

Capital Controls

Capital Controls: The Last Act

The Greek Government proceeded to the lifting of the remaining capital controls restrictions as a bold sign to international markets that Greece is now back to normality while aiming to enhance the positive trends on the investment climate following the recent change in government.

On 26 August 2019 the Greek Prime Minister, Kyriakos Mitsotakis, announced the abolishment of the capital controls regime in its entirety, a regime initially introduced in June 2015 to prevent collapse of the Greek banking system from increased outflows abroad. The abolishing provision was incorporated in article 86 of the Greek law 4624/2019 (Greek DPA Law) and the abolition is effective as of 1 September 2019.

Since their introduction back in 2015, the capital controls restrictions had been relaxed in several occasions and more noticeably last October 2018. In a nutshell, the remaining restrictions that have now been terminated, were more of symbolic nature than pragmatic, and concerned the following matters:

- Bi-monthly limit to funds wire transferred abroad by natural persons;
- Daily limit to Greek businesses conducting transactions with foreign counterparties;
- Quarterly limit to transferring abroad student allowances and funds;
- Monthly limit to cash withdrawals from banks operating abroad per Greek customer ID, per Greek bank;
- Prohibition on payroll payments abroad.

As of 1 September 2019 and following a traumatic decade of financial crisis and recession, the Greek regime of capital controls, the longest running in the Eurozone countries, became history signaling a return to normality and a more stable and positive macroeconomic forecast.

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