

Specifics of non-performing assets management of Piraeus-Bank jsc under martial law

Oleksandr Alefirenko

*PhD program student, of Management Technologies Department
University «University of Economics and Law «KROK», Kyiv c., Ukraine,
e-mail: alefirenkoaleksandr@gmail.com,
ORCID: 0009-0008-4664-7279*

Viktor Terekhov

*Doctor of Economics,
Professor, Professor of Management Technologies Department
University «University of Economics and Law «KROK», Kyiv c., Ukraine,
e-mail: victort@krok.edu.ua,
ORCID: 0000-0003-3400-6833*

Piraeus Bank in Ukraine is an international bank, a subsidiary of the largest financial group in Greece, which operates in Europe. The bank was founded in 1916 with headquarters in Athens, Greece. The bank is strategically focused on corporate and private clients.

Piraeus Bank Group offers a full range of financial services to more than 5 million customers in Greece and employs about 8 thousand people. The Group's total assets amount to EUR 75.7 billion, loan portfolio is EUR 36.9 billion and customer deposits reached EUR 58.1 billion (as of the end of December 2022).

Piraeus Bank Group started its operations in Ukraine in 2007 after the acquisition of International Commercial Bank (ICB) [1].

In April 2023, Piraeus Bank entered the rating of TOP-15 most resilient banks in Ukraine to wartime shocks, presented by "NV" magazine and Dragon Capital investment company [2].

With the beginning of the full-scale invasion in February 2024, the bank faced new challenges - relocation of employees from branches and offices from the frontline territories, organization of business continuity of process (BCP), implementation of a network of Power Banking generators to ensure the operation of banking systems and the needs of bank customers during blackouts.

"The best defense of the country is economic growth." Head of the Management Board Yannis Kyriakopoulos [3].

Taking into account the challenges of wartime, Piraeus Bank is implementing its business development strategy in Ukraine, aiming to become closer and support its customers in western Ukraine. Opening of new branches in Ivano-Frankivsk and Khmelnytsky continues the strategy of expansion to the west of the country, which is focused on servicing all customer segments. These new branches fully comply with European standards and are part of the Power Banking network. Taking care of customers from the south of the country, in February 2024, the Bank opens a new branch in Odesa. "Our goal is to be even closer to our customers and provide them with the necessary support. Physical presence holds great importance to them nowadays", - Yannis Kyriakopoulos, Head of the Management Board.

Considering the modern needs of customers for remote account management and digital banking, Piraeus Bank continues to actively invest in digital solutions and completely renovates the Winbank mobile application in 2023. The updated mobile application allows customers to manage their daily financial needs and remotely open debit cards in national and foreign currencies with cashback of 2% on almost all categories of purchases, as well as term deposits at one of the most favorable rates on the market - 17% per annum in UAH [4].

Piraeus Bank has been involved in charity projects and initiatives since the very first day of its foundation. After the full-scale invasion, charitable activities are especially important as they help to strengthen Ukraine's defense capabilities and bring peace closer.

One of such projects was cooperation with Stalevi Foundation, which was created on the initiative of Serhiy Volynskyi, a marine and Hero of Ukraine. Piraeus Bank provided charitable assistance in the amount of UAH 3.55 million to support the activities of the Foundation. Piraeus Bank's funding will be used for treatment and examination of the defenders of Ukraine, development and functioning of physical and psychological rehabilitation program.

Support of small and medium-sized businesses (SME) through credit financing of economic activities is extremely important during the period of martial law. Piraeus Bank is a participant of the state program "5-7-9%", which allowed SMEs to access financing, build up sufficient stocks to avoid supply disruptions and reduce financial costs. Supporting businesses by reducing the cost of loans remains extremely necessary and relevant. During the period of Piraeus Bank's participation in the program, 45% of the loan portfolio of small and medium-sized businesses are loans issued under the program "5-7-9%". Reducing the interest burden contributed not only to the preservation of jobs of our SME clients, but also to the growth of this indicator by an average of 10%. In turn, the state receives increased tax revenues, which partially offsets the cost of the program.

An important and highly sensitive aspect of martial law activities is the work with non-performing assets (NPA) in terms of those clients who suffered losses during the hostilities, lost their business, jobs, and the ability to repay their loans to the Bank on time. Key aspects of the NPA management unit:

1. Possibility to receive a loan repayment and interest holidays;
2. Stopping the countdown of days past due (DPD) until 01.07.2022;
3. Stopping Soft Collection (sms, e-mail, letters, outgoing calls, legal);
4. Remote work with clients who are outside the country through the use of electronic communication channels;
5. In May 2022, a Welcome Call was conducted to borrowers with overdue debts to determine the needs for restructuring.
6. Applied the requirements of the law in frames of securing the rights of the protected category of consumers - military personnel and their families.

In June 2022. Soft Collection fully resumed its work. The following debt settlement mechanisms have been resumed:

1. Active use of restructuring as the main tool for debt settlement;
2. Resumption of active work of private and public bailiffs within the framework of enforcement proceedings;
3. Consideration of customer proposals through voluntary debt settlement.

The Bank continues to take an active part in international projects to restore the country. In June 2023, Piraeus Bank signed the Ukrainian Business Agreement on international business support for Ukraine's recovery, which was officially presented at the Ukraine Recovery Conference in London. The 2023 Conference is a continuation of the cycle of annual events, the last of which was held jointly with Switzerland in Lugano, during which the Declaration of the Lugano Principles was presented, which are the guiding principles of the process of Ukraine's recovery. The purpose of the Agreement is to assist Ukraine in modernizing, building a resilient and flexible economy, and emerging from the current conflict as a strong and prosperous state [5].

Key words: Management; Non-performing assets Management (NPL); Bank management under martial law; Development strategy.

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