

**annual
REVIEW
2024-25**



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

TEL: +357 22664293 FAX: +357 22665135 E-MAIL: info@acb.com.cy

LINKEDIN: acbcyprus TWITTER: ACBcyprus YOUTUBE: acb Cyprus WEBSITE: acb.com.cy

The Annual Review is a publication of the Association of Cyprus Banks (ACB). No part of this publication may be reproduced without the permission of the ACB. The views and opinions expressed by the authors in the publication are provided in the authors' personal capacities and are their sole responsibility. Furthermore the views and opinions expressed are not necessarily those of the ACB and its Board of Directors and must neither be regarded as constituting advice on any matter whatsoever, nor are interpreted as such.



ASSOCIATION OF CYPRUS BANKS

BOARD OF DIRECTORS

Chairman



Aristidis Vourakis
ASTROBANK LTD
Chief Executive Officer

Chairman



Antonis Rouvas
HELLENIC BANK
PUBLIC COMPANY LTD
Chief Financial Officer

Director General



Michael Kammass



Panicos Nicolaou
BANK OF CYPRUS
PUBLIC COMPANY LTD
Chief Executive Officer



Miltos Michailas
ALPHA BANK CYPRUS LTD
Managing Director



George Agioutantis
NATIONAL BANK OF
GREECE (CYPRUS) LTD
Managing Director



Loucas Marangos
CDBBANK
Chief Executive Officer



Khalil Letayf
SOCIETE GENERALE
BANK CYPRUS LTD
General Manager



Demetris Shacallis
EUROBANK CYPRUS LTD
General Manager



Kyriacos Christodoulou
ANCORIA BANK LTD
Interim Chief Executive Officer
& Chief Financial Officer





Christoforos Kaplanis
HOUSING FINANCE CORPORATION
General Manager


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. Member banks employ around 6.000 professionals and hold a market share of more than 90% in terms of local lending and deposits.

BANK OF CYPRUS PUBLIC COMPANY LTD




**54**
+2 cash offices


**131**


**2,488**


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




**52**


**158**


**2,163**


Head Office: Corner Limassol Av. & 200 Athalassas Av., 2025 Strovolos, P.O.Box 24747, 1394 Nicosia
Tel: 22500000 **Fax:** 22500050
www.hellenicbank.com

ALPHA BANK CYPRUS LTD




**12**


**15**


**402**


Head Office: Alpha Bank Building, 3 Lemesou Av., 2112 Aglantzia, P.O.Box 21661, 1596 Nicosia
Tel: 22888888 **Fax:** 22773788
www.alphabank.com.cy

NATIONAL BANK OF GREECE (CYPRUS) LTD




**2**


**5**


**131**


Head Office: 15 Arch. Makarios III Avenue, 1065 Nicosia, P.O.Box 21191, 1597 Nicosia
Tel: 22040000 **Fax:** 22840010
www.nbg.com.cy

THE CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LTD




**2**


**0**


**140**


Head Office: 50 Arch. Makarios III Avenue, Alpha House, 1065 Nicosia, P.O.Box 21415, 1508 Nicosia
Tel: 80007979 or 22846500 (from abroad)
Fax: 22846600 **www.cdb.com.cy**

SOCIETE GENERALE BANK - CYPRUS LIMITED




**3**


**3**


**112**


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




**15**


**15**


**384**


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



**8**

**0**

**503**

Head Office: 28 Spyrou Kyprianou Avenue, 1075 Nicosia
Tel: 22208000 **Fax:** 22776722
www.eurobank.com.cy

ANCORIA BANK LTD




**3**


**5**

**122**


Head Office: 12 Demostheni Severi Avenue, 1st Floor, 1080 Nicosia, P.O.Box 23418, 1683 Nicosia
Tel: 22849001 **Fax:** 22849002
www.ancoriabank.com

HOUSING FINANCE CORPORATION



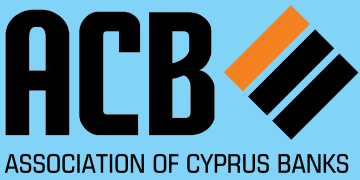
**5**

**0**

**80**

Head Office: 2 Lefkonos Str., 2064 Strovolos, Nicosia, P.O.Box 23898, 1687 Nicosia
Tel: 22503333 **Fax:** 22503330
www.hfc.com.cy

ASSOCIATE MEMBER
BANQUE SBA (CYPRUS)



10

MEMBER BANKS

1 ASSOCIATE MEMBER:
BANQUE SBA (CYPRUS)

1969

16

PROFFESIONALS

SUBSIDIARIES: ARTEMIS CREDIT BUREAU & ACB E-AUCTIONS LTD

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.

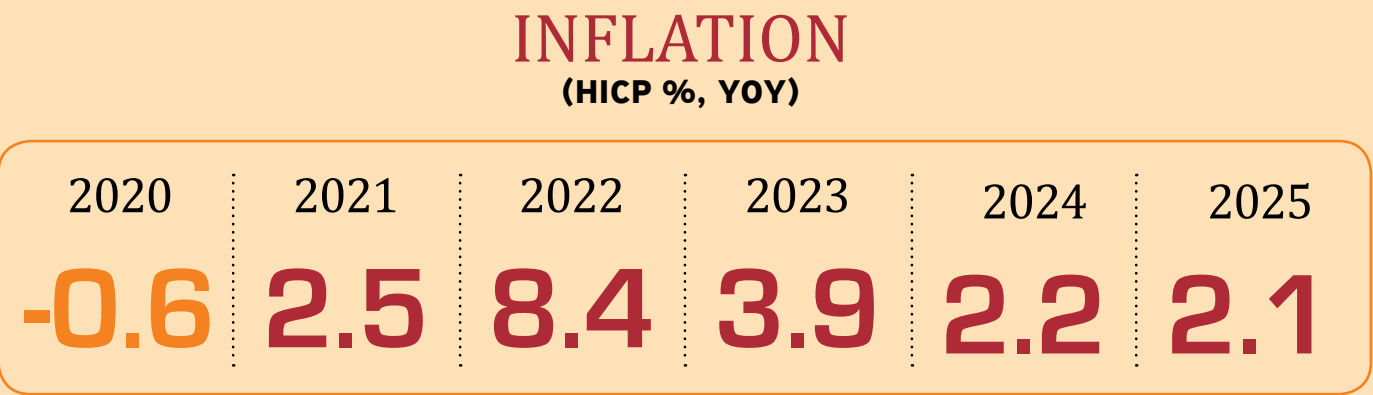
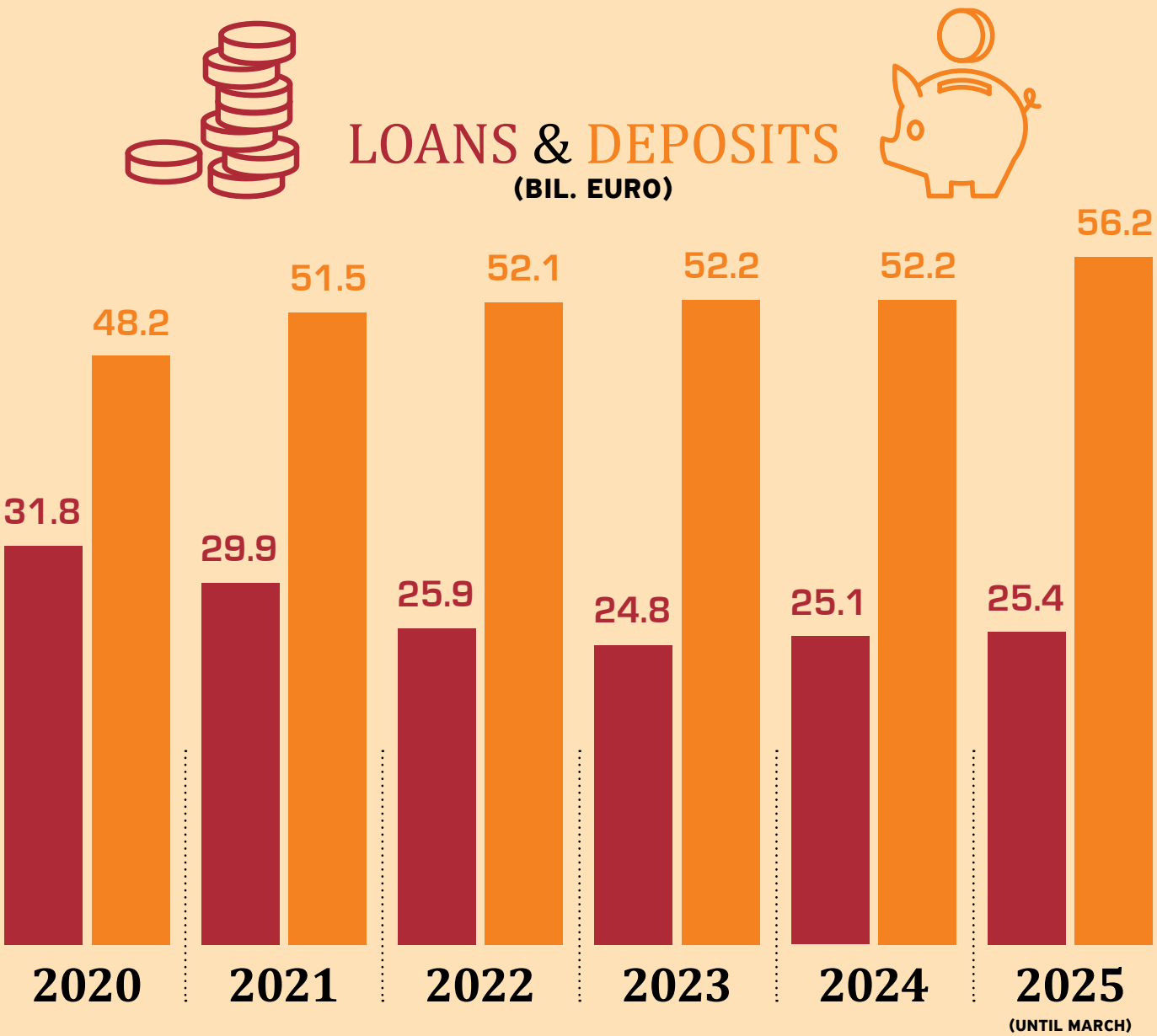
■ **EXECUTIVE COMMITTEE:** The Chairman and three Vice-Chairmen together with the Director General, form the Executive Committee. The Executive Committee decides on pressing matters that require urgent response, represents the Association in meetings with government officials and institutions and implements 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.

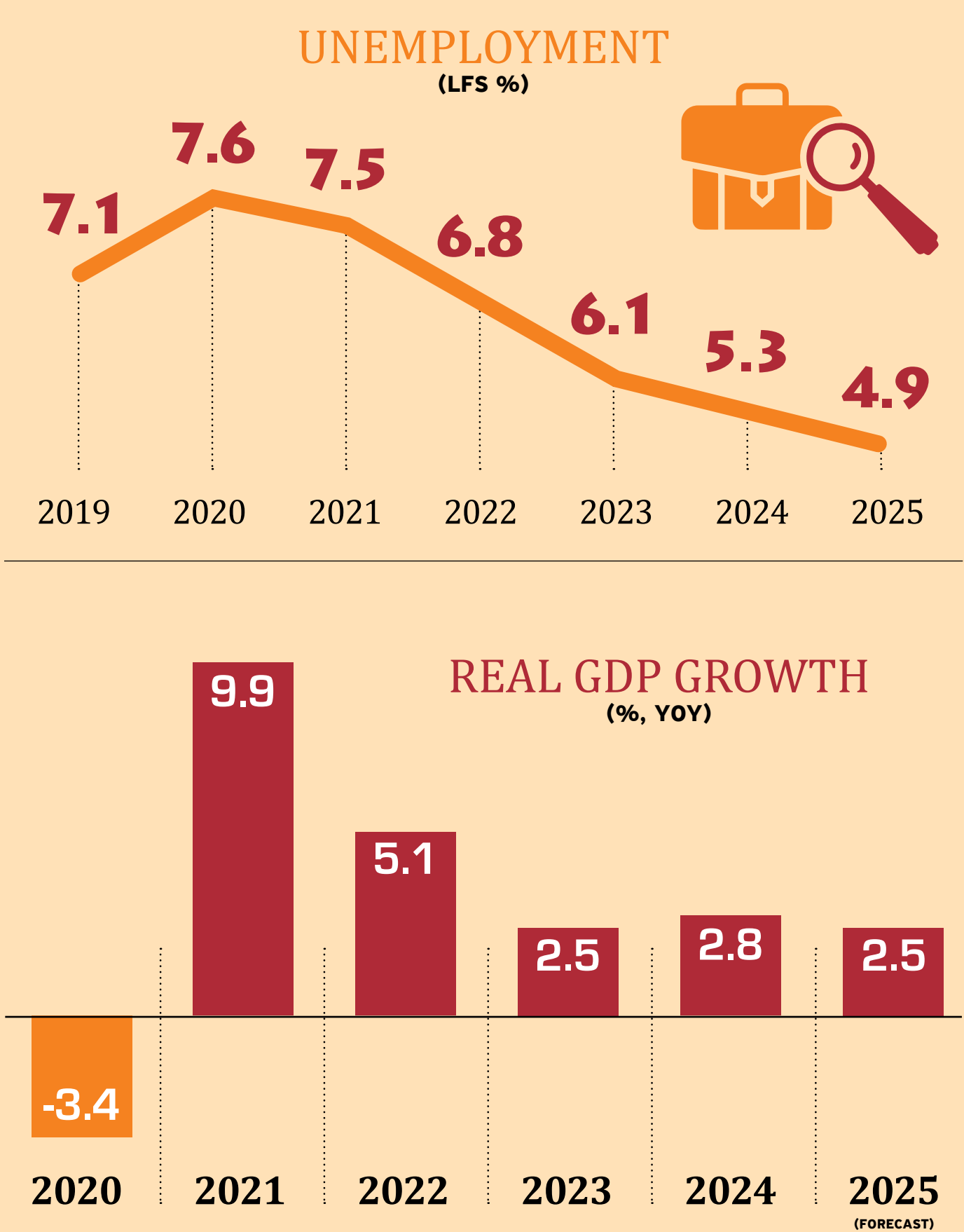
INTERBANK COMMITTEES

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
11. ESG Committee



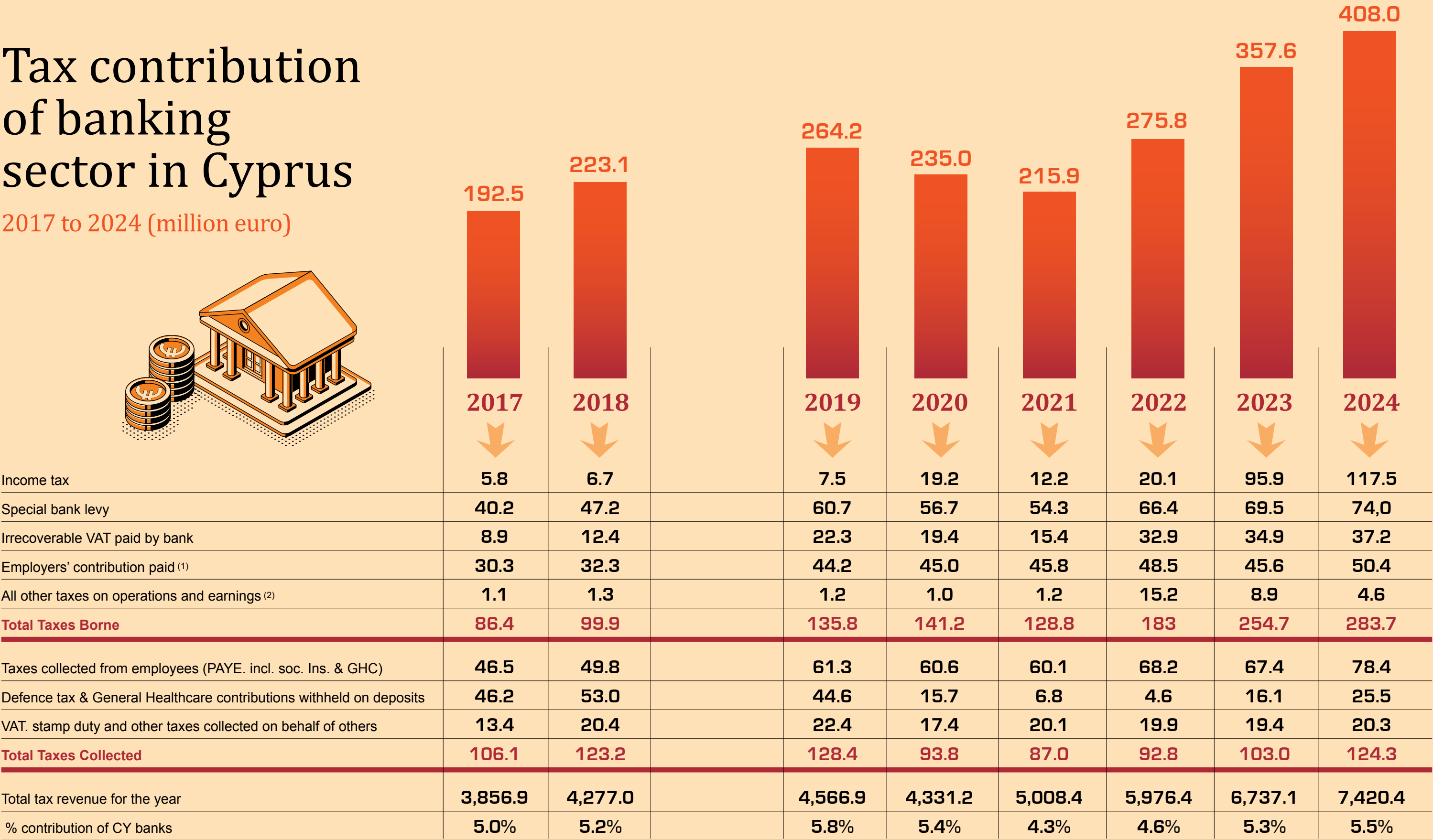
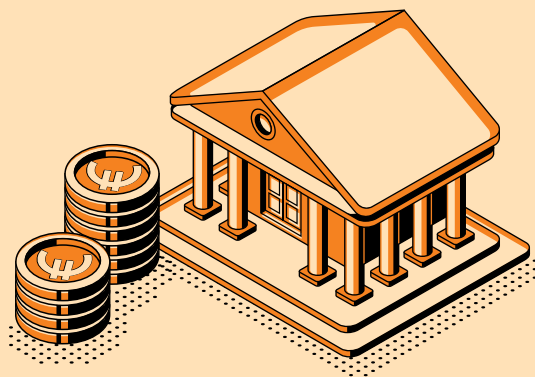
SOURCE: CENTRAL BANK OF CYPRUS



SOURCE: EUROSTAT / EUROPEAN COMMISSION

Tax contribution of banking sector in Cyprus

2017 to 2024 (million euro)



(1) Social insurance, general healthcare contributions, redundancy fund, industrial training contribution, cohesion fund.
(2) All other taxes, levies and special defence tax (except defence tax on deposits) that are part of bank expenses, including property tax, capital gains tax, stamp duty (on behalf of bank - NOT on behalf of clients), defence tax on deemed dividend distribution. defense tax & GHC withheld on dividends.



A momentous year for Cyprus and European Banking Sector

ARISTIDIS VOURAKIS
Chairman of
the Association
of Cyprus Banks

A SECOND YEAR of record profitability for European banks: As monetary policy continued to remain restrictive with interest rates hovering close to the highest levels of the last few years, strong profitability has been recorded for a second year in a row by the European banking sector. This has allowed for systematic built-up of capital buffers, further asset quality improvement, as well as increasing returns to shareholders in the form of dividend distributions and buybacks. The improved operating environment allowed the inspiration for a number of consolidation initiatives also on a cross-border basis.

CYPRUS BANKING SECTOR followed closely the European trends: Cyprus banking sector registered a second year of record profit as well. Consolidated sector profits exceeded again €1 billion. Core tier 1 of the banking sector reached 24.5% comparing favourably with the European banking sector at 16%. Sector NPL ratio was reduced to 6.2%, gradually converging to the European levels, while sector liquidity ratio at 333% outstrips minimum requirements and European averages. Consolidation initiatives have also gathered pace, with two major combinations among the top 5 banks under way.

STILL THE EFFECTS of the 2013 crisis are visible in the local market: Despite the strong progress registered in the last two years, the effects of the 2013 crisis are still present in the banking sector and society. Sector profits of 2023

ACB CONTINUES TO BE THE MAIN INTERLOCUTOR TOWARDS NATIONAL AND INTERNATIONAL STAKEHOLDERS, PARTICIPATING IN THE PUBLIC DEBATE, PROVIDING TRANSPARENT INFORMATION TO THE HOUSE OF REPRESENTATIVES AND CONTRIBUTING TO ITS LEGISLATIVE WORK, AND MAINTAINING RELATIONS WITH KEY INTERNATIONAL STAKEHOLDERS.

and 2024 have still to offset on a cumulative basis the losses recorded in the aftermath of the final crisis in 2013. Shareholders in 2014 have yet to reach the cost levels, let alone 2007 levels that most European banks are also still lagging. Dividend distributions remain still modest on a sector level, while a substantial amount of non-performing loans remains under the ownership of specialised non-bank entities with the urgent need of rehabilitation of borrowers and their assets.

STRONG COMPLIANCE and ESG Contribution: 2024 has been another year where Cyprus banks have contributed to European wide initiatives with strong sanctions adherence, strong control and compliance systems underscored by 2024 Moneyval report, and cooperation towards the initiatives of the Presidency of the Republic of Cyprus to this direction. ESG agenda has also progressed, with most Cyprus banks having announced clear targets and being ready for the initial 2025 reporting season.

2025 BRINGS NEW CHALLENGES with the Banks in Cyprus ready to contribute: Energy crisis has been averted following the 2022 disruption. Nevertheless, the requirements for investment in networks and upgrade of legacy infrastructures are ever increasing and urgent, as recent events have shown. 2025 brings further requirements for the rerouting of supply chains and critical systems and supplies autonomy. Cyprus and European Banks have the liquidity and capital to facilitate this transition and can kickstart the investment program already prior to the full implementation of the Capital Markets and Banking Union. Clear and consistent direction as well as regulatory support is needed to facilitate change.

ASSOCIATION OF CYPRUS BANKS has remained a key player: ACB has kept a key role in terms of both advocacy and providing critical infrastructure. ACB continues to be the main interlocutor towards national and international stakeholders, participating in the public debate, providing transparent information to the House of Representatives and contributing to its legislative work, and maintaining relations with key international stakeholders. In parallel Artemis, the ACB sponsored Credit Bureau, has upgraded its offering to include ESG scoring for corporates as well as a dynamic credit scoring model.

Looking Ahead

ACB LOOKS FORWARD to continuing its long-standing cooperation with stakeholders, including the Government of the Republic of Cyprus and Central Bank of Cyprus. The risks for economic prosperity and the investment requirements are substantial. The banking sector has the means and the expertise to contribute. Banks should be viewed as partners and sources for strength that, equally to other sectors in the economy, need to be fostered.



The evolving landscape of banking in Cyprus

MICHAEL KAMMAS

Director General
of the Association
of Cyprus Banks

AS WE REFLECT on the past year and look ahead to the future, the banking sector in Cyprus continues to navigate an evolving landscape marked by both challenges and opportunities. The global economic environment, digital transformation, regulatory framework and shifting customer expectations are shaping the way banks operate and deliver services with a crucial role for the local economy and society.

THE LOCAL BANKING SECTOR has demonstrated resilience in the face of uncertainty, reinforcing stability and trust in the financial system with direct effect to the economy. In the past year, banks have continued their efforts to strengthen capital buffers, improve governance, and enhance risk management frameworks. These steps have positioned the industry on a solid footing to support economic growth and meet the needs of businesses, households and individuals alike.

Digital is key

ONE OF THE MOST SIGNIFICANT transformations in banking is digitalization. Technological advancements are redefining how financial services are accessed and delivered, with a growing focus on convenience, security, and innovation. The shift towards digital banking is accelerating, driven by increasing customer demand for seamless and efficient banking transactions (i.e. deposits, withdrawals, payments, online shopping). As an industry, we are committed to

THE LOCAL BANKING SECTOR HAS DEMONSTRATED
RESILIENCE IN THE FACE OF UNCERTAINTY,
REINFORCING STABILITY AND TRUST IN THE FINANCIAL
SYSTEM WITH DIRECT EFFECT TO THE ECONOMY.

ensuring that this transition is inclusive, secure, and beneficial for all stakeholders. Concurrently, efforts are being made to address the specific needs of older customers, ensuring they have access to traditional banking services while also facilitating their transition to digital solutions.

Ongoing efforts

FURTHERMORE, regulatory developments at both the European and national levels unfold at a brisk pace. Compliance with evolving standards, particularly in areas such as Anti-money Laundering and Terrorism Finance (AML/TF), sustainable finance, and consumer protection, remains a top priority. Banks in Cyprus are fully aligned with these efforts, reinforcing their role as responsible financial intermediaries contributing to a stable and transparent economic environment.

SUSTAINABILITY is also at the forefront of banking strategies. Environmental, social, and governance principles (ESG) are becoming crucial to decision-making processes, influencing investment strategies, risk assessments and corporate policies. Banks in Cyprus are increasingly embracing green finance initiatives, supporting projects that support sustainability and contribute to a more resilient future.

The way forward

ON A PERSONAL NOTE, as this marks my final year as Director General of the Association, I would like to take the opportunity to thank our Board of Directors for their trust and support, as well as the staff of the Association for their dedication and loyalty. After XX years at the Association, looking back it is evident that the banking landscape today bears no resemblance to the one in the 1980's. Banking institutions as well as their supervision are resting on much stronger foundations and are well positioned to withstand the new challenges stemming from global instability. Looking ahead, the banking sector will continue to serve as a pillar of economic progress, stability and prosperity for the benefit of the society, the environment and the economy in general.

AS I PREPARE TO CONCLUDE my tenure at the Association, I do so with a deep sense of pride in how far the sector has come and with optimism for the future — even as complex challenges have become the new norm. The transformation of the banking sector over the decades has been remarkable, from localised, traditional operations to dynamic institutions embedded in a global financial system. Today, banks in Cyprus are better capitalised, technologically advanced, and more attuned to the needs of society and the environment than ever before. The Association of Cyprus Banks will continue to play a key role in this journey -fostering cooperation, advocating for sound policy, and promoting innovation and resilience as the sector navigates the road ahead. It is through shared purpose and strong institutions that we will continue to build a banking system that supports a sustainable and inclusive future.

IN AN ERA defined by uncertainty and rapid changes, stability, resilience, and long-term vision are not just aspirations; they are necessities. Banks in Cyprus serve as a typical example of these qualities, navigating through complexity with prudence and purpose. Despite the challenges at multiple levels, the sector remains on a steady course, steering toward safe waters.

Tax on Bank profits: our position explained



**MICHAEL
KRONIDES**
Senior Manager

IN THE SECOND HALF of 2024, there was an intense public discussion and various legislative initiatives aiming to impose an additional tax on bank profits. We strongly contested these initiatives and explained with reasoned arguments the banking sector's opposition of an additional bank levy.

SINCE MID-2022 Cypriot banks, in line with other EU banks, have been recording increased profitability, mostly driven by the tightening of the ECB's monetary policy. The effects of tighter monetary policy on bank profitability are expected to be temporary, and any legislative proposals for an extraordinary tax, especially when initiated by political parties and not the government, send the wrong signals to current and potential investors.

OUR ASSOCIATION took part in the discussions at the Finance Committee of the House of Representatives as well as with other stakeholders, and strongly disagreed with the proposed bill for the following reasons:

- 1.** The legislative proposal essentially constitutes a third direct tax on banks. Apart from the tax on profits, they pay a "special tax" levy on total deposits (liabilities) imposed in 2011, irrespective of profitability. For the period 2017-2023 banks paid a total of over €400m in special tax, despite the fact that in some financial years they recorded significant losses due to increased provisions to cover credit risk losses.
- 2.** Profitability is a sign of a healthy financial system as it allows banks to boost their Tier-1 capital. Retained and undistributed earnings enable banks to strengthen their capital base and to continue to provide funding to the economy. During previous years when the European Central Bank was applying an expansionary monetary policy, banks in Cyprus strove to absorb and not pass on the cost of negative euro deposit rates to their customers, thereby adversely impacting their income and profitability. As a result, the recent gains from this stage of the policy cycle can be seen to counter the previous losses, as well as to maintain adequate provision for possibly increased impairments as the repayment capacity of borrowers deteriorates in the future.
- 3.** Current geopolitical risks significantly affect the economy and its prospects. In the financial sector, a slight credit risk deterioration was observed, and as a result the European Central Bank has cautioned banks to be prepared to manage any negative developments that may result in potential losses in banks' loan portfolios.
- 4.** The sovereign rating of Cyprus as well as its attractiveness as a foreign investment destination depends on the stability of the legal and taxation framework. Any sign of instability or uncertainty impacts negatively the reputation



of Cyprus, thwarting efforts to attract significant foreign investments not only in the banking sector but in other sectors of the economy.

OVER THE PAST twelve years, both the Cypriot economy and the local banking sector have come a long way towards strengthening the resilience of the economy and the banking system. This success story has occurred in a period of consecutive financial and geopolitical crises, from the economic and financial crisis in 2013, to the covid-19 pandemic in 2020 as well the wars in Ukraine and the Middle East in 2022 and 2023 respectively.

BOTH the sovereign rating as well as the credit rating of the Cypriot systemic banks have been consistently improving and have now both been upgraded to investment grade. This is very positive news for the Cypriot economy and the financial sector and an indication of the great potential ahead. Despite the difficult challenges faced in the last decade, the economy and the banking sector successfully adapted to the new geopolitical and business realities and we are confident they will continue to grow for the benefit of local businesses and households.



ANY LEGISLATIVE PROPOSALS FOR AN EXTRAORDINARY TAX, ESPECIALLY WHEN INITIATED BY POLITICAL PARTIES AND NOT THE GOVERNMENT, SEND THE WRONG SIGNALS TO CURRENT AND POTENTIAL INVESTORS.

Legislative developments regarding the banking sector



**ELENA
FRIXOU**
Head of Legal
Department

Cyprus Banking Image Campaign 2024

THE ACB, through a special Bank Officials Delegation, successfully concluded in September 2024 a US Roadshow. As a result, the exemplary progress of the Cyprus Banking System was reinstated, mainly in areas concerning AML/CFT, as well as the firm application of relevant procedures and practices in line with the highest international standards.

Updates on Secondary Markets for Non-Performing Loans

THE CREDIT SERVICES and Credit Purchasers and Related matters Law was enacted in 2024, harmonising the Cyprus legislative framework with the European Directive 2021/2167. The legislation aims to facilitate the creation of a secondary market for Non-Performing Loans (NPLs), regulate the licensing and supervision of credit servicers, and protect borrowers' rights in loan sale transactions.

THE NEW FRAMEWORK applies to credit facilities transferred or sold by credit institutions after its enactment, as well as to all future restructurings, substitutions, modifications, and resales of such loans by a credit purchaser. Under the new framework, only Credit Services are obliged to obtain a license from the Central Bank of Cyprus, whereas Credit Purchasers are no longer supervised by the Central Bank of Cyprus and therefore do not need to have a license whatsoever.

CREDIT FACILITIES that have already been transferred and are currently held by credit institutions prior to the new framework taking effect, will remain governed by the provisions of the Sale of Credit Facilities and Related Matters Law, which will continue to apply to any future restructuring or resales of these facilities.

Combatting Money Laundering and Terrorist Financing

THE ASSOCIATION plays an instrumental role in the process of the review and update of the Anti-Money Laundering Countering Terrorist Financing (AML/CFT) Legislative and Regulatory Framework and has developed a close cooperation with the Central Bank of Cyprus (CBC) and other Supervisory authorities, relevant organisations and the Government towards that end.

DURING 2024, THE ASSOCIATION:

1. Actively participated in the consultation process for the proposed new AML/CFT Directive of the Central Bank of Cyprus expected to be enacted in 2025.
2. Addressed several clarifications to the relevant Authorities regarding the

implementation of the Cyprus AML/CFT legislative framework and Sanctions implementation.

3. As member of the AML and Financial Crime Committee of the European Banking Federation and the Cyprus National Advisory Authority for Combating Money Laundering, is participating in the preparation processes for the next national risk assessment.

Interest Rate Subsidy Scheme for Income Qualified Home Loans

MEMBER BANKS of the ACB are participating in the current Interest Rate Subsidy Scheme for Mortgage Loans with Income Criteria, launched by the Ministry of Finance in 2024. All deliberations, coordination and legal preparation were successfully discussed and agreed through the ACB dedicated committees.

THE PURPOSE of the Scheme is to provide financial support to households that have taken out loans for home ownership purposes, in the form of an interest rate subsidy with the aim of alleviating the negative effects on disposable income from the increase in inflation and interest rates.



THE ASSOCIATION PLAYS AN INSTRUMENTAL ROLE IN THE PROCESS OF THE REVIEW AND UPDATE OF THE ANTI-MONEY LAUNDERING COUNTERING TERRORIST FINANCING (AML/CFT) LEGISLATIVE AND REGULATORY FRAMEWORK.



Main activities of the Human Resources, Social Affairs, Training, and Development Department



DR. YIANNOS ROSSIDES

Head of Human Resources, Social Affairs, Training and Development

A. SUPPORT AND COORDINATION: The department provides support and facilitates coordination among member banks on matters related to labor legislation, regulations, and collective agreements. The Employers' Association of Cyprus Banks assists its members in labor relations issues and continues its efforts to achieve a sectoral collective agreement with the union.

B. TRAINING PROGRAMS: The department offers high-quality training programs, mainly to employees of member banks. Programs can be offered online (webinars) and in-person in collaboration with renowned educators, both from Cyprus and abroad, to enhance program effectiveness. Asynchronous e-learning programs are available, covering a wide range of topics such as AML, GDPR, information security and physical security of branches.

C. ANNUAL REPORTS FOR MEMBER BANKS: Overview of employment statistics in the banking sector, including demographic data, qualifications, and women's participation in management. Report on the average labour cost and average gross salaries per bank employee. Report on sick leave trends within the banking sector.

European Banking Federation – Banking Committee for European Social Affairs (EBF-BCESA)

THE ASSOCIATION was represented by Dr. Michalis Kammas, Director General, and Dr. Yiannos Rossides, Head of Human Resources, Social Affairs, Training, and Development, at the European Banking Federation's Banking Committee for European Social Affairs (EBF-BCESA) meetings held throughout the past year.

THE EBF-BCESA operates as an autonomous entity in relation to the other committees within the European Banking Federation, and serves as the collective voice of National Banking Associations on employment and social affairs matters within the banking sector.

European Sectoral Social Dialogue in Banking

MOREOVER, Dr. Kammas and Dr. Rossides, represent the Association in the

European Sectoral Social Dialogue (SSD) meetings for the banking sector. They also represent the EBF-BCESA, in collaboration with the Chairman of the committee, to the sectoral meetings of the SSD. Usually, the members of the sectoral social dialogue committee meet three times annually. The most noteworthy achievement of the past year was the conclusion of the European Commission-funded project examining the effects and integration of Artificial Intelligence (AI) in employment within the European banking sector. At the final conference of this project, the European social partners of the banking sector signed a Joint Declaration on the employment aspects of AI.

Cybercrime Initiatives

THE ASSOCIATION'S Cybercrime Working Group remains proactive in monitoring cybercrime trends and collaborates closely with key authorities, including the Digital Security Authority (DSA) and the Central Bank of Cyprus, to emphasize the importance of cybersecurity.

The Association also participates in meetings with the relevant committees of the House of Representatives during the enactment and amendments of laws related to cybersecurity, such as the transposition of the Directive for NIS2 to the national legislation.

THE ΑΣΠΙΣ CAMPAIGN, initiated by the Association, is conducted annually, or when needed to enhance public awareness of cybersecurity threats. This initiative, developed in partnership with the DSA and law enforcement agencies, underscores a collective commitment to educating the public on cybersecurity measures. The campaign aims to improve general awareness and preparedness against cyber threats.

ADDITIONALLY, the Association actively participates in and leads the annual European Money Mule Action campaign (EMMA9) in Cyprus. This initiative, coordinated by the European Banking Federation and Europol, focuses on raising awareness and combating financial fraud.

LASTLY, the Association, in collaboration with Mastercard Cyprus, is currently conducting an awareness campaign through television, radio and social media to raise awareness and educate the public on the three main methods of electronic fraud, that is, phishing, smishing and vishing. The campaign aims to alert the public on these methods and to educate the public to be always informed and avoid responding to notifications, calls, or emails of unknown origin.



THE EMPLOYERS' ASSOCIATION OF CYPRUS BANKS ASSISTS ITS MEMBERS IN LABOR RELATIONS ISSUES AND CONTINUES ITS EFFORTS TO ACHIEVE A SECTORAL COLLECTIVE AGREEMENT WITH THE UNION.

Cyprus Tax Reform



CHRISTINA ANTONIOU PIERIDES
Head of Business Development & Fiscal Policy

TOWARDS THE END OF 2023, the Cyprus government commenced a two-year project that entailed the long-anticipated comprehensive reform of Cyprus’s tax system. This project was assigned to the University of Cyprus Economics Research Centre with the aim of modernizing the tax system, while retaining the competitiveness of the economy and safeguarding the sustainability of public finances and arriving at a fairer distribution of national income.

THE ASSOCIATION has long been an advocate of the necessity for a comprehensive tax reform, given that the last time this occurred was in 2002. Since then, the Association has actively promoted for improvements in the tax system to iron out distortions, reduce the administrative burden and improve the competitiveness of Cyprus.

IT IS NOTED that the tax contribution of banks (taxes paid and collected) amounts to approximately 5% of the total tax revenues in Cyprus while, in addition, banks make a significant contribution to the state’s actions to combat tax evasion through their due diligence and compliance with data submission procedures. Therefore, the banking sector consists of one of the main stakeholders in the tax reform project and, as such, the Association has been involved in the deliberations since the start of the project and discussed the recommendations of its members with the project’s steering committee.

THE MAIN RECOMMENDATIONS of the Association consisted of:

- The abolition of the special banking levy, as the reasons for its introduction in 2011 are no longer in place.
- The abolition of the stamp duty, or at the very least its significant overall simplification and its elimination regarding shipping transactions, which will boost shipping finance as well as the competitiveness of Cyprus as maritime centre.
- The abolition of deemed dividend distribution, which is a disproportionate burden on Cypriot investors.
- Extension of loss carry-forward, in line with the practice in other jurisdictions.
- Alignment of the tax treatment of provisions to their IFRS accounting treatment to simplify tax computations and resolve the deferred tax implications.
- Offsetting bank group losses with subsidiary profits for subsidiaries (SPVs) that own real estate due to loan restructuring.
- Modernization of indirect taxation, the introduction of the option to tax (VAT) for financial services and allowance of VAT groupings for financial entities.
- Upgrading of the role of the Tax Tribunal based on best practice in competitive jurisdictions.
- Reduction of the tax administration burden on all companies, in relation to



the computation and payment of taxes, and specifically the reduction of the administration burden of banks related to withholding and payment of taxes on behalf of their clients as well as on client checks regarding tax evasion.

THE KEY PRELIMINARY PROPOSALS were presented in February 2025 to all the relevant stakeholders and the Association took part in the process of giving follow-up feedback and suggestions. The proposals are expected to be finalized during 2025, and once the reform package is reviewed by the Ministry of Finance, it will be forwarded to the House of Representatives for ratification. The Association is anticipating further changes and clarifications to be announced in the coming months and will be involved in the consultation of the various legislative proposals.



THE ASSOCIATION HAS ACTIVELY PROMOTED FOR IMPROVEMENTS IN THE TAX SYSTEM TO IRON OUT DISTORTIONS, REDUCE THE ADMINISTRATIVE BURDEN AND IMPROVE THE COMPETITIVENESS OF CYPRUS.

Introduction of Local Government Reform

THE LOCAL GOVERNMENT REFORM was introduced on 1st July 2024, which encompassed the merger of municipalities and communities, the creation of Provincial Self - Government Organisations to take over public utilities such as water supply and waste management, the introduction of new service providers for communities and the merger of school boards.

THE ASSOCIATION and its members have been collaborating intensively, for many months, with the State services, the House of Representatives, the supervisory authority, as well as representatives of the Municipalities, the Communities, the provincial self-government organizations (EOA) and JCC Payment Systems, with the aim of ensuring the smooth transition and operation of the new local government organizations.

FOLLOWING THE INTRODUCTION of the Local Government Reform and the feedback of relevant stakeholders, it became apparent that the preparatory



THE PREPARATORY WORK OF THE MEMBERS OF THE ASSOCIATION PAID OFF AND CONTRIBUTED EFFECTIVELY TO A SMOOTH TRANSITION REGARDING THE BANKING AND PAYMENTS ASPECT OF THE REFORM.

work of the members of the Association paid off and contributed effectively to a smooth transition regarding the banking and payments aspect of the reform. Throughout the transition, the Association stayed in touch with all parties to quickly resolve some minor practical issues that emerged and facilitated co-ordination between members to establish best practices regarding the new organizations.

AFTER THE INTRODUCTION of the reform and with the experience of the first months of operation of the new local government framework, the Ministry of Interior proceeded to re-examine the legal framework to fine-tune certain issues. The Association processed and communicated to the competent Ministry and to the House of Representatives its recommendations regarding the relevant legislation, which aimed to improve the operation of the new organizations as well as to address some practical issues that emerged.

Directive concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (2010/24/EU)

THE ASSOCIATION took part in the consultation of the Ministry of Finance to amend the legal framework implementing EU Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures. This amendment occurred due to recommendations sent by the European Commission.

FOLLOWING THE INPUT given by the Association and its participation in the relevant Parliamentary Committee, the House of Representatives voted for an amendment to the Law Concerning Mutual Assistance for the Recovery of Claims Relating to Taxes, Duties and Other Measures, as well as an amendment to the Business of Credit Institutions Law.

IN ADDITION, the Association liaised with the Ministry of Finance and the other four competent authorities to arrive at the procedures for implementing the required exchange of information between the competent authorities and the credit institutions. Through the Association and its relevant working groups, members identified workable solutions to legal, data protection, operational and technical issues that arose. The Association discussed these proposals with the competent authorities and is now waiting for the feedback of the Commissioner for Personal Data Protection on the draft Decree. The Association will then take part in the finalization of the Decree and the conclusion of bilateral cooperation agreements between each bank and each competent authority. Additionally, the Association will facilitate the development of the relevant technological infrastructure and testing for implementation of the data exchange.

Adoption of the Instant Payments Regulation



MARIOS NICOLAOU
Senior Advisor
& Expert on
Payment Systems
and Banking
Operations

THE INSTANT PAYMENTS REGULATION (IPR) was adopted by all EU countries on April 9, 2024. Its main purpose is to regularize an initiative introduced by the European Payments Council, known as SEPA Instant Credit Transfers (ICT). According to SEPA ICT, all Instant Credit Transfers (either domestic or cross-border) must be processed and transferred from the Payer's to the Recipient's account within 10 seconds, at any time, 24/7, and at any Bank within the SEPA zone area. The SEPA area includes the 27 member states plus another 10 countries, inside and outside the EU, including Switzerland and the United Kingdom.

THE IPR is part of the EU's broader effort to create a single and more integrated and efficient payments system across Europe, which is seen as a crucial tool for promoting economic growth and facilitating cross-border trade. The Regulation describes rules, requirements and procedures for adopting Instant Payments in an effective manner that will benefit all stakeholders, namely Banks, Businesses, Consumers and the Government.

INSTANT PAYMENTS are considered a major technological innovation in the world of payments, since they offer opportunities for Banks to develop new solutions for payments. An example is the use of mobile payment applications on smartphones, whereby the mobile telephone number of the Recipient is used as an alternative to his IBAN. This method enables consumers to make easier and quicker payments as they will not have to locate and correctly post the Recipient's IBAN before making a payment.

ANOTHER IMPORTANT development of the IPR is the Verification of Payee (VOP) provision which must be adopted by Payment Service Providers (PSPs) by October 9, 2025. VOP requires from PSPs to confirm that the recipient's name matches his account details before processing a transaction. This added security measure helps prevent fraud and accidental errors by alerting users to mismatches.

CONSIDERING the above developments, the Association has formed an Instant Payments working group, whose members are representatives from distinct Bank departments (Payments, Operations, Information Technology, Legal and Compliance). The working group's meetings focus mainly on compliance, technical and operational matters.



INSTANT PAYMENTS ARE CONSIDERED A MAJOR TECHNOLOGICAL INNOVATION IN THE WORLD OF PAYMENTS.

Payment Services Directive 3 (PSD3) and Payment Services Regulation (PSR)

In June 2023 the European Commission introduced two significant legislative Proposals: the third Payment Services Directive (PSD3) and the Payment Services Regulation (PSR). These initiatives aim to enhance the European payments market by building upon the foundations of PSD2, aiming at greater harmonization and reduction of national discrepancies.

Objectives of PSD3 and PSR

THE PRIMARY GOALS OF PSD3 AND PSR ARE:

- **Combating Payment Fraud:** Implementing measures to detect and prevent fraudulent activities, thereby safeguarding consumers and financial institutions.
- **Enhancing Consumer Rights:** Strengthening protections to ensure that consumers have greater control and transparency over their financial transactions.
- **Levelling the Playing Field:** Ensuring fair competition between banks and non-bank entities by standardizing regulations across the board.
- **Advancing Open Banking:** Improving the framework to facilitate secure and efficient data sharing between financial institutions and third-party providers.
- **Ensuring Cash Availability:** Guaranteeing that consumers have adequate access to cash through various channels, including ATMs and retail outlets.
- **Harmonizing the EU Payment Market:** Reducing national variations to create a more unified and efficient payment landscape across the European Union.

Key Differences Between PSD3 and PSR

WHILE BOTH PSD3 AND PSR aim to refine the regulatory environment, they serve distinct functions:

- **PSD3:** As a Directive, PSD3 focuses on the licensing and operational aspects of Payment Service Providers. It requires transposition into national laws, allowing for some degree of flexibility in implementation across member states.
- **PSR:** In contrast, PSR is a Regulation that becomes directly applicable in all EU member states without the need for national legislation. It encompasses rules related to transparency, payment transactions, and the management of operational and security risks.

Implications for Stakeholders

CONSUMERS: The new legislations promise safer and more transparent payment services. Enhanced Strong Customer Authentication methods will contribute to more secure purchasing experiences. Additionally, consumers will benefit from stricter rules governing access to their payment and account information, along with improved mechanisms to manage permissions granted to various service providers.

BANKS AND PAYMENT SERVICE PROVIDERS: Financial institutions will face stricter performance and compliance requirements. This includes obligations to enhance technical infrastructures, adhere to uniform standards across the EU, and implement more robust fraud prevention measures. Non-compliance could result in tougher sanctions, emphasizing the need for institutions to align closely with the new regulatory framework.

Timeline and Implementation

THE LEGISLATIVE PROPOSALS for PSD3 and PSR are currently under review by the European Parliament and Council. Final versions are anticipated towards the end of 2025. Considering the typical 18-month transition period granted to EU member states, it is expected that PSD3 and PSR will become applicable during 2027.

CONSIDERING THE ABOVE developments, the Association has formed a PSD3 and PSR working group, comprised of members from several Bank departments (Payments, Operations, Information Technology, Legal and Compliance). The working group is continuously updated on the development of the two legislations at the European level and has attended a 3-day informative seminar, organised by the Association.

Digital Euro

THE DIGITAL EURO is an initiative proposed by the European Central Bank (ECB) to complement physical cash, to promote financial innovation, and maintain monetary sovereignty. The idea emerged from a growing recognition that digital payments are becoming an important part of our daily lives, and from an increasing demand of citizens for a secure, efficient, and ECB-backed alternative to both traditional cash and decentralized cryptocurrencies. The digital euro is designed to coexist with bank deposits and cash, ensuring that the existing financial ecosystem is enhanced rather than replaced.

THE IMPLEMENTATION ROADMAP has been divided into the three following phases:

- **Research Phase (2021-2023):** Started in October 2021 and completed in the fall of 2023.
- **Development and Testing Phase (2023-2026):** Aimed at developing and testing the technical solutions and operational arrangements for delivering the digital euro. At the end of this phase, the final decision on project implementation will be made.
- **Implementation and launch Phase (2026 -?):** Provided the previous phase is successfully completed and a final decision to implement the project is reached, the launch phase for the digital euro will commence. The completion date of this third phase and its official introduction in the market is not yet known.

REQUIREMENTS from Stakeholders (once the final implementation decision is reached):

- **Banks, EMIs, and PIs:** They will be responsible for the distribution and support of the digital euro, ensuring broad accessibility for all citizens and businesses.
- **Merchants:** They must adapt their payment systems to accept the digital euro, ensuring ease-of-use and efficient transactions.
- **Citizens:** They will have the opportunity to use the digital euro for their daily transactions, both in physical stores and for online purchases.

THE USES of the digital euro are extensive. It promises to streamline transactions by providing a near-instantaneous settlement mechanism, which could significantly reduce payment processing times and costs. Additionally, the digital euro is seen as a tool for enhancing cross-border payments within the European Union, offering a more integrated payment experience. Moreover, the introduction of a digital euro could stimulate further innovation in the financial technology sector, opening new avenues for payment services and digital financial products.

DESPITE THE ABOVE BENEFITS, the adoption of the digital euro has been associated with the following obstacles and challenges:

- **Legal and Regulatory Framework:** Concerns exist regarding its compatibility with current European legislations on money, taxation, and personal data protection.
- **Technical Challenges:** Banks need to install additional systems and safeguards to ensure that the digital euro is secure from cyberattacks and is technologically reliable.
- **Privacy and Anonymity:** The ECB demands a high level of data protection while balancing privacy with the need to prevent criminal activities (such as money laundering), where personal data might be compromised if an action is deemed suspicious.
- **Public Acceptance:** Citizens who are not familiar with technology (especially the elderly) must trust and adopt the new system.
- **Holding Limits:** The per-customer holding limits for the digital euro have not been decided yet (anticipated to range between €1,000 and €10,000). This remains debatable since banks prefer lower limits to avoid impacting their deposits.

THE ASSOCIATION became a member of the European Banking Federation's (EBF) Digital Euro Expert Group (DEEG) and has formed its own digital Euro Working Group with member banks. The scope of the group is to observe the developments and exchange views on various project-related issues, such as: interoperability with existing payment systems, cybersecurity, data privacy, and compliance.



THE DIGITAL EURO PROMISES TO STREAMLINE TRANSACTIONS BY PROVIDING A NEAR-INSTANTANEOUS SETTLEMENT MECHANISM, WHICH COULD SIGNIFICANTLY REDUCE PAYMENT PROCESSING TIMES AND COSTS.

Protection of Enclaved Buyers



SOPHIA
IOANNOU
Senior Legal
Advisor

THE 2015 REVISION of the Transfer and Mortgage of Immovable Property Law 9/1965 – by addition of articles 44IH to 44KZ – aimed to solve the problem of enclaved buyers who purchased properties by 31st December 2014. In this context, enclaved buyers are considered as those who purchased properties under construction, paid the price in full (or almost) but were then unable to have it transferred under their name. This was because even though the developer had been paid, he failed to use the money received from the buyer to repay his mortgage.

AS PER THE PROVISIONS OF THE LAW, the Director of the Department of Lands and Surveys (DLS) was granted the power to examine applications of enclaved buyers who had filed their sale contract with DLS by specified dates and met the following criteria:

- A.** They provided evidence that the sale price has been paid in full (or, if not, that they transferred the balance into a Land Registry account).
- B.** A separate title had been issued for the property.

IN THE ABSENCE OF AN OBJECTION by the mortgagee or the seller (for reasons pertaining to the validity or the execution of the sale agreement), the Director would proceed to transfer the property under the name of the buyer free from any encumbrances relating to obligations of the seller. This mechanism was used extensively - with the cooperation of credit institutions which filed objections only in cases of fraudulent transactions – and, as a result, more than eleven thousand properties were transferred to enclaved buyers.

THE COURT OF APPEAL, overturning a decision of the District Court, ruled in June 2024 that the abovementioned articles of the Law governing the mechanism were unconstitutional as they effectively deprived the credit institution of its rights arising from the mortgage. As a result, the DLS immediately suspended the examination of applications, leaving around nine thousand applications pending¹, half of which are considered as applications by buyers enclaved due to pending obligations of the developers to their banks.²

¹ Data presented by the DLS before the parliamentary committee.

² The rest of the applications relate to cases where the buyer is not hindered due to obligations of the developer to his bank but due to problems in the title issuing process, such as non-conformity of the structure to the building permit etc.



THE ACB WAS INVITED TO SUBMIT ITS VIEWS TO THE WORKING GROUP AND REITERATED ITS OVERALL SUPPORT ON THE EFFORT TO RESOLVE THE ISSUE, AS WELL AS INFORMED THE GROUP OF THE VIEWS AND COMMENTS OF ITS MEMBERS REGARDING THE PROPOSED CHANGES.

DUE TO THE LARGE NUMBER of pending applications and the social repercussions, the matter was discussed before a committee of the House of Representatives in October 2024 and January 2025, whereby a working group was formed in order to reach a solution. The group was comprised of officers of the DLS, the Ministry of the Interior and some members of the House of Representatives. The group convened several times and invited interested parties to submit their views on a draft bill amending the Law so as to:

- Require the consent of the credit institution or a Court Order in cases where the mortgage precedes the filing of the sale agreement with the DLS.
- Enable the DLS to proceed where the mortgage follows the filing of the sale agreement with the DLS except where the mortgage secures the buyer's housing loan.
- Allow existing applications to stay pending for a period of two years in order for a title to be issued (if the issuing of a title for the property is feasible as per a certificate issued by EOA³).

BEING ONE of the key parties, the ACB was invited to submit its views to the working group and reiterated its overall support on the effort to resolve the issue, as well as informed the group of the views and comments of its

³ EOA is the District Local Government Organization

members regarding the proposed changes.

THE BILL IS EXPECTED to be further discussed before the committee of the House of Representatives in the near future. Even though the matter is considered urgent by all parties involved, a new date has not yet been announced at the time of printing.

Land Consolidation (Urban Areas) Bill

THE PROCESS of land consolidation involves combining smaller plots of land into larger units suitable for development.

CONSULTATION on this Bill started as early as 2022 and the ACB proceeded to provide its views and comments, following which a number of amendments were included. The matter was discussed before the competent committee of the House of Representatives in January 2025 where the benefits of consolidation were presented:

- It facilitates better utilization of land and therefore more effective urban planning.
- It enables better infrastructure, such as roads and utility services.
- It promotes economic growth by attracting investment in larger development projects.
- It resolves issues associated to fragmented land ownership making plots available for development and increasing their value.

NOTWITHSTANDING the clear benefits of land consolidation and the ACB's overall support on this process, some of the original concerns expressed in 2022 remain unresolved and were reiterated in writing in February 2025.

THESE RELATE PRIMARILY to the prohibition on transferring a plot included in a consolidation plan - where an exception to cover plots held by mortgagees following repossession or a debt to asset swap is necessary – as well as issues of clarity of the procedure of transferring mortgages on the new plots and the payment of compensation where necessary.

OTHER ISSUES RAISED involved the method by which interested parties (including mortgagees) will be notified of a new consolidation plan and the short deadlines imposed for filing objections by them.

AT THE TIME OF PRINTING, a new date for the continuation of discussions before the committee of the House of Representatives has not been announced.



NOTWITHSTANDING THE CLEAR BENEFITS OF LAND CONSOLIDATION AND THE ACB'S OVERALL SUPPORT ON THIS PROCESS, SOME OF THE ORIGINAL CONCERNS EXPRESSED IN 2022 REMAIN UNRESOLVED AND WERE REITERATED IN WRITING IN FEBRUARY 2025.

Cyprus Economy and Social developments in 2024



**VASSO
MICHAELIDES**
Head of Human
Resources and
Secretariat

IN 2024 THE ECONOMY in Cyprus demonstrated resilience and dynamism, achieving an estimated growth rate of 3.4%. According to the Cyprus Statistical Service (Cystat), unemployment fell to a 15-year low, while a 30.4 per cent increase in job vacancies compared to 2023 underscored the positive outlook.

DESPITE THE POSITIVE INDICATORS, there was a heightened emphasis on vigilance against economic risks stemming from geopolitical developments in the region and internal challenges. Starting with Covid, followed by Russia's invasion of Ukraine and, more recently, the war in the Middle East, these events have caused a lot of problems internationally, resulting in high energy prices, inflationary pressures, rising interest rates, supply chain disconnections and large waves of migration. Inevitably, Cyprus as a small and open economy was confronted with considerable challenges. The Government in Cyprus reacted swiftly implementing a balanced economic policy, guided by fiscal discipline and financial stability, thereby stabilizing the economy and attaining growth together with low inflation.

2024 WAS ALSO a year of intense activity and challenges in Cyprus's labour sector, that culminated in positive developments in key indicators despite tensions in various industries.

IN ADDITION, a significant agreement between the government and unions granted 1.5% general salary increases for public sector employees after 15 years, effective from October 1, 2024, with the total cost for 2024–2025 reaching €52.7 million.

Financial Literacy and Education in Cyprus

THE NATIONAL STRATEGY for Financial Literacy and Education in Cyprus was officially adopted by the Council of Ministers in June 2022. As from December 2023, the Central Bank of Cyprus (CBC) chairs the Cyprus Financial Literacy and Education Committee (CyFLEC), which is responsible for the implementation of the National Strategy.

A SERIES OF POLICY SUGGESTIONS were put forward for policy makers and stakeholders in Cyprus. These policy recommendations are expected to support Cyprus in improving financial literacy levels, including aspects related to



DESPITE THE POSITIVE INDICATORS, THERE WAS A HEIGHTENED EMPHASIS ON VIGILANCE AGAINST ECONOMIC RISKS STEMMING FROM GEOPOLITICAL DEVELOPMENTS IN THE REGION AND INTERNAL CHALLENGES.

digital financial literacy, to support sound financial decisions, financial resilience and financial well-being. Particular attention is devoted to the following areas:

- Continuing to enhance basic financial knowledge which is essential for individuals to make informed financial decisions about budgeting, planning and saving.
- Encouraging individuals to cultivate positive behaviours and attitudes towards keeping track of money in the short term and setting up long term goals.
- Supporting sound financial behaviours that can foster an informed and safe use of financial services.
- Enhancing digital financial literacy to support the safe use of digital financial services.
- Empowering consumers to protect themselves against financial scams and frauds.
- Empowering people to manage their debt obligations.

ALSO, as from September 2024, the Ministry of Education's Financial Education & Literacy Intervention Programme incorporates into the school curriculum 6 periods per year as a lesson about financial matters for 3rd grade high school students.

“More than Money” and “Economics for Success” Programs

FOR THE 10TH CONSECUTIVE YEAR, the Association of Cyprus Banks in collaboration with Junior Achievement Cyprus, aims to enhance and develop students' financial literacy. Two different programs are being implemented in primary and secondary education, respectively 'More than money' and 'Economics for Success'.

FINANCIAL LITERACY prepares young people and guides them in developing good consumer behaviour. With the transition to adulthood, working life and the integration into society, this behaviour becomes a way of life offering significant benefits both personally and socioeconomically.

SINCE 2014, more than 22,000 students across Cyprus have been trained in Primary and Secondary education. 1,100 school classes and 700 mentors from the banking system have participated and offered their knowledge and skills to develop students' both financial and soft skills.

National Competition on Money related to the European Money Quiz 2025

THE ASSOCIATION OF CYPRUS BANKS is a member of the Financial Education Project Group (FEPG) of the European Banking Federation (EBF). FEPG's main objective is to promote financial education in EBF member countries by enabling the exchange of best practices among EBF members, building on these practices, planning and promoting the annual European Money Week (EMW) as well as cooperating with other stakeholders and policy-making bodies.

THE EUROPEAN MONEY QUIZ (EMQ) is the biggest Europe-wide competition that aims at improving financial literacy among 13-15-year-old



students. Launched in 2017 as an initiative to promote financial education by national banking associations in Europe and under the coordination of the European Banking Federation, the European Money Quiz is one of many activities organized in more than 30 countries during the European Money Week, held in March every year.

IN 2025, Cyprus participated for the first time in the European Money Quiz, which captured the interest of many student groups who sought to compete. The winners of the National Competition will participate in the European finals on 22-23 May 2025, which will take place in Brussels.



FOR THE 10TH CONSECUTIVE YEAR, THE ASSOCIATION OF CYPRUS BANKS IN COLLABORATION WITH JUNIOR ACHIEVEMENT CYPRUS, AIMS TO ENHANCE AND DEVELOP STUDENTS' FINANCIAL LITERACY.

The Association's Communication in a rapidly evolving landscape



**ANDREAS
COSTOURIS**

Senior Media and
Communications
Advisor

THE EXTRAORDINARY CIRCUMSTANCES that shaped the recent years have outlined an environment of ongoing uncertainty. Within this volatile global landscape, Cyprus is not immune to external pressures and shifting dynamics, many of which pose challenges rather than opportunities. Despite these complex circumstances, the Cypriot banking sector has doubled down on efforts to safeguard and promote its credibility abroad, while reinforcing its resilience at home. Extrovert and consistent communication once again emerged as a cornerstone of this effort, ensuring that the sector's message is clearly conveyed to policymakers and lawmakers, the economic and business community, Media and society at large.

Discussions regarding Extraordinary Tax on Banks

THROUGHOUT MOST OF 2024, public dialogue has been heavily influenced by the proposal for an extraordinary tax on banks, fuelled by the recent economic results of the local banks that were positively affected by the European Central Bank's increases in interest rates. Effective communication was essential in providing context, presenting data, and explaining the potential consequences of such taxation, not only for banks, but for the broader economy as well.

THE INDUSTRY'S APPROACH focused on transparency: public interventions, media statements and direct engagement with stakeholders were undertaken to highlight the banking sector's contribution to the economy, its tax footprint, and the long-term implications of policy decisions.

Interest Rates and ECB Policy: A Complex but Crucial Explanation

ONE OF THE MORE technical yet vital topics throughout the last couple of years, was the relationship between loans, interest rates and the European Central Bank's monetary policy. Public understanding of interest rate changes, particularly when linked to household loans, is limited and this gap can lead to frustration and confusion.

EFFORTS WERE MADE to clarify how mortgage rates are influenced by different benchmarks, such as the ECB base rate, Euribor, and each bank's own base rate. By explaining the role of monetary policy in managing inflation and economic stability and how this trickles down to lending conditions, the banking sector helped bridge a knowledge gap. Informed citizens are better able to



THROUGHOUT MOST OF 2024, PUBLIC DIALOGUE HAS BEEN HEAVILY INFLUENCED BY THE PROPOSAL FOR AN EXTRAORDINARY TAX ON BANKS. EFFECTIVE COMMUNICATION WAS ESSENTIAL IN PROVIDING CONTEXT, PRESENTING DATA, AND EXPLAINING THE POTENTIAL CONSEQUENCES OF SUCH TAXATION.

understand their financial obligations and to plan accordingly, especially in a time of increased rate volatility.

Banking Education through the Media

BEYOND CRISIS COMMUNICATION, the Association also invested in proactive education. Through a steady presence in traditional and digital media, professionals from the banking sector and more specific from the Association explained practical issues that directly affect consumers. Topics such as opening bank accounts, using digital banking services, understanding transaction processes and recognizing the role of technology in service delivery were demystified.

Informative Campaigns and Timely Content

IN A WORLD where digital fraud grows alarmingly, banks are responding with timely and engaging content. During high-retail periods like Christmas, for instance, targeted videos and informative material were released to raise awareness about scams and phishing attempts.

THE INTRODUCTION of Instant Payments in Cyprus also called for clear, accessible explanations. By offering information through visual content and articles, the Association helped consumers embrace innovation while remaining vigilant.

BANKAST: A Platform for Dialogue

FOR A FOURTH CONSECUTIVE YEAR, the Association of Cyprus Banks continued producing the podcast series BANKAST, featuring discussions with professionals from across the financial ecosystem.

THIS INITIATIVE OFFERS a platform for open dialogue on matters ranging from ESG to innovation, financial topics, and regulatory challenges. It allows for in-depth analysis, giving stakeholders and the public access to the insights that shape banking policy and practice. Our BANKAST podcasts are available on our youtube channel <https://www.youtube.com/@acbassociationofcyprusbank3382/> video and our website <https://acb.com.cy/?lang=el> .

Joining Forces Against Fraud

ONE OF THE MOST IMPACTFUL campaigns of the past year was the joint initiative with Mastercard to combat online and phone fraud. The message: “Some messages, emails, and calls must remain unanswered”, was simple and powerful.

BY USING STRONG VISUAL ELEMENTS and broad traditional and social media exposure, the campaign effectively raised awareness of modern fraud tactics and encouraged behavioral change among consumers. Its success lay not only in its creative execution but in the relevance and urgency of the message.

Next steps

THE FUTURE HOLDS many unknowns, but what is certain is the continued importance of effective and dynamic communication. The Association of Cyprus Banks will remain committed to transparency, education and information provision as the key ingredients for fostering trust and resilience in a rapidly evolving landscape.



THROUGH A STEADY PRESENCE IN TRADITIONAL AND DIGITAL MEDIA, PROFESSIONALS FROM THE BANKING SECTOR AND MORE SPECIFIC FROM THE ASSOCIATION EXPLAINED PRACTICAL ISSUES THAT DIRECTLY AFFECT CONSUMERS.

The Accessibility Law (L. 57(I)/2024)



**STEPHANIE
STEPHANOU**
Legal Advisor

IN MAY 2024 the Cypriot Accessibility Law was passed which transposes the provisions of the EU Accessibility Directive (EU) 2019/882 into Cypriot Law. The Accessibility of Products and Services Law (L. 57(I)/2024) («The Law») which comes into force in June 2025 provides for equal and full access to services and products by people with disabilities.

THE LAW DEFINES persons with disabilities, in line with the United Nations Convention on the Rights of Persons with Disabilities, as “persons with long term physical, mental, intellectual or sensory impairment which in interaction with various barriers may inhibit their full and effective participation in society on an equal basis with persons who do not experience such disabilities”. This definition encompasses people who may experience functional limitations as well, such as the elderly.

THE CONCEPT OF ACCESSIBILITY is not new in the Cypriot legislative framework, as certain accessibility criteria regarding infrastructure were already in place (by virtue of Regulations of the Ministry of Interior) to render constructions accessible to persons using wheelchairs and/or experiencing mobility issues/limitations. The EU Directive, however, and consequently the new Cypriot Law, goes further than this to impose obligations on product manufacturers, importers, distributors and authorised representatives (categorised as economic operators) and service providers to render their products and services accessible in order to ensure full, effective and equal participation and enjoyment of products and services by people with disabilities.

THE LAW PROVIDES for the attribution of accessibility characteristics to products and services and stipulates for accessible channels of distribution, thus introducing the «Design for All» principle in designing new products and services or amending/adapting existing ones. The «Design for All» principle, as its name implies, provides for the ab initio design of products, services and environments to be usable by everyone, to the greatest extent possible, without the need for further adaptation. Economic operators involved in the product manufacturing and distribution chain and service providers will have to incorporate this principle in their initial design or subsequent adaptation models, processes and procedures by which they create, modify and distribute their products or services.

Banking Services and the Accessibility Law

BANKING SERVICES, including support services such as call centres, fall within the scope of the new Law and the Law imposes obligations on banks as service providers to ensure that their services both in terms of their features and in terms of their distribution channels are accessible. This essentially means that banks will have to take into account accessibility factors at the stage of inception/design of a new service and/or modification of an existing service

and at the stage of delivery of the service to their customers. The requirement of accessibility also extends to effective communication in an accessible format with the customer at the initiation of the business collaboration and throughout the provision of the service.

A TRANSITION PERIOD of five years has been granted for service providers during which service contracts agreed before the 28th of June 2025 may continue without alteration until their completion or until the 28th of June 2030, whichever comes sooner.

Harmonised Standards for the Accessibility Directive

IT IS IMPORTANT TO NOTE that currently harmonised standards by the European Standardisation Organisations (ETSI, CEN and CENELEC) are being developed that will provide further guidance on implementation tools and measures/actions for compliance with certain aspects of the Accessibility Directive. These standards are expected to be issued in 2026 and include the following:

- Harmonised standards for accessible ICT products and services (covers ICT channels of distribution and automated/digital information) – existing standards which are under review.
- Harmonised standards for the build environment (infrastructure).
- Harmonised standards for non-digital services.
- Harmonised standards for support services.
- Harmonised standards for the «Design for All» principle.

ACB actions

ACB IS CLOSELY MONITORING developments in the EU in relation to the Accessibility Directive and to that effect it actively participates in the Accessibility Working Group of the European Banking Federation. A representative of ACB has attended a physical meeting in Brussels and will participate in upcoming online meetings on the issue. Moreover, ACB maintains an open channel of communication with the Cyprus Organisation for Standardisation (the official body which represents Cyprus in the European Standardisation Organisations) in order to stay informed of latest developments in relation to the creation of the harmonised standards mentioned above.

FURTHERMORE, as mentioned above, ACB has created an Accessibility Working Group through which ACB members can exchange views and receive updates on the latest developments on accessibility issues.

IT IS VERY IMPORTANT to highlight the dedication, commitment and resources that ACB members have devoted in the pursuit of compliance with the Accessibility Act, which stems from the overwhelming and unequivocal support for the cause of equality of access and enjoyment of services and inclusion of people with disabilities. For ACB members, equality, accessibility and inclusivity represent the only acceptable philosophy of doing business and transacting with new and prospective customers and the public in general and the principle that “no one, absolutely no one should be left behind” is unnegotiable.

ACB Training Department: Commitment – consistency – continuous advancement



**MARIA
VARNAVA**
Training Department



**SKEVI
SOPHOCLEOUS
KYRIACOU**
Training Department

COMPLYING with the training requests of ACB members, the Training Department implemented a variety of high standard training programs for the period from June 2024 to May 2025.

Live online training

THROUGH CAREFULLY selected collaborations with highly professional trainers, both local and international, the ACB Training Department conducted 20 live online training programs, engaging 322 delegates. Our trainers shared their expertise by developing detailed, precise, and up-to-date materials, enhancing the skills, knowledge, and attitudes of participating delegates. The platforms used for delivering live webinars enabled trainers to create, manage, and launch breakout rooms, present case studies, exercises, videos, and interact effectively with the audience.

DELEGATES ATTENDING our courses receive certificates of attendance, which may be used for Continuing Professional Education (CPE) or Continuing Professional Development (CPD) requirements. CPE and CPD credits are based on the duration of each course, with offerings of 5 hours, 6 hours, 8 hours, 9 hours, and 12 hours.

1. Digital Money
2. CRR III: Revised prudential rules on capital adequacy for banks
3. Non-Trading Book interest rate risk management and the new EBA regulatory package
4. Internal Assessment COSO-ERM Based
5. Fraud And Corruption Auditing
6. Payment Services Directive 3, Payments Services Regulation and Open Finance
7. Digital Finance
8. Climate risks in banking
9. Advanced Operational Risk
10. Basel IV with reference to CRD and CRR
11. EU AI Act 2024
12. Advanced Sanctions Risks: Trade & Maritime
13. Corporate Governance – What really matters
14. Digital Operational Resilience Act (DORA) – Strengthening Banking Digital Operational Resilience

15. MiFID II, Sustainability Related Disclosures (SFDR) and ESG Integration
16. Mastering AML in Cryptocurrency Compliance
17. Fund Administration, Accounting, Reporting and Depositary Functions
18. The DLT Pilot Regime Regulation: Enabling a fully digital alternative to conventional issuance, trading and processing of MiFID financial instruments
19. The Fund Industry: Definitions, Structures, Strategies and Regulation
20. Unfair Commercial Practices in Banking and Investment Services

Asynchronous training

THE ASSOCIATION'S ELECTRONIC PLATFORM for asynchronous training www.acb-elearning.com.cy, delivers online courses in the form of e-learning. E-learning is a form of distance education implemented through the use of the latest Information and Communication Technologies.

THE E-LEARNING MODULES were carefully chosen, designed, developed, and delivered by the Training Department in collaboration with professional training partners. All modules were created in an interactive environment, contributing to a user-friendly and engaging presentation. Each trainee actively participates in the training process, controlling the pace and flow of information.

THE LEARNING PROCESS is achieved through interactivity with the educational material, allowing trainees to choose their study time freely. Trainees can access the e-learning platform whenever and as often as they wish. Trainees are offered the choice to receive a certificate of completion. It is important to note that attendance to our professional courses may be used for the purposes of Continuous Professional Education (CPE) Credits. Each module receives 2CPE Credits.

THE FOLLOWING MODULES are available in our e-learning library:

1. Information Security (IS) - in Greek
2. Anti-Money Laundering (AML) - in English
3. General Data Protection Regulation (GDPR) - in English
4. Security Against Armed Robberies - in Greek

THE TRAINING DEPARTMENT of the Association remains dedicated to fulfilling its members' needs by providing high-level training programs with commitment, consistency, and continuous advancement.



OUR TRAINERS SHARED THEIR EXPERTISE BY DEVELOPING DETAILED, PRECISE, AND UP-TO-DATE MATERIALS, ENHANCING THE SKILLS, KNOWLEDGE, AND ATTITUDES OF PARTICIPATING DELEGATES.

Artemis Credit Bureau: The year that passed and the way forward



**YIANNIS
TOMASIDES**

General Manager,
Artemis Credit
Bureau Ltd

THE LAST TWELVE MONTHS were marked by a series of important developments that reinforced the standing of Artemis Credit Bureau as a full-fledged Credit Bureau; the only one in Cyprus. In specific, the organization has been working extensively towards the materialization of the new Central Bank of Cyprus's Directive governing the operation of the Artemis Data Exchange Mechanism. The new Directive enhances the value of the information provided to the recipients and, consequently, the role of the Mechanism in the customers' creditworthiness assessment process.

BY DEFINITION, a Credit Bureau has a systemic role to play in an economy, helping the safeguarding of commercial credit, the mitigation of credit risk and the promotion of the reliability of transactions. All of these aspects are instrumental for building a resilient economy.

OVER TIME, at a macroeconomic level, the operation of the Artemis Credit Bureau's Data Exchange Mechanism has demonstrably had a positive impact on the enhancement and evolution of the financial system and consequently to the smooth functioning of the Cyprus economy, especially in the turbulent years that passed.

TODAY, ARTEMIS CREDIT BUREAU serves successfully the universe of the Authorized Credit Institutions which are under the supervision of the Central Bank of Cyprus, either domestic or international and which operate in Cyprus through subsidiaries or branches. At the same time, Artemis Credit Bureau serves all the Credit Acquiring Companies as well as the Credit Servicers in the market. In total, twenty-seven (27) institutions participate today in the Artemis' Data Exchange Mechanism, submitting and receiving economic behavior data for the purpose of creditworthiness and repayment ability assessment. The next category of institutions to be added to the Data Exchange Mechanism, under the new Central Bank of Cyprus' Directive, is that of the financial leasing companies, adding further to the comprehensiveness and coverage of the Artemis Credit Bureau's register.

AT THE SAME TIME, Artemis Credit Bureau, being fully aware of the importance of its mission and the responsibility undertaken, places high importance on the protection and respect of individuals' rights and serves the Public with regards to fulfillment of the consumers' rights relevant to their information held in its register. The company complies fully with the provisions of the General Data Protection Regulation and the relevant national Law and



TWENTY-SEVEN INSTITUTIONS PARTICIPATE TODAY IN THE ARTEMIS' DATA EXCHANGE MECHANISM, SUBMITTING AND RECEIVING ECONOMIC BEHAVIOR DATA FOR THE PURPOSE OF CREDITWORTHINESS AND REPAYMENT ABILITY ASSESSMENT.

follows strictly the instructions by the Office of the Commissioner for Personal Data Protection. The value of the Artemis Credit Bureau servicing to the Public is constantly increasing, as evidenced by the continuous, year-by-year increase in the applications received in the Customer Service Office. The vast majority of the applications relate to access of individuals to their data in the register. In 2024, the Artemis Credit Bureau's Customer Service Office processed a total of 5.232 applications; a 16% increase from the previous year.

GUIDED BY THE ORGANIZATION'S VISION, Mission and Values, the Artemis Credit Bureau's team works hard towards the materialization of the corporate Strategic Plan. Having in place solid operational, information technology, information security and data protection frameworks and infrastructure, Artemis Credit Bureau Ltd has prepared itself to offer new more sophisticated products in the financial sector and expand its systemic value to additional sectors of the economy whose market players are also in need of creditworthiness assessment information for managing their credit risk. Already, several important initiatives and projects are underway and are expected to be launched in the next months.

THE LATEST SERVICE added in the Artemis' portfolio is the operation of the "Interbank Businesses Evaluation based on ESG criteria" project in the Cypriot market. The project was launched in March 2024 to serve both the businesses and the banks which require ESG data of their corporate clients for regulatory purposes. Through the ESG Interbank project, an international, reliable tool for the assessment of businesses' adherence to the ESG criteria was introduced to the Cypriot market; the global digital platform "Synesgy". This ESG tool is an innovation of CRIF S.p.A, with which Artemis Credit Bureau maintains a strategic cooperation.

AS THE PROJECT IS INTERBANK, companies which are common clients of different banks are asked to complete only one questionnaire for all the banks, while correspondingly, the banks involved receive homogeneous information about the company which, for transparency purposes, is exactly the same as that received by the company itself. The information received by the company enables it to assess its degree of sustainability and define actions for enhancing it. Already a significant number of organizations have been assessed through the ESG Interbank project, which constitutes an innovation at a European level due to its market efficiency.

LOOKING BACK with pride and forward with passion, Artemis Credit Bureau envisages to evolve further in the footsteps of more advanced Credit Bureaus in Europe, increasing even more its value to its stakeholders in the credit reporting ecosystem and the overall market, to the benefit of the market players, the consumers and the Cypriot economy at large.



THE LATEST SERVICE ADDED IN THE ARTEMIS' PORTFOLIO IS THE OPERATION OF THE "INTERBANK BUSINESSES EVALUATION BASED ON ESG CRITERIA" PROJECT IN THE CYPRIOT MARKET.

Electronic Auctions



**HERACLES
YIANNAKOU**
Auctions
Supervisor
ACB E-Auctions Ltd

ON 18TH DECEMBER 2024, the ACB E-auctions platform had its 5-year anniversary. During these five years, E-auctions managed to become an integral part of the real estate market in Cyprus. www.eauction-cy.com is now the most reliable source for purchasing a property through an auction.

NEW PROPERTIES are posted daily offering a variety of investment opportunities for everyone. The properties include land and plots, commercial and industrial buildings (hotels, offices, stores, warehouses) as well as residential, and cover a wide price range, including high – end properties. Through their remote participation, interested buyers based anywhere in Cyprus, as well as abroad, are able to follow new listings, register and bid using their tablet, laptop or phone.

UP TO MARCH 2025 8,338 persons (individuals and companies) were registered to the E-auctions platform, of whom 7,977 Cyprus residents and 361 foreigners. The number of registered users increased by 35% since March 2024 (6,201 users) and 44% since January 2024 (5,782 users). The overall success rate increased to 20%, compared to the 2023 success rate which was 17%.

IT IS WORTH NOTING that, as the purpose of the auction process is to repay loans of the mortgage debtor, any excess amounts raised above the value of the debt accrues to the debtor. Therefore, it is to the benefit of both lender and debtor to maximize the price that the property is sold. Through the electronic auction process, due to the high interest of candidate bidders, prices increased by 19% over the reserve price during 2024. The relevant percentage for the year 2023 was 13%.

ACB E-AUCTIONS continuously develops its services to offer a reliable, friendly and transparent environment to candidate bidders, lenders and debtors. With this in mind, we created video tutorials that provide step-by-step guidance for participating in an auction. The videos can be found at <https://www.eauction-cy.com/en/FAQ#videoTutorials>.

ACB E-AUCTIONS PROFILE: ACB E-Auctions LTD ("EAUCTIONS ") is a private company, set up by the Association of Cyprus Banks (ACB) 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 in 2019. In addition, 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 abovementioned Law and Decree.

Follow us on Facebook and LinkedIn to get news and updates

www.facebook.com/eauctionscyprus

www.linkedin.com/company/eauctionscyprus



