ANALYSIS OF CAPITAL AND LIQUIDITY REQUIREMENTS COMPLIANCE IN BANKING SECTOR IN SERBIA

UDC 005.334:336.71

Tatjana Stevanović, Jelena Stanković

Faculty of Economics, University of Niš, Serbia

Abstract. In contemporary business environment, the degree of stability in the banking sector has a profound reflection on the economic and social relations. On the other hand, banking business is inevitably followed by existence of different types of risks which may cause the negative effects on the bank itself and its financial result, as well as the negative effects on the clients of the bank or the economy of the country where the bank operates. For that reason, good and opportune risk management in banking operations is crucial for the stability of the bank, or at the higher level, the stability of financial sector. The procedure of risk management in banks and other financial institutions includes a series of successive steps starting from the identification of risk, its measurement and, eventually, risk assessments in order to minimize adverse effects on the financial result and equity. Therefore, measuring the business performances of banks is not just a matter of good management of the bank, but also fulfillment of legally prescribed standards for banking operations. The two most important performances of the bank are, without any doubt, the capital adequacy and liquidity. The significance of these performances is above all in the fact that they reflect at the same time the level of commercial success of the bank, but the level of risk management at the bank. Compliance with these requirements in the banking sector in Serbia is regulated by special decisions of the National Bank of Serbia.

Starting from December 31st 2011, the banking sector in Serbia begins with the implementation of the so-called Basel II standards, issued by the Basel Committee on Banking Supervision. The aim of this paper research was to quantify the compliance with capital requirements and liquidity requirements in the banking sector of Serbia, at the very moment when it is expecting the application of new methodologies and new legal framework in the field of risk management.

Key Words: liquidity, capital adequacy, risk management, quantitative analysis.
INTRODUCTION

Each financial activity in the bank has certain effects on its liquidity. Due to the appearance of sophisticated off-balance sheet products with significant impact on the flow of funds, there is an evident change in the nature of liquidity risk in the recent period of time. In these conditions it is necessary for a bank to have an adequate information system, to develop a plan and adopt a policy of managing this risk.

Considering new forms of bank operations and new risks and dynamic movements in financial markets, The Basel Committee on Banking Supervision proposed in 1999 a new agreement on capital adequacy of banks, which emphasizes the requirements related to the amount of capital, prudential supervision and market discipline of banks.

The paper will discuss issues of adequate management of assets and liabilities of the bank, the key indicators of bank performance and give a review of the legal framework of measuring performances of banks in Serbia. Finally, the assessment of compliance with capital and liquidity requirements in the banking sector of Serbia will be explained.

1. PROPER MANAGEMENT OF ASSETS AND LIABILITIES OF THE BANK

The basic financial statements of banks include: balance sheet, income statement and statement of cash flows of funds. The balance sheet shows the sources of funds and their use, i.e. liabilities and equity, and assets of the bank on the right day. The funds that the bank acquires by borrowing money from others and forming other liabilities, such as deposits, are used to acquire assets, such as securities, loans, equipment and so on. From the revenues accrued from the investments and granted loans, the bank covers costs that arise from debt and achieve a certain financial result. The result, therefore, represents the difference between revenues and costs. Regarding the structure of assets and liabilities, the balance sheet of a bank is significantly different from the balance sheet of manufacturing and trading companies as well as other financial institutions. The main task of the bank is obtaining the necessary funds and their placement under favorable conditions in order to achieve maximum profits and fulfillment of businesses and households needs for money [5].

Balance sheet assets include: reserves, deposits with other banks, loans and other assets (e.g. physical capital). A part of the reserve is held for legal reasons, while additional reserves or excess reserves are used for the purpose of settling due liabilities. Cash and due are related to receivables from other banks based on the issued checks for payment. Small banks usually have deposits of other banks and they are held by large banks for the purpose of providing services, such as the collection of checks, deposits, etc. with the transaction.

Important sources of earning effects are as follows: government bonds, the bonds of local authorities and other bonds. Government bonds, as the most liquid, are known as secondary reserves. Local government bonds or municipality bonds, as well as other bonds, are less liquid and more risky regarding payment terms and the expected return is higher than for the state ones. The most important sources of income in the form of interest are loans. They make up about 60% of the bank assets¹, while under them bank achieves about 80% of revenue. Loans are less liquid than other assets and therefore more risky, and banks realize high returns on this basis.

¹ This percentage is typical for commercial and retail banking.
Bank assets are classified as non-interest bearing and interest bearing. Interest is charged only on interest-bearing assets (loans and effects), while there is no charging on non-interest assets (other assets). Also, assets can be classified as risky, which carry a high probability of risk that the nominal value and the related interest will not be obtained at maturity, and non-risky, with no possibility of credit risk (reserves, cash and due, deposits with other banks, physical capital) [28].

Bank liabilities consist of transaction deposits, non-transaction deposits and capital. These deposits are payable on demand, and therefore represent a less expensive source of funds. The primary sources of bank funds (approximately 50% of total resources) are non-transaction deposits, which require a higher interest rate. These include: savings deposits, core deposits and purchased funds. Banks raise funds and borrow from the National Bank, other banks and corporations. Assignments are an important source of bank funds. The bank's capital or net worth is obtained as the difference between total assets and total liabilities. It represents the lower limit of the bank's assets decline in value, below which it becomes insolvent. The capital increases by selling new shares or the retention of earnings. Bank liabilities can be classified, the same way as the assets, as interest-bearing on which interest is paid (deposits and loans) and non-interest bearing on which the interest is not paid.

Modern business conditions and financial market development involve much higher risks in bank operations. In this respect, the modern concept of assets and liabilities management, developed in the 60's of the last century, has introduced significant changes in the structure of assets (increased share of loans) and liabilities (increased participation of deposits). A proper management of assets and liabilities includes the satisfying basic objectives of the bank: to raise funds at lower costs, and their placement at the highest possible interest, acquisition of assets with the lowest risk and diversified investment and providing enough cash to pay investors in the withdrawal of deposits. Despite the fact that more liquid assets are associated with the achievement of lower profits, the bank holds excess reserves and secondary reserves to avoid the costs arising from withdrawal of deposits.

2. KEY PERFORMANCE INDICATORS OF BANKS

The crucial element of successful operation of banks in the dynamic business conditions is to achieve satisfactory performances. Therefore, the pursuit of each bank is focused on reaching the best possible financial performances as well as taking the leading position in a particular segment of the financial markets. The performances of the bank are related to the results and the quantity and quality of its operations. In this regard, the most important indicators of bank performance are associated with liquidity, profitability, bank capital, asset quality and the quality of liabilities. The focus of this paper will be to the performances of banks associated with liquidity and bank capital.

Maintaining liquidity means securing funding for the normal flow of current transactions, as well as the settlement of overdue obligations. If a bank has a higher level of liquid assets than needed, it faces the opportunity costs form of lost revenue that would be achieved if additional resources are deployed in the accepted projects. Conversely, if the bank does not have enough liquid assets, they need additional funds from financial sources at higher costs.
Liquidity risk management implies proper identification, measurement, monitoring and control, including the choice of the adequate measure of liquidity. Such a system may include the following indicators [4]:

- total deposits as a percentage of total liabilities,
- demand deposits + short-term deposits as a percentage of total liabilities,
- short-term borrowings as a percentage of total liabilities,
- long-term deposits as a percentage of total liabilities,
- long-term loans as a percentage of total liabilities,
- the ratio of total loans and total deposits,
- loans as a percentage of total liabilities,
- loans as a percentage of total assets and
- accounts + cash correspondent accounts as a percentage of total liabilities.

This set of performance is, at the same time, the relevant set of criteria by which it is possible to make comparison and ranking of banks operating within a single financial market and provides the bank management with a close look into the performance of the bank, identify the cause of (in)efficiency and positioning of the bank over its competitors.

The liquidity of banks is even bigger if there is a larger share of liquid assets to total assets, or by the currency deposits. In this regard, the assessment of the bank's liquidity ratio was developed as a system of numbers. The first liquidity ratio is measured as the ratio between the average sum of cash and short-term effects, and the average total assets. The second liquidity ratio is the ratio of the sum of average cash and short-term effects, and average deposits. The third liquidity ratio is the ratio of average net loans and average deposits and the fourth liquidity ratio is measured as the average ratio of liabilities to average total assets.

![Fig. 1. Future shape of liquidity management in banks [29]](image)

Successful management of liquidity risk requires continuous improvement of liquid assets control and managing. The centralization and management of both financial and
operational counterparty risk covers all aspects of liquidity and working capital management. The future shape of liquidity management can be divided in two phases, as shown in Figure 1. The first phase is releasing and centralizing as much liquidity as possible and, at the same time, minimizing counterparty risk and the second phase is minimizing counterparty risk and, at the same time, maximizing the returns from excess cash or minimizing the cost of funding cash shortfalls.

In the following example, the exposure to liquidity risk of Deutsche Bank will be presented by describing their platform to manage liquid assets which is very important because it provides information for clients about liquidity risk according to the condition of Basel II for the transparency of information on banks. In response to client demand, and as part of a broader program to update Deutsche Bank’s online banking offering and to develop synergies between different divisions at the bank - Deutsche Bank’s Global Transaction Banking and Global Markets divisions have joined forces to deliver an integrated liquidity management module.

This state-of-the-art web-based liquidity management module combines liquidity management, planning, foreign exchange and investment services all in one location, allowing corporate and financial institution clients to access all of Deutsche Bank’s treasury and liquidity services through a single sign-on. The tools include aggregation across mul-

---

2 The scheme is designed based on the research of liquidity management and the needs for its improvement in 14 major world banks: Bank of America Merrill Lynch, Barclays, BNP Paribas, City Bank, Commerzbank, Deutsche Bank, HSBC, ING, JP Morgan, Royal Bank of Scotland, SEB, Société Générale, Standard Chartered Bank and UniCredit.
The liquidity management module also has the distinct benefit of offering Deutsche Bank’s clients real-time account information for accounts held at Deutsche Bank as well as with third-party institutions.

3. THE LEGAL FRAMEWORK OF MEASURING PERFORMANCES OF BANKS IN SERBIA

The activities of control of financial institutions in Serbia are in the jurisdiction of the National Bank of Serbia. The National Bank of Serbia, based on legal powers, with the aim to maintain financial stability, is responsible for the supervision and control of banks, financial leasing companies, insurance companies and voluntary pension funds.

The Executive Committee of the National Bank of Serbia establishes the measures and activities, within their jurisdiction, in order to preserve and strengthen the financial system stability, as well as measures to maintain liquidity. Also, the Executive Committee of the National Bank of Serbia decides on the granting and revoking of a bank’s work permit, as well as the licenses for insurance companies, financial leasing companies and pension funds. The implementation of the decisions in this field falls within the scope of work of Sector for banks supervision.

The legal acts that thoroughly regulate issues related to performances of bank operations and risk management in the banking sector in Serbia are:

- Law on Banks and Other Financial Institutions (Official Gazette of FRY No. 32/93, 24/94, 5/95, 61/95, 28/96, 16/99, 44/99, 36/02, 37/02 and Official Gazette of RS No. 72/03, 55/04),
- Decision on Risk Management (Official Gazette of RS No. 129/07, 63/08 and 112/08),
- Decision on the Manner and Terms of Identification and Monitoring of Banks Compliance Risk and Managing This Risk (Official Gazette of RS No. 86/07 and 89/07),
- Decision on the Capital Adequacy (Official Gazette of RS No. 129/07 and 63/08),
- Decision on the Classification of Balance Sheet and Off-Balance Sheet of Assets (Official Gazette of RS No. 129/07, 63/08, 104/09 and 30/10),
- Decision on Liquidity Risk Management (Official Gazette of RS No. 129/07),
- Decision on the Basic Principles of Organization and Operation of Internal Control of Banks and Other Financial Institutions (Official Gazette of FRY No. 39/2002) and
- Guidelines for Reporting in Banks (Official Gazette of RS No. 57/06, 116/06 and 56/07).

With its Decision on Risk Management, the National Bank of Serbia set up criteria for identifying, measuring and assessment of risks to which bank is exposed in its operations, as well as the ways of managing those risks, including the method of calculating certain performances of the bank in relation to risk management and restrictions related to those risks [21].

---

3 The original, official names of these legal documents can be found in list of References.
The modern approach to managing risk in banks and other financial institutions includes, in addition to legislation and oversight of regulators and certain internal systems for identifying, quantifying and monitoring the risks developed by the bank or financial institution [2].

This approach to risk management is contained in a document entitled "International Convergence of Capital Measurement and Capital Standards - A Revised Framework" (Basel II).

4. ASSESSMENT OF COMPLIANCE WITH CAPITAL AND LIQUIDITY REQUIREMENTS IN THE BANKING SECTOR OF SERBIA

The banking sector of Serbia consists of commercial banks that operate in it, and the National Bank of Serbia, as the central bank and supervisor of the sector [26]. Position, organization, powers and functions of the National Bank of Serbia, and the relationship of the National Bank of Serbia towards the authorities of Serbia and international organizations and institutions are regulated by the Constitution of the Republic of Serbia and the Law on the National Bank of Serbia [27].

In order to create an additional base for the publication of by-laws consistent with the standards of Basel II, a set of by-law was adopted in 2010. The by-law relate to [16]:

- method of calculating the capital adequacy with the possibility that the NBS prescribe terms and conditions for obtaining consent for the calculation of capital adequacy (i.e. to use different approaches, as well as eligibility for the recognition of rating agencies) - Pillar 1 of Basel II,
- changed the scope of administrative, executive and audit board, to introduce concepts related to Pillar 2 of Basel II and adapt competence of management regarding to risk management and capital management strategies, and
- introduced the obligation of public disclosure of data and information about the bank's strategy and risk management policies, bank capital and capital adequacy - Pillar 3 of Basel II.

4.1. Capital structure and capital requirements in banking sector of Serbia

The introduction of capital requirements arising from credit risk is one of the earliest provisions when it comes to implementation of capital standards in the banking sector. These requirements are contained in the first document on capital standards of Basel Committee.

The backbone of Basel I standards is the introduction of a unified framework with a minimum capital standard of 8% of risk weighted assets (Risk Weighted Asset - \( \text{RWA} \)) and at the same time formally defined capital adequacy ratio (Capital Adequacy - \( \text{CA} \)). Thus calculated the amount of capital is a statutory minimum amount of capital, or regulatory capital in other words. Basel I determines the specific amounts of risk weights for certain categories of assets (Table 1). Risk weighted assets is calculated as the product of weights and the corresponding positions in assets.

\( \text{RWA} = \sum \text{weight} \times \text{position} \)

\( \text{CA} = \frac{\text{Capital}}{\text{Risk Weighted Assets}} \)

All analysis in this title were made based on the data from the official reports of the National Bank of Serbia given in the list of references numbered from [5] to [14].

Regulatory capital is officially required from banks starting from 1998. Before that, the focus was exclusively on the capital adequacy ratio.
Table 1. Risk weights under Basel I standards [1]

<table>
<thead>
<tr>
<th>Risk weights (%)</th>
<th>Categories of assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Cash, gold bullion, due from governments of OECD countries (such as government bonds for example)</td>
</tr>
<tr>
<td>20</td>
<td>Claims from banks and public sector in OECD countries</td>
</tr>
<tr>
<td>50</td>
<td>Unsecured residential mortgages</td>
</tr>
<tr>
<td>100</td>
<td>All other claims (corporate bonds, the debt of less developed countries, due from banks outside the OECD, real estate, equipment, plants, and so on)</td>
</tr>
</tbody>
</table>

Capital adequacy is determined as the ratio between capital ($C$) and risk weighted assets ($RWA$) [1]:

$$CA = \frac{C}{RWA}$$ (1)

The weakness of the Basel I was the fact that the same standards, or the minimum amount capital adequacy ratio of 8%, were applied to all kinds of credit commitments. In real terms, in countries with greater exposure to risk, this percentage has to be higher. The decision about prescribing a larger amount of regulatory capital belongs to the domain of national supervisory body. Taking into account the country risk, the National Bank of Serbia by the Decision on capital adequacy prescribed the minimum amount of regulatory capital to 12% [17]. The same goes for neighboring countries (e.g. in Croatia, the prescribed capital adequacy ratio is 10%). An interesting fact is that regulatory $CA$ in the U.S. is 10%, too.

The implementation of Basel I standards in Serbia was symbolic, despite the fact that some of the standards were introduced in our legislation almost immediately after adoption, in the late eighties. Almost all principles of Basel I, such as capital threshold, the net capital and capital adequacy, were included by the reform of the banking system in 1993. The limitations of implementation of Basel I in Serbia were not reflected in the absence of national legislation, but in the absence of its application. In fact, none of these principles, which official regulatory system involved in the financial sector, were enforced. As a result, there was a collapse of the banking sector stability and the existence of pyramid schemes such as Jugoskandik and Dafiment Bank, but also the general state of insolvency of banks, because of which the unpopular category of "old foreign currency savings" appeared. Such an attitude towards regulation has caused enormous damage to the public interest, in terms of financial loss, as well as the loss of reputation of financial institutions.

The consequences of this period began to be restored in 2001, with the reform of the banking system. In fact, in 2001, a large number of banks, including the largest financial institutions in the country (Beobanka AD Beograd, Beogradska banka AD Beograd, Investbanka AD Beograd and Jugobanka AD Beograd), were closed and several new banks, mostly owned by foreign capital, were established.

Formally speaking, the provisions of Basel II standards are not implemented in Serbia today but, on the other hand, there is a strict supervisory monitoring carried out by the National Bank of Serbia. The results of such a responsible attitude can be seen primarily in the capital structure of the banking sector and the capital adequacy ratio.

Based on the established level of capital adequacy ratio of 12% from the national regulator, the following levels of capitalization of banks, valid in Serbia, were defined [26]:
Under-capitalized bank is a bank whose capital adequacy ratio is lower than required, or whose capital is lower than required, but which is not significantly under-capitalized bank.

Significantly under-capitalized bank is a bank whose capital adequacy ratio is lower than the prescribed by a third or more, or whose capital is lower than the prescribed by a third or more, but which is not critical under-capitalized bank. Therefore, it is a bank whose capital adequacy ratio is less than 8%.

Critical under-capitalized bank is a bank whose capital adequacy ratio is by half or more lower than the prescribed, or whose capital is by half or more lower than the prescribed and amounts to 6% or less.

Statistical data on the average values of capital adequacy ratio in the banking sector in Serbia are encouraging in the last 10 years period, because there were no cases of under-capitalized banks. Also, the average value of the coefficient is far above the legal minimum, except in 2000 when it amounted to only 0.70%, as a consequence of the chaotic state in the banking sector, which is the main reason for the reform during 2001-02 (Figure 3).

The first pillar of Basel II agreement refers to the minimum requirements for capital, and determines the structure of capital. The bank’s capital consists of three categories of capital [2]:

1. Tier 1 capital or core capital which is actually equity capital,
2. Tier 2 capital or additional capital and
3. Tier 3 capital, which includes short-term subordinated debt which covers market risk and is used purely for market risk.

There are also specific deductions from the capital to be subtracted from the sum of the previously determined to get the final result as the prescribed capital of the bank, as it is entered into the formula for calculating capital adequacy [18].

Similar to the capital adequacy ratio, the national regulatory authorities are permitted, in accordance with the needs of the financial sector, to define the minimum percentage of core capital. In Serbia, this percentage is set at a level of 6%, or 50% of the value of the capital adequacy ratio. Also, the national regulator is allowed to define, if necessary, the amount of core capital at the level higher than 50% of capital adequacy. An example of

---

* By the Decision of the National Bank of Serbia from 2005, the minimum amount of capital adequacy ratio is set to 12%, while in the earlier period it was 8% [15].
that is the United States, where the core capital is defined at the level of 6%, while the minimum capital adequacy ratio is 10%. The quality of capital in the banking sector in Serbia can be seen just based on relations between Tier 1 and Tier 2 capital (Figure 4).

In addition to the quality and adequacy of capital, another important indicator of the stability of the banking sector in Serbia is its liquidity.

4.2. Liquidity requirements in banking sector of Serbia

Liquidity risk is the risk of negative effects on the financial result and equity due to the bank's inability to meet its payment obligations. Precisely defined in Section 4, paragraph 1 of Decision on Risk Management, "liquidity risk includes potential negative effects on the financial result and capital of the bank because of the bank's inability to meet its payment obligations" [21]. The most common causes of these types of risk are: loss of the annual accounts, poor cash management, large and unannounced cash withdrawals by depositors, and so on.

The level of liquidity is expressed in the liquidity ratio, which represents the ratio of liquid claims and the sum of the first and second-order liabilities and deposits with and without agreed maturity, over the next month from the moment of determination of liquidity ratio [22]. Preferred values for this indicator, which the bank is obliged to maintain, are:

- at least 1.0, when the indicator is calculated on a monthly basis;
- not less than 0.9 for a period exceeding three consecutive working days;
- at least 0.8, if the indicator is calculated on a daily basis.

All values lower than those are considered to be the critical level of liquidity. Banks are required to present their daily reports on the liquidity to the National Bank [25].

It is interesting to note that regardless of the fact that the dominant risk in the banking sector is supposed to be the credit risk, the regulation provides more rigorous sanctions in terms of liquidity risk. Specifically, the bank that falls below the preferred level of liquidity may automatically lose its business license [15]. On the other hand, when it comes to under-capitalized bank, the same sanctions are envisaged only for the critical level of under-capitalization [24].

Liquidity is largely associated with a financial result that the bank achieves. Therefore, analyzing the compliance with liquidity requirements is necessary to give an insight into the realized income and expenditures incurred in the sector and the generated financial result. A period prior to 2005 was characterized by negative financial results of the bank-
ing sector. Between 2005 and 2008, the realized profit is constantly increasing and in 2008, it reached a digit of 34.7 billion, which is the best financial result of the banking sector during the past decade. The realized profit in 2009, as a negative consequence of the economic crisis, decreased by 42.36% and amounted to only 20.0 billion. Total profit before tax in the banking sector in 2010 was 25.4 billion and it increased by 27% compared to the end of 2009.

The movement of the operating income and operating expenses is what creates impact and financial results. The curves that indicate movement of the operating income and operating expenses in the last four years are presented in Figure 5.

The movement of the operating income and operating expenses is what creates impact and financial results. The curves that indicate movement of the operating income and operating expenses in the last four years are presented in Figure 5.

The term operating profit includes the sum of net interest income, fee and commission income and other net revenues, which include dividends and share, net gains/losses on securities, and other operating income.

Operating profit of the banking sector on 31 December 2010, with the level of 145.7 billion RSD, increased by RSD 10.2 billion or 7.5%, comparing to the same period the year before (December 2009), when it amounted to 135.6 billion RSD.

Observed continuously since 2007, net interest income is an increasing percentage of total operating income. Net fee and commission income comprises 23% of operating income, the same as in December 2009 with the level of 33.0 billion RSD. In December 2009, the amount of fee income was 31.6 billion RSD. The structure of operating income in the period from 2007 to 2010 in the Serbian banking sector is shown in Figure 6.

An obvious trend of operating income is a positive phenomenon from the point of achieving favorable financial results. However, it is also the fact with that the operating expenses in the same period of growth. Operating expenses include the costs of salaries and other operating costs.
Operating expenses of the banking sector in 2010 amounted to RSD 100.8 billion and increased over the same period the previous year, when they amounted to 93.9 billion RSD. In the observed period, their growth was to a certain extent accelerated and increased by 6.9 billion RSD or 7.3% compared with the end of 2009 (Figure 7).

Similar to capital adequacy, liquidity ratio is also a category that is prescribed by the National Bank of Serbia. In accordance with the legal regulations described above, an indicator of liquidity is measured on a daily basis [23], and the average regulatory liquidity ratio at the end of 2010 was unchanged from the previous comparable period, and amounts to 1.96 (Figure 8).

The significance of liquidity, as a parameter of the banks’ business, is of great importance. The legal minimum is regulated at the level of 1.0 for the liquidity ratio and preferred value, in theory, from 1.0 to 1.2. From this perspective, the banking sector in Serbia is satisfactory. The importance of liquidity risk management issues is best confirmed by the fact that Basel III provides capital charges based on exposure to liquidity risk.

CONCLUSIONS

Risk management in banks and other financial institutions is an indispensable part of preserving the stability of financial sector of a country. As this stability is essential for healthy economic and social relations in the country and its economic prosperity, the role of the supervisor of banks and other financial institutions is an extremely important and responsible function. In Serbia, this role is entrusted to the National Bank of Serbia.

7 Document in preparation, whose application is expected starting from 2013
The analysis of financial performances, which are the basic determinants of bank success, provides a basis for the exact diagnosis of the current situation of the banking system in Serbia. The key financial performances and the basic principles of the banking business such as liquidity and capital adequacy are mutually conditioned, and it is necessary to find a way to optimize their relationship. The general interest should be the survival and development of banks and, in order to achieve this goal, the priority should not be to maximize profitability at the cost of liquidity and safety of operations.

In addition to the existing mechanisms for risk management in financial institutions, the thing that expects Serbia by the end of 2011 is the harmonization of national legislation in the field of banking supervision with the Basel II standards. Of primary importance, within these standards, is that the National Bank of Serbia keeps current conservative approach, taking into account the specificities of the market in Serbia because the achieved results in the previous period can be considered a successful way of managing risk.

Thus, good risk management in financial institutions in Serbia needs an approach that combines traditional and modern techniques of identification, measurement and risk assessment. It is important to point out that the previous method of supervision achieved the goal when it comes to compliance with capital and liquidity requirements in the financial sector of Serbia and that is exactly why it may be noted that their level is more than satisfactory.

REFERENCES
ANALIZA ISPUNJENOSTI KAPITALNIH ZAHTEVA I ZAHTEVA LIKVIDNOSTI U BANKARSKOM SEKTORU U SRBIJI

Tatjana Stevanović, Jelena Stanković

U savremenom poslovnom okruženju, stepen stabilnosti bankarskog sektora u znatnoj meri utiče na ekonomske i društvene odnose u zemlji. S druge strane, bankarsko poslovanje neminovno prati postojanje različitih vrsta rizika koji mogu prouzrokovati negativne posledice po samu banku i njen finansijski rezultat, ali i na klijente banke i privredu zemlje gde ta banka posluje.

Iz tog razloga, dobro i pravovremeno upravljanje rizicima u bankarskom poslovanju je od ključnog značaja za stabilnost banke, ili šire posmatrano, stabilnost finansijskog sektora. Postupak upravljanja rizicima u bankama i drugim finansijskim institucijama obuhvata niz sukcesivnih koraka od identifikacije rizika, njegovog merenja i, na kraju, procene rizika u cilju minimiziranja negativnih efekata na finansijski rezultat i kapital banke. Stoga, merenje poslovnih performansi banaka nije samo stvar dobrog menadžmenta banke, već i ispunjenje zakonom propisanih standarda za bankarsko poslovanje. Dve nesumnjivo najvažnije performanse banke su, u tom smislu, adekvatnost kapitala i likvidnost. Značaj ovih performansi se ogleda, pre svega, u činjenici da one istovremeno odražavaju nivo komercijalnog uspeha banke, ali nivo upravljanja rizicima u banci. Ispunjenost ovih zahteva u bankarskom sektoru Srbije regulisana je posebnim odlukama Narodne banke Srbije.

Od 31. decembra 2011. godine, bankarski sektor u Srbiji počinje sa primenom tako zvanih Basel II standarda, usvojenih od strane Bazelskog komiteta za superviziju banaka. Cilj ovog rada je da kvantifikuje ispunjenost kapitalnih zahteva i zahteva likvidnosti u bankarskom sektoru u Srbiji, upravo u trenutku kada se očekuje početak primene novih metodologija i novih zakonskih okvira u oblasti upravljanja rizicima.

Ključne reči: likvidnost, adekvatnost kapitala, upravljanje rizikom, kvantitativna analiza.