

MACROECONOMIC INFLUENCES ON FINANCIAL STABILITY IN THE CONTEXT OF BANKS ASSOCIATION AN EXAMPLE OF THE FUNCTIONING OF THE NATIONAL BANK OF SERBIA

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Abstract: *Macroeconomic basis for the real functioning of financial stability at the state level The macroeconomic, i.e. The essential framework for the functioning of financial stability at the state level in this paper is based on the example of the Republic of Serbia. Such an approach is based on the existence of basic legislation that regulates this area and whose application regulates the basis of the functioning of the mentioned business system. The umbrella institution that regulates this area is the National Bank of Serbia. It is authorized and has the obligation to, without questioning the achievement of its basic goal on the basis of which it was founded, enable and bring about the preservation and strengthening of the financial system of the Republic of Serbia. In addition, the National Bank should also determine and implement related activities and measures that are directly related to the existence of quality financial reporting of all legal entities operating in the Republic of Serbia. Thus, the umbrella institution of finance in the state essentially regulates the basic financial affairs in the state. In addition, the study highlights the importance of merging banks in the real functioning of the banking system and finances in the country.*

Keywords: *macroeconomic basis, trends, management, financial stability.*

1. INTRODUCTION

The umbrella framework, i.e. the essential framework for the functioning of the foundations of financial stability at the state level, is crucial for the establishment of financial stability in an economy [1-10].

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The umbrella framework that enables financial stability is visible in many transition countries, such as the example of the Republic of Serbia [11-15].

In such economies, a very important role is played by the special framework of the analysis of the influence of the National Bank of Serbia, which regulates the highest framework of financial functioning [16-20].

Such an approach should be respected in relation to the existence of the basic legal regulation that regulates this area and the application of which regulates the basis of the functioning of the mentioned business system, i.e. functioning within the legal regulation of the umbrella banking organization where the National Bank of Serbia plays a key role [21-25].

The umbrella institution that regulates this area is the National Bank of Serbia, which takes care to enable and bring about the preservation and strengthening of the financial system of the Republic of Serbia, which on the one hand enables the financial system to function normally and on the other hand enables the establishment of a financial system in a large number of companies where the foundation of financial stability in the business operations of the economy are realized [26-30].

2. THE EXAMPLE OF THE REPUBLIC OF SERBIA IS THE MACROECONOMIC OR ESSENTIAL FRAMEWORK FOR THE FUNCTIONING OF FINANCIAL STABILITY AT THE STATE LEVEL

The macroeconomic, i.e. the essential framework for the functioning of financial stability at the state level, the example of the Republic of Serbia, is based on the existence of basic legal regulations that regulate this area. In the Republic of Serbia, the framework is based on the existence of Art. 3 and 4 of the Law on the National Bank of Serbia ("Official Gazette of the RS" No. 72/2003, 55/2004, 85/2005 - other laws, 44/2010, 76/2012 and 106/2012/, No. 2015 and 40/2015 – US decision and 44/2018),

The umbrella institution that regulates this area is the National Bank of Serbia. It has the obligation to, without questioning the achievement of its basic goal on the basis of which it was founded, enable and bring about the preservation and strengthening of the financial system of the Republic of Serbia.

The National Bank should also establish and implement related activities and measures that are directly related to the existence of quality financial reporting for all legal entities operating in the Republic of Serbia.

Financial stability at the state level of the Republic of Serbia implies that umbrella operations are regulated in the functioning of the National Bank of Serbia with the work of which it is possible to ensure the efficiency of the financial system in relation to:

- financial intermediaries,
- financial markets,
- financial infrastructure,

In addition, the National Bank of Serbia should provide the following security:

- enables not only efficient allocation of financial resources,
- realization of key macroeconomic functions under normal conditions,
- realization of key macroeconomic functions as well as in conditions of financial imbalance,
- Realization of key macroeconomic functions in the conditions of the existence of earthquakes both in the domestic and international environment.

Such a regulated basis can be considered as the framework for the operations of the National Bank of Serbia, and it can fundamentally affect the financial stability of all legal entities in one country, in this case within the Republic of Serbia.

Economic actors should have confidence in the banking system and gain access to financial services such as the following essential ones:

- execution of payment,
- lending,
- deposit investment and
- risk protection.

3. FORMATION OF THE PROCESS OF ASSOCIATION OF BANKS IN THE FUNCTIONING OF THE SYSTEM OF THE NATIONAL BANK OF THE REPUBLIC OF SERBIA

The merger and acquisition process is said to be extremely complex. This process requires a longer period of time and great efforts on the part of the buyer and the seller in the process of its realization.

If a merger or acquisition is expected to be successful, then it is necessary to

carefully analyze all aspects of such an undertaking.

Those effects are:

- (1) business,
- (2) legal,
- (3) operational,
- (4) organizational,
- (5) accounting,
- (6) tax revenues.

In the business strategy of banks, which strive to achieve growth and conquer new markets, banks usually choose between the strategy of internal growth and the strategy of taking over or buying other smaller banks.

This second way is faster and more efficient, because by taking over a smaller bank, the buyer also takes over the clients of the taken over bank, its products, that is, the market in which it operates.

In the following practical example, the activities of two banks in the process of merger and acquisition will be presented, taking into account the interests of both the buyer and the seller in the respective business activity.

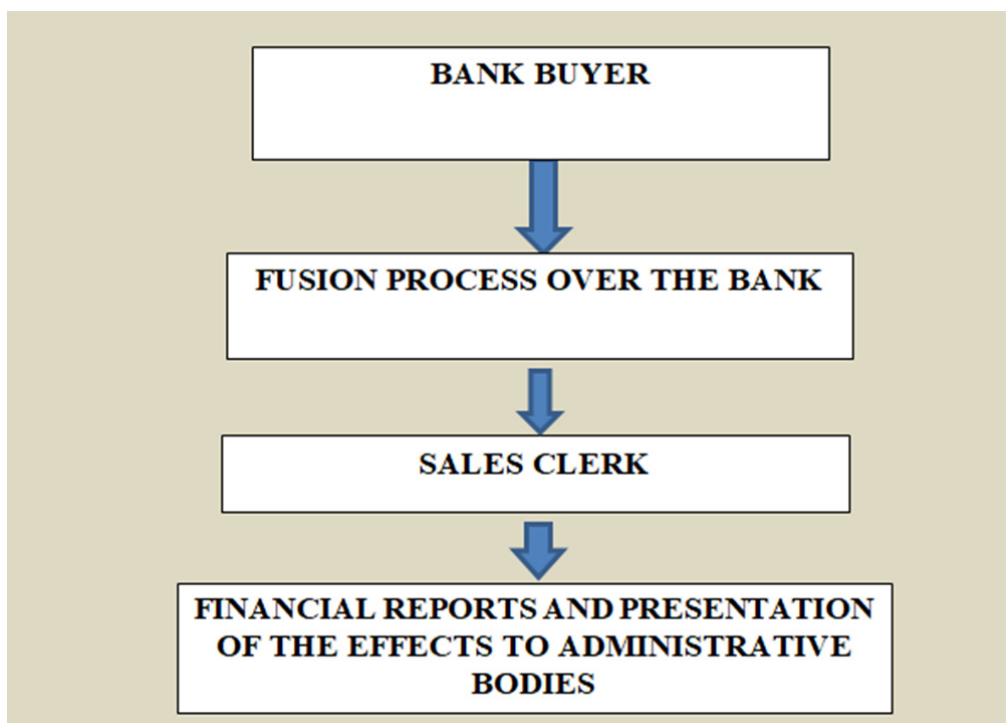


Figure 1. Business activities of banks in the process of merger and acquisition

4. CONCLUSION

The umbrella framework, i.e. the essential framework for the functioning of the foundations of financial stability at the state level, is crucial for the establishment of financial stability in an economy. In this paper, the umbrella framework of financial stability is made on the example of the Republic of Serbia, with a special framework of analysis of the influence of the National Bank of Serbia. Such an approach is based on the existence of the basic legal regulation that regulates this area and the application of which regulates the basis of the functioning of the mentioned business system, that is, functioning within the framework of the legal regulation of the umbrella banking organization. The umbrella institution that regulates this area is the National Bank of Serbia. It is authorized and has the obligation to, without questioning the achievement of its basic goal on the basis of which it was founded, enable and bring about the preservation and strengthening of the financial system of the Republic of Serbia. In addition, it can be concluded that the National Bank should also determine and implement related activities and measures that are directly related to the existence of quality financial reporting of all legal entities operating in the Republic of Serbia, with the main goal of establishing a realistic framework for financial stability. in the state. The paper highlights the importance of bank mergers in the real functioning of the banking system and finances in the country and provides an overview of a possible scheme that can be realistically used in work and functioning.

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