Crises and post crises consequences for the Greek credit cooperative system

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Abstract

Following the global financial crisis, Greek economy faced a deeper financial and economic crisis during the decade of 2010. The Greek crisis caused a profound change to the financial system and especially to the banking market. These changes appeared through several forms as the growth of non-performed loans, decrease of bank deposits and loans for a long period in this decade. A profound change took place on the banking market itself; during this period a strong concentration appeared through which four major Greek banks have more than 97% of the consolidated banking assets in Greece. The concentration was the consequence mostly of the withdrawal of some banks from the Greek market (especially foreign banks) and the bankrupt of other banks. A key reason for this development is the inability of banks to raise the required capital that would give them the necessary capital adequacy to continue operating. Greek cooperative banks had to raise the required funds on their own, in contrast to the large banks that received public assistance to raise the required capital. Some of them succeeded. Some other banks didn't and, as a consequence, they went bankrupt. The new framework of the Greek cooperative banking system is formed not only with the absence of the bankrupted cooperative banks but also by new strategies of the remained banks in order to strengthen their shield against the new banking environment while maintaining their role in the local community and economy.