

**SCHOOL OF BUSINESS
BACHELOR PROGRAMME IN
ACCOUNTING, BANKING AND FINANCE**

**The Impact of the Economic Crisis on Cyprus and its Small
and Medium-sized Enterprises**

Diploma Thesis

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2015

Abstract

The global economy is still recovering from the most severe financial and economic crisis since the 1930s. The crisis initially started in the United States, but rapidly took global proportions, spreading quickly around the world. Cyprus has not been spared and the effects on its economy, as well as the banking system have been very profound. Cyprus has witnessed and it is just now recovering from a very prolonged and deep recession, which has shaken the economy to its core. After the haircut on deposits of March 2013, the Cyprus economy has been rescued by the Troika and the Memorandum agreed by the Cypriot Government and the Troika addresses the short-term and medium-term financial, fiscal and structural challenges facing the Cyprus economy. Small and medium-sized enterprises in Cyprus have been SMEs heavily affected by the crisis. We show how the crisis has affected SMEs, implying lower turnover, delays in receiving payments, overall lack of liquidity, and near impossibility of finding external sources of funding.

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