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# The banking sector of Cyprus : before and after he economic crisis

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*THE BANKING SECTOR OF CYPRUS: BEFORE AND AFTER THE  
ECONOMIC CRISIS*

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*MBA DISSERTATION*



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## **Abstract**

The exposure of Cypriot banks to overleveraged local property companies, the Greek government-debt crisis, the downgrading of the Cypriot government's bond credit rating to junk status by international credit rating agencies, the consequential inability to refund its state expenses from the international markets led the island to the economic crisis.

The Cyprus banking system has undergone considerable transformation since the start of the crisis. The year 2012 was characterized by the continuing economic recession which led Cyprus to request the provision of financial assistance from other member states of the European Union and the International Monetary Fund.

In March 2013, Cyprus and the Eurogroup reached an agreement on a package of measures which, included the restructuring of the banking sector.

The aim of this research is to analyze and explain the Cyprus Banking Crisis, which hit the island in 2012-2013. Also, another goal of this research is to present reasons and consequences of financial crisis to avoid future failure in financial sector of the country.