

INTERNATIONAL SCIENTIFIC CONFERENCE ON THE OCCASION OF
THE 55TH ANNIVERSARY OF THE IES



ECONOMIC SCIENCES

on The CROSSROAD

PROCEEDINGS FROM THE INTERNATIONAL CONFERENCE

EDITORS:

Ivan Stošić
Srdjan Redžepagić
Hasan Hanić
João Sousa Andrade
Claude Berthomieu



UNIVERSITÀ
DEGLI STUDI
DI TORINO
ALMA UNIVERSITAS
TAURINENSIS



CEMAFI
international
Association for 1901



Université
SOPHIA ANTIPOLIS

U



C

BELGRADE, 2013.

Ivan MARKOVIĆ, Snežana RADUKIĆ, Marijana MATIĆ	
ECONOMIES OF YUGOSLAV FEDERAL UNITS BEFORE AND AFTER INDEPENDENCE	169
Franjo ŠTIBLAR	
STRUCTURAL ADJUSTMENT OF SERBIAN ECONOMY IN FUNCTION OF THE EUROPEAN INTEGRATION.....	188
Petar VESELINOVIĆ	
THE OPENING OF ACCESSION NEGOTIATIONS BETWEEN SERBIA AND THE EU - HARMONIZATION OF THE FOREIGN POLICY AND COMPANY LAW	197
Sonja BUNČIĆ, Miroslava FILIPOVIĆ_Toc375667060	
POSITIONING OF SERBIAN ECONOMY IN THE GLOBAL ECONOMY – THE DEVELOPMENT OF HIGHER FORMS OF COOPERATION WITH FOREIGN COUNTRIES	206
Dorđe ĆUZOVIĆ	
INDUSTRIAL POLICY FOR ECONOMIC DEVELOPMENT: THE PERSPECTIVES FOR SERBIA.....	216
Bojana RADOVANOVIĆ, Milica KOČOVIĆ	
HARMONISING THE LEGISLATION OF THE REPUBLIC OF SERBIA IN THE FIELD OF ENERGY EFFICIENCY WITH THE LAW OF THE EUROPEAN UNION.....	227
Siniša DOMAZET	
INSTITUTIONAL DETERMINANTS OF BUSINESS ENVIRONMENT IMPROVEMENT IN THE REPUBLIC OF SERBIA	240
Vlastimir LEKOVIĆ, Vladan IVANOVIĆ	
STABILITY ASSESSMENT OF FINANCIAL SYSTEM IN THE EU AND SEE COUNTRIES, PERSPECTIVE OF CREDIT-TO-GDP GAP	252
Rahela PUPOVIC	

4. FINANCIAL SECTOR AND PUBLIC DEBT

ADJUSTMENT OF PUBLIC DEBT AS A PREREQUISITE FOR INTEGRATION PROCESS TO EU	265
Vladimir MIRKOVIĆ	
ANALYSIS OF THE BEHAVIOR OF FOREIGN-OWNED BANKS IN SERBIA DURING GREAT DEPRESSION AND GREAT RECESSION	275
Dragana GNJATOVIĆ, Vesna ALEKSIĆ, Ana JOVANCAI	
EFFECTIVENESS OF OFFICIAL INTERVENTION ON THE RSD/EUR MARKET: AN EVENT STUDY APPROACH	284
Srđan MARINKOVIĆ	
STRUCTURAL CHANGES AND PERFORMANCES IN BANKING AND INSURANCE - SERBIA VS. THE WESTERN BALKANS	298
Grozdana BELOPAVLOVIĆ	
MERGERS AND ACQUISITIONS BEETWINE BANK AND INSURANCE AS A CONSEQUENCE OF THE FINANCIAL CRISES	311
Mladenka BALABAN, Miljka MARKOVIĆ	
DEMAND AND SUPPLY OF INVESTMENT BANKING SERVICES IN SERBIA	321
Vlastimir VUKOVIĆ	

ANALYSIS OF THE BEHAVIOR OF FOREIGN-OWNED BANKS IN SERBIA DURING GREAT DEPRESSION AND GREAT RECESSION¹

Dragana GNJATOVIĆ²

Vesna ALEKSIĆ³

Ana JOVANCAI⁴

Abstract

In this paper we analyse the actions of foreign-owned banks on Serbian financial market during two largest financial crises in modern era, in 1931-1935 and 2008-2010. In crisis moments, during the first half of the 20th Century, due to major disruptions in international financial markets, foreign-owned banks quickly withdrew their capital. On the contrary, during global financial crisis, at the end of the first decade of the 21st Century, they continued to operate in Serbia, in undiminished volume, thanks to the implementation of the Vienna Initiative. The establishment of this unique public-private forum for overcoming the consequences of the global financial crisis in the South-Eastern and Central Europe was initiated by the European Bank for Reconstruction and Development. Thanks to creating new mechanisms for crisis management, macroeconomic and financial stability has been maintained in Serbia, and that is a striking contrast to the situation of more than 70 years ago.

Key words: global financial crisis, Vienna Initiative, banking sector, Serbia

MONOPOLY POSITION OF FOREIGN-OWNED BANKS ON SERBIAN FINANCIAL MARKET

In the interwar period, banking sector of The Kingdom of Serbs, Croats and Slovenes (SCS) consisted of four state, privileged banks as well as of numerous private shareholding banks and credit cooperatives.

Private shareholding banking in Serbia in the interwar period was characterized by a visible contrast. On one hand, domestic capital was very fragmented, situated in relatively large number of small shareholding banks; on the other hand, strong concentration of foreign capital was present in extremely small number of foreign-owned banks.

Comparing to other regions of The Kingdom of SCS, Serbia was on the last place regarding the level of capital concentration in domestically-owned shareholding banks, and on the first place regarding their number. The fact that domestically-owned shareholding banks in Serbia had on average almost three times less capital than such banks in Croatia and almost six times less capital than such banks in Slovenia speaks for itself about their modest strength.⁵

¹ This paper is part of the research projects „Advancing public policy in Serbia as a function of improving citizens' social safety and attaining sustainable economic growth” (no. 47004) and “Challenges and Prospects of structural changes in Serbia: Strategic direction for Economic Development and Harmonization with EU requirements” (no. 179015), financed by The Ministry for Education, Science and Technological Development of The Republic of Serbia

² Dragana Gnjatović, Full Professor, Faculty of Hotel Management and Tourism, University of Kragujevac

³ Vesna Aleksić, PhD, Associate Professor, Institute of Economic Sciences, Belgrade

⁴ Ana Jovaneai, PhD, Assistant Professor, Faculty of International Economics, Megatrend University, Belgrade

⁵ I. Kovačević: *Banking in Serbia 1921-2011*, Association of Serbian Banks, Belgrade, 2011, p. 31