



# CAPITAL LINK FORUM- THE VOICE OF OUR YOUNG EXECUTIVES

## THE ROLE OF GREEK AND CYPRIOT BANKS IN SHIP FINANCING

During 2020 crucial changes are to be expected. The replacement of libor in the following months and the necessity for technological advancements are amongst the most significant challenges for the banks. After 40 years of using the same type of engines, the shipping industry must move on to new technologies and banks should take this into account in order to be ready to support the Greek shipping industry.

Challenges apply not only to banks but to all investors, who must choose in what technologies they will invest in. During the past few years, banks have been reducing their exposure or exiting shipping finance altogether. The Cypriot economy had to recover from the crisis of 2013 and grasp the opportunity to fill the gap that the bigger international banks had left. The main challenge for the banks is to fill the void of traditional lenders such as HSBC, which have supported shipping industry for many years. Both Cypriot and Greek banks don't have the total necessary capacity to fill the gap, so they focus on specific good deals and on owners with good records.

I believe that for the banks, transparency is crucial. They need to have access to financial investment information and to financial statements in order to assess the financial performance of a company. The competitive advantage of Cypriot and Greek banks over international banks is that they are more flexible and they have a better understanding of the shipping industry's priorities through the business cycle. Cypriot banks are closer to Greece, not only for geographical reasons but due to the similarity in culture and language. Cypriot Banks are smaller but smaller may mean more flexibility and a faster pace.

Furthermore, banks must deal with regulatory challenges coming from the MDA, European Central Bank and all other challenges, which are translated in cost. Also, the most significant challenge for Greek banks is increasing the confidence in them as they are coming out of crisis. At the end of the day banks must prove the quality of their services.

I am optimistic for the future and I strongly believe that Greek and Cypriot banks are ready to support not only smaller companies, but larger companies with larger fleets.



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