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STRATEGY FOR MANAGING BANKING SYSTEMS IN CENTRAL AND EASTERN EUROPE COUNTRIES UNDER GLOBALIZATION

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Abstract: *The financial crisis has adversely affected all the countries of the world in the conditions of globalization with different intensity, no matter if it is higher or lower level of development and different economic structures. In the context of globalization in the countries in transition, the banking system was reformed, thus creating a new financial market. The International Monetary Fund has taken an active part in the transition process of Eastern European countries by providing advice and approving financial arrangements. Developed countries of the world have implemented measures of non-standard monetary policy to overcome the global financial crisis. In some parts of Central and Eastern Europe, in addition to the general corporate identity (bank name, abbreviated name, trademark and slogan of the bank), the countries also applied qualitative features of the bank's corporate identity (image, reputation and goodwill). As they enter the 21st century, banks in developed countries are increasingly emphasizing the corporate culture and style of business of the bank. In the practice of banks, the following performances are most often present: financial, marketing, performance management, employee performance, business philosophy, reputation and the image of the bank. The banks' performance analysis included 13 Central and Eastern European countries divided into three groups. Performance over the period 2008-2018 is analyzed, related to: share of total assets in GDP, share of total loans in GDP, share of total deposit in GDP and level of capital adequacy of Central and Eastern European countries. The analysis shows that the central banks of the countries of Central Europe are dominant, and that in certain performances they are approached by the banks of the countries of Eastern Europe (members of the European Union and the Western Balkans).*

Key words: *globalization, financial crisis, bank performance, banking assets, loans, deposit, capital adequacy.*

INTRODUCTION

The global economic and financial crisis arose from fictitious financial transactions and transactions with developed and underdeveloped countries in the world. The financial crisis that emerged in the United States was initiated by the collapse of the real estate market, which was transmitted by the effect of "contagion" to the whole world, and then to the real sector and developing countries. The financial crisis has affected all countries of the world in the conditions of globalization with different strength and intensity, regardless of whether it was a higher or lower level of development and different economic structures. In the conditions of globalization, the financial crisis had a negative effect on all social strata and caused a decrease in all macroeconomic aggregates and indicators in all countries of the world. More developed countries have rescued their banks by entering large budget deficits, while developing countries have exceeded all budget deficit limits and entered a crisis of external public debt and total indebtedness.

Central European countries have largely resisted the financial crisis by using budget deficits, while Eastern European countries (especially the Western Balkans) have sought a way out of monetary and fiscal policies, whose measures are still insufficient to generate growth and drive economic activity.

Structural changes and reforms in the economy and banking systems have partially alleviated the financial crisis.

However, banking systems continue to be characterized by insufficient lending activity, low profitability and growth in non-performing loans (NPLs). Banking systems have turned more to reducing risk and increasing capital, in line with Basel standards, due to lower demand for credit by the economy and households, as their high indebtedness is still present.

The share of non-performing assets in total loans remains high. Of particular concern is the high level of participation of non-performing assets classified in categories D and E (difficult to collect and uncollectible receivables). In such conditions, banks were forced to pursue a strict credit policy and measures to reschedule loans, in order to amortize potential macroeconomic shocks to the countries of Eastern Europe (Western Balkans).

Due to reduced lending activity, the European Central Bank has taken measures to reduce interest rates. Depending on how financially consolidated significant foreign trade partners of developing countries, the same directly affected their recovery from the impact of the global financial crisis. Eastern European countries in the observed period from 2008 to 2018 recorded a decline in economic activity (with a negative rate of economic growth), due to reduced exports, increased imports, reduced foreign direct investment, reduced domestic demand and the presence of natural disasters (floods).

The economic recovery is present at a slow pace from 2015 to 2019, with the improvement of the credit rating of the respective countries. Due to low interest rates, banks were discouraged from holding their deposits with the European Central Bank and started granting loans to households, and partly to the business sector. The fact is that after the reduction of interest rates, liquidity was no longer a problem in the Eurozone, but weak credit growth which suppressed weak agrarian demand. With the purchase of "covered" bonds and the purchase of securities "covered" with assets, investment activity was introduced in the banking systems of the countries of Central and Eastern Europe.

GDP growth and foreign direct investment, increased exports have affected the countries of Central Europe in the countries of Eastern Europe, especially those that are not members of the European Union. In the conditions of globalization and the presence of the world financial crisis, the way out was sought in the restructuring of the banking systems of developed and developing countries (transition).

1. THE IMPACT OF GLOBALIZATION AND THE FINANCIAL CRISIS ON BANK RESTRUCTURING IN THE COUNTRIES OF CENTRAL AND EASTERN EUROPE

The global financial crisis in the context of globalization has brought countries in transition a large decline in production, reduced profits and has shown that the economies of these countries are still easily "vulnerable" and quite unstable. With the onset of the financial crisis, most economists have predicted a short-term recession for countries in transition.

At the beginning of the implementation of the measures from the transition program, the countries concerned showed a large decline in GDP, declining investment levels, declining industrial production, declining real wages, rising inflation, unemployment and poverty. Success in the implementation of the transition and satisfactory macroeconomic results were created by the countries of Central Europe: the Czech Republic, Poland, Slovakia, Slovenia and Hungary.

In these countries, the private sector has been the main generator of GDP growth and an adequate institutional infrastructure has been established.

Less successful were the countries of Eastern Europe (especially the countries of the Western Balkans) which, after more than two decades since the beginning of the transition, did not fully reach the stated market criteria, so that macroeconomic results were largely lacking.

In parallel with the transition in the conditions of globalization, the banking system was reformed, and in that way the creation of a new financial market began. In the global business environment, dilemmas have opened up, how to transform the banking systems in the countries of Central and Eastern Europe. The first dilemma went in the direction of advocating for quality new banking solutions, whereby banks that could not cover their losses from their capital would be considered insolvent with the application of bankruptcy proceedings.

The second dilemma related to the status changes of banks by switching to joint stock companies, where companies from the real sector would become co-owners of banks, so that benefited lending appeared.

The concentration of loans did not have its own business activity, because it was about lending to companies that had large shares in banks in the form of shares. The role of banks in the process of globalization has been reduced to lending to their clients if they find themselves in a difficult financial situation. In such business conditions, banks in transition countries did not take into account the basic banking principles (liquidity, solvency, security and profitability) but shared the financial destiny of their clients.

Since banks did not aim to maximize profits, but were the financial services of their clients, they are increasingly burdened with uncollectible receivables, poor risk assessment, part of operating costs, subject to the influence of clients with large ownership stakes.

Part of the countries of Eastern Europe (Western Balkans) can be said to have undergone economic transformation in the last two decades in the context of globalization, primarily through economic reforms, opening of global trade, increasing exports, foreign direct investment, private sector growth, GDP growth and transformation of banking systems by accepting foreign capital. Investments in the banking systems of transition countries have enabled the growth of deposits (avista and term deposits) and increased lending activity directed towards the economy and households. With the arrival of foreign banks, new business principles and the application of international financial business standards were introduced. Foreign banks have introduced business security especially for clients from abroad.

In the conditions of globalization, the International Monetary Fund has been engaged in the process of economic transition of the countries of the Western Balkans from the very beginning. In addition to providing advice, financial arrangements have been offered in almost all countries in transition. The financial arrangements were tasked with preserving the macroeconomic stability of countries in transition. The International Monetary Fund also provided staff training and technical assistance to countries in transition (Western Balkans). In this way, the countries of the observed region raised to a higher level investments for the creation of economic policy, passed new laws, regulated the area of monetary and fiscal policy and established greater control over the work of banks.

Regardless of the growth of per capita income, the achieved results still cannot be considered absolutely satisfactory. The fact is that chronic underutilization of human resources is still present in countries in transition (low employment, especially among women and young people). According to the projected rates of economic growth, the economies of the Western Balkan countries will achieve a small part of the difference in relation to the level of per capita income in the advanced economies of the European Union by 2030.

The above indicates that it is necessary to implement a system of fiscal consolidation in the countries of the Western Balkans and reduce public debt in relation to the level of GDP.

The open issues that are present in the second decade of the 21st century relate to the high level of non-performing loans (NPLs) and its growth after the onset of the global financial crisis. Despite the fact that financial risks were largely mitigated by a satisfactory level of capital and provisions in banks, problem loans continued to negatively affect credit growth and bank profitability. In order to eliminate this open issue, it is necessary to carry out activities in the direction of: better realization of collateral (mortgages, ceded receivables), improvement of measures to maintain profitable business, out-of-court restructuring and more efficient court decision-making.

Given that bureaucratic procedures are present in a certain part of the Western Balkans, which slow down economic activity, corporate governance as a modern and efficient form of decision-making is at the level of the projected task to be implemented in the coming period.

In order to overcome the global financial crisis, the developed countries of the world applied non-standard monetary policy measures, which initially had a positive effect (seen with the examples of American investment banks). Recently, an increasing number of economists advocate the thesis that measures of non-standard monetary policy should be withdrawn after the effects of the crisis have been mitigated. Given that the measures in question caused too much liquidity and low interest rates for banks, their further continuation could cause financial instability, future problems with rising inflation and moral hazard.

Abolishing non-standard monetary policy would cause a relative expansion of central banks' balance sheets. This means that central banks would be financial market neutral, with interest rates being a monetary policy instrument.

Given that central banks are much more efficient in controlling inflation than in stimulating economic growth, it is necessary for national central banks to reach an agreement on joint communication strategies and coordinated monetary policy activities in the European Union (the same applies to central banks) countries of the Western Balkan. The fact is that the success of banks depends on macro and micro economic factors that are focused on the quality of the bank's assets. The quality of a bank's assets is expressed by the growth of capital adequacy, which represents the strength of every bank to resist problematic credit placements.

anks are obliged to define an adequate structure of placements in the loan portfolio, to provide advantages over the competition by good positioning in the financial market in order to provide profit for further growth of the bank and provisions for unpredictable risks. A special place in the countries of Central and Eastern Europe (especially the countries of the Western Balkans), the introduction of business policy of banks belongs to the credit function, given that loans are most present in the operations of banks.

2. CORPORATE PERFORMANCE OF BANKS IN THE COUNTRIES OF CENTRAL AND EASTERN EUROPE IN THE CONDITIONS OF GLOBALIZATION

It is characteristic of the banking systems of the countries of Central Europe in the conditions of globalization that they have mostly applied the form of corporate governance.

It should be noted that in banking theory, it is a known fact that corporate governance as a form of management in banks appears in conditions of unstable financial market, then a greater presence of competition and the emergence of business risks.

Precisely in the conditions of globalization, there is an increased orientation of banks towards market conditions, which has influenced the redefinition of the traditional approach to management, principles and principles of banking operations.

The quality of bank management with a special influence on the management of banking risks (credit, interest rate, currency, market, financial and operational) became more and more pronounced. In the countries of Central and Eastern Europe, corporate governance in banks is defined as a way of managing the operations of banks that includes the management of assets, liabilities, income, expenses and capital of the bank.

Examples of bank operations in the context of globalization show that there is inefficient management of the bank, if the level of risk exposure, the level of bank organization and the level of behavior of bank management according to international banking standards and international banking regulations are undefined.

A number of banks, especially in Central European countries, have accepted the fact that corporate performance management of banks is a commitment to their lower or higher market value. Each measurement of corporate performance of banks creates the possibility of management in banks (in the countries of Central and Eastern Europe) to establish an active relationship in the management process in order to achieve the most favorable market performance.

Examples from the practice of the analyzed banking systems provide different results, ie performance. In banking theory and practice, it is a known fact that the main features of the general corporate identity of banks relate to: a) full name of the bank, b) abbreviated name of the bank, c) trademark of the bank (Vunjak, Radović, Vitomir, i Štrbo, 2019, p.235).

It is characteristic of banks in the countries of Central and Eastern Europe that they have the characteristics of a general corporate identity. The fact is that each bank has its own full name, headquarters and address. A large number of banks also have an abbreviated name as a closer feature of the essence of its business.

Usually, during the business registration of a bank, in addition to the full name, the abbreviated name of the bank is registered in the register of business institutions. The banks in question often appear with abbreviated names in business communications with business partners in the financial market. Of particular importance for banks is a trademark that serves to identify the bank and "at first glance".

The trademark of each bank should be well designed and "at first glance" symbolize the bank in question. The above is also characteristic of the banks of Central and Eastern Europe. The slogan of the bank is characterized by the fact that it represents an accepted and adopted business saying that shows the main character of each bank in its business with clients..

In addition to the above general elements of corporate identity of banks, there are more and more qualitative features of corporate identity in the financial market of Central and Eastern European countries, which relate to: a) bank image, b) bank reputation, c) goodwill banks (Hunter & Zenaff, 2005, p.35-36).

Qualitative features of corporate identity relate to the day-to-day operations of the bank, and for these reasons are differently represented in the banking systems of Central and Eastern Europe.

Previous analyzes of corporate identity show that it is more present in developed countries of Central Europe. It is characteristic of corporate identity that it is changeable and depends on the determination of the users of banking services. Corporate identity is not fully realized but lasts and can get better. The image of the bank should represent the "image" that future clients have of the bank. The fact is that every bank wants to create its own image in the "eyes" of the users of its products and services.

Through a good image, the bank's management "binds" customers to the products and services of its bank. Since a good image affects an increased number of the bank's clients, it also affects its more stable operations and higher profit. Banks that have a good image and reputation create the possibility of goodwill as a tangible value of the bank in the financial market.

Building a good image and reputation of the bank depends on: a) business philosophy of the bank b) business policy of the bank and c) business culture of the bank. It is this image and reputation that affect the quality of financial market relations, long-term stability with clients and the continuous increase in sales of the bank's products and services. It is characteristic of the banks of the countries of Central and Eastern Europe that they differ from each other in terms of image, reputation and goodwill, as well as in terms of their appearance on the financial market.

The difference in communication with the environment and the bank's clients is especially significant. Thus, the image, reputation and goodwill of the banks of Central Europe are at a high level, primarily in the banks of the Czech Republic, Slovakia, Poland and Hungary. The corporate identity of banks at the middle level of development is in the countries: Slovenia, Croatia, Romania, Bulgaria and Serbia.

The corporate identity of banks is at a lower level in the countries: Bosnia and Herzegovina, Montenegro, Macedonia and Albania.

As they enter the 21st century, banks from developed countries are increasingly placing emphasis on corporate culture and business style. It is characteristic of every bank that, as an independent financial entity, it should develop the performance by which it will be recognizable among other banks in the financial market.

The performance set is called the corporate culture of the bank. In banking theory and practice, it is considered that the concept of corporate culture of banks is very important because it allows useful thinking of the bank's management about certain business activities and their justification.

The bank's business style (as a bank's performance) refers to the behavior of the bank's management in relation to the business environment of the bank in question (primarily the bank's clients). Examples from the current practice of banks from developed countries show that there is a strong link between business style, business culture and organizational structure of the bank.

The level of development of the corporate culture and business style of the bank in transition countries is adequate to the level of exit of the respective countries from the transition process.

This means that banks in most of Eastern Europe (Western Balkans) have not yet fully mastered the corporate culture and modern profitable business style. If the performance of banks is viewed as a competitive relationship of one bank to a group of other banks, then the performance can be in the form of: a) top, b) medium, c) low performance (Vunjak, Radaković, Dragosavac, i Antonijević, 2020, p.28). The top performance of banks is an indicator of the highest degree of success in the bank's operations (liquidity, solvency, security, profitability).

The average performance of banks is indicators that move around the average level of indicators of a particular group of banks. Low performance banks have indicators that tend to decrease from average to minimum indicators.

The performance of banks that is reported for their comparison with the performance of other banks refers to: a) financial performance, b) marketing performance, c) performance manager, d) performance of business culture and business style, d) performance of business reputation h) bank image performance, i) bank goodwill performance (Vunjak, Ćurčić, i Kovačević, 2013, p.16)

The main characteristics of high-performance banks are:

a) maximizing profits (through loans with high interest rates, income from securities exempt from taxes, maintaining flexibility in the structure of assets and quick response to changes in interest rates),

b) cost control (through smaller investments in fixed assets and lower expenditures through more efficient use of fewer employees),

c) continuously good management (through fewer controllable factors, more efficient management of the bank's aggregates and resources) (Ćurčić, 2003, p.98-103).

High-performance banks have an advantage over medium and low-performance banks.

The advantages relate to the following facts: a) achieved corporate culture, b) high share of values, c) positive performance as values, d) customer-oriented orientation, e) desire to invest in new banking products and services, f) strong and consistent leadership , g) willingness to hire the best staff, h) investing in education and career development of staff, i) developed management information system, j) solid and stable credit process (Brown, 2000, p. 38-45).

3. ANALYSIS OF SELECTED PERFORMANCES OF THE BANKING SYSTEMS OF THE CENTRAL AND EASTERN EUROPEAN COUNTRIES

Banks are the most important financial institution that plays a major role in the development of a country's economy. It is characteristic that the participation of banks in the world financial market (and this also applies to the countries of Central and Eastern Europe) decreases from year to year due to the emergence of new and development of existing financial institutions, with special emphasis on leasing companies, insurance companies, investment and pension funds.

he decrease in the market share of banks and the decrease in the realized profit are a consequence of the increased competition of financial institutions on the financial market.

Precisely because of that, there are cases when banks, in addition to banking, also perform leasing services, insurance, stockbroking, investment and pension funds.

The most important role of banks in their operations is related to mediation and risk taking (credit, interest rate, currency, financial, market, etc.). Compared to the European Union, the banking market of Central and Eastern Europe is relatively weak and underdeveloped.

The leading banking groups in Western Europe have experienced expansion in the last 10 years in Central and Eastern Europe, which can be seen from the size of banking assets and capital owned by foreign banks.

The fact is that currently over 70% of the Eastern European banking market is supervised by foreign banks from Western Europe.

With the onset of the global financial crisis and recession, the financial activity of Western European banks in the region of Central and Eastern Europe decreased.

This trend is still present today because the number of domestic active banks that could be taken over by Western European banks has decreased. In this way, overall economic growth has slowed down, while a fluctuating liquidity deficit is present in the domestic financial system (Dragosavac, 2017, p.120).

The analysis that follows includes 13 countries of Central and Eastern Europe, which are divided into 3 groups. The first group consists of countries that have been members of the European Union for a long time Slovenia (SVN), Slovakia (SVK), Czech Republic (CZE), Poland (POL) and Hungary (HUN). The second group consists of Eastern European countries that were among the last to join the European Union: Bulgaria (BGR), Romania (ROU), Croatia (HRV).

The third group consists of countries in Eastern Europe (Western Balkans) that are in the process of transition and which are making efforts to join the European Union: Serbia (SRB), Bosnia and Herzegovina (BIH), Montenegro (MNE), Macedonia (MKD) and Albania (ALB).

The third group of countries is characterized by having the lowest level of economic development, with high bank interest rates on approved loans and the present variable political stability.

Within the analysis, the following will be observed in the period from 2008 to 2018:

a) share of total assets in GDP,
b) share of total loans in GDP,
c) share of total deposit in GDP,
d) level capital adequacy for the countries of the Central and Eastern European region.

Table 1. Share of total assets in GDP for the analyzed groups of Central and Eastern European countries in the period from 2008-2018. years (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GRUPA 1											
SVN	131.6	128.5	130.0	126.4	125.5	112.2	100.4	92.9	85.0	97.2	94.3
SVK	97.4	84.1	83.0	80.9	81.7	82.6	83.4	86.5	88.1	91.4	90.2
CZE	108.0	112.2	114.3	120.7	124.2	135.2	126.3	124.0	127.9	137.1	130.6
POL	72.0	83.7	81.8	85.0	84.6	86.2	88.8	89.0	92.4	91.7	89.6
HUN	118.6	133.1	126.9	126.0	112.1	107.7	100.4	96.1	97.0	96.9	94.2
GRUPA 2											
HRV	107.5	115.1	120.9	123.9	121.8	120.8	122.7	120.2	115.5	125.1	125.6
BGR	104.2	103.7	104.6	102.0	105.5	106.8	103.6	98.8	99.4	98.1	100.6
ROU	66.0	72.7	73.6	70.5	69.0	64.7	60.6	58.7	56.3	49.8	49.1
GRUPA 3											
SRB	64.7	84.1	92.8	88.1	93.8	83.2	85.0	85.4	83.4	72.7	74.2
BIH	85.2	86.8	85.5	85.3	87.0	89.1	92.4	87.5	87.8	90.6	94.4
MNE	106.7	100.8	95.0	87.8	90.6	87.0	89.6	88.7	89.1	66.4	80.1
MKD	56.9	51.6	62.0	67.9	67.4	76.9	74.8	75.4	74.6	66.4	64.6
ALB	76.6	76.6	76.8	81.8	85.6	87.6	91.5	91.2	93.7	83.8	78.2

Source: *Reports of central banks, commercial banks and international institutions in the period from 2008-2018. years (internet sources are listed in the literature)*

After the global financial crisis and fluctuating movements in bank assets, the countries of Central Europe have continued economic growth since 2013, and in 2016 achieved GDP growth of 3%, which exceeds the growth of the European Union of 1.5%. The presented table shows that the following accounted for a large share of bank assets in GDP: Czech Republic, Croatia, Bulgaria, Hungary, Bosnia and Herzegovina, Slovakia and Poland. Serbia has maintained an average level of share of bank assets in GDP. The presented data show the impact of the banking sector on economic growth and the connection between the banking sector and the corporate sector in the respective countries. If we look at the growth of banking assets in the presented 11 years, then the best results are: Czech Republic, Bulgaria and Slovenia.This relationship was significantly influenced by the state and development of the economy on the one hand and the banking sector on the other (Cocris i Nicu, 2013, p.83).

Table 2. Share of loans in GDP for the analyzed countries of Central and Eastern Europe in the period 2008-2018. years (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GRUPA 1											
SVN	96.9	92.7	95.9	91.5	89.4	74.5	62.3	57.3	54.2	44.9	43.5
SVK	49.1	50.6	50.8	53.1	53.3	55.3	56.6	59.4	62.4	60.1	60.8
CZE	53.9	55.9	57.4	60.3	61.4	65.3	61.8	62.1	62.7	52.0	51.1
POL	38.5	47.7	49.3	52.6	50.8	51.4	58.7	53.5	56.4	53.2	50.5
HUN	57.6	61.9	62.8	60.4	51.9	47.5	51.9	34.9	33.3	31.8	32.1
GRUPA 2											
HRV	72.0	78.0	84.3	88.1	86.2	86.6	86.1	83.7	77.6	53.1	53.1
BGR	72.4	76.8	76.4	74.4	74.1	74.9	67.7	61.1	58.8	52.4	53.0
ROU	38.7	40.1	40.3	40.4	38.9	34.9	31.8	31.0	29.4	26.1	25.9
GRUPA 3											
SRB	36.7	45.4	54.2	52.3	56.1	47.8	48.1	48.2	46.1	41.3	41.6
BIH	58.9	58.1	58.7	59.6	62.1	62.3	63.7	59.1	57.9	55.6	59.4
MNE	95.5	88.1	81.2	73.7	75.5	73.1	69.6	67.9	54.5	53.2	53.3
MKD	34.0	29.5	33.3	36.1	34.1	39.3	38.8	37.1	44.8	42.5	41.1
ALB	36.4	38.9	38.1	41.4	41.1	38.7	42.1	40.6	40.0	34.5	31.2

Source: *Reports of central banks, commercial banks and international institutions in the period from 2008-2018. years (internet sources are listed in the literature)*

In the countries of Central Europe, the dominant participation is: Slovakia, the Czech Republic and Poland.

In the countries of Eastern Europe, the members of the European Union are dominated by: Croatia and Bulgaria, while in other countries of Eastern Europe (Western Balkans) the dominant participation is: Bosnia and Herzegovina and Montenegro.

Serbia has a slightly smaller share of loans in GDP than the aforementioned countries. If we look at the period from 2008 to 2018, now the largest share of loans in GDP have: Slovenia, Croatia and Bulgaria, ranging from 43.5% to 96.9%.

Precisely this indicator indicates the level of indebtedness of the population and the economy and the small share of securities in GDP.

Countries in transition (Western Balkan countries) can be said to belong to the group of moderately indebted countries.

Table 3. Share of deposits in GDP in selected countries of the Central and Eastern European region in the period 2008-2018. years (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GRUPA 1											
SVN	103.2	114.9	108.1	105.1	104.1	90.8	81.1	81.0	77.7	60.2	58.7
SVK	63.5	59.5	60.1	58.6	60.5	62.1	62.0	65.4	66.0	62.5	70.6
CZE	66.7	71.7	73.6	76.3	81.3	86.7	80.5	78.6	80.0	54.8	61.3
POL	31.9	42.2	43.8	45.9	45.4	47.5	49.5	52.2	55.5	56.7	54.1
HUN	41.8	46.5	44.7	45.5	44.5	43.1	39.6	39.9	41.5	44.3	43.0
GRUPA 2											
HRV	70.9	78.1	83.1	85.6	83.9	85.8	87.3	90.1	87.2	64.9	62.2
BGR	60.2	63.4	66.6	70.1	73.3	79.7	77.5	78.2	80.0	72.2	70.2
ROU	31.2	36.1	36.7	36.3	35.9	36.4	37.0	37.8	38.0	37.6	38.1
GRUPA 3											
SRB	30.0	39.4	42.5	41.6	45.0	41.3	43.4	44.8	46.3	49.2	46.0
BIH	48.1	50.0	50.6	50.6	51.9	54.1	58.3	58.0	59.8	74.6	65.2
MNE	64.19	60.8	57.7	56.8	63.9	63.5	67.9	66.0	64.0	70.2	62.9
KD	8.8	9.0	10.9	11.1	10.3	10.5	12.1	11.8	11.3	13.3	11.7
ALB	59.2	60.0	63.4	67.5	70.5	69.9	75.8	76.2	77.1	78.1	63.5

Source: *Reports of central banks, commercial banks and international institutions in the period from 2008-2018. years (internet sources are listed in the literature)*

The analysis of the data shows that the largest share of deposits in GDP in Central European countries are: Slovenia, Slovakia and the Czech Republic. In Slovenia, the share exceeded 100% for several years.

Among the countries of Eastern Europe, the members of the European Union had the largest share: Croatia and Bulgaria, while among other countries of Eastern Europe (Western Balkans), the largest share had: Albania and Montenegro. It is characteristic of the deposit potential that the countries in the leading economies of the observed region have the highest values. If the growth of deposits is observed on an annual level, then it is dominant in: Serbia, Hungary, Albania and Slovenia.

If the share of loans and deposits in GDP is compared, then the share of deposits in relation to loans in GDP is higher in most of the analyzed countries of Central and Eastern Europe.

The analysis of the basic laws on the deposit market starts from the macroeconomic aspect of banking operations.

The deposit market and its basic laws can be viewed through the "prism" of perfect competition, banking monopoly, monopolistic competition and oligopoly with leadership (Cota, 2002, p.107).

Table 4. Level of capital adequacy for analyzed countries in the period from 2008-2018. years.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GRUPA 1											
SVN	11.7	11.6	11.3	11.6	11.5	11.8	15.8	18.8	21.4	2	20.6
SVK	11.1	12.6	12.7	13.4	16.0	16.6	17.4	17.7	18.2	18.8	18.2
CZE	12.3	14.1	15.5	15.3	16.4	17.3	17.8	18.4	18.5	19.3	19.6
POL	11.2	13.3	13.9	13.1	14.8	15.2	15.0	15.6	17.5	19.0	19.0
HUN	12.3	13.9	13.9	14.2	15.9	16.9	17.0	19.9	20.1	16.8	17.1
GRUPA 2											
HRV	15.1	16.4	18.8	19.2	20.5	20.9	21.4	21.0	22.5	23.3	21.1
BGR	14.9	17.0	17.5	17.5	16.5	16.6	21.9	22.2	22.2	22.1	20.4
ROU	13.8	14.7	15.0	13.4	14.6	13.9	17.6	19.2	19.6	20.0	19.7
GRUPA 3											
SRB	27.9	21.9	21.4	19.9	19.1	19.9	20.4	20.9	21.2	22.6	22.3
BIH	16.3	16.1	16.2	17.2	17.0	17.0	16.3	14.9	15.8	15.7	17.5
MNE	15.0	15.8	15.9	16.5	16.5	14.7	16.2	16.7	17.1	16.9	16.5
MKD	16.2	16.4	16.1	16.8	17.1	16.8	15.7	15.9	16.4	15.7	16.5
ALB	17.2	16.2	15.4	15.6	15.6	17.9	16.8	15.7	15.7	16.6	18.2

Izvor: *Reports of central banks, commercial banks and international institutions in the period from 2008-2018. years (internet sources are listed in the literature)*

In 2018, in the countries of Central Europe, the level of capital adequacy was dominant in Slovenia with 20.6%, the Czech Republic with 19.6% and Poland with 19.0%. In the countries of Eastern Europe, members of the European Union, the highest level of capital adequacy in 2018 was in Croatia in the amount of 21.1%. Bulgaria and Romania had a slightly lower level. In other countries of Eastern Europe (Western Balkans), Serbia had the highest level of capital adequacy in 2018 with 22.3%. Albania had approximately the same levels with 18.2%, Bosnia and Herzegovina with 17.6%, Montenegro and Macedonia with 16.5%. Given that the Basel Accord provides for a capital adequacy ratio of 8%, and the Regulatory Minimum provides for a capital adequacy ratio of 12%, it can be concluded that all Central and Eastern European countries are well capitalized and protected from potential risks.

CONCLUSION

The fact is that the global financial crisis has negatively affected all countries in the world, especially countries in transition. The impact of the financial crisis has reduced macroeconomic indicators, which developed countries have covered by budget deficits, while countries in transition have entered their own increase in public debt and total borrowing. The share of non-performing loans in total credit placements is low. That is why it is necessary for the management in the banks to pay attention to the collection of receivables. It should be noted that receivables collection management is a complex part of the credit business that includes various organizational units within the bank together with its specialized units consisting of different employee profiles, at different organizational and hierarchical levels.

Banks in transition countries are committed to implementing a credit policy aimed at rescheduling loans in order to stop the decline in their macroeconomic indicators. In the last two decades, the countries of Eastern Europe have seen an economic transition related to structural economic reform, opening trade, accepting foreign direct investment, private sector growth, GDP growth and the transformation of banking systems with the help of foreign capital. The International Monetary Fund has made a special contribution to the development of the countries of Central and Eastern Europe through financial arrangements and advice regarding the preservation of the macroeconomic stability of the said region.

A special place in the conditions of globalization and overcoming the global financial crisis belongs to banks, their market economy and the development of their corporate performance. The result of such work relates to the efficient management of assets, liabilities, revenues and expenditures of banks and countering risks in the financial market. In addition to the development of general performance, the following are of special importance: financial, marketing and performance management. Then the performance of employees, business philosophy, business culture, style, image and reputation of the bank in the financial market. Central European countries have developed top performance, while Eastern European countries have developed medium and low bank performance. The aspiration of Eastern European countries is to achieve top performance of banks that guarantee them continuous liquidity, solvency, security and profitability.

A special place in the analysis of banks in Central and Eastern Europe belongs to the indicators related to: a) the share of total bank assets in GDP, b) the share of total loans in GDP, c) the share of total deposits in GDP, d) level of capital adequacy in the analyzed countries. In part, the share of total banking assets in GDP is dominated by Central European countries (Czech Republic, Slovenia, Hungary, Slovakia and Poland).

The countries of Central and Eastern Europe have approximately the same share in the share of total loans in GDP. In terms of the share of total deposits in GDP, the countries of Central Europe are dominant, followed by the countries of Eastern Europe, members of the European Union, and other countries of Eastern Europe (Western Balkans).

According to the level of capital adequacy, there are approximately the same countries in Central and Eastern Europe, whose capital adequacy is on average 60% higher than the Regulatory Minimum of Banking Systems of the observed countries, which is prescribed at 12% risk-weighted assets of individual banks.

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SUMMARY

The banking sector represents the most important financial institutions that play a significant role in the development of each country's economy. Unlike the emerging markets (Central and Eastern European region), banks' participation in the global financial market is diminishing year after year due to the emergence of new or existing financial institutions, with special emphasis on insurance companies, investment funds, pension funds and leasing companies. The declining market share of banks as well as the decrease in the realized profit are the consequences of increased competition of financial institutions in the financial market.

The banking market of Central and Eastern European countries is relatively weak and underdeveloped compared to the European Union (EU). At the beginning of 2005, a large number of foreign banks appeared in Serbia and countries in the region interested in entering this market. Leading Western European banking groups have experienced an expansion in Central and Eastern European countries in recent years, as evidenced by the size of foreign-owned banking assets and capital.

A specific scientific contribution relates to the comparative analysis of the business performance level of the banking sector of the Central and Eastern European countries. The analysis covers the period 2008-2018, where the relationship between assets, loans and deposits with GDP was analyzed separately, as well as the level of capital adequacy of banks.

Thirteen observed countries will be divided into three groups. The first group consists of countries that are already largely members of the European Union, such as Slovenia (SVN), Slovakia (SVK), Czech Republic (CZE), Poland (POL) and Hungary (HUN). Therefore, this group is made up of the most developed countries in the region of Central and Eastern Europe.

The second group consists of Eastern European countries such as Bulgaria (BGR), Romania (ROU) and Croatia (HRV), which joined the EU a few years later. These are the countries that were last admitted to the EU, especially Croatia, which joined in 2013. Countries in the second group have succeeded in meeting the majority requirements set by the EU.

The third group consists of countries in Eastern Europe (or the Western Balkans) that are in the process of transition and are still making significant efforts to join the EU and become equal members. Among others are Serbia (SRB), Bosnia and Herzegovina (BiH), Montenegro (MNE), Macedonia (MKD) and Albania (ALB). Accordingly, the third group countries have the lowest levels of economic development. The countries of this part of Europe are experiencing slow economic activity, which is a consequence of lack of production.

The price of banking products is much higher than in the rest of Europe. Interest rates on loans are high, especially when it comes to cash loans in local currencies. Banks are framed by the view that the region of Eastern Europe is very risky, especially when it comes to political instability. Unemployment rates exceeding 25% are high. The problem is also the public debt that countries have towards their creditors, moving over 70% of GDP.