

ANNUAL
Review
2019-2020





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THE ASSOCIATION

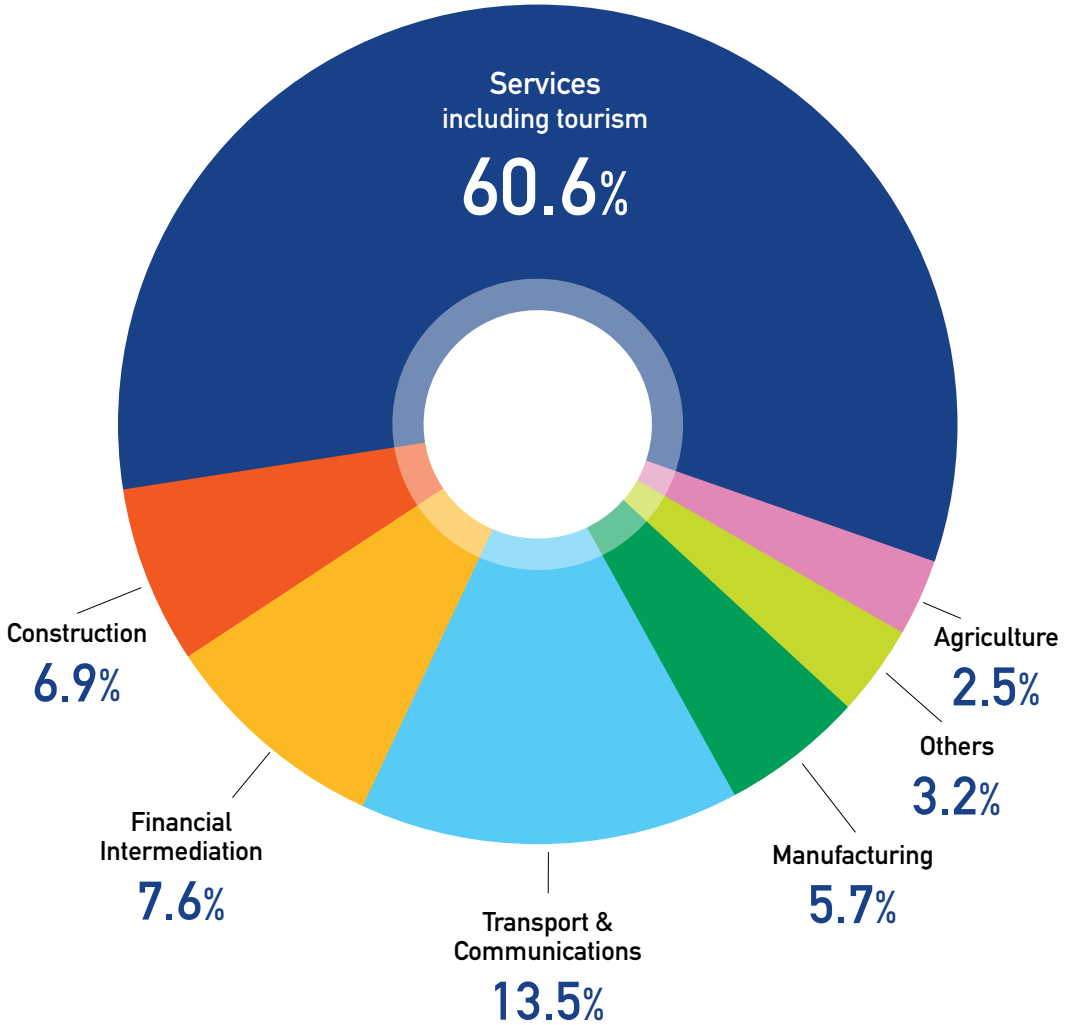
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ECONOMIC ENVIRONMENT

GDP 2019 percentage distribution



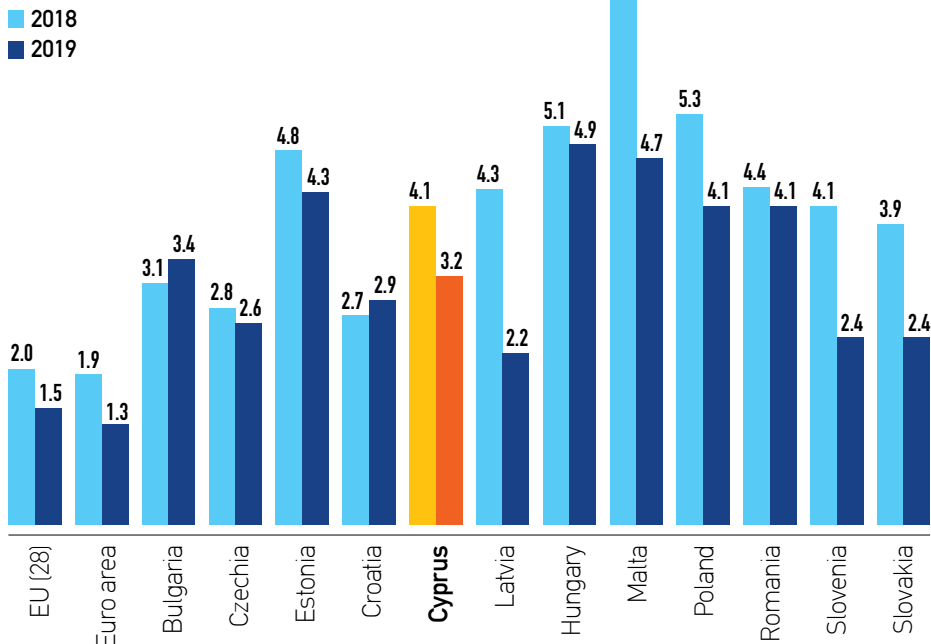
Source: Statistical Service of Cyprus (provisional data for 2019)

Real GDP % change

	2014	2015	2016	2017	2018	2019
Cyprus	-1.9	3.4	6.7	4.4	4.1p	3.2p
Euro Area	1.4	2.1	1.9	2.5	1.9	1.3
UK	2.6	2.4	1.9	1.9	1.3	1.5
USA	2.5	2.9	1.6	2.4	2.9	2.3

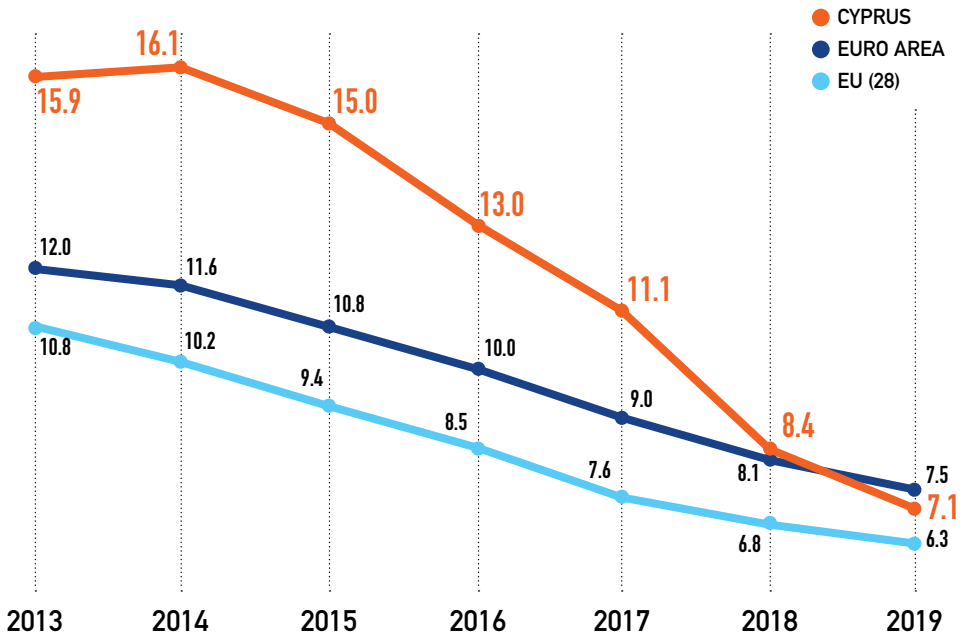
Source: Eurostat, European Commission

Real GDP growth rate %



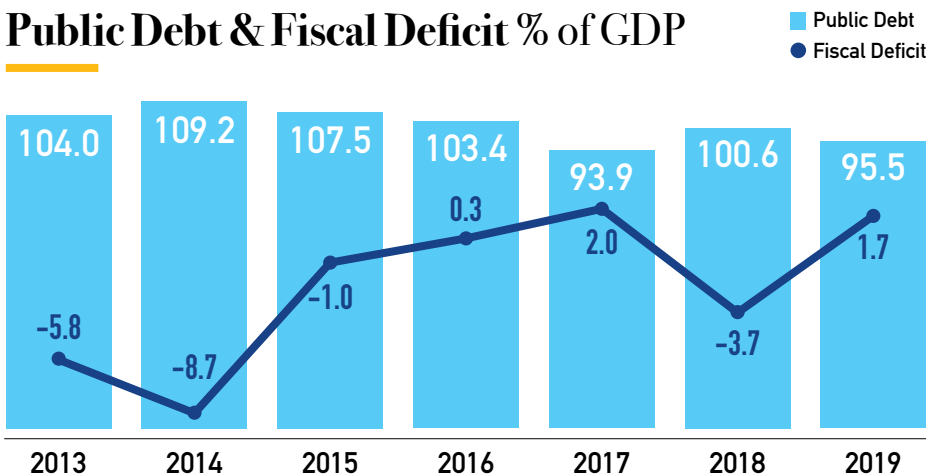
Source: Eurostat

Unemployment in Cyprus, the Euro area & the EU(28) %



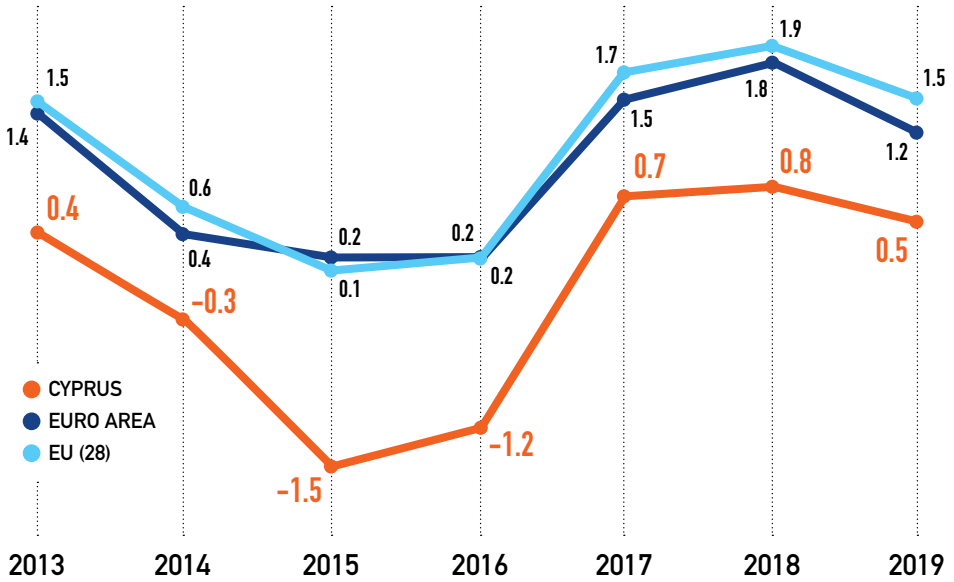
Source: Eurostat

Public Debt & Fiscal Deficit % of GDP



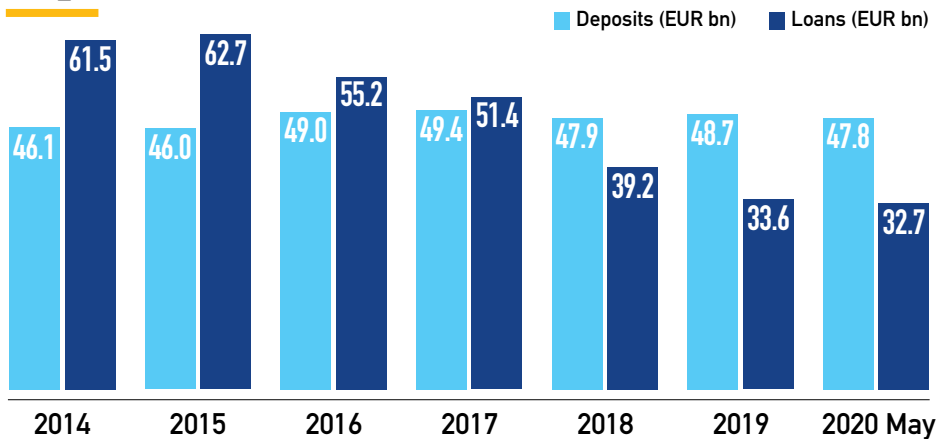
Source: Eurostat, Ministry of Finance

Inflation in Cyprus, the Euro area & the EU (28) %



Source: Eurostat

Deposits and Loans



Source: Central Bank of Cyprus

Banking Sector Statistics

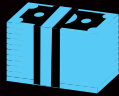
31/12/19

DEPOSITS (EUR bn)



48.7

LOANS (EUR bn)



33.6

BRANCHES



326

PERSONNEL



8,548

31/12/18

47.9

39.2

384

8,940

Source: Central Bank of Cyprus

NEW LOANS GIVEN
OVER THE YEAR

3.2 bn

HOUSEHOLDS

1.2 bn

CORPORATE

2.0 bn





YEAR UNDER REVIEW

Challenge is the new normal

Almost seven years after the peak of the previous sovereign debt and financial crisis in Cyprus, the country is now navigating new challenges that drive the public and the banking sector into uncharted waters.

The major threat of recession is looming ahead, for Cyprus as well as the rest of the world, as fears for the increase of unemployment and deterioration of debt repayment ability are now dominating the economic scene, while the economic growth trend of previous years in Cyprus is being reversed.

Over the last seven years the banking sector has demonstrated great ability in adapting to various new regulatory and legislative requirements. The banking sector's achievements were recognized by international institutions, independent observers of Cyprus' economy and private organizations like correspondent banks in the EU and USA.

At the same time as the local economy turned to positive performance, the Cypriot banks achieved significant de-escalation of the NPL ratio, provided billions of fresh loans both to households and companies and adapted to a very rigorous procession of amendments to regulatory, compliance and supervisory standards. Lessons learned during the last seven years have prepared well the banking sector to respond to the new crisis and the extraordinary circumstances that it has created, primarily in the domain of public health and secondly for the economy.

The road ahead is even more challenging, but the banking sector has proven its ability to overcome difficulties and adjust to each and every new development, requirement, and standard. A constructive approach, flexibility and willingness of stakeholders to work together are the elements to move away from today's circumstances to more prosperous days for all of us.



**DR. MICHAEL
KAMMAS**
Director General



Over the last seven years the banking sector has demonstrated great ability in adapting to various new regulatory and legislative requirements.

Estia Scheme

The sound management of non-performing exposures (NPEs) still remains the biggest challenge facing the Cypriot banking sector. Since 2015, non-performing facilities have decreased from €27.3b to €9.4b (as at the end of November 2019), following considerable efforts and effective management by Banks. Nevertheless, developments in the European banking sector, the pressing necessity to complete the Banking Union and the effects of the covid-19, inflict further pressure on Banks to intensify their efforts to reduce the stock of NPEs to a level close to the European average. In July 2018, the Cypriot government announced the Estia Scheme (Scheme) whose primary objective is to achieve a socially acceptable solution by offering financial assistance to distressed borrowers with non-performing loans secured by primary residence. It aims to assist and support borrowers (households and enterprises) facing financial difficulties and at the same time enable Banks to effectively manage NPEs and further support the deleverage of households and SMEs. According to the terms and conditions of the Scheme, borrowers that meet certain income and wealth eligibility criteria will be offered an opportunity to restructure their loans with pre-defined terms and conditions. The Scheme's main eligibility criteria are the following:

- Applicants are physical persons or SMEs.
- Credit facility classified as non-performing as at 30 September 2017.



**MICHAEL
KRONIDES**
Manager

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According to the terms and conditions of the Scheme, borrowers that meet certain income and wealth eligibility criteria will be offered an opportunity to restructure their loans.

- Loan/s secured by mortgage on primary residence.
- Market value of primary residence not exceeding €350,000.
- Annual income not exceeding pre-specified range.

The initial period for submitting applications was 2 September 2019 to 15 November 2019. Subsequently, due to strong interest, the Ministry of Finance extended the application period until 31 December 2019. Overall, approximately 6,500 applications have been submitted to the Banks that participate in the Scheme.

Banks are currently in the process of examining the applicants' eligibility for participation in the Scheme. All eligible applicants will subsequently be assessed in terms of viability and repayment ability. All eligible and viable applicants will be offered a standardized restructuring solution with the following features:

- Restructured loan amount will not exceed the lower of the outstanding debt and the market value of the primary residence.
- Interest rate for the first 7 years will be based on the 6-month Euribor plus 2.5% (cap at 3.5%) and thereafter on the 6-month Euribor plus 2% with no cap.
- Repayment period not exceeding 25 years.
- Any residual contractual loan amount remaining will be parked/frozen and will be written-off upon full repayment of the new restructured loan.

Following restructuring, the applicant/borrower will be granted a state subsidy



The Estia Scheme offers an opportunity to both households and SMEs to reduce uncertainty and to restructure their debts.

and will repay monthly 2/3 of the new (restructured) loan installment and the State will cover the remaining 1/3. During the last two years the Association has taken on a coordinating role between participating Banks (including 2 credit acquiring companies) and public authorities. The coordination revolved around two main areas. Firstly, addressing legal and other practical implementation issues, data protection issues, procedures and time schedule for implementation, drafting of application forms and other necessary documentation. Secondly, coordinating the development of an electronic platform where Banks will upload the application forms and other relevant supporting documentation so as to enable the State Agency to check and officially approve (or reject) all applications.

The Estia Scheme offers an opportunity to both households and SMEs to reduce uncertainty and to restructure their debts. At the same time, the Scheme will enable Banks to manage effectively this sensitive part of their NPE portfolio where loan security involves primary residence mortgages.

IFRS 9

The International Financial Reporting Standard 9 (IFRS 9) is effective for annual periods beginning on or after 1 January 2018 and specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This has an impact on the financial statements of banks (reserves and income statements) as it affects provisions. The Association and its advisors have been liaising with the Ministry of Finance in order to have clarity on the IFRS 9 impact for the calculation of Income Tax and Deemed Dividend Distribution.

DAC6

Cyprus is in the process of implementing the Council Directive 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable crossborder arrangements (the so-called “DAC6”). In brief, the DAC6 obliges service providers such as banks to report on cross-border tax planning arrangements of their clients that meet certain hallmarks. The purpose of DAC6 is to protect national tax bases from erosion by discouraging aggressive cross-border tax planning arrangements. The Association has carried out meetings where bank representatives had the opportunity to exchange views on DAC6 and receive information from tax advisors on the issue. In addition, the Association is taking part in the working group set by the Ministry of Finance to introduce DAC6 in Cyprus and it has provided input on the relevant draft law.



**CHRISTINA
ANTONIOU
PIERIDES**
Senior Advisor



In November 2019, the online auction platform set up by the Association went live (www.eauction-cy.com).

Consultation for the revision of stamp duty law and methodology

During the course of banking operations, member banks of the Association act on behalf of the state as collectors of stamp duty from their customers. The current law on stamp duty, which has been in place since 1963, was amended a number of times to keep up with changes in state policies and bank operations. The Association has engaged with the Ministry of Finance on past occasions to clarify the calculation methodology of stamp duty and has expressly called for the need to revise the law.

The Ministry of Finance started consultations in late 2018 in order to create a new law on stamp duty to replace the existing one. The Association submitted comments and in late 2019, it was invited to present members' views in the relevant committee of the House of Representatives. Since there was significant disagreement to the draft law, the Ministry of Finance was asked to resume consultations with interested parties. Following a number of meetings of the relevant committee of the Association, as well as meetings with Ministry of Finance, Tax Department and Stamp Duty officials, the Association submitted specific amendments to the draft law.

The new law is scheduled to be submitted to the House of Parliament in the second part of 2020.

Foreclosures of mortgaged real estate

In November 2019, the online auction platform set up by the Association went live (www.eauction-cy.com - See "ACB E-Auctions Ltd"). During the months leading to this, representatives of the Association held a number of meetings with bank members and with the IT service providers as well as with Ministry of Finance and Land Registry Department officials in order to arrive at the technical specifications of the system, the procedure of e-auctions, the legal framework and the qualifications, role and functions of the e-auction employees. Over the past twelve months, the Association liaised with the Ministry of Interior and with the Land Registry Department to address some practical issues that arose during the auction process. In addition, Association representatives and representatives from member banks met with the Tax Department Deputy Director to clarify certain issues related to the procedure for payment of VAT in foreclosures as well as the tax treatment of foreclosed real estate. Furthermore, meetings were held with the Troika representatives in order to brief them on the progress of physical and electronic auctions.

The “Electronic identity” Scheme

Digital transformation offers great challenges and opportunities for consumers and businesses. The adoption of new technologies and the digitization of society in general is rapidly evolving across the world. The introduction of new products and services, customer satisfaction, cost effectiveness and other business benefits are some of the advantages of digital transformation. In this context, the Association of Cyprus Banks and the Deputy Ministry of Research, Innovation and Digital Policy, in May 2020, signed a Memorandum of Understanding for the introduction of the national “e-identity” scheme in Cyprus. Under the MOU, the Association urges its member banks to accept and offer e-signatures to Cypriot citizens as well as to develop new electronic services, for the electronic signing of documents and the electronic identification of customers. In particular, the National Electronic Identity Scheme provides for the use of two certificates:

(a) electronic identification for access to information systems and
(b) electronic signature, with the same legal force as the handwritten signature. At first stage, the procedures for the adoption of “e-signature” are being implemented, enabling consumers to carry out electronically - without physical presence – transactions of public services, such as digital applications and documents as well as other banking, business and private transactions, in



MARIA IOANNOU
Senior Advisor

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The Association urges its member banks to accept and offer e-signatures to Cypriot citizens as well as to develop new electronic services.

an easy, flexible and secure way. The issuance of the certificates will be facilitated by member banks of the Association in cooperation with approved Trust Service Providers. The digital certificates have been designed according to eIDAS Regulation (EU) N°910/2014 which establishes a common ground for the creation of a safe and trusted ecosystem for business and citizens. eIDAS provides a legal framework for giving electronic signatures and seals within the EU the same legal value as a handwritten signature.

In order to obtain an electronic signature certificate, the customer must first visit his bank and create a digital account at the Service Providers portal. The customer then proceeds with an online application for the issuance of the e-signature certificate (eg qualified digital certificate for electronic signature purposes). Following this, he must visit his banking institution, which acts as the Local Registration Authority (LRA), for a face-to-face verification. As soon as the certificate is approved, he will receive an email notification and can start signing electronically. The certificate will be valid for one year and can be renewed.

The complete “e-identity” scheme (e-identity and e-signature) is expected to be implemented by the end of 2020, once the necessary legislative regulations and amendments are approved by the House of Parliament. Although more needs to be done, “e-identity” is undoubtedly one of the first milestones for moving away from traditional banking to the digital world.



In order to obtain an electronic signature certificate, the customer must first visit his bank and create a digital account at the Service Providers portal.

Human Resources, Social Affairs, Training and Development

The department continued to offer high value services to the members of the Association and the experienced personnel is always available to support member banks and to assist with the coordination and exchange of information between members in matters related to labour legislation and regulations and / or collective agreements .

One of the main activities of the department is to represent the Association at the Banking Committee for European Social Affairs (BCESA) of the European Banking Federation (EBF). Dr. Kammas, -Director General of the Association holds the position of Vice Chairman since 2013 and has been recently re-elected for a third consecutive three-year term.

The department prepared and published in 2019 the following surveys (for member banks only):

- a)** An overview of employment figures in the banking sector (such as information on demographic variables, academic and professional qualifications of bank employees, participation of women in the management hierarchy, data regarding the various types of employment in banks).
- b)** A report on bank employees' salaries and salary structure.
- c)** A report on the annual sick leave days in the banking sector.

EBF-BCESA

The Director General, Dr. Kammas and the Head of the Human Resources, Social Affairs, Training and Development, Dr. Rossides, represented the Association at the 66th and 67th meetings Banking Committee for European Social Affairs



DR. YIANNOS ROSSIDES

Head of Human Resources, Social Affairs, Training and Development



The Association and its member banks continued to follow closely the issue of cybercrime and its trends.

(EBF-BCESA) of the European Banking Federation in Brussels. The EBF-BCESA is the independent body of the European Banking Federation, representing national banking associations on issues related to social affairs and employment. The committee continued its work, representing banks during the implementation of the 2nd Pillar of the joint project between the European social partners on the impact of regulations on employment. Due to the current situation, the finalization of the project which was expected in November 2020 might be delayed.

European Sectoral Social Dialogue Banking (SSDB)

The Director General, Dr. Kammas and, Dr. Rossides, represented the EBF-BCESA and the Association at the meetings for the European SSDB, which took place in Brussels. The most notable achievement of the European social partners in banking during 2019-20 was the agreement on the joint declaration on the Employment Aspects of Providing Financial Services including Guidance, which was signed on 7 May 2020.

Cybercrime

The Association and its member banks continued to follow closely the issue of cybercrime and its trends, responded to requests for coordination, facilitated the exchange of information and the dissemination of important information

received by the EBF and EUROPOL. The most notable development regarding the Association and its members was the election of Mr. Panos Panayiotou as a representative of the European Banking Federation (EBF) in the Ad Hoc Working Group on cloud certification of ENISA (European Union Agency for Cybersecurity), which has undertaken the task to prepare a pan-European plan for the relevant certification of providers under the framework of the CyberSecurity Act.

Physical Security

Even as there were no physical robberies during 2019, in April 2020 we witnessed a small number of successful physical attacks with explosives against ATMs. The relevant working group, in cooperation with the police, suggested the implementation of a number of physical security measures as a deterrent factor against such attacks. Member banks also evaluate and plan the implementation of additional measures at the branch level to physically protect the ATMs and act as a deterrent factor. Moreover, the Association gathers, analyses and prepares an annual report presenting an overview of the physical attacks (e.g. bank robberies, ATM attacks) against bank branches occurring in Cyprus. The data collected are then included in the annual publication of the European Banking Federation, named “EBF Security Report”. The report presents the current situation and trends regarding bank robberies and other physical attacks in the European banking sector.

Reforms in Interest rate Benchmarks

According to the EU Benchmark Regulation, the calculation methodology of certain interest rate benchmarks, such as the Euro Interbank Offered Rate (Euribor) and the London Interbank Offered Rate (Libor) must be reformed in order to comply with the recommendations of the Financial Stability Board. Considering the above, a relevant Working Group was formed at the Association, with the aim of exchanging views and closely monitoring the developments in this area and making appropriate actions when needed.

Over the last year, the Association utilised its position as a member of the European Money Markets Institute (EMMI) which is the official administrator of the Euribor benchmark, and gathered useful information for its members and their customers.

Payment of government allowances by electronic means instead of cheques

One of the main goals of the National Payments Committee held under the auspices of the Central Bank of Cyprus, is to eventually replace all government payments to and from the public, with electronic means instead of cheques. Considering the above, the Association held a sequence of meetings between its members and government / CBC officials



**MARIOS
NICOLAOU**
Senior Advisor

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Over the last year, the Association utilised its position as a member of the European Money Markets Institute (EMMI) which is the official administrator of the Euribor benchmark, and gathered useful information for its members and their customers.

in order to implement this task, starting with government payments to retirees and foreigners residing in Cyprus. The usage of electronic payments became more crucial during the Covid-19 and lockdown period since the special allowances provided by the Ministry of Social Insurance to the public had to be granted efficiently, in a short period of time. The project is expected to be completed by the end of 2020.

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The usage
of electronic
payments became
more crucial during
the Covid-19 and
lockdown period.

Instant Payments

The SEPA Credit Transfer Instant Payments Scheme (SCT Inst) is the fourth payment scheme made available by the EPC, after the SEPA Credit Transfer, the SEPA Direct Debit Core, and the SEPA Direct Debit Business-to-Business schemes.

SCT Inst works like a regular SEPA credit transfer but much faster. Instead of having to wait up for to one business day in order to see the money credited in the beneficiary's account, the funds are transferred in ten seconds, with a maximum limit of 100.000 euro per transaction. As the scheme is still optional it is up to each SEPA-zone country / Bank to decide when to adhere.

Considering the above, the Association has co-operated with the Central Bank of Cyprus and organized a number of informative seminars and meetings for its member banks in order to examine all possible options before taking appropriate action. During the latest consultation, it was concluded that the adherence period for most member Banks is expected to take place during the second half of 2021.

Moneyval’s report on Cyprus

Moneyval’s Cyprus Assessment Report

(Report) was published in February 2020, which analyzes the compliance with the 40 recommendations of the Financial Action Task Force (FATF), the level of effectiveness of the Cypriot anti-terrorism system and provides recommendations on how the system could be strengthened.

The Report concludes that Cyprus understands the money laundering (ML) and terrorist financing (TF) risks that it faces to a large extent, however the understanding of terrorist financing risk is less comprehensive. The Report specifically refers to the banking sector as becoming more effective in mitigating risks. The latter being largely due to the increasingly sound supervisory practices of the Central Bank of Cyprus. It also positively references to a series of national initiatives applied by the Banks which specifically address the risks faced by Cyprus - for example, the issue of binding directives in relation to shell companies, increased standards for introduced business, and requirements for banks to meet customers who have been introduced and Beneficial Owners (BOs) of legal persons which are customers. Furthermore according to the Report Banks articulated a sophisticated understanding of the sanctions evasion risk and a generally high understanding of ML and TF risks. In addition Banks’ understanding of AML/ CFT legal obligations is very high, and are aware of international best practices and prudential considerations that go beyond legal obligations.

The Report identifies a series of further



**ELENA
FRIXOU**
Legal Senior
Advisor

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The Report specifically refers to the banking sector as becoming more effective in mitigating risks.

positive adequacy findings for the whole Cyprus framework and other areas in need of further improvement.

Positive Findings:

- There is good understanding of the most serious ML risks at the national and sectorial level and the National Strategy and Action Plan are in line with these risks.
- There is a good level of co-operation and co-ordination between the competent authorities both on policy issues, through the Advisory Authority, and at an operational level between the various competent authorities.
- Administrative services providers (ASPs) have implemented important measures to minimise AML/CFT risks.
- Cyprus has been effective in executing requests in a timely and constructive manner in response to all types of formal requests from countries with which it cooperates most actively. The Financial Intelligence Unit – FIU (‘MOKAS’) has been instrumental in freezing and confiscating assets on behalf of foreign jurisdictions.
- The FIU has the ability to support the operational needs of competent authorities through its analysis and dissemination functions while it has been instrumental in the development of the system.
- Cyprus has shown that it is vigilant regarding terrorism, with a strong counter terrorism infrastructure in place. Cyprus Police has carried out TF investigations where possible.

Areas in need of further improvement and recommendations:

- Cyprus Police should continue in developing expertise to effectively handle complex analysis cases generated by the

FIU and aggressively pursue ML cases especially those emanating from foreign criminal proceeds.

- Cyprus should increase financial investigations and subsequent freezing and confiscation of illegal proceeds.
- Cyprus should conduct a formal and comprehensive assessment of risks posed by legal persons and arrangements.
- The Non-Profit sector (NPO) has to be further risk assessed in order to identify potential vulnerabilities for terrorist financing or money laundering risks.
- The supervision of the real estate sector should be significantly enhanced with more monitoring of the real estate transactions.
- Cyprus should ensure that ASPs take action to enhance their ML/TF risk understanding and apply preventive measures commensurate with the risks. Effective and dissuasive sanctions should be imposed for breaches of AML/CFT requirements.
- The risks emanating from the operation of the Integrated Casino Resort in the near future should be appropriately evaluated and mitigated.
- The risks relating to the Cyprus Investment Programme have not been assessed comprehensively. Even as the improvements Cyprus and its banking sector have made are recognized by MONEYVAL, Cyprus remains committed to continuous reforms, and further enhancements have already been made since the Committee’s visit in May 2019. Steps are dynamically been taken to implement all MONEYVAL recommendations to further deepen the compliance culture and address any new risks.

Artemis Bank Information Systems Ltd - The year that has passed

Having entered the second decade of its life, Artemis Bank Information Systems Ltd (“Artemis”), a subsidiary company of the Association of Cyprus Banks, remains the only Credit Bureau in Cyprus recognized by the World Bank. It continues to offer tangible value to the local financial system by assisting the financial institutions in their customers’ creditworthiness assessment process, while at the macro level helps safeguarding commercial credit, mitigating credit risk and promoting the reliability of transactions in the economy. Furthermore, the existence of Artemis contributes to the improvement of the competitiveness of the Cypriot economy in the international scene.

The last twelve months were marked by a series of important developments for the company which further contributed to the consolidation of Artemis as a fully- fledged Credit Bureau.

Firstly, two additional Credit Acquiring Companies, “Gordian Holdings Ltd” and “APS Loan Management Ltd”, in addition to the Housing Finance Corporation, were onboarded to the Artemis Data Exchange mechanism. The Register of Artemis remains fully comprehensive as it continues to cover 100% of the financial market through receiving data from all 28 Banks in Cyprus offering credit facility products and all six (6) Credit Acquiring Companies. This data breadth along with data depth evidenced through the richness of data categories and fields in the Artemis Register, rank the Artemis Register high compared to the registers of other European Credit Bureaus. Artemis continues to enjoy a positive image in the economy as a trusted Data Controller. An example was the assignment to Artemis of the role of the data and software host for the ESTIA project. The project was successfully executed and the ESTIA software platform is currently employed by the participating



**YIANNIS
TOMASIDES**

General
Manager
Artemis Bank
Information
Systems



Artemis continues to enjoy a positive image in the economy as a trusted Data Controller.

financial institutions and the Ministry of Labor, Welfare and Social Insurance. Since inception, Artemis has been in compliance with all relevant legislation, and has taken all necessary actions to respect and fully protect the rights of the individuals whose data are stored in its register. In the Artemis Customer Service Office, the applications of physical and legal entities for accessing their data in the register in 2019 were increased by 35% compared to 2018. This is the first, but very important step in the fulfillment of the Artemis' role in educating the borrowers about the importance of honoring their commitments towards their credit facilities.

Operational excellence and the satisfaction of its clients' needs have always been key drivers for Artemis. In 2019, the company invested in own, dedicated hardware infrastructure managed by its technology partner, JCC Payment Systems Ltd. Recently, Artemis launched an enhanced version of its core product: The Credit Report. At the same time, Artemis continues to implement enhancements to its own software system, ArtCS.

Credit reporting systems are key to supporting a country's financial infrastructure and economy. At times of crisis, like the COVID-19 pandemic outbreak, the role of a Credit Bureau is elevated. The flow of data to Artemis has not been interrupted. Artemis data is fueling the decision-making process of the financial institutions when it comes to the assessment of the ability of a borrower to continue fulfilling the obligations towards an existing credit facility or the ability of the borrower to be granted a new credit facility. In the footsteps of the most advanced



VISION: To be the primary, trusted source of credit data in support of our clients and consumers towards a more successful economy for Cyprus.

MISSION: To provide the highest quality trusted data that clients and consumers can rely upon for more informed decision-making. We will achieve this by collecting and processing data, maintaining and enhancing our database, ensuring data protection, adhering to the highest service standards, investing in our people, and playing an active role in our industry, to the benefit of our clients, consumers and the economy at large.

Credit Bureaus abroad which are active in multiple sectors, Artemis envisages the establishment of data exchange mechanisms for serving industry players in other key sectors of the economy, also in need of creditworthiness information exchange for efficiency in their core operations.

The gradual implementation of its strategic roadmap as a Credit Bureau will allow Artemis to further increase its value to its stakeholders in the credit reporting ecosystem, to the benefit of the Cyprus economy, at large.

ACBE – Auctions LTD (www.eauction-cy.com)

ACBE – Auctions LTD (“EAUCTIONS”) is a private company, set up by the Association of Cyprus Banks as its subsidiary in 2019. EAUCTIONS is responsible for the maintenance, control and reliable operations of the Electronic Auctions Platform (“Platform”) through which the electronic auction of mortgaged properties takes place, based on the Immovable Property (Transfer and Mortgage) Law and the relevant Ministerial Decree (“Decree”) issued by the Minister of Finance on 2019. Additionally, EAUCTIONS promotes the platform to the public, aiming to increase the success rate of Online Auctions that conclude with the sale of the property auctioned. The Platform is the only e-auctions platform in Cyprus that complies with the provisions of the law and the Decree.

EAUCTIONS’s Platform was officially launched on Monday 18th November 2019 with success and the first e-auctions were carried out one month later (18th December 2019). The Platform quickly gained publicity and until May 2020 it attracted over 250 registered users and over 17,000 unique visitors.

More than 100 e-auctions were successfully conducted until 18th March 2020, of which 10% concluded with the sale of the immovable property auctioned. In some cases, successive bidding led to the final price reaching 15% above the reserve price.



**HERACLES
YIANNAKOU**

Auctions
Supervisor
ACB E-Auctions
Ltd

“
The Platform quickly gained publicity and until May 2020 it attracted over 250 registered users and over 17,000 unique visitors.”

Electronic auctions maintain the anonymity of bidders and eliminate the need for physical presence and proximity. Therefore, they minimize opportunities for bidders to collude or in any way interfere with the integrity of the auction process. In addition, electronic auctions allow the participation of bidders from all around the world.

As a result of the COVID - 19 virus crisis, the members of the Association decided

to suspend foreclosures for three months starting on 18th March 2020. This decision inevitably affected the operations of ACB E – Auctions LTD. Nevertheless, the company is using this time to launch and test new functionalities of the Platform such as acceptance of credit card deposits, to streamline operations through an invoicing and accounting module and to prepare its new corporate identity and digital marketing campaign.



How it works

• Do I need to register in order to view the properties published in your Platform?

No, the properties posted on our Platform are publicly available.

• Is it easy to participate in an auction and how is this done?

Yes. You will first need to register with us, following the steps provided. After registering, choose the e-auction(s) you would like to participate as a candidate bidder. As soon as you deposit the guarantee amount, your participation application is approved by the auctions' employee. On the date of the auction, log in to the Platform and place your bids.

• Is your Platform secure?

Yes, our Platform and all data are

encrypted. Additionally, we use two – factor verification process eliminating significantly the possibility of fraud.

• How much is the guarantee amount and how can I pay it?

According to the Decree, the guarantee amount is 10% of the reserve price. The Mortgage Lender may decrease the amount to 5%.

Payment can be made in one of the following ways, as the Administrator of the Electronic Auction may decide from time to time:

a) By banker's draft in the name of Mortgage Lender on behalf of whom the electronic auction is carried out, which must be delivered to the Administrator of the Electronic Auction following arrangements with the eauction Officer.

b) By blocking the amount through a credit or debit card. If this method is selected, the amount will be taken from the card of the candidate bidder only if he is the Highest Bidder.

Successful conclusion of a two year image campaign for the Cyprus banking sector

After two intensive years of constructive meetings, both in Cyprus and abroad, including presentations to US and EU based officials and big banks mainly in the USA, the local banking sector can now stand stronger, promoting all of its achievements of the past few years.

Following years of bad publicity for the local banking sector and the Cyprus economy, the member banks of ACB decided to promote various changes, investments on systems and their people's education in order to be fully compliant with European directives, international standards and sanction policies. This was carried out by implementing a two year image campaign for the improvement of the local banking sector, which has reached its end with excellent results for the banking sector as well as the country in general:

- Moneyval's report was especially positive, highlighting the enhanced international compliance standards and the development of a rigorous legal and operational framework.
- International media refer to Cyprus as an example of increasing and improving compliance standards.
- Independent organizations and institutions highlight the improvement that the local banking sector has made during the last years.

The member banks of ACB, in coordination and cooperation with supervisory authorities and other government entities, are fully committed for further improvements and better results at every level of international compliance standards.



**ANDREAS
COSTOURIS**
Communication

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International media refer to Cyprus as an example of increasing compliance standards and independent organizations and institutions highlight the improvement that the local banking sector has made.

Communicating banks' role at times of Corona Virus pandemic in Cyprus

Implementing a comprehensive communication plan of banks' and ACB's actions during the Covid-19 lockdown, the Association successfully promoted the local banking sector's role and multiple level efforts and contributions, to society as well as the economy. Given that the banks contributed directly and indirectly to the government's notable efforts to minimize the financial consequences of the pandemic, the Association communicated to the media its main message, namely that in this unprecedented situation the banks are not part of the problem but part of the solution.

The local banking sector provided funds, medicine, equipment and support for campaigns in various sectors of society, focusing on the areas of Public Health and Education. At the same time the banks, in coordination with the Central Bank of Cyprus and the government, implemented one of the most far-reaching moratorium across EU countries, with a long time period and cross-sector suspension of loan installments.

Furthermore, the Association promoted the above measures, actions and social responsibility campaigns, with a wide communication plan that covered all forms of media such as printed and online, tv and radio stations. The Association's communication plan spread the sector's message loud and clear: the banks are here, fighting with the rest of society to minimize the pandemic's impact.

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The Association's communication plan spread the sector's message loud and clear: the banks are here, fighting with the rest of society to minimize the pandemic's impact.

E-learning Platform & Webinars

Following the rapid evolution of technology and recognizing its advantages in the field of education the Association, in addition to the conventional seminars held during the period May 2019 - April 2020, created its own e-learning platform at the address **www.acb-elearning.com.cy**.

The Association is very close to implementing its first e-learning training program on "Information Security". A short version of the training program is available at no cost on the website of the Association. Furthermore, the Association is in the process of developing e-learning programs in the areas of AML (Anti-Money Laundering) and GDPR (General Data Protection Regulation).

The Association's aim is the further development of the platform, by creating an extensive library of e-learning modules for the provision of quality programs to its member banks and to other financial institutions and organizations.

The Association can develop e-learning programs in collaboration with its member banks collectively or bilaterally. It is worth noting that the electronic platform can give organizations working with the Association the opportunity to upload their own e-learning programs which will be available exclusively to their staff.

Lastly, the Association is announcing its first Webinar, a synchronous online training program titled «Directive 2014/59/EU establishing a framework for the Recovery and Resolution of Credit Institutions and Investment Firms (BRRD)», which was held on 7 & 8 May 2020. The Association, will continue offering synchronous online training opportunities to its members.



**MARIA
VARNAVA**
Officer



The Association's aim is the further development of the platform, by creating an extensive library of e-learning modules for the provision of quality programs.

The ACB Training Department Activities for the period May 2019 - April 2020

The ACB Training

Department organized and offered 22 seminars / presentations to its members, associated members and also to other interested organizations.

- To be in line with the Physical Security measures implemented at bank branches, 5 seminars were offered on the subject of "Security Against Armed Robbery."
- Regarding the Continuous Professional Development (CPD) requirements of persons in the public register – CySEC certification, 6 seminars were carried out.
- A custom-made seminar was offered to a financial organization on the subject "Negotiation Skills – 'Red Loans.'"
- The ACB Training Department organized a presentation on "E-Auctions" for its members.
- Training programmes were offered on the subjects of Credit Scoring, Credit Risk, Cybercrime, Relationship Management, Outsourcing, Banking Regulations, Deception Detection Techniques.

It is important to note that due to the unfortunate and unexpected circumstances caused by COVID-19, our training programmes (6 in total) scheduled for the 1st half of 2020 were postponed.

13 & 14 MAY 2019: Seminar: "Corporate Credit Scoring"

11 JUNE 2019: Seminar: "The Truth about Lies: Deception Detection Techniques from



**SKEVI
SOPHOCLEOUS**
Officer

the Interrogation Room to the Workplace Environment"

20 JUNE 2019: Seminar: "Advanced Risk Management"

10 JULY 2019: Presentation: "E-Auctions"

17 & 18 SEPTEMBER 2019: Seminar: "Banks Systems, Payment & Cybercrime"

SEPTEMBER & OCTOBER 2019 (4+1): Seminar: "Security Against Armed Robbery"

07 & 08 OCTOBER 2019: Seminar: "Negotiation Skills - 'Red Loans'"

07 OCTOBER 2019: Seminar: "MiFID II Overview" (CPD training for CySEC certification)

21 OCTOBER 2019: Seminar: "AML, KYC and Customer Due Diligence" (CPD training for CySEC certification)

24 OCTOBER 2019: Seminar: "Relationship Management: Achieving Buy in from Clients / Colleagues in Banks"

04 NOVEMBER 2019: Seminar: "Regulatory Requirements for Investment Research, Investment Advice and Portfolio Management" (CPD training for CySEC certification)

22 NOVEMBER 2019: Seminar: "CySEC Regulatory Updates" (CPD training for CySEC certification)

09 & 10 DECEMBER 2019: Seminar: "Measuring and Managing Credit Risk"

11 & 12 DECEMBER 2019: Seminar: "The Risks of Outsourcing in Banking"

11 DECEMBER 2019: Seminar: "Investment Funds Regulations: AIF, AIFMD and UCITS" (CPD training for CySEC certification)

13 DECEMBER 2019: Seminar: "CySEC Regulatory Updates" (CPD training for CySEC certification)

18 DECEMBER 2019: Seminar: "The Evolving Landscape in Banking Regulation"

10 & 11 FEBRUARY 2020: Seminar: "Retail Credit Risk and Credit Scoring"



THE ASSOCIATION



Association of Cyprus Banks profile

Through its representation of ten member banks, that hold more than 90% of market share and provide a full range of banking services, the Association of Cyprus Banks (ACB) is the voice of the Cyprus banking system. Its primary aim is to promote best practices for the interest of the banking sector and the local economy as a whole. The ACB is a non-profit organization through which common positions are formulated and promoted on banking and financial issues, when local legislative and governmental policies are determined. In communicating the industry's views, the ACB cooperates closely with the Central Bank of Cyprus, the House of Representatives and various Ministries as well as other private and public bodies. The Association also has a close relationship with the European Banking Federation (of which it is a member), national banking associations and global organizations.

Our Mission

To be the voice of the Cyprus banking sector domestically and abroad. We achieve this by being a reliable and effective interlocutor, whose positions are being taken seriously into account by all relevant decision-makers who impact banking, legal and regulatory developments.

Our mission is achieved by:

- **Promoting** the interests and cooperation of members with governmental bodies, the House of Representatives, various Ministries, the media and most importantly the Central Bank of Cyprus.
- **Influencing** the direction of the local regulatory and legislative framework concerning a broad range of issues relating to banking business and practices both in Cyprus and abroad.
- **Collecting** a regular flow of documentation and material from local and international organizations regarding economic and financial matters and keeping members informed of developments affecting banking policies and practices.
- **Enhancing** the relationship with other banking associations, the European Banking Federation, and other influential European or global organizations in the financial sector. Our goal is for the domestic banking community to adopt international banking practices and know-how.
- **Generating** a better understanding of the value and quality of banking services and the significant contribution of the banking sector in the economic, social and cultural scene of the country.
- **Promoting** educational and consultative seminars and training courses to the professional staff of banks and encouraging participation in conferences and seminars organized locally and abroad.

Organizational framework

Board of Directors: The Association of Cyprus Banks is governed by the Board of Directors, whose members are appointed by member banks.

Chairman and Vice-Chairmen: The Association's Chairman is appointed yearly on a rotation basis by the Board of Directors. This position is filled by Board Members appointed by the four largest member banks (according to the total number of employees). There are three Vice-Chairmen, whereby one Vice-Chairman is the Board Member of the largest member bank (or the second-largest, in the years that the Board Member of the largest member is appointed Chairman), and two Vice-Chairmen who are assigned yearly out of the remaining Board Members.

Executive Committee: The Chairman and three Vice-Chairmen together with the Director General, form the Executive Committee. The Executive Committee decides on pressing matters that require urgent response, represents the Association in meetings with government officials and institutions and implements the general policy, as defined by the Board of Directors.

Director General: The Director General is appointed by the Board of Directors and heads a team of professional and highly qualified staff, manages the running of the day-to-day activities of the Association, makes recommendations to the Board regarding the Association's policies and internal organization, reports on major issues of its operation and supervises all tasks which have been delegated to him according to the Articles of Association of the ACB. The Director General is a non-voting member of the Executive Committee.

Interbank Committees:

In order to meet the needs of members and operate efficiently and proactively, the Association has established the following Permanent Interbank Advisory Committees, as well as various Working Groups to address specific issues.

1. Legal Committee
2. Banking Regulation and Supervision Committee
3. AML and Regulatory Compliance Committee
4. Financial Markets Committee
5. Retail & Consumer Affairs Committee
6. Accounts & Fiscal Committee
7. Organization & Methods Committee
8. Internal Audit Committee
9. Payments - SEPA Committee
10. HR and Training Committee

Publications

The Association of Cyprus Banks publishes the monthly Newsletter and the Cyprus Banking Insight. The Newsletter is addressed only to member banks and aims to inform and update the reader about the Association's main activities, the Director General and the Senior Advisors' meetings with various authorities and organizations concerning the discussion of matters relating to the banking sector, the European Banking Federation Committee meetings where the Association's representatives participate, and the meetings of the Association's different Committees. The Cyprus Banking Insight is a specialized publication addressed to member banks as well as other individuals or organizations, both local and overseas, that are interested in current issues relating to the banking sector. The Cyprus Banking Insight is sent to all member banks, the Governor and Senior Officers of the Central Bank of Cyprus, the Ministry of Finance and members of various Committees of the House of Representatives. It is also sent to the European Banking Federation and its members. Every issue of the Cyprus Banking Insight contains articles provided by the Association's Senior Advisors, member banks and guest contributors from the broader financial sector, and it addresses ongoing issues that influence Cyprus' economy and in particular the banking sector.

The Member Banks

Membership of the Association is open to any institution which is legally authorized to operate as a registered bank, whether local or foreign, in Cyprus, and which can provide banking services. Applications are also accepted by other legal entities such as associations or unions, which are non-profit organizations and whose own members are banking institutions. Participation to the Association can be either in the form of Regular or Associate membership. Applications for new membership are subject to approval by the members of the Board of Directors of the Association and subsequently by the General Assembly.

The bank members of the Association offer a diverse range of products and services. Beyond the traditional deposit and lending services, banks have established their own subsidiaries providing short and medium term credit, hire purchase finance facilities, investment services (such as asset management, investment advice and brokerage), factoring and invoice discounting services, electronic and telephone banking, private banking as well as all types of insurance services. The Association of Cyprus Banks represents 10 banks operating in Cyprus, as well as of four associate members, which includes a state owned financial institution, two asset management companies and a debt servicer. Member banks employ around 9.000 professionals and hold a market share of more than 90% in terms of local lending and deposits.

The Member Banks

BANK OF CYPRUS PUBLIC COMPANY LTD



Number of branches: **86**
 Number of ATM: **158**
 Number of employees: **3,311**
 Head Office: **51 Stasinou Str., Ayia Paraskevi, 2002 Strovolos, P.O.Box 21472, 1599 Nicosia**
Tel: 22122100 Fax: 22378111
www.bankofcyprus.com

HELLENIC BANK PUBLIC COMPANY LTD



Number of branches: **119**
 Number of ATM: **180**
 Number of employees: **2,886**
 Head Office: **Corner Limassol Av. & 200 Athalassas Av., 2025 Strovolosm P.O.Box 24747, 1394 Nicosia**
Tel: 22500000 Fax: 22500050
www.hellenicbank.com

ALPHA BANK CYPRUS LTD



Number of branches: **22**
 Number of ATM: **25**
 Number of employees: **683**
 Head Office: **Alpha Bank Building, 3 Lemesou Avenue, 2112 Aglantzia, Nicosia, P.O.Box 21661, 1596 Nicosia**
Tel: 22888888 Fax: 22773788
www.alphabank.com.cy

NATIONAL BANK OF GREECE (CYPRUS) LTD



Number of branches: **9**
 Number of ATM: **12**
 Number of employees: **233**
 Head Office: **15 Arch. Makarios III Avenue, 1065 Nicosia, P.O.Box 21191, 1597 Nicosia**
Tel: 22040000 Fax: 22840010
www.nbg.com.cy

CDBBANK



Number of branches: **2**
 Number of ATM: **2**
 Number of employees: **141**
 Head Office: **50 Arch. Makarios III Avenue, Alpha House, 1065 Nicosia, P.O.Box 21415, 1508 Nicosia**
Tel: 22846500 Fax: 22846600
www.cdb.com.cy



SOCIETE GENERALE BANK - CYPRUS LIMITED

Number of branches: 4
Number of ATM: 4
Number of employees: 111
Head Office: 88 Dighenis Akritas & 36 Kypranoros Str., 1061 Nicosia, P.O. Box 25400, 1309 Nicosia
Tel: 80007777 Fax: 70005588
www.sgbcy.com



ASTROBANK PUBLIC COMPANY LIMITED

Number of branches: 16
Number of ATM: 17
Number of employees: 540
Head Office: 1 Spyrou Kyprianou Avenue, 1065 Nicosia, P.O.Box 25700, 1393 Nicosia
Tel: 80011800 (24hour) or 22575555 (from abroad)
Fax: 22760890 www.astrobank.com



EUROBANK CYPRUS LTD

Number of branches: 8
Number of ATM: 0
Number of employees: 411
Head Office: 541 Arch. Makariou III Avenue, 1065 Nicosia
Tel: 22208000, Fax: 22776722
www.eurobank.com.cy



RCB BANK LTD

Number of branches: 8
Number of ATM: 9
Number of employees: 301
Head Office: 2 Amathountos Str., 3105 Limassol, P.O.Box 56868, 3310 Limassol
Tel: 25837300, Fax: 25342192
www.rcbcy.com



ANCORIA BANK LTD

Number of branches: 3
Number of ATM: 5
Number of employees: 83
Head Office: 12 Demostheni Severi Avenue, 1st Floor, 1080 Nicosia, P.O.Box 23418, 1683 Nicosia,
Tel: 22849001 Fax: 22849002
www.ancoriabank.com

Associate Members



Housing Finance Corporation

ΚΥΠΡΙΑΚΗ ΕΤΑΙΡΕΙΑ ΔΙΑΧΕΙΡΙΣΗΣ
Περιορισμένων Στοιχείων Από (ΚΕΔΙΠΕΣ)





15, Demetriou Karatasou str., 4th floor, Flat 401, 2024 Strovolos
P.O.Box 16113, 2086 Nicosia - Cyprus

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E-mail: info@acb.com.cy **Web:** www.acb.com.cy



ASSOCIATION OF CYPRUS BANKS

on web and social media
anywhere, anytime



follow us

 LINKEDIN: [acbcyprus](https://www.linkedin.com/company/acbcyprus)

 TWITTER: [ACBcyprus](https://twitter.com/ACBcyprus)

WEBSITE: acb.com.cy

BLOG: acbcyprus.blogspot.com.cy

