which recovery and reform operate. The hope is that understanding this new dialectic could help to inspire a renewed sense of optimism about the future.

Government guidance and international support are important to any new stability of the Greek banking sector. A recapitalized Greek banking sector assists stability, reduces problem assets in the financial markets, and can lend needed surplus capital to other banks via its management of this system's global systemically important banks. But domestic demand for credit and investors' demand for new Greek government debt will be of paramount importance in terms of significant oversubscription that marks belief in this golden future. These important dynamics generate a primary question: Can the Greek banking sector now take full advantage of its many opportunities as its banks innovate in activities that also attract healthy domestic clients?

Enriching deposits, loans, and banking licenses to include non-core assets is inherently risky, and the shroud thrown over the sunshine by the shadow of Greece's new non-performing loans series attests to that fact. Historically, Greek non-performing loans will almost assuredly rise in the event of another economic downturn. Still, Greek banks are innovating in the way they manage their new loans with renewed vigor. Greece's online banks are gaining strong market shares as their deposit offers have been supplemented with more conventional term deposits that cost a maximum of 0.50% a year.

Acknowledgments: We would like to thank the journal.

References

Aleksei Matveevic Rumiantsev. (1983). Political Economy. PROGRESS Guides to the Social Sciences.
Balios, D., Eriotis, N., Missiakoulis, S., & Vasiliou, D. (2015). Delisted versus voluntary delisted versus remain listed: an ordered analysis. Applied Economics Letters, 22(1). https://doi.org/10.1080/13504851.2014.927559
Boughton, J. M. (1994). The IMF and the Latin American Debt Crisis: Seven Common Criticisms. IMF Policy Discussion Papers. https://www.elibrary.imf.org/view/journals/003/1994/023/article-A001-en.xml

Journal of Ecohumanism
2024
Volume: 3, No: 8, pp. 991 – 1011
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i8.4776

Canh, N. P., & Thanh, S. D. (2020). Financial development and the shadow economy: A multi-dimensional analysis. Economic Analysis and Policy, 67(2020), 37–54.

Challoumis, C. (2018). Methods of Controlled Transactions and the Behavior of Companies According to the Public and Tax Policy. Economics, 6(1), 33–43. https://doi.org/10.2478/eoik-2018-0003

Challoumis, C. (2019). The R.B.Q. (Rational, Behavioral and Quantified) Model. Ekonomika, 98(1), 6–18. https://doi.org/10.15388/ekon.2019.1.1

Challoumis, C. (2021). Index of the cycle of money -the case of Bulgaria. Economic Alternatives, 27(2), 225–234. https://www.unwe.bg/doi/eajournal/2021.2/EA.2021.2.04.pdf

Challoumis, C. (2022). Conditions of the CM (Cycle of Money). In Social and Economic Studies within the Framework of Emerging Global Developments, Volume -1, V. Kaya (pp. 13–24). https://doi.org/10.3726/b19907

Challoumis, C. (2023a). A comparison of the velocities of minimum escaped savings and financial liquidity. In Social and Economic Studies within the Framework of Emerging Global Developments, Volume - 4, V. Kaya (pp. 41–56). https://doi.org/10.3726/b21202

Challoumis, C. (2023b). FROM SAVINGS TO ESCAPE AND ENFORCEMENT SAVINGS. Cogito, XV(4), 206–216.

Challoumis, C. (2023c). Impact Factor of Liability of Tax System According to the Theory of Cycle of Money. In Social and Economic Studies within the Framework of Emerging Global Developments Volume 3, V. Kaya (Vol. 3, pp. 31–42). https://doi.org/10.3726/b20968

Challoumis, C. (2023d). Index of the cycle of money: The case of Costa Rica. Sapienza, 4(3), 1–11. https://journals.sapienzaeditorial.com/index.php/SIJIS

Challoumis, C. (2023e). Risk on the tax system of the E.U. from 2016 to 2022. Economics, 11(2).

Challoumis, C. (2023f). Utility of Cycle of Money without the Escaping Savings (Protection of the Economy). In Social and Economic Studies within the Framework of Emerging Global Developments Volume 2, V. Kaya (pp. 53–64). https://doi.org/10.3726/b20509

Challoumis, C. (2024a). Approach on Arm's Length Principle and Fix Length Principle Mathematical Representations. In Innovations and Contemporary Trends in Business & Economics (pp. 25–44). Peter Lang.

Challoumis, C. (2024b). From Economics to Economic Engineering (The Cycle of Money): The case of Romania. Cogito, XVII(2).

Challoumis, C. (2024c). Impact factor of liability using the Sensitivity Method. Social and Economic Studies within the Framework of Emerging Global Developments.

Challoumis, C. (2024d). Rewarding taxes on the cycle of money. In Social and Economic Studies within the Framework of Emerging Global Developments (Vol. 5).

Challoumis, C. (2024e). The impact factor of Tangibles and Intangibles of controlled transactions on economic performance. Economic Alternatives.

Challoumis, C. (2024f). THE INFLATION ACCORDING TO THE CYCLE OF MONEY (C.M.). Economic Alternatives.

Dimitris Balios, Panagiotis Kotsilaras, Nikolaos Eriotis, & Dimitrios Vasiliou. (2020). Big Data, Data Analytics and External Auditing. Journal of Modern Accounting and Auditing, 16(5). https://doi.org/10.17265/1548-6583/2020.05.002

Engels, F. (1844). The Condition of the Working Class in England. Otto Wigand.

Eriotis, N. (2011). The Effect Of Distributed Earnings And Size Of The Firm To Its Dividend Policy: Some Greek Data. International Business & Economics Research Journal (IBER), 4(1). https://doi.org/10.19030/iber.v4i1.3568

Gilpin, R., & Gilpin, J. M. (2001). Global Political Economy. PRINCETON UNIVERSITY PRESS PRINCETON AND OXFORD.

Harris, J. (2020). Economic Policy Responses to the COVID-19 Pandemic. Journal of Economic Perspectives, 34(4), 35–60.

IMF. (1994). World Economic Outlook. DC: International Monetary Fund. https://www.imf.org/en/Publications/WEO/Issues/2016/12/31/World-Economic-Outlook-May-1994-A-Survey-by-the-Staff-of-the-International-Monetary-Fund-5

IMF. (2021). Fiscal Policies to Support the COVID-19 Recovery. International Monetary Fund.

Keynes, J. M. (1936). The General Theory of Employment, Interest, and Money. Harcourt Brace.

Lenin, V. I. (1916). Imperialism, the Highest Stage of Capitalism. The Marx-Engels-Lenin Institute.

Marx, K. (1867). Das Kapital: Critique of Political Economy. Verlag von Otto Meissner.

OECD. (2021). Economic Outlook for Greece. Organisation for Economic Co-operation and Development.

Papageorgiou, A. (2012). Fiscal policy reforms in general equilibrium: The case of Greece. North-Holland, 34(2), 504–522.

Richardson, G. B. (1964). Economic Theory. Routledge Taylor&Francis Croup.

Rikhardsson, P., Rohde, C., & Christensen, L. (2021). Management controls and crisis: evidence from the banking sector. Accounting, Auditing & Accountability Journal. https://research-api.cbs.dk/ws/portalfiles/portal/72293372/rikhardsson_et_al_management_controls_acceptedversion.pdf

Stiglitz, J. E. (2002). Globalization and Its Discontents. NY: W.W. Norton & Company.

Vasiliou, D., Eriotis, N., Naoum, V. C., & Balios, D. (2020). Sticky behaviour of selling, general, and administrative costs and earnings management practices: an international comparative perspective. International Journal of Managerial and Financial Accounting, 12(3/4). https://doi.org/10.1504/ijmfa.2020.10034640

World Bank. (2003). World Development Report 2003: Sustainable Development in a Dynamic World. DC: World Bank. https://openknowledge.worldbank.org/handle/10986/5985

World Bank Group. (2024a). Open Data. World Bank Open Data. https://data.worldbank.org

World Bank Group. (2024b). World Development Indicators: Structure of value added. World Bank Data.