

FINANCIAL CRISIS AS A FACTOR OF IMPLEMENTATION OF DEVELOPMENT OF A NEW DIVERSIFIED BANKING SECTOR ON THE EXAMPLE OF BOSNIA AND HERZEGOVINA

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Abstract: *Since the end of 2008, there has been a crisis of economic proportions in the world, which can be treated as a financial crisis. It took on global proportions and shook the leading countries in terms of economic strength, which soon spread to the entire world economy. Leading economic analysts agree that the immediate driver of the economic crisis, which can be more precisely defined as the financial crisis, was the collapse of the subprime mortgage market in the United States, which quickly spread to other countries due to the openness of economies. This has led to interventions in the economies and economies of most countries that can be characterized as interventions of nation states, first in the financial and then the real sector. The goal of the interventions that national economies were supposed to establish in the economy was to stop the real declines in the economic activity of all legal entities in order to bring the effects of the activity closer to the realistically projected ones.*

Keywords: *financial crisis, 2008, intervention, globalization.*

1. INTRODUCTION

The financial crisis, which began in the world with signs of great manifestation and impact on a large number of both highly developed countries in the world and on countries in transition, is tied to 2008. It had a distinct depth and covered a large number of developed economies, i.e. countries both the most developed and developing countries, i.e. transition countries.

The great economic crisis, that is, the financial crisis, has its manifestation to the greatest extent in transition countries such as Bosnia and Herzegovina. The consequences of the crisis largely affect the need for rapid changes that should be made primarily by the state through

its governance apparatus in order to reduce the impact of negative phenomena in the national economy.

The financial crisis appeared in the most developed economy in the world at that time, the ratio in the USA during 2008 as a crisis related to the situation on the real estate market in the USA.

However, the impact of the crisis quickly spread to a large number of countries, and thus to transition countries such as Bosnia and Herzegovina.

The impact of the financial crisis has spread very quickly to a large number of economies in the world, and especially to countries affected by transition processes and economic reforms such as Bosnia and Herzegovina. In those countries, the need for state measures of influence was felt almost immediately, and without the help of the state, they would fall into unsolvable problems, and then a large number of companies could be shut down and a large number of jobs lost, i.e. high unemployment would occur.

In this paper, the author focuses on the usefulness of the impact of state interventionist measures on the management of the overall economy of a transition country such as Bosnia and Herzegovina, and similar experiences could be applied in other transition countries.

2. EXPERIENCES OF AUTHORS IN THE LITERATURE BASED ON THE ANALYSIS OF THE FINANCIAL CRISIS IN THE WORLD DURING (2008)

Numerous authors have written their views in the literature on the 2008 financial crisis. For example, [1] he pointed out at the beginning of the eighties of the last century that he laid the theoretical foundations for generating the crisis, and according to him, it appeared in 2008 [1], primarily as a mortgage crisis.

It has essentially grown into a financial crisis, with a large fluctuation in real estate prices. Banks were the focus of the crisis on that occasion because they gave mortgages on real estate. Some authors, such as [2], point out back in 2005, three years before the official financial crisis, that there is a possibility of inflating real estate price bubbles.

The third group of authors, led by [3], pointed out that there is a danger of the growth of the mortgage market, namely the rapid growth of the confused market. In addition, they pointed out that households that are in mortgage indebtedness will almost certainly lose their income at some point and fall into a debt crisis. At the same time, they pointed out that the goal of the economy is to avoid the domino effect of the financial crisis on the economy as a whole.

The fourth group of authors [4] pointed out that there was a long-term bad policy in conducting state policy and its impact on the country's economy due to inadequate general policy of promoting housing loans.

The fifth group of authors [5] pointed out the existence of excessive self-confidence in conducting primarily the policy of the Government, which preceded the upcoming financial crisis.

3. SITUATION BEFORE THE CRISIS IN 2008

Investing in real estate in the years before the crisis seemed like a completely safe investment in the opinion of a large number of citizens, but also directors of large companies in the world. Contrary to them, there were authors like [6] who pointed out that there was excessive self-confidence in terms of form, formation of financial markets, credit expansion, rising prices and indebtedness, and exposing the whole economy to great risks.

The banking sector of Bosnia and Herzegovina suffered major blows during the crisis in 2008. 2008 is the official year of the financial crisis. Like other transition countries, it was only then that it began active measures to slow down the negative effects of the crisis on the country's general economy at the state level. Attempts have been made to do this by applying the decisions of regulatory state institutions, the measures of which could reduce the negativity of the financial crisis.

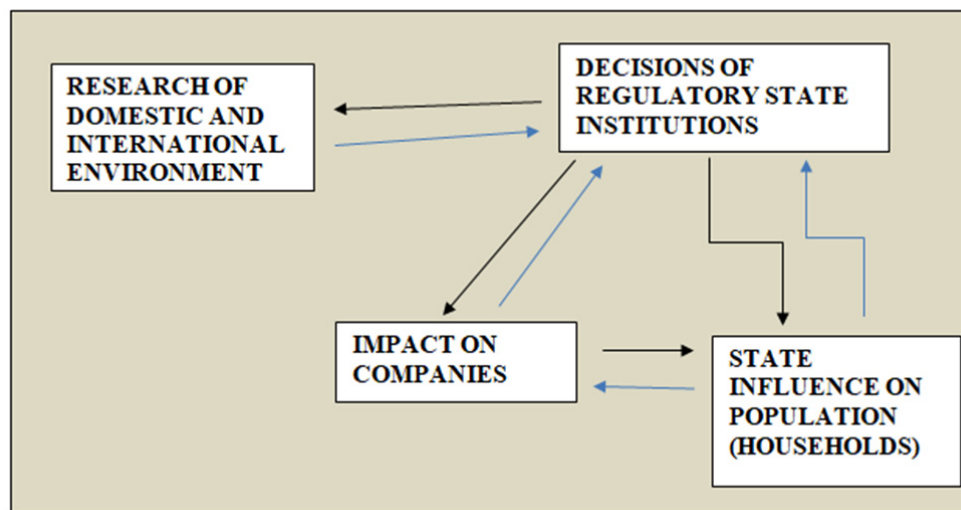


Fig. 1: Review of the impact of the environment on the adoption of state bodies and its impact on the economy and the population.

The situation before the financial crisis can be shown using Figure 1, which shows the impact of the environment on government decisions, as well as the relationship of government agencies with the economy and citizens, which the author illustrates through Figure 1.

The development of the economy in countries in transition, and thus in Bosnia and Herzegovina, relies to a large extent on a very wide range of state policy measures that affect a number of heterogeneous legal entities [8-15]. In that way, the business of many companies can be directly influenced, which differ greatly in their characteristics. Substantial state influence is visible in very numerous and heterogeneous enterprises [16-20]. The goal of the measures taken is to ensure positive business in many companies in order for it to operate positively.

4. ILLUSTRATING THE ORIGIN OF CAPITAL IN BOSNIA AND HERZEGOVINA IN TERMS OF THE SHARE OF FOUNDING CAPITAL IN THE COUNTRY'S BANKING SYSTEM

In the continuation of the paper, the author gives an illustration of the origin of capital in banks in Bosnia and Herzegovina. The presentation is given in table number 1.

Table 1: Banks in Bosnia and Hercegovina, origin of founding capital, headquarters and shareholders, situation in 2020

Serial number	Name of the bank	Origin of the founding capital	Headquarters	Shareholders
1	Addiko Bank	Austria	Banja Luka	Addiko Bank
2	Addiko Bank	Austria	Sarajevo	Addiko Bank
3	ASA banka	Bosnia and Hercegovina	Sarajevo	
4	Bosna Bank International	Saudi Arabia	Sarajevo	Islamic Development Bank
5	Intesa Sanpaolo banka	Italy	Sarajevo	Intesa Sanpaolo
6	Komercijalna banka	Serbia	Banja Luka	Komercijalna banka
7	Komercijalno-investiciona banka	Bosnia and Hercegovina	Velika Kladuša	
8	MF banka	Bosnia and Hercegovina	Banja Luka	
9	Naša banka	Bosnia and Hercegovina	Bijeljina	

10	NLB banka d.d.	Slovenia	Sarajevo	NLB Group
11	NLB banka a.d.	Slovenia	Banja Luka	NLB Group
12	Nova banka	Bosnia and Hercegovina	Banja Luka	
13	Privredna banka Sarajevo	Bosnia and Hercegovina	Sarajevo	
14	ProCredit Bank	Germany	Sarajevo	ProCredit Bank
15	Raiffeisen Bank	Austria	Sarajevo	Raiffeisen Bank
16	Sberbank a.d.	Slovenia	Banja Luka	Sberbank Europe
17	Sberbank BH	Slovenia	Sarajevo	Sberbank Europe
18	Sparkasse Bank	Austria	Sarajevo	Erste Group
19	UniCredit Bank	Italy	Mostar	UniCredit
20	Uni Credit Bank Banja Luka	Italy	Banja Luka	UniCredit
21	Union banka	Bosnia and Hercegovina	Sarajevo	
22	Vakufska banka	Bosnia and Hercegovina	Sarajevo	
23	ZiraatBank BH	Turkey	Sarajevo	Ziraat Bank

Based on the presentation in Table 1, it is clear that in 23 banks there is a wide range of ownership that extends to several countries (more than 10), which makes a well-distributed regional investment in the banking structure of Bosnia and Herzegovina.

5. CONCLUSIONS

The formation of interventions by national governments in terms of increasing economic activity in most countries is a priority, especially in times of crisis. Anti-recession measures are increasingly being considered at the global level. For example, the countries that make up the G - 20 group try to impose measures on other countries in order to coordinate the overall world economic policy, but according to their success criteria, i.e. to submit to the rules of conduct of transition countries. In the conditions of a modern globalized economy, there is practically no national economy that would be immune to the influences of large and powerful economies that essentially pursue globalist politics where their primary goals are the ones they want to achieve. In essence, it should be pointed out that the consequences of the absence of a development strategy and irresponsible behaviour of the executive branch must be eliminated primarily by the state's intervention to solve the conditions of general business that will be favourable for most legal entities. This is of great importance in the

conditions of the economic crisis which is defined as the financial crisis of the global level. Based on what is presented in the paper, it should be noted that transition countries such as Bosnia and Herzegovina should develop their own path in conducting economic policy in order to be able to help and act promptly to a large number of legal entities at a given time. This is of great importance especially in cases of financial and general economic crisis.

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