

# Cyprus: cash, security control for banks reopening

Cyprus readies capital controls, hires extra security ahead of banks' reopening to prevent run

**AP** By Menelaos Hadjicostis, Associated Press | Associated Press – 1 hour 2 minutes ago

NICOSIA, Cyprus (AP) -- Cyprus has imposed limits on money transfers and hired extra security guards as it prepares for the planned reopening Thursday of its banks, which have been closed for almost two weeks to avoid a run during the country's financial drama.

A banking official said Wednesday that new controls will include restrictions on large-scale transfers from the country's two largest and most troubled lenders, Bank of Cyprus and Laiki, when they reopen Thursday. Both are being restructured and big depositors face losses of as much as 40 percent.

Authorities are looking to increase the daily withdrawal limit from 100 euros to 300 euros (from \$130 to \$386), while payroll payments will be allowed in order to help businesses, which have taken a huge hit as people cut down on their spending amid the uncertainty swirling about the banks.

The restrictions will be kept for at least a week until the situation stabilizes, said the official, who spoke only on condition of anonymity because the measures have yet to be officially announced.

Meanwhile, private security firm G4S will dispatch 180 of its staff to all bank branches across the island to keep a lid on any possible trouble, said John Argyrou, managing director of the firm's Cypriot arm.

"Our presence there will be for the comfort of both bank staff and clients, but police will also be present," he said.

Argyrou said he doesn't foresee any serious trouble unfolding once banks open their doors because people had time to "digest" what has transpired.

"There may be some isolated incidents, but it's in our culture to be civil and patient, so I don't expect anything serious."

Another 120 staff from G4S would be assigned money transportation duties.

Banks were closed on March 16 as politicians scrambled to come up with a plan to raise 5.8 billion euros (\$7.5 billion) that would qualify the country for 10 billion euros (\$12.9 billion) in bailout loans from fellow eurozone partners and the International Monetary Fund.

Under the deal clinched in Brussels early Monday, Cyprus agreed to slash its oversized banking sector and inflict hefty losses on large Laiki and Bank of Cyprus depositors.

Laiki is to be restructured, with its healthy assets going into a "good bank" and its nonperforming loans and toxic assets going into a "bad bank," officials have said. The healthy side will be absorbed into the Bank of Cyprus.

The board of directors of both banks has been fired and administrators appointed to handle the restructuring and absorption, the banking official said.

Bank of Cyprus CEO Yiannis Kypris issued a statement saying the Central Bank governor had asked him verbally Wednesday to resign.

"These are very difficult times for everyone. The Bank of Cyprus was and must remain the basic support of the economy and our society in the effort to deal with the crisis our country is going through," Kypris said. "I hope that the handling of this transition phase will respect the workers, shareholders and customers of the Bank of Cyprus."

Cypriot officials said the deal would mean the country would shift its focus away from being an international center of financial services. That is expected to cost jobs, adding to the unemployment rate which now stands at around 14 percent.

Business leaders and cabinet ministers were meeting with President Nicos Anastasiades on Wednesday to find ways to get the economy going again.

To give consumers a break, electricity prices will drop 5.75 percent next month. Over the next couple of weeks, authorities will look into how they can reduce them by another 3 percent, said Commerce Minister Giorgos Lakkotrypis.

Interior Minister Socrates Hasikos said his ministry is looking to cut red tape in order to attract foreign investment. He said Chinese investors have shown increasing interest in property sales, adding that a single real estate office has sold some 400 residences to Chinese buyers.

"There has always been interest from foreign investors," said Hasikos. "The question is how we as the government, as Cyprus, can convince all these investors ...that the environment is secure, that whatever happened has now passed and that they can continue securely investing in Cyprus."