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A historical analysis of the banking system and its impact on Greek economy

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Abstract: This paper outlines the critical role of banks in the Greek economy, emphasizing their importance for maintaining stability and fostering financial growth. It traces the historical development of the Greek banking system, examines its current structure, and explores future challenges and opportunities. The paper adopts a historical-analytical approach, beginning with a comprehensive review of the Greek banking system's evolution. It then delves into four key pillars, regulation, function, accessibility, and societal impact, to provide an in-depth analysis of the banking sector. This method allows for a well-rounded understanding of both the historical context and the current dynamics influencing the Greek financial landscape. The Greek banking system has been a pivotal player in the country's economic development, especially during periods of recovery and growth. Post-2008, the global financial crisis exposed significant weaknesses in the banking sector, including a prevailing deficit of confidence. Regulatory reforms, while effective in some areas, have left challenges related to accessibility, societal trust, and economic resilience. The need for further reforms, especially in digital banking and transparency, is identified as crucial for long-term stability and growth. Conclusion: Greek banks remain essential to the national economy, yet they face considerable challenges, especially regarding public confidence and systemic risks. Addressing these issues through targeted reforms is vital for creating a more resilient and sustainable future for the Greek banking sector. The paper provides actionable recommendations for policymakers, emphasizing the importance of strengthening regulatory frameworks, enhancing accessibility to financial services, and fostering societal trust through improved transparency. The recommendations aim to help the Greek banking sector navigate future uncertainties while supporting economic growth.

Keywords: *Banking system, Greek economy, Regulation.*

1. Introduction

Banks have always played a leading and influencing role in economies around the world. They hold a central and key position in shaping economic stability and development in every region and sector. This essential importance is even more pronounced in markets like Greece, where banks serve not only as big financial institutions but form an indispensable part of the whole financial infrastructure that underpins a wide array of economic activities and propels national development forward in myriads of ways. The main purpose of this paper is to provide an as broad and comprehensive a view as possible of the Greek banking system, which represents the solid skeleton and indispensable structure that underpins the local economy, supporting everything from personal transactions to major investment in daily economic life. We begin our attempt to fulfill this ambitious purpose as effectively as possible with an overview of how and when the banking system came into being in Greece. Developments in this exploration will be traced from its very inception, many centuries ago, up to the present, highlighting the series of key milestones, pivotal moments, and major events that have distinctly shaped the evolution over time. The paper will then go on to explain the modern-day context of the Greek banking

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sector in a very specific broad-based way, underlining structural and functional attributes with a great level of depth, insight, and rigor. Furthermore, we will go into detail about the most concerning issues this sector is facing at present within this highly challenging and competitive financial environment, and propose a well-researched and thoughtful set of recommendations aimed at fostering a more prosperous, resilient, and sustainable future regarding the Greek banking industry. The comprehensive examination, on the other hand, will also reflect the challenges that lie ahead but at the same time show a clear, strategic roadmap to potential advances that might help the whole economic framework of Greece in a more profound and significant way. Over the years, the Greek banking system has undergone great changes and improvements, developing into a significant support of financial development and contributing positively to the general economy on many levels. This evolution does not come as a surprise but expresses the changing and multivariate character of the financial perspective of this country, which was formed over time by a multitude of complex factors. The economic development of Greece and the institutional development of banks have been so thoroughly intertwined during the most part of the post-war history of this country that the complex underlying causes have been discriminated into at least three categories of diversified factors: political, social, and cultural ones. Whereas the global banking environment took a core shake with the 2008 financial crisis, in reality, the impact was far greater and deeper on Europe and Greece individually than had ever been predicted. It reached very important levels, changing the course of economic stability and growth beyond recognition, leaving behind some challenges and hurdles that are in great need of being engaged and found solutions for today. Fortunately, those earlier stages did not include a severe local banking crisis to stop the payment system from a complete collapse and thus allowed a degree of resilience out of overwhelming adversity to be shown [1]–[4].

However, the ramifications of this crisis, which indeed shook the entire world in practically all regions around the globe, remained solid and directly affected how local banking operations and trust were perceived by locals, along with general confidence in the system as a whole. Trust is a crucial but fragile ingredient in how any financial institution works, and it was seriously eroded in this period of turmoil; hence, conservative and cautious behavior set in on the part of both consumers and business firms in handling their finances. It is this lingering shortfall in confidence that points to the need for, arguably now more than ever, sustained reforms and changes to take place in the banking system through carefully aimed initiatives aimed at assisting the restoration of lost confidence in building a more stable and secure future for the benefit of all in society and the economy at large. Among all the political, economic, and social discourses going on within the country of Greece, banks and their overall banking system hold the central position in the contemporary setting [5]. In fact, diverse banking-related questions and urgent issues on understanding, not unlike most other countries in the world, have to be profound yet specific to serve as a basis for satisfactory and practical responses from various sectors in economy and society, particularly in light of the recent global financial shock. The main scope and objective of this paper are to design, consider, and discuss the basic and substantive pillars on which the banking system operates: regulation, function, accessibility, and general effect on society. Indeed, these fundamental pillars are the cornerstones of the overall functionality and stability of the banking system in Greece, since they are so deeply intertwined and overlapping in numerous significant ways, which are worth examining. Furthermore, this paper tries to bring a broad and enlightening overview of the various difficulties, challenges, and problems that Greek banking faces today and tries to paint a more detailed and more precise picture of the subtle and intricate situation and landscape that define this sector today [6], [7].

2. Methodology: Historical Overview of the Greek Banking System

The current study follows a qualitative research design in order to investigate the topic at hand, based on a theoretical approach that can help in building a conceptual framework. Based on the fact that the basis of the research design is theoretical and based on empirical data, the methodology will be centered around synthesizing exiting literature with the intent of answering the research questions. In this way, a comprehensive theoretical argument can be set up in an attempt to develop an understanding related to the field of choice. This theoretical investigation is based on a systematic review of the literature. Key themes, concepts, and theoretical models relevant to the research questions would have to be identified and critically analyzed by means of extensive review of academic articles, and other scholarly resources. Such a literature review develops not just the context but also the debates and gaps in the existing knowledge, thereby setting a stage for the theoretical contributions of the study. The propositions and hypotheses that go beyond the current theory will be discussed, conceptualizing major concepts and variables defining and operationalizing their relationships by developing a theoretical framework based on the insights from the literature.

This can be done through a comparative analysis, where the feasibility of the proposed theoretical framework is matched against existing theories. The literature review concerning the subject matter will detail how the new proposed framework goes hand in hand or differs from existing theories, highlighting strengths, limitations, and areas of divergence or difference. By doing so, the study will establish the extent of the advance in the sphere by the proposed theory and its implications for further research into the practical area. This will, in some cases, involve integrating selected case studies or examples from existing research that best can illustrate the underpinning theoretical framework application. Examples will be chosen regarding relevance and their capacity to show practical applications of the theory, bridging the gap between theory and practice. Although it is a theoretical investigation and collection of empirical data is planned, ethical issues are not put aside. Proper citation of sources, transparency in presenting the arguments and conclusion, and a balanced assessment of the existing theories will be followed in the research. The commitment to ethical scholarship preserves integrity in the process of research. These will be recognized as limitations of the theoretical study, at the mercy of subjective literature selections and hurdles that always attend the construction of a theory. The scope of the study shall also be discussed in terms of the fact that the theoretical contributions represent one step toward further empirical investigation and refinement.

The banking system of Greece has undergone not only significant but extremely rapid development since the beginning of the 19th century, which substantially changed it in many important respects. This is especially so since the creation of the National Bank of Greece-an institution that almost immediately became one of the absolutely indispensable underpinnings of the financial structure of the country. This is the pivotal bank that shaped and influenced the whole banking landscape, setting an appropriate background upon which many other financial entities would thereafter build. Almost immediately on its heels, and contributing massively to this transformation, came the creation of other major financial entities like the Bank of Athens and the Credit Bank of Greece. Both of these institutions played an important role in the expansion, stability, and overall development of the Greek banking industry. Their very existence and proper functioning did much to make financial services substantially more accessible to the public, resulting in a diverse array of options better tailored to meet the complex needs of a growing nation. However, during the tumultuous era of the Great Depression, in addition to the disastrous events started by the Second World War, the number of banks actually operational in the country dramatically and alarmingly dropped. The impacts were very far-reaching and long-lasting as regards the financial scenario of Greece itself, with investors and consumers both affected in a number of different ways and challenges arising from such a situation. Due to these historical setbacks, the banking fraternity could not rise above such testing times since the economic climate had totally changed at times unpredictably, and this would leave deep scars on the financial system of the country for generations to come. The start of the 1960s was quite important to the Greek banking sector, a period that followed the robust economic recovery and the big wave of modernization on all fronts. The striking evolution launched joined in with the thorough reassessment of the various functions and operations. Many of them, in fact-especially those identified as commercial and deposit banks-started to retreat from their long-held traditional roles and conventional approaches, showing a clear and observable transformation in operational focus and strategic direction.

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Indeed, this was a turning point, which on its turn facilitated the gradual beginning of specialized credit institutions that started meeting particularized financial needs and demands arising within a changing and increasingly competitive market environment. In the wake of such a transformation, the necessary platform was laid for the rebranding of various banks into investment banks during the early 1980s, which were considered vital for financial institutions operating in Greece. This strongly portrayed a certain shift in the higher economic policy and carried a variety of exciting prospects that emerged during those times, full of growth, expansion, and tremendous innovation in financial practices. Moreover, if we consider the critical and historical timeline-let's say from that milestone year of 1839 when the first holistic banking regulation was enacted in Greece-the regulatory framework which governs the banking sector has indeed taken many forms of evolution and expansion to adapt to new circumstances and challenges, all pointing to the dynamic and changing nature of the economy itself throughout the years. Over the years, the growth of banking regulations has been broad in its scope and sophisticated in its content while evolving hand in hand with the financial sector itself and while catching up with a host of challenges. With the industry constantly recording phenomenal growth and having passed through considerable transformation, these minimum regulations have been duly altered, improved, and painstakingly fine-tuned in direct response to the ever-changing and increasingly exacting challenges of the dynamic economy as well as by fluctuating conditions that distinctly characterize the banking marketplace. These changes have become necessary; made and taken strategically to adapt with efficacy to new and emerging realities, they have been absolutely crucial for stability and security, both being integral components in the vast and complex realm of finance. In fact, bank regulations were always formed in history with a range of key factors that reflected the dominant political environment, current economic circumstances, and the general state of trade dealings that heavily and directly implicate the country. In this respect, the mix of historical context with a structured framework that these regulations have established over time in a strict and systematic manner has continuously influenced the regulatory measures. This is an interrelationship that, being unique and intricate, has been quite important not only for facilitating the efficient functioning and smooth operation of financial markets but also for maintaining their integrity in Greece. This effort greatly contributes to the overall economic stability that the nation strives to achieve, maintain, and uphold continually in these years for a strong foundation of future growth and development in the financial sector. Such a fast-moving and multi-faceted relationship between banking regulations and financial practices effectively underlines the deep, entwined, and intense relationship that definitely exists between the banking sector and the greater socio-economic environment of the nation. In that way, it ensures that each and every regulatory adjustment is drastically aligned and in step with the continuing development, ambitions, aspirations, and multifarious challenges confronted by the country in trying to achieve nothing but continued growth and stability within an increasingly intricate, complex, and interconnected world. Ever-changing and in continuous transformation, the banking sector acts as a powerful witness to the remarkable resistance of Greece and to its extraordinary ability to adapt in the face of ever-changing global and local circumstances. Historical conditions of economy were generally quite bad and unfavorable in Greece; painfully amassed capital over time often enjoyed less-than-adequate protection against various potential types of confiscation, sudden economic shocks, and.liabili- ties emerging all of a sudden without warning.

This means laying down solid financial regulations-one that not only takes care of the current economic challenges faced but also looks into future risks in a rapidly changing world. Amidst this unending pursuit of self-preservation from the economic turmoil, people always incurred a lot of the indirect financial burden that was proving to be really telling on personal resources and overall economic wellbeing. Until the late 18th and early 19th centuries, Greek money exchanges were conspicuously small in size and few in number. Greek rulers, though semiautonomous, often felt themselves at the mercy of creditors whose capital they needed desperately. Still, they seldom carried through with large borrowings in a really serious and strategic way which might have had positive impacts on their precarious financial conditions of existence and eased their burdens. Following this catastrophic and allegedly challenging era, the intricate network of borrowing relationships continued to evolve and grow through time, even as the state remained implacably hostile to the payment of any interest to its numerous creditors who constantly competed for access to returns against their investments. More complicatedly, the alarming and pronounced lack of adequate bank deposits presented another financial crisis, while the state and its officials were on tender hooks that maybe the bottom was about to fall out regarding possible financial failure and a disruption that could cripple their operations and disrupt the fragile economic conditions that teetered precariously. Public finances were managed intricately under a watchful, scrutinizing eye of the foreign creditors who decreed that the revenues generated within the nation would be paid to them periodically in coin and in a defined, stable currency. In this way, what became clear was the number of stringent controls firmly in place that governed fiscal activities, leaving little room for maneuverability. What is more, church officials altogether could not even mobilize the large amounts of capital which were necessary in order to facilitate the function of a bank in a robust and truly commercial sense under those special pseudo-theocratic conditions in which internal subjects operated during that period. This historical background is complex and multi-dimensional, and it has greatly influenced the evolving banking practices in this country. More importantly, it has shaped how financial institutions do business and respond to adjustments in regulatory requirements over an extended period of time and shapes strategic operations in contemporary financial practice along with regulatory compliance.

3. Structure and Functions of Greek Banks

In fact, it is really important to define the structure and different functions - which are inherent to it in general - of the Greek banking system. The structural content of Greek banks is mainly identified by the relative share of the capital stock, which is held by an institution and therefore shows its financial stability and ability to operate. This will also show that the largest and most important group of banks operating in Greece can only fall under the category of a commercial bank, hence quite important to the economy. Greek financial institutions are divided into three main categories, depending on their respective activities and the scope of operation encompassed: i) commercial banking, which attaches significant importance to fundamental capital market services for natural persons and legal entities, so that a wide range of customer needs would be adequately served; ii) investment banking, in which new debt and equity securities are underwritten for all kinds of corporations, from large to small, in the name of their growth and expansion in the markets; and iii) co-operative banking, offering financial services based on principles of co-operation and with a strong emphasis on community, aiming at mutual benefit among its members and at solidarity within the local communities. This triplet categorization serves only to underscore how vastly diversified and multi-faceted banking in Greece is, with each category serving a purpose in the greater economic schema of the country [8].

The Greek banking system is made up of three components, which exert control by the supervision and surveillance body. These are the Committee for Credit and Insurance, which includes (1) the Bank of Greece and (2) the Financial Banking System, namely the Bank of Private Capital, which includes banks, that of Foreign Private Capital, which includes banks, and the Bank of Greek Law, which also includes banks. All of the above are commercial banks, and their vocation is to activate easily and from short-uncompressed loans for natural and legal entities. In general, we can say that the economy is rational if the operation of the banking system is correct. Commercial banks are generally called "banks of banks" and are referred to as "deposit money banks." They play a very important role because their major activities are accepting deposits and granting loans to customers, both in the form of cleaning and occupation. Unfortunately, on this basis, investment instruments have not developed, as this instrument is limited for other financial institutions. Instead, their activities are mainly focused on credit provision, liquidity, and investment activities. Regarding commercial banks and the ability to provide a minimal part of the other funds, the importance of good driving for other financial institutions and the economy is significant. The main economic theories indicate that banks start to evaluate a visible need as a result of the services provided by the banking system that are supplementary and alternative. In general, the banking system has the ability to manage and control the disposal plan of the system as a result of financial intermediation and surplus funds. Economic development norms show a high proportion of credit in comparison to the shares that international commercial banks have. With the presence of the interbank market, any bank can adjust its liquidity using an alternative market. The presence of an interbank market has created a competitive credit system. The bank is the most significant. Banks are involved with institutional investors at the highest level and have justification for their investments. Thus, their prestige and confidence given by society is valid. The banks provide proof of payment for their depositors as they also act as proofs of liquidity.

4. Regulatory Framework and Supervision of Greek Banks

The supervisory mechanism that is responsible for overseeing the multifaceted and intricate operations of Greek banks operates within a highly complex, detailed, and multifarious framework that encompasses a vast and diverse array of regulatory bodies, each playing crucial roles in maintaining financial order. These institutions have been meticulously established and deliberately designed to function seamlessly within the expansive legal and financial systems that govern the country of Greece, reflecting a deep commitment to stability and accountability. Among the myriads of critical entities functioning within this elaborate structure, the most vital and central institution, without a shadow of a doubt, is undeniably the Bank of Greece, a cornerstone of the nation's financial system. This central bank undertakes the overarching and fundamental responsibility for ensuring the seamless, effective, and efficient functionality of the entire banking system across the entirety of the nation, which involves a multitude of complex interactions and transactions [9]–[15]. This monumental, essential, and significant task encompasses not only the intricate operation but also the meticulous regulation of a diverse and extensive array of payment systems that are widely utilized throughout the vast and elaborate financial landscape of Greece, serving individuals, businesses, financial institutions, and, by extension, the economy as a whole. The Bank of Greece is not merely a traditional banking institution; rather, it serves as a pivotal foundation upon which the entire banking system rests, playing an indispensable and prominent role in promoting and facilitating the seamless operation of numerous types of financial transactions, which are integral to the daily functioning and prosperity of the economy. At the same time, it vigilantly safeguards the integrity and stability of the intricate markets that are spread across the country, ensuring that confidence in the financial system is maintained among the citizens and businesses alike. In addition to the crucial functions, it performs with the utmost excellence, the Bank of Greece also actively engages in close collaboration with a multitude of other regulatory and supervisory entities operating within the banking sector. This collaborative approach is essential in ensuring that best practices are steadfastly adhered to, fostering a stable environment in which the financial infrastructure remains robust enough to withstand potential challenges and crises that may arise in an ever evolving and increasingly dynamic economic environment. It is of great significance that the Bank of Greece, with its extensive expertise and knowledge, works diligently alongside various partners to cultivate a network of cooperation and communication that serves to strengthen the overall health of the financial system in Greece. In conjunction with the Bank of Greece, there exists another significant governing body that is instrumental in the Greek banking system, known as the Committee for Systemic Risk. This important and influential Committee was established back in the year 2010, acting as a direct and necessary response to the growing and pressing demand for more robust financial oversight and enhanced regulatory measures needed to address the vulnerabilities exposed by recent financial upheavals. Such measures became absolutely essential in the aftermath of the rapidly evolving economic conditions that negatively impacted a variety of sectors across the nation [9]–[25]. By facilitating proactive monitoring and intervention strategies, this Committee plays a pivotal role in identifying potential vulnerabilities within the banking sector and implementing timely responses to mitigate potential risks, thereby ensuring a more resilient financial landscape capable of enduring shocks. The primary objective of this Committee, which is intricate and multifunctional in its design, is inherently intertwined with the overarching mission of significantly enhancing the overall stability, security, and resilience of the financial system as a holistic entity that serves various sectors of the economy. The Committee is strategically focused on ensuring that numerous financial risks are effectively managed, consistently monitored, and comprehensively addressed through systematic oversight and ongoing surveillance, necessitating a multidisciplinary approach that incorporates insights from various financial experts. This vigilant approach is complemented by timely strategic intervention, which is all meticulously geared towards preemptively protecting the economy and safeguarding the financial well-being of the nation as a whole, thereby creating a stable environment for growth and investment that is conducive to long-term prosperity [26], [27].

It is essential to note that the Committee itself is not primarily tasked with the direct supervision of credit institutions, including banks, lending agencies, or various financial organizations that operate within the financial ecosystem. Rather, its focus is predominantly centered on the critical and essential activities of identifying, assessing, and mitigating potential systemic risks that could adversely and significantly impact the broader economic framework and financial landscape of the country, necessitating the collaboration of multiple stakeholders. This entails a thorough analysis of potential vulnerabilities and the implementation of strategies designed to fortify the financial structure against possible shocks that could threaten economic stability. Through these combined efforts, the Committee plays a vital role in fostering a resilient financial environment that promotes sustainable economic growth and stability for all stakeholders involved. By diligently monitoring a wide range of economic indicators, market behaviors, and prevailing trends occurring within the economy, the Committee continually strives to preemptively address and mitigate emerging issues before they can escalate into far more significant and potentially disruptive economic and financial challenges that might threaten the stability of the entire financial system itself. Through careful and ongoing analysis, in addition to strategic and timely interventions, the Committee aims to create a robust safeguard against potential threats that may arise, thereby ensuring that the Greek banking system remains resilient, robust, and fully capable of effectively withstanding both external and internal pressures and disturbances that could derail progress. Ultimately, these concerted, dedicated, and collaborative efforts contribute significantly to fostering and maintaining a stable economic environment conducive to the prosperity of all citizens. This stability is crucial in ensuring their financial security and unwavering confidence in the banking system, which is vital for the overall development and enhancement of the national economy in a sustainable and equitable manner, ensuring that growth benefits all segments of society. The ongoing collaborative work between various regulatory entities emphasizes the strong commitment to excellence in financial governance, as they collectively aim to fortify the structural integrity of the financial landscape of Greece for the benefit of all its stakeholders, ensuring long-term prosperity and confidence in the nation's financial viability.

Looking at the Greek banking system from a more historical lens, it has evolved in step with the industrialization of the country and large foreign capital investment. Therefore, there has been no significant legislation affecting the operation of the system. The creation in 1927 of the Bank of Greece's regulatory authority had been left to its responsibilities since the establishment of the Greek Bank Inspectorate in 1915. Having carefully considered the above, Greek banks and their governing bodies adapted to the various laws regarding the regulation and governance of credit institutions after the exceptional cases of internal or international economic crisis or after one of the periodic financial panics observed in early 1920, 1940, 1970, 1980, 2000, and 2010. The regulatory requirements are included in such a way in the national banking legal framework and in the secondary legislation, so that the demands of the European Union are met with more precision and soon after possible by the Member States. This banking regulation is necessary in order for the banking operation to contribute to the stability of the economic system in which it exists, rather than the opposite, where its operation undermines the stability of the national, if not the regional, economic environment. Although there is a wide range of regulations providing for the smooth operation of credit institutions and the protection of depositors or consumers of banking services and investment services, and for the maintenance and enhancement of sound unobstructed relationships and transactions, either business to work or between social groups of citizens, they may somehow be classified according to their object, including the protection and enhancement of economic growth and economic and monetary stability.

5. Role of Greek Banks in Economic Development

Its financial instability and insecurity have not let the possibility of recovery and growth of economic activities take place in Greece. Traditionally, the banking sector was one of the main factors in investments and development of entrepreneurship; however, in recent years, because of various reasons-economic turmoil, volatile markets, evolving regulatory regimes-it has borne heavy jolts. This forced most banks to be more cautious in lending money to companies and individuals alike. Therefore, this is increasing risk aversion that can develop into an excessively high bank propensity to further limit access to credit for enterprises due to the necessity of capital for developing new processes or products. Finally, banks play an important role in providing advice and financial expertise [28]–[35]. They seek to assist customers as they traverse turbulent money markets, recommend strategies of investment, manage their exposure, and protect their wealth. In fact, this advisory role of banks has grown increasingly important in turbulent times when informed decisions play a key role in pursuing financial objectives and long-term viability. Amidst these formidable challenges, the Greek banking sector simultaneously faces an opportunity for growth and transformation. New emerging technologies, especially regarding Fintech solutions and online banking services, are a new direction that inspires banks to improve the ways of operation processes and reach more customers. Innovation will help them make processes smoother and reduce operational overheads to make them more competitive in the market. For this reason, the link between banking institutions and the economy is more critical than ever, since, after all, the capability of banks to adapt and evolve will have a bearing on the prospects of recovery and development in the various economic sectors of Greece. As such, the core commitment of banking houses in Greece is not just a basic responsibility for financial intermediation, but one toward facilitating economic resilience for sustainable growth. It is this flexibility and dynamism of banks that can help in rejuvenating the economy through these trying economic times and place various sectors in a position to hold their heads aloft amidst hitherto insurmountable challenges. The banking industry can make valuable contributions, with strategic lending policies and all-inclusive financial services orienting innovation toward economic revitalization for a promising future for business and individual citizens of Greece. A high volume of bank credit is being pumped into few sectors of the economy, thereby hurting the overall stability and soundness of the country's commercial banking sector for years, which has further restricted growth and development.

Banks, by offering loans, financial products, and services, encourage entrepreneurship and innovation and contribute to developing partnerships and institutions and expanding markets. They are also involved in financing public projects and infrastructure that are necessary for a country's economic progress and that enhance private sector investment in plant, machinery, and research. Developing countries or those with underdeveloped regions and sectors especially need banks that are willing to support causes that do not constitute major profit-making opportunities. These are often considered unattractive because they are either too risky or unlikely to achieve the economies of scale. Moreover, many such industries and small businesses may be minor markets for retail products, and it is difficult and/or costly to accommodate them within the confines of conventional branch banks. It is necessary, therefore, to have banks that donate capital to underprivileged industries, regions, and sectors as this will bring about a more balanced development between the city and the countryside and between manufacturing and agriculture. The consequence will be the emergence of prosperous, socially stable agricultural areas that will lead to greater food self-sufficiency and lower rural exodus. Moreover, in the long run, the standard of living and quality of life will improve because of the development of the countryside. The role of the agricultural bank will be vital to the achievement of these three objectives. The view that a sound and efficient banking system has a decisive influence on the rate of economic growth of a country is generally accepted. Sustainable economic development is necessarily dependent on the sound growth and improvement of the spate of banking houses within a country.

6. Impact of the 2008 Financial Crisis on Greek Banks

The 2008 financial crisis had a profoundly negative impact on the stability of Greek banks, with repercussions that were deeply felt throughout the entire economic landscape. The systemic weaknesses that permeated the global economy and were exposed in the international financial system became even more evident as the first signs of the crisis began to emerge in 2007, leading to consequences that were both severe and far-reaching. Asset values plummeted dramatically, resulting in significant losses that not only affected shareholders but also pushed many institutions perilously close to the brink of bankruptcy in an alarming manner. Particularly notable was the case of subprime mortgage facilities in the United States, where the explosion of these risky financial instruments had brought an end to the flourishing real estate bubble that had characterized the late 1990s to the early 2000s. This specific turmoil sparked a contagion effect that reverberated across various markets and countries alike, impacting financial institutions globally in an interconnected way. Investment banks located outside of the United States found themselves holding asset derivatives and securities that were directly linked to these problematic and disastrous subprime mortgages. As these banks faced substantial difficulties, they were heavily impacted by the drastic value losses associated with these derivative structured financial products, which further exacerbated their precarious situation. Moreover, the interbank market began to exhibit early signs of illiquidity, as banks encountered increasing challenges when trying to roll over their short-term debts [36]–[48]. This created a situation in which lending between banks became exceedingly strained, causing further complications and a ripple effect throughout the financial system as trust eroded and uncertainty grew among all financial actors. The ramifications of these desperate developments extended beyond individual institutions, resulting in a broader financial crisis that would have lasting effects on economies and banking systems around the world, including in Greece, almost leading to a total collapse of public trust in the financial frameworks that had been established.

The financial gains to be derived from leveraging the paper profits from these derivatives had lost their value. Moreover, on-site inspections had also revealed that Greek banks were holding substantial amounts of Greek government bonds whose value had to be brought down to their fair value. This was perceived as an imminent cause for the formation of a capital hole. Greek public banks had possibly been the most punished by troubles before being directly exposed to the subprime crisis. The degree to which the parties discussed above have been affected by the crisis varied in multiple directions. Beginning in the summer of 2008, the government adopted a comprehensive set of measures to ensure the stability of the banking system. These included the partial nationalization of some banks and the extension of state guarantees, which effectively gave the banks compliance to the border; the intention of the government regarding the share policy of systemic significance banks was that the underwriting that the banks applied to buy the voting shares of smaller banks would not harm their capital. Overall, the response of Greek authorities was quite slow and rather discretionary. In particular, despite good administrative initiatives, there was no strategic plan for a comprehensive contribution of the banking system to recovery. In other words, the government was more interested in contributing to economic recovery through laterally including, sometimes social, issues of equity rather than ensuring liquidity and risk tolerance of the banking system. Although, according to Greek banking institutions, the earlier steps helped to increase the banking system's trust indirectly, they have been interpreted as 'social' measures and forgotten in the transition, as they have had to enrich the banks served. However, generally, after overcoming the shock of the first period of the crisis, banks after the crisis were able to exploit liquidity and cheap financing directly from the Euro system. The terms and conditions of financing were much broader than those performed by the national treasury. While they collected supplementary essential funds, the size of shares issued and the specific choices differed for every bank; especially for the main bank, the relatively small increases in capital were grounded. The banks were to a great extent worried about the negative message transmitted to public opinion concerning the needs for capital and also shareholders about dilution after their participation in the new capital increase. Additionally, Greek banks did not call for capital injections, as bank managers argued that they had been profit financing and were able to adjust their business and manage risks.

7. Non-Performing Loans and Their Effects on the Greek Economy

A non-performing loan, commonly referred to as an NPL, is defined as a loan on which the borrower is failing to make interest payments and/or principal repayments for a specified period of time, which is typically set at 90 days from the moment of delinquency. NPLs became a significant and pressing issue within the Greek banking sector in the aftermath of the financial crisis. The banking sector in Greece accumulated a substantial pool of non-performing loans during the prolonged economic recession, with their volume reaching a staggering peak in the year 2015. Since that peak, the number of non-performing loans has been showing a gradual decline, largely as a result of write-offs and loan securitization processes, and banks are actively engaged in selling off their repossessed properties through various methods, both directly and indirectly. These non-performing loans are the root cause of a multitude of economic problems for Greece, predominantly stemming from their deleterious impact on the banking sector itself. Consequently, elevated ratios of NPLs, combined with the necessity for increased provisions to cover them, are anticipated to have a detrimental effect on both the net income generated by Greek banks and their overall ability to lend. In fact, the persistently low capital adequacy ratios of these banks significantly impede their capacity to secure affordable external funding, leading to a challenging external environment characterized by low levels of profitability. Nevertheless, there are optimistic projections that economic recovery is expected to continue, potentially alleviating some of these pressures that the banking sector has faced in recent years [49]–[53].

Before the financial crisis began to take hold, Greek banks were freely dispensing all types of loans to individuals and companies without really having a fully developed or rigorous analysis of the credit risks presented by the borrowers. This rather risky practice resulted in wide credit expansion across the entire country and paved the way for the financing of a great many new real estate developments. Coupled with that, resultant of the country's significant increase in real estate prices, the ability of borrowers to service their loans led to a reduction in the percentage of non-performing loans on financial institutions' books. However, as the crisis tightened and unemployment figures started to rise sharply, many Greek borrowers found themselves unable even to handle the repayment of their mortgages, despite significant rises in the prices of their real estate. As a result, the share of non-performing loans within the banking sector started to increase at an alarming rate. Against this disconcerting situation, with the nonperforming loans piling into Greek banks, the Greek state has taken a series of measures for the restoration of stability in the Greek banking system and its return to a normal condition. These measures have included exhortations by the supervising authorities responsible for the supervision of the Greek banking system for certain protocols and actions to be followed. These were followed by respective acts and measures taken by the bodies responsible for the management and control of the Greek banking system, while the outcome, as far as their positivity is concerned, was rather limited, as it managed only to stabilize the financial sector's share of non-performing loans before they showed a slight decline. However, measures taken up to date have had less than the desired impact on the rate at which the volume of non-performing loans is reduced-a trend that remains one of the biggest challenges faced by both the banking system and the wider economy.

8. Foreign Ownership and Influence in the Greek Banking System

Today, and fully operational in Greece, there are a total of forty foreign banks, while a great number of financial services firms actively and continuously continue to operate and serve the market, representing something quite remarkable and noteworthy-what starkly underlines the ever-changing and rapidly evolving landscape of the nation's financial sector. This impressive figure comprises a carefully selected sample of some of the most renowned and respected financial institutions from a very wide and diverse global financial platform that stretches impressively across a wide array of continents and regions, each contributing its unique expertise. It includes a wide variety of financial expertise, services, and offerings that cater to the diverse and often changing needs and preferences of customers at different levels of engagement and income brackets.

The process of continuous and smooth restructuring of the domestic banking system has been incessantly evolving over the last several years, and hence due to this reason it has already brought transformation in banking practices, strategic approaches and overall operations throughout the whole nation's financial ecosystem. This significant change and constant on-the-move situation has, to some extent, been one of the contributing factors to the intense rivalry that is so well entrenched in the Greek banking system, especially regarding market conditions that have greatly improved in dimensions previously unimaginable and unseen in the banking environment. This relentless evolution is bringing a new and exciting era for financial services in the country. Many promising developments stand literally at the threshold, ready to unfold and redefine how financial services are offered and perceived. Foreign banks always maintain the quality of services to Greek customers at levels that are unusually and significantly superior compared to those given by their domestic counterparts. This high level of service often includes personal attention to a degree well beyond what was previously expected, along with smooth integration of sophisticated modern technology and phenomenal innovations that can actually change how banking is done. Advancements in those lines raise and improve the level at which consumers experience customer service, making such interactions with these institutions substantially more pleasant, intuitive, and user-friendly in ways both refreshing and advantageous [54].

This service excellence is in sharp contrast to that which is frequently experienced-or not-in domestic institutions where traditional practices remain very vibrant and innovation can be far less emphasized, if not entirely absent. Besides, these foreign banks develop a very keen sense of and a tight grip on all compliance-related issues and regulatory requirements, which is of particular importance within today's complex and challenging financial environment, which in many respects feels unrelenting and unpredictable. The accrued wealth of experience thereby empowers them to successfully negotiate the variegated and labyrinthine maze of the financial environment with aplomb, guaranteeing a competitive edge that is inimitable and invaluable in a sense, thus cannot and should not be belittled or overlooked when assessing the wider financial context. The inflow of foreign banks added a great deal to the choices that Greek borrowers had and certainly helped toward the breaking of the oligopolistic structure of the banking sector and toward the greater availability of low-cost credit lines. In general, lines of credit tend to be much more attractive and accessible than the previously existing financing options available within the local market, hence enriching the overall financial landscape to the benefit of consumers and businesses alike. This evolution, which preceded the extraordinary increase in foreign financial presence, has brought welcome variety and flexibility to Greek consumers, boosting accordingly the overall economic climate in a way that has proved beneficial for a host of the economy's stakeholders. Despite these many benefits, serious socio-political and ethical concerns are raised about the possibility of the main sectors of the national economy becoming dominated or largely controlled by foreign-owned companies. These fears are evidenced in most fields of telecommunications and banking sectors in Greece, and since local ownership needs to be retained, for many years this has been an active point of dispute and a cause for anxiety that is seriously considered both by the state's policy-framing authorities and the public interest. The loss of local control to foreign owners in any of these key sectors would immediately place significant constraints upon the range of effective actions government could take in terms of regulatory impact, especially with regard to the amelioration of any negative financing practices that might come into existence. Alternatively, it could seriously impede the rescue or bailout process for any bank in case a financial crisis crops up-an unsavory prospect that might result in some very serious consequences and repercussions on the economy at large in terms of stability and growth, quite fundamentally.

This precariousness presents major questions on a national level about sovereignty, economic stability, and, finally, general balance of power that occurs in financial sectors on a greater systemic level that simply cannot be ignored or unaddressed. It also sends up a flag regarding the important risk foreign control would pose to the national sovereignty of the country's public markets and overarching economic framework by foreign control of essential public service sectors-in particular, bank services. Added to that is a general feeling of unease about any overseas corporate operation, especially in circumstances where foreign nationals become directly involved in the day-to-day management of any of that country's essential public services-such as banking-where a bad lending decision or an improper financial ruling could produce a situation whereby one country may possibly harm another through adversely affecting the banking services that operate within its borders and elsewhere. On the other hand, though, it is also an interesting psychological litmus test for international financial markets as to what exactly is going on when there is foreign investment guiding particular sectors of the local market, potentially opening pathways to renewed confidence in the Greek financial environment, so desperately needed at this juncture in its recovery path. If these foreign entities are successful in their Greek-based ventures, then the injection of foreign funds back into this country will most definitely be crucial, essential, and pivotal for both the recovery and regeneration of the Greek economy-something that is imperative if sustainable and long-term growth is to accrue to and benefit all parties concerned in the financial system. In this respect, it would be important for serious consideration to take a balanced view of the various advantages and disadvantages of foreign investment in Greek banking, in full awareness of the wide-ranging potential impacts that such investments can have at many levels and aspects, social as well as economic. Be that as it may, foreign ownership or control should never be taken lightly; the decisions to be made along this line are of such importance that they may affect, to a considerable extent, the future trend of the Greek banking system for the forthcoming years.

The round of discussion regarding such strategic decisions forms a bottom of continuous discourse in the molding of Greece's financial future. This is one that must be informed and substantially participated by both the consumer and industry participant in order to serve effectively and equitably the interests of the nation, thus best for the health and vibrancy of that financial future. Greek Banking: Technological Innovations Technological innovation is vastly and basically changing traditional banks in Greece, and as with most countries around the world, this phenomenon has captured a broad number of developed nations. As we delve more deeply into the fascinatingly transformative phenomenon, it becomes very clear that a number of technological trends are effectively reshaping the future of banking as we know it today-a concept coupled with the dynamism of changing consumer expectations and altered market responses. The text below constitutes an attempt at an in-depth and detailed analysis of these critical trends and their potential implications, particularly in the unique context of Greece and how its banking sector is changing. More recently, Greek banks have indeed massively embraced various state-of-the-art technological innovations in their attempt to stay commercially sensible and pragmatic while overcoming the different kinds of challenges instigated by the ever-changing economy. These adaptations to professional and competitive strategies have widely resulted in an ever-increasing dependence on online and mobile banking facilities, especially designed to augment customer-oriented activities as well as to employ automated banking services most effectively and efficiently with a view to creating an easily accessible financial environment for one and all. Understanding these events as influential requires an understanding of the greater role technology will play in redefining not just how banks operate but also how customers experience them, first in Greece and then elsewhere. The integration of such advanced technological solutions will likely continue to accelerate in the near term, driving a shift that will transform the industry and its practices for years to come. Thus, dealing with the changes, we realize that the relationship between technology and banking keeps changing and adjusting every moment in a way to meet the diverse expectations of consumers and to be influenced by the dynamic market dynamics which surround the sector. Moreover, impressive and very significant developments in the field of mobile banking have emerged at a tremendous pace, right at the heel of new technological advancements and an ever-changing landscape of payments catering to today's modern consumer.The innovations are constantly changing how people engage with their financial institutions and their day-to-day transaction management, ultimately leading to a more active and aware customer base. With these still developing and improving, varying levels of appropriateness and accessibility have heralded this key financial service in ultimately seeking to improve significantly the levels of financial literacy among certain customer segments throughout the country, thus enabling them to manage their personal finances in a more active and wise manner and creating a financially literate society.Similarly, the exponential boom in the sphere of internet banking facilities over the last few years has exponentially expanded the scope of personalized browsing services with facilities that add to and upgrade the notion of banking among customers of all age groups and categories. This permanent evolution of offered services within online banking mediates transactions with ease and adds new exciting features within the realm of various financial needs and preferences, rendering banking more user-friendly, accessible, and responsive to the dynamic consumer landscape as well as their evolving expectations. Another aspect is that chatbots are, in fact, advanced automated systems, drawing on the power of the most advanced natural language understanding combined with state-of-the-art machine learning technologies, which is carefully engineered to imitate the kind of interactive engagement a human can create with a customer. This technological development supports customers valuably and makes banking services even more accessible than ever. Greek banks have undergone not only a sea change in service delivery but have also reaped many benefits accruing out of this system, such as reduction in operational costs and a dramatic change in communication efficiency. This development has been realized through the constant tailoring of services and improvements in the modes of reaching out to customers on different platforms; this leads to quick solutions to problems and instills trust in customer relationships. This means that there is a growing trend toward more dynamic and responsive banking solutions-those carefully tailored to the unique needs and preferences of individual clients, cardinal factor for competitiveness and reliability at an increasingly saturated market [55], [56].

Thus, through continuous, relentless innovation and strategic adaptation, the Greek banking sector confidently and steadily shapes the grounds for the future of more service-oriented benefit to all financial stakeholders. This is the era that promises newer and brighter times by using the latest and advanced technologies to bring in even better and valued relationships with customers through sustained and responsible practices within a marketplace that is increasingly getting more competitive and challenging. The changes in the banking landscape in Greece are not only emerging but are dynamically changing into a new dimension due to advances in state-of-the-art technologies, together with unrelenting commitments by traditional banks themselves to adopt such vital changes and progress for relevance and responsiveness. The journey ahead indeed promises to be one of continuous improvement of the customer experience, while deftly navigating a modern financial environment in constant flux and ready for innovation. Greek bankers face a number of multi-dimensional challenges today, which affect their competence and ability to adopt, adapt, and implement newer technologies effectively and in a timely manner, keeping both the operational and customer needs in mind. In part, this reflects the necessity to fulfill an ever-growing and diversifying range of operational and legal processes, which, in recent years, have become far more multifarious and challenging compared with previous years. This has developed mainly directly in response to new and more burdensome regulatory requirements for ensuring that the entire financial system is stable, resilient, and secure. Besides, customers are usually extremely attached to the comfort of traditional banking services and view novelty with considerable wariness. This can be attributed to a number of factors ranging from lack of deep understanding of the manifold benefits accompanying these new technologies to deep-seated concerns about security, reliability, and privacy when dealing with new platforms. For their part, the banks emerge in that precarious position of balance between the urgent need to continue with a growing list of various legal and regulatory demands, especially regarding areas like complete data security and customers' privacy, and the variety of often-conflicting expectations and demands of their clients who feel the urge for assurance and confidence in their financial dealings. Besides adapting to the change that is going on at a rapid rate in the banking arena, customers also need to go with technological changes that will favorably impact their banking and service experiences in times to come. It is no mere phase in passing; this is a monumental seismic shift in the delivery, access, and usage of banking services for consumers of every age in daily life.

Therefore, rich new opportunities from all of these joint efforts and discussions in value between banks and their customers will doubtless evolve in the near future, changing the face of a much more integrated and effective financial system to serve the needs of one and all, be it an individual, a company, or any other entity, even better than today. What all the developments have in common, however, is that these technological innovations have to be watched critically and their contributions assessed continuously for their addition to the expanding financial inclusions of customers who are essentially from walks of life; a thing without which no group must ever be left behind in this modern era of finance and innovation. This, in turn, means that as consumers are better informed and far more aware of their choices regarding banking and finance, the ultimate consequence would not only be an improvement in the quality of banking services delivered to their doorstep but also a major boost in terms of financial literacy and power for them as responsible economic actors. The positive change thus reaches a wider audience, bringing about better socio-economic conditions that can uplift whole communities and citizens within the country and outside its borders, inculcating a sense of agency and responsibility in consumers. Therefore, making use of the various benefits accompanying financial innovation has no doubt become one of the fundamental components toward changing the status quo of financial inclusion in diversifying groups for the overall progress and sustainable development of the country as a whole. In the end, it is for banks, clients, and regulators to work in harmony and ensure they realize these enormous benefits to the full and create value for all in the value chain. Such invaluable cooperation is crucial for the furtherance of a healthier, more inclusive financial future that can more ably meet the needs of everyone in society. This makes the total banking experience for all parties concerned more befitting and contributes to the formation of a more dynamic market that will foster growth, continuity, and innovation on all fronts.

9. Discussion: Ensuring Financial Inclusion and Enhancing Access to Banking Services Across Greece: A Comprehensive Overview

Financial inclusion serves as a crucial and foundational cornerstone of a robust and effective banking system that can be found within any given country. It plays a pivotal and significant role in driving sustained economic progress and development across the entirety of society. By actively ensuring that every possible segment of the population, including the underserved, overlooked, and marginalized groups who are often left behind and excluded from essential services, has equitable and fair access to fundamental banking services. These services include savings accounts, loans, and financial literacy programs, which are essential for individuals to engage in productive economic activities. Individuals should be able to access these services without facing discrimination or barriers of any kind. Deposit Decline: During financial crises, such as in Greece post-2008, a loss of public confidence in banks can lead to large-scale withdrawals, causing a significant decline in deposits. In Greece, fears of a "Grexit" and uncertainty about the banking sector led to a drastic reduction in bank deposits as citizens moved their savings abroad or withdrew them in cash. The Non-Performing Loans (NPLs), NPLs are loans on which borrowers have stopped making interest or principal payments for a specified period, typically 90 days or more. In Greece, the prolonged economic downturn and rising unemployment post-2008 caused NPL ratios to skyrocket, severely affecting the banks' balance sheets and hindering their ability to lend Recapitalization Efforts scope to stabilize the banking sector after massive losses, Greek banks underwent several rounds of recapitalization, where funds were injected by the government or international institutions (like the European Stability Mechanism). This helped replenish the banks' capital, enabling them to continue operations and gradually recover from the crisis. Capital Adequacy Ratios is a measure of a bank's capital in relation to its risk-weighted assets, ensuring it can absorb losses and continue functioning. Post-crisis, Greek banks struggled to maintain adequate capital levels, prompting recapitalizations to meet European regulatory standards and ensure financial stability. Profitability for post-crisis, Greek banks struggled with profitability due to high NPLs, restructuring costs, and reduced economic activity. Over time, profitability began to recover as NPLs were reduced, cost-cutting measures were implemented, and the economy started to stabilize, although it remains below pre-crisis levels. NPL Reduction means that Greek banks have actively worked to reduce their high levels of non-performing loans through loan sales, restructuring, and government-backed schemes like the Hercules Asset Protection Scheme. These efforts are critical for restoring the banks' lending capacity and financial health. Impact of Austerity Measures, is about the matter how the austerity measures imposed as part of Greece's bailout agreements, significantly impacted the economy and the banking sector. These measures, including tax hikes, spending cuts, and pension reforms, reduced consumer spending and business activity, exacerbating the economic downturn and making it more difficult for borrowers to repay loans, thus increasing NPLs.

Table 1.
Key data on Greek banks post 2008 financial crisis (Authors' table).

Aspect	**Data**
Deposit Decline	Deposits fell by approximately €117 billion, a 49% decline from September 2009 to December 2015.
Non-performing loans (NPLs)	NPLs peaked at 48.9% of gross loans in March 2016.
Recapitalization efforts	The Greek banking system underwent multiple recapitalizations focused on building capital adequacy reserves.
Capital adequacy ratios	Common Equity Tier 1 (CET1) ratio was 15.5% as of December 2023, approaching the European average of 15.7%.
Profitability	Greek banking groups reported post-tax profits of €3.8 billion in 2023, up from €3.4 billion in 2022.
NPL Reduction	The NPL ratio declined to 6.6% by December 2023, with three out of four significant banks below 5%.
Impact of austerity measures	Austerity measures led to a severe recession, affecting bank activities and causing significant losses in deposits and equity.

This inclusive approach not only fosters overall economic growth and development on multiple levels but also promotes equilibrium, stability, and resilience specifically within Greece's diverse and dynamic financial landscape. By effectively enhancing trust and cooperation among various social groups and institutions, financial inclusion acts as a bridge that connects individuals to opportunities for advancement and success. By doing so, it creates a more inclusive and supportive financial environment where all individuals, irrespective of their socioeconomic background, can fully participate in the economy with dignity and confidence. This participation encourages people to develop their financial skills and invest in their own futures. Consequently, this broader participation not only contributes to financial empowerment on an individual basis but also facilitates a healthier, more equitable, and more sustainable financial future for the entire nation as a whole. Ultimately, this transformation leads to enhanced socioeconomic conditions, shared prosperity, and an improved quality of life for all citizens, fostering a society that values equality, justice, and opportunity for everyone involved. It is, therefore, essential for policymakers and financial institutions to prioritize strategies and initiatives that promote financial inclusion as a critical objective for national development and prosperity.

10. Results: Comparative Analysis with European Banking Systems

The Greek system of banking shows some specific similarities with other European countries' systems; simultaneously, it presents many striking features which make it unique among all European countries. The most major primary point that has arisen in terms of the regulation of the Greek banking system is a large and sizable buildup of non-performing loans which have accrued over the long period of time. The disturbing trend of disposable incomes falling among citizens, to which the level of deposits declines pro rata, makes things worse. In such circumstances, the unavoidable direct consequence is that Greek banks feel themselves bound to bring about substantial revisions in their traditional banking models in order for these urgent challenges to be met more adequately. Because of these developments, they are investing their efforts in a host of novel new methods that include significant investments in state-of-the-art technology. This ensures a superior and personalized on-site banking experience, while concerted, strategic efforts court customers away from other banks with markedly improved service offerings that set it apart in the increasingly competitive marketplace. This therefore comprehensive study takes a reflective step back and provides an in-depth, detailed comparative analysis of all the banking systems currently operating within Europe. It takes careful stock in deep and serious detail of their various performance metrics and the stringent regulations each institution within this key sector must adhere to. By closely examining and carefully comparing the Greek banking sector with the more established banking systems throughout Europe, a unique opportunity can be had to take full stock of the differential outcomes derived from new strategies being utilized and gauge such significant developments in terms of potential success stories that may be replicated on a wider basis within the financial environment. Moreover, the Greek context is put under the spotlight with a reflective retroactive hindsight in relation to the far larger European banking sector and, by so doing, enables an in-depth and comprehensive assessment of how the outcomes realized in Greece stand out decidedly different from, or closely akin to, the general trendlines now unfolding across the rest of the continent during this era of seismic change.

The enriched insights arising from this comparison stand to inform policy and strategic decision-making at both the level of Greece and the entire region, underlining the importance of interconnectedness for these financial systems, as well as how changes in one area can have an effect on the others. While the Greek banking sector certainly shares a number of points in common with the greater European banking system as a whole, it equally houses unique characteristics that contribute to notable differences. These, in turn, give rise to a variety of complex challenges that are best surmounted if navigated effectively and thoughtfully. For instance, Greek loan and deposit interest rates are usually lower than those rates of many European countries. This might be one of the most important factors when discussing competitiveness within the banking industry and the attraction of depositors in more detailed conversations today. It does, however, also take into consideration that since the beginning of the international financial crisis, which also hit most economies, the European Union has indeed embarked on a rather radical and wide-ranging restructuring of its banking framework in a truly transformational way. This will be achieved by a completely new set of rules that specifically target strengthening supervision and developing the risk assessment practices utilized by all banks across the region. Using various financial metrics to provide a comprehensive metric analysis, the overall performance of the banking system will be highlighted, revealing the key efficiency issues that have to do, in particular with Greek banks. The given extensive review, in turn, is aimed at significantly increasing the incentives of the bank's governor to include in the modern strategies that effectively answer the competitive pressures that are continuously felt within Europe. This directly sets up an environment primed for innovative thinking and adaptive strategies, so the Greek banking system will not survive but thrive in light of the complex challenges it confronts within the broader European context, continuing its evolution in response to a shifting economic landscape.

11. Future Prospects and Challenges for the Greek Banking System

Several trends identified can be considered as determining the recent evolution of banking and shaping future scenarios. The share of people who prefer traditional banking to manage their finances is almost equal to those who prefer online banking. A few months after the pandemic outbreak, a significant percentage of respondents were reported to use digital means for their banking transactions. This finding is significant because it may lead to the impression that the majority of bank customers have already passed into the digital transition phase. Last but not least, the expert participants raised the question of whether or not the Internet and digital goods are a permanent form of consumption and trade and if the economic behavior of all individuals has changed in terms of Internet penetration and digitization of consumption and shopping habits. In this context, the preparation for the possibility of new crises should be based on the implementation of proactive and preventive measures while taking into account the available evidence on digital consumer behavior.

Challenges: A decade after successive and highly influential economic crises, a brighter economic fortune is expected for the nation as a boon forecasted for the coming years. This positive forecast is encouraged mainly due to good investment legislation currently being implemented along with national monetary policies and broader European fiscal policies. These concerted efforts have been geared toward ensuring stability while stimulating healthy economic growth in the various sectors of the economy. On the other hand, however, the huge and unprecedented impacts of the pandemic have created overwhelming challenges. This shocking accident of the pandemic has put a heavy shock on the incomes of individuals, depressed employment rates, and affected adversely the operation activities of a wide range of businesses across the board. Moreover, continuous technological changes, along with the accompanied changes in the behavior of customers, are likely to have considerable implications for the competitive dynamics of the banking sector, particularly concerning the level of profitability the banks enjoy. The necessity to adhere to ever-stringent regulatory measures concerning capital adequacy ratios, liquidity levels, and credit risk exposure continues to act as an impediment toward bank exploitation of electronic channels, which are gradually becoming an imperative channel for customer reach. Of course, it goes without saying that the rigor with which such regulations are applied translates directly into more complicated and, therefore, more costly operating models, not made any simpler by on-going difficulties in recruitment and the associated issues of resolving disparities in earnings against those in the financial sector. In light of such compounding issues, bank profits are in the harsh spotlight due to fierce competition that is persistently part of the market and relentless declines in net interest margins. The income increasingly is out of balance with long-term growth that will be considered sustainable.

Furthermore, the projected expansion of the credit stock available to businesses, which is crucial for their development, cannot be realistically achieved without establishing a robust, effective support program specifically targeting those businesses identified as viable in the current market landscape. Last but certainly not least, the management's ability to respond to and engage proactively with the evolving propositions concerning ESG (Environmental, Social, and Governance) principles— which are very much in the spotlight in today's corporate discussions—remains notably insufficient, betraying a need for enhancement in this critical area. Recommendations: Recognizing that the economy operates as a complex, multifaceted, and ever-evolving continuum is vital for engaging with the current market dynamics effectively. Therefore, the strategic planning processes undertaken by banks must embed a certain degree of flexibility, enabling them to frequently update and adjust their objectives and goals at predetermined intervals. This adaptive strategy is essential to ensure they remain relevant, resilient, and responsive to the rapid changes occurring within the marketplace. The concept of true customer-centricity, whereby the primary focus is directed toward delivering exactly what customers genuinely need and value, has gained significant attention and relevance in contemporary business discussions. This approach now demonstrates its inherent strength, as it has become increasingly evident that customers constitute the most pivotal stakeholder group for any business, serving as the backbone of its operations. This customer-centric ideology should be properly reflected within the initiatives that prioritize the well-being and satisfaction of the business's clientele, which must intrinsically encompass essential environmental and social dimensions in its execution. Furthermore, a commitment to relentless innovation must occupy a central role within the comprehensive strategy of the business moving forward. It is vital that banks continue to channel their efforts toward developing and embedding new practices into their banking operations, evolving to become supervisory entities thereby enabling them to effectively shape their strategic direction as they navigate an adaptive landscape [57]. Close monitoring of the practices employed by other industry peers is equally necessary, facilitating timely adjustments to their strategies and creating a robust evolution plan. This ongoing vigilance will consistently ensure that the organization is thoroughly prepared to meet future challenges head-on with confidence and strategic foresight.

13. Conclusion

It has thoroughly analyzed the current state as well as the ongoing development of the Greek banking system. Based on the comprehensive analyses conducted, we can conclude the following key points: the banking sector serves as a critical part of the market economy and plays an essential role in terms of promoting and facilitating economic development, as it effectively provides for financial resource allocation necessary for various sectors. Banks, however, are not without significant challenges, regardless of the country in which they operate. The recent financial crisis has notably shaken the confidence of consumers and resulted in a negative impact on credit portfolios, with non-performing loans increasing substantially over the last decade. Nevertheless, the significant attention that banks have paid to the area of financial risk management, combined with the robust regulatory response, has helped credit institutions stabilize and start to recover from these setbacks. In fact, banking in Greece has cumulatively promoted and represented innovation within the Greek financial system, adapting to changing market needs. The reason for this positive outcome is that technological orthodoxies, which would have previously been deemed too risky for the existing banks to adopt, now present lower operational risks, allowing for growth and advancement in the banking practices and services offered to consumers.

Foreign lenders have also supported and trained the uniquely outstanding establishment of alternatives for risk-taking, but at different times, especially those that have historically had competitive edges in their lesser-developed home markets. The issue that remains unresolved is the unequal development of financial alternatives. It has long been considered an important task for governments in advanced economic systems to create safe and dependable banks. In a theoretically ideal world, banks would manage rates and goods effectively. Put another way, they would supply individuals willing to save money and those willing to take risks. Last but not least, there has been a lot of talk about financial inclusion, targeting those citizens who do not have access to banking services. Clearly, their future resilience will depend on their ability to continuously adapt to a widely uncertain environment, but they may well benefit from their comparative position, especially vis-à-vis multinational banks and those who have withdrawn from peripheral, small open economies with relatively high long-run costs. Nevertheless, regulatory change will also impose challenges and could hinder innovation and structural adaptation. The future may belong to 'Fintech' rather than banks. Yes, underwriting risk will remain central to a market economy for the foreseeable future. But that risk will be far less intermediated and banked than is the case now.

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