Greek banks reopen as Merkel calls for quick negotiations, debt relief

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Limits on cash withdrawals from Monday will be more flexible, with a weekly limit of €420 instead of a previous daily limit of €60. The stock market will remain closed until further notice.

"That's not a normal life so we have to negotiate quickly," Merkel told German public broadcaster ARD Sunday.

However, the Chancellor maintained that a debt haircut was impossible.

"There can't be a classic haircut - forgiving 30 or 40 percent of debt - in a monetary union," she said, adding that Berlin was open to a flexible repayment plan.

In previous years Greece received other forms of debt relief, including a *"voluntary write-down for private creditors, extended maturities, and lower interest rates,"* there could be such possibilities said Merkel.

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On Monday, some of the austerity measures in Greece also start, which includes an increase in value added tax (VAT) on restaurant food and public transport, up to 23 percent from 13 percent. That's after the Greek Parliament approved the reform package last Thursday, which is a condition for receiving a third bailout package from the EU estimated at about €86 billion.

A second vote will take place on Wednesday, when Greek policymakers will decide on measures including justice and banking reforms.

Last week the ECB raised the emergency liquidity assistance (ELA) to Greek banks by €900 million for a week. And on Friday Germany's Bundestag supported the third bailout package to Greece, paving the way for further negotiations for extra money to be provided to Athens.

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Bank closures in Greece and capital controls were introduced on June 29 with cash withdrawals limited to €60 a day. The three-week shutdown has cost the country's economy €3 billion ($3.3 billion), excluding lost tourism revenue, according to the Panhellenic Exporters Association.