



## A different crisis

Dear colleagues,

We are in the early stages of an unexpected global crisis. Our profession is already being called upon to play a critical role in overcoming the economic and social consequences.

### What is different about this crisis?

The global financial crisis of 2007-08 initially triggered a sudden financial stop in developed countries, which over a period of several months expanded to developing countries.

- This provided time for governments, businesses and households to prepare.
- At the time, most developing countries, particularly larger middle-income countries that were making major progress in reducing poverty, had relatively healthy balance sheets that allowed them to take substantial debt to roll out economic and social programmes during the crisis.

The financial crisis of 2013 in Cyprus was triggered by the global crisis and by large public and private over-spending and over-borrowing in the preceding years.

- This resulted in a combined government and banking sector near-failure, necessitating the enforcement of a programme of austerity, which caused a sudden loss in wealth and in GDP.
- The limited but much needed financial support from lenders such as the IMF, the EU and Russia, combined with the efforts of all stakeholders in the country, helped move the economy forward.

The current crisis has instead generated a sudden economic stop that is affecting both the demand and supply sides globally and that has affected the entire world at the same time in multiple ways:

- First and foremost, the health emergency, which represents a shock to already fragile health systems having to cope with the pandemic itself;
- The immediate economic impact that is leaving workers and businesses without paychecks and revenues due to both social distancing policies in their communities as well as due to the general global slowdown; and
- The longer term macro-economic fragility of many governments and businesses, in particular in developing countries. Unlike the global financial crisis, countries and businesses are entering this crisis with high levels of debt.

### How should we deal with it?

#### *Short-term*

Protecting ourselves, families and colleagues should be our first concern.

Then, securing short-term cash flow for the family and the business is of paramount importance.

Ensure that employees have proper instructions concerning health and safety both at the workplace and at home.

Provide all possible means so that they can work remotely from home.

Make sure that cyber-security and systems resilience (including communication lines) are robust.

Take advantage of government measures available to businesses and employees where possible, having assessed benefits and conditions.

Stay in touch with your clients and customers, be empathetic and ready to support them.



### ***Medium term***

For those working in industry, your role may well require you to assist your organisation in assessing the impact on medium range cash flows, investment plans, supplier deliveries and credit, employee matters, technology demands and pricing of products and services.

If you are a professional in practice, in addition to the above, consider alliances, business continuity, as well as the rapidly changing priorities and needs of your clients.

We should all reassess our work practices in light of the opportunities offered by advancements in technology, strengthening core systems, communication networks and cyber-security. Working remotely has suddenly become the main or only option and may become much more prevalent in the future.

### ***Longer-term***

One thing is certain: the economy will not pick up from the point where it was before this pandemic began. The future will be markedly different than what it was projected to be before. Therefore, a holistic view is necessary, taking into consideration seemingly unconnected trends, events and conditions which, collectively, may significantly impact the future of our businesses and the economy.

New challenges and opportunities will arise. Our professional training and rich experience have equipped us to deal with changes, no matter how major or sudden they are. Our families, the businesses and the society we serve expect that we have the acumen, foresight, decisiveness and agility to take the right decisions which will minimise negative impacts and maximise the potential for sustainable growth and prosperity for all.

The Institute, the Council, the General Manager and members of staff and I, are here to support you in any way.

Above all, keep yourselves, your families and your colleagues safe.

Demetris Vakis  
President