Regulation in the Banking Sector of Bosnia and Herzegovina and Deposit Insurance Systems

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Abstract

Problems in the bank's operations, regardless of its size, are reflected in the overall financial system in which losses can occur, unless the state does not prevent the disruptive influence of the problematic bank at the level of the overall banking sector in a timely manner. One of the ways to prevent possible problems in the financial system of a state is to conduct supervision of the bank's operations. A safe and transparent banking system affects the increase of savers who decide to invest their capital in banks. Monitoring of bank's operations in Bosnia and Herzegovina is not carried out only by supervisory and regulatory bodies. Banks are obliged, according to Basel II, to publish general information about the adequacy of capital and its structure, about exposure to risks such as market, card, operational, interest rate risk. Within the banking sector it is possible to identify some of the sources of their weaknesses, such as: inadequate bank management structure, the presence of implicit or explicit forms of government guaranteeing deposits, lack of information on the financial position and status of the bank due to the application of inadequate accounting standards.

Keywords: banking sector, supervision, low regulation, business monitoring, risk exposure, deposits

Regulation in the Banking Sector of Bosnia and Herzegovina and Deposit Insurance Systems

The main goal of banks should be to make a profit, however, this entails certain risks, so banks are often forced to undertake activities and measures that are in conflict with the public interest. Often the regulators themselves find themselves in a quandary as to how to strike a balance between bank safety while respecting the regulatory framework and maximizing bank profits. The stability of the financial system as a whole is the only goal to be pursued, because problems in the system can be caused by the collapse of a bank, whether it is large or small. Regardless of the size of the bank, its business problems reflect on the overall financial system in which losses can occur, unless the state does not prevent the bad influence of the problematic bank on the level of the entire banking sector in time. Including the supervision of bank operations is one of the ways to prevent possible problems in the market. The unexpected loss of part of the bank's assets can lead to disruption of the entire financial system, especially in countries in transition, where banks are the bearers of the financial system. Regulation in the banking business would additionally protect bank clients, a healthy and stable banking sector would be ensured and the collapse of banks would be avoided.

Regulation of bank operations

The Basel Committee on Banking Supervision was founded in 1974 as an international committee for the development of legal regulation of the banking sector and the process of bank supervision, in response to the banking crisis that hit the world, with the aim of promoting financial stability through the adoption of rules and standards for the banking sector. The initial agreement known as Basel I was adopted in 1988 and focused on establishing minimum capital requirements for banks.

However, during the 1990s, it became clear that the Basel I agreement was insufficient to adequately regulate the risks faced by

banks. Therefore, the Basel II agreement was adopted in 2004. The key objective of Basel II was to direct banks to better risk management and adequate capitalization in accordance with the risks to which they are exposed. This agreement is based on three basic components: a minimum capital requirement, a supervisory review process and market discipline.

The minimum capital determines the minimum requirements for credit, market and operational risk. This requirement is based on three postulates: minimum capital which is based on basic requirements, additional capital requirements which take into account specific risks and the third pillar which refers to market discipline and transparency. Banks are left with the possibility of more flexible risk calculation, bearing in mind that banks will have internal risk measurement systems (ARIB – Advanced Internal Rating-Based), which will be adapted to the needs and specifics of each bank. Basel II also set guidelines for improving the supervision of banks, which includes the establishment of an adequate framework for risk assessment and supervision, as well as the establishment of a system for assessing the quality of management and control in banks. The third pillar of the Basel II agreement refers to the market and the promotion of transparency and discipline in relation to the flow of information about banks.

Economic growth has always been the crucial socioeconomic issue of policymakers in transition countries. The reason is that after transitioning to market economies, transition countries face many problems in restructuring the financial system, improving the quality of institutions, and stabilizing the macro-economy (Nguyen, 2022, pp. 1–13).

The reasons for the regulation of bank operations are based on facts that represent the interests of the public as well as the achievement of personal interests. For the supervision of banks based on the interest of the public when setting up the regulatory regime, it is assumed that there are market irregularities in the financial markets.

The regulation of the banking sector can also be viewed from the point of view of personal interests, where supervisors do not

correct market irregularities by their actions. In this case, the main role is played by politics that is on the side of the stronger, that is, strong banks, which will influence the supervisors with their actions so that they work, not for the benefit of the public, but for their benefit (Horvathe et al., 2014, pp. 351–353).

This tells us that in a corrupt society even regulators are not spared from corruptive influence. Public interests in the regulation of banks take into account the origin and existence of various irregularities as well as the state's intention to influence them and eliminate them (Gambacorta & Shin, 2018, pp. 21–23). The need to protect a country's economy from banking errors evolves with overall economic development. The growth of the crisis can be prevented with more transparent bank operations, as well as information about risky operations and the behavior of banks (Carmassi et al., 2020, pp. 44–49).

The regulators of some financial systems, apart from influencing the improvement of economic development and ensuring the security of the system, also decided to protect users of financial services from manipulation and fraud. It is those banks characterized by relatively high household deposit ratios that are most affected by the introduction of deposit insurance program. For these banks, deposit insurance reduces the impact of capital on liquidity creation (Fungáčová et al., pp. 101–104). Estimates also capture the size premium where big banks are priced with higher deposit insurance than small banks (Lee et al., pp. 6–7). A transparent and safe banking system affects the increase of depositors who decide to invest their capital in banks (Arda & Dobler, 2022, pp. 4–9).

The safety net mechanism involves seven separate steps (Ognjenovic, 2017):

- the first step implies the establishment of appropriate criteria with the aim of identifying incompetent and dishonest managers, prone to exposing the institution to possible insolvency,
- the second step includes the establishment of a prudential supervision function, in order to protect institutions from excessive risk from irresponsible managers who may threaten its solvency,

- in the event that prudential supervision fails to protect the financial institution from possible insolvency, in the third step the regulators should revoke the license to operate from the institution before it becomes insolvent and causes losses,
- even if the regulators react too late to prevent losses, in the fourth step an explicit or implicit function of deposit insurance, secured from public or private sources, can protect creditors, more often depositors, from the occurrence of panic,
- if it happens that the depository institution is close to collapse, in the fifth step, the function of deposit insurance can prevent the effects of transferring negative influences, by strengthening the creditor's trust in other institutions that think similarly,
- further, if panic occurs among other institutions, in the sixth step, the function of lenders of last resort can enable solvent institutions to respond to the demands of creditors, avoiding the forced sale of assets or influencing its depreciation.
- and finally, if a breakdown occurs, in the seventh step monetary authorities can influence the reduction of creditors' demand for cash by reducing the volume of available reserves for the financial sector as a whole.

As a possible limiting potential for market development, excessive regulation of banks has negative effects. State institutions use different forms of intervention with the aim of regulating and preserving the banking sector, that are (Busch, 2009):

- Partial or complete nationalization of the banking sector. This type of intervention is often followed by direct intervention in the loan approval process and with an implicit state guarantee for all deposits.
- Intervention in the credit allocation process through legislative or administrative combinations with state intervention in redirecting financial resources to politically favored parts of the economy.
- Introducing control over the movement of capital in order to ensure the success of the measures described above.
- Reduction of competitive risk through the legal separation of

commercial and investment banking.

- Limiting the degree of competition between banks through strict regulation of the cartel, or by imposing maximum or minimum limits on the level of active and passive interest rates.
- Introduction of a deposit insurance system financed by the payment of contributions from each bank in the system in order to compensate depositors if they suffer serious financial losses due to bank collapse.

In order to maintain financial stability, governments have imposed a large volume of measures and regulations on banks, which include certain restrictions, namely: ownership, management structure and maximum level of indebtedness. Such restrictions are introduced with the intention of protecting the financial system and maintaining healthy capital in banks. Because of all this, international financial institutions are making efforts to adopt common standards related to capital adequacy.

In some cases, in order to improve government operations and direct funds to certain political parties, states seek to regulate the operations of banks (Dukić Mijatović & Babić, 2019, p. 12; Lekić & Vapa-Tankosić, 2018, p. 466). A weakly developed financial market characterizes countries in transition where the main source of government financing is the banking sector, which implies that the regulation is not at least in a small percentage adapted to the needs of the government. States are obliged to establish adequate supervision during the establishment of new banks, whether foreign or domestic owned, in order to enable healthy and high-quality competition, in order to improve the operation of banks by introducing more favorable banking services. With the intention of ensuring the safety and stability of the national financial sector, governments apply various financial supervision techniques, assess the correctness of procedures in banks, control the operation of legal exposure ratios, control requirements regarding the allocation of reserves, limiting the maximum credit exposure and similar. Deposit Insurance Schemes are mechanisms that reimburse depositors when banks default;

however, they also serve important functions in bank resolution proceedings (Hofman, 2020).

Regulation of the Banking Sector in Republic of Srpska

The statutory function of supervision and control of the financial condition and stability of banks' operations, the Banking Agency of the Republic of Srpska performs on-site inspections in banks and analysis of reports submitted by banks to the Banking Agency of the Republic of Srpska in accordance with the Law on Banks of the Republic of Srpska and by-laws of the Banking Agency of the Republic of Srpska. The banking system of the Republic of Srpska according to the Law on the Banking Agency of the Republic of Srpska, includes banks, microcredit organizations, savings and credit organizations and other financial organizations whose establishment and operations are regulated by special laws in which it is prescribed that the Banking Agency of the Republic of Srpska issues permits or approvals for work, supervises operations and performs other tasks related to them (Narodna skupština, 2003, Art. 2).

The Law on Banks, of the six basic laws that regulate relations in the financial sector in the Republic of Srpska, contains the most comprehensive and effective framework of corporate governance (Narodna skupština, 2019). The adoption of this Law is the result of the process of harmonizing our financial legislation with the regulations of the European Union and Basel II standards, as well as the harmonization of regulations from the banking sector with the regulations that regulate some other areas of financial business in the Republic of Srpska.

The results study support the higher capital requirements of the new Basel III international banking regulations. Furthermore, accounting measures do not readily indicate market risks, and thus the results support central banks' use of market-solvency measures to monitor financial stability (Otero González et al., 2016, pp. 4783–4787).

The Law on Banks in Republic of Srpska regulates: establishment, operation, management, supervision and termination of legal entities

that perform the business of receiving cash deposits and granting loans, as well as other business in accordance with this law. No one can receive or enable the receipt of cash deposits or give loans in the territory of the Republic of Srpska in his own name and on his own account, if he does not have the permission of the Banking Agency of the Republic of Srpska. The decision on revocation of the bank's license or authorization to operate is published in the Official Gazette of the Republic of Srpska and in one daily newspaper published in the territory of the Republic of Srpska and one daily newspaper available in the territory of the Federation of Bosnia and Herzegovina and the Brčko District.

Central Bank of Bosnia and Herzegovina, Organization and Functioning

The Central Bank of Bosnia and Herzegovina is the most important bank in the banking system of Bosnia and Herzegovina, which ranks above all commercial banks in the country. Through various measures and instruments, the Central Bank of Bosnia and Herzegovina determines the amount of money that will be available, maintains the stability of the convertible mark, i.e. controls and regulates money, manages foreign exchange reserves, ensures the appropriate circulation of payments in the country, as well as the circulation of payments abroad and another. The Central Bank of Bosnia and Herzegovina is the main institution for maintaining monetary stability in Bosnia and Herzegovina and it functions according to the principle of the currency board. The Central Bank was established by the Central Bank Act on June 20, 1997. This law was adopted by the Parliamentary Assembly of Bosnia and Herzegovina, in accordance with the General Framework Agreement for Peace in Bosnia and The monetary policy of Bosnia and Herzegovina is implemented according to the principle of the Currency Board arrangement. The Central Bank of Bosnia and Herzegovina started operating on August 11, 1997. It is an institution that issues money that can be exchanged for a reserve currency at a fixed exchange rate (Vujić, 2013, pp. 55).

It manages the official foreign exchange reserves obtained by issuing domestic currency, also defines and controls the implementation of the monetary policy of Bosnia and Herzegovina. In addition to these activities, the Central Bank of Bosnia and Herzegovina is responsible for maintaining the payment and accounting systems and for coordinating the activities of the Banking Agency of the entities of Bosnia and Herzegovina, which are responsible for issuing licenses for the operation and supervision of banks. The responsibility of the Central Bank is that it is responsible for the process and results of monetary policy, that it is able to explain its actions and that it includes mechanisms of sanctions (Krušković, 2008, pp. 109–111).

According to the Law on the Central Bank of Bosnia and Herzegovina, the Administrative Council consists of five persons appointed by the Presidency for a period of six years. One of the members of the Council is appointed as the governor. The management of the Central Bank consists of three vice-governors and the governor. Each vice-governor is responsible for the work of one department – a sector of the Central Bank. The Central Bank has a Central Office, three main units and two branches.

Ownership Structure in the Banking Sector

The banking sector of Republika Srpska is majority privately owned, with the dominant participation of foreign private capital. According to the Law on Banks of the Republika Srpska, a bank cannot, directly or indirectly, have an ownership stake in one legal entity that exceeds 15% of its basic capital, and the ownership share in a non-financial entity cannot exceed 10% of its basic capital, nor can the ownership share exceed 49% ownership of a non-financial legal entity. The total amount of all ownership shares of the bank in another legal entity cannot exceed 50% of its basic capital, and the total amount of ownership shares in other non-financial legal entities cannot exceed 25% of the basic capital. The reform of the banking sector led to a change in ownership, structure and internationalization of shareholding and corporate capital management in banks, which is

characterized by a decrease in domestic capital at the expense of a large increase in foreign capital, as well as an increase in private compared to state capital (Hanić & Vuković, 2008, pp. 196).

The market share of banks, measured according to the ownership structure, still shows dependence on banks with majority foreign private capital, whose share is about 94% in assets and deposits, and with 93% share in capital. The participation of domestic banks in the market of the banking sector is small (about 6% according to the share of assets and deposits, and about 7% according to the share of capital).

The ownership structure of banks in the Federation of Bosnia and Herzegovina is as follows:

- 16 banks are privately owned (94.1%);
- 1 bank is state-owned (5.9%).

From the 16 banks that are predominantly privately owned, 6 banks are majority-owned by local legal and natural persons (residents), while 10 banks are majority-owned by foreigners.

If the participation of foreign capital in the Federation of Bosnia and Herzegovina is analyzed, the largest share is held by shareholders from Austria with 61.9%, followed by Croatia with 9.1%, and Germany with 7.7%, while the other countries have an individual participation of up to 5%. The market share of banks with majority foreign ownership was 90.8%, the share of banks with majority domestic private capital was 7.7%, and the share of banks with majority state capital was 1.5%.

Supervisor and His Authorizations

Bank supervision in many countries is oriented towards checking whether regulatory rules are applied. In order for the regulation to be carried out in an adequate manner, the supervisor must be independent and without anyone's pressure and influence (Gatti & Oliviero, 2021, pp. 179–183). The supervision of banks has

become imperative for countries in which the circumstances of risky business appear in order to achieve higher revenues. In these cases, the supervisor's role comes to the fore in order to prevent risky transactions that could damage the stability of banking operations through timely action. As we can guess, advocates of private interests in bank regulation look at the issue of a strong bank supervisor from a different angle. State governments with a strong supervisory body can use its power to grant privileges to favored banks, collect donations for political campaigns and extort bribes (Bart et al., 2008).

Banks can be supervised by: owners, including the bank's supervisory board and management, markets, meaning all unofficial external creditors and creditors and official supervisors, state institutions and/or bodies authorized by the state to supervise the business and licensing of banks (World bank, 2001, pp. 12). In transition countries, the central bank performs monetary and supervisory functions. The economic costs of the crisis are a broader concept, which also includes: the consequences of the outflow and reduction of deposits from the sector, indirect costs for companies and citizens from the bankruptcy of certain banks and, in particular, the possible loss of economic growth. There are three categories of indicators, which often coincided with the beginning of financial crises, namely: borrowers' delay in repaying loans, increase in real interest rates and volatility of asset prices (Lee et al., 2016, pp.9–12).

In case of bank failure, in countries where no deposit insurance system has been established, clients must wait for the return of funds from the liquidation mass in order to recover their funds. If it is a question of bankruptcy, then the problem arises as to whether the bankruptcy estate is sufficient to cover their claims from the bank. Insufficient information among clients about the bank's risky operations can create a panicky atmosphere of withdrawal of deposits from banks (Lambert et al., 2017, pp. 96-98).

In addition to direct loans to problematic banks, in practice it happens that such institutions are taken over by the state, which guarantees depositors and creditors the safety of their funds (Mishkin,

2021, pp. 262). The deposit insurance system is intended to protect both the banking sector and clients, and despite everything, it is undeniable that banks enter into risky business and become a potential problem of moral hazard in banking. In addition to or instead of focusing on direct regulation of capital levels in banks and asset allocation, the supervisory body can focus on improving private monitoring of banks. For example, supervisors may require banks to publicly publish audit reports (and not just abridged versions) or the bank's ranking by domestic and international rating agencies (Bart et al., 2008). In the promotion and improvement of the supervision of banks, the public monitoring of banks has an advantage because it continuously monitors the bank's operations. In order not to transfer responsibility to bank supervisors, the bank's management is responsible for the bank's level of risk and ability to bear possible losses. With the development of market discipline, a good monitoring of the supervisor's work is achieved, which leads to his independence, which, among other things, has an impact on the corporate management of banks.

The goal of supervisory institutions is precisely to build a system to protect the interests of various groups, such as: founders and shareholders of the bank, state authorities, current and potential creditors and clients of the bank, participants in the financial market. Recent experiences in a large number of countries that are members of the IMF have led the economists of this institution to harsh remarks addressed to its members that states have subsidized problematic banks to a significant degree in order to buy social peace, with taxpayers' funds. While the danger of a sudden loss of public confidence in the banking sector can be great, mainly thanks to the unaware and irresponsible management structures of banks, the burden of financial losses is mainly borne by large creditors and owners, and in very rare cases it happens that depositors are compensated for their roles (Ganić, 2012, pp. 58–59). With prompt corrective action, the supervisor is required to disable the undesirable activity of financial institutions, which in some cases, depending on the intensity of the irregularity, implies its closure (Dewenter et al.,

2018, pp. 275–277). If institutions in trouble are allowed to continue working, this represents the weakness and inconsistency of the regulators and their wrong choice.

Such institutions are ready to continue exposing themselves to excessive risk, because they have not much to lose. Risk management is the traditional approach of banking supervision focused more on the quality of the bank's balance sheet positions and their compliance with capital requirements. Although this approach carries some weight in terms of reducing excessive exposure to risk, it is questionable whether it will carry any weight in the future. In today's world of global finance and financial innovation, a bank can in a short time suffer large losses in trading operations and go bankrupt (Mishkin, 2001, pp. 16–18).

Supervision and Safety Net in tThe Banking Sector of Bosnia and Herzegovina

At the state level, a law on deposit insurance was adopted, and the Agency for Deposit Insurance of Bosnia and Herzegovina is responsible for the implementation of this law (Parlamentarna skupština, 2020). In their legislative frameworks, entity regulators are also harmonized, so membership in deposit insurance is one of the basic conditions for obtaining a license to operate a bank. The monetary function in Bosnia and Herzegovina is under the competence of the Central Bank of Bosnia and Herzegovina, while the supervision of banks is divided into entity levels and two Banking Agencies. But in order for the banking sector of Bosnia and Herzegovina to be more stable and healthy, a good coordination of all agencies is needed by the Central Bank of Bosnia and Herzegovina.

In the context of the banking sector, it is possible to identify some of the sources of their weakness. First, the inadequate management structure of the bank, prone to excessive exposure to risks, acts harmfully and against the interests of depositors and other creditors. Second, the lack of information about the financial position and status of the bank due to the application of inadequate accounting standards, and the absence of practices for credit

evaluation and provisions for loan losses are just some of the shortcomings that undermine the discipline and strength of the market. Third, the presence of implicit or explicit forms of state guaranteeing of deposits. The official safety net has in many cases contributed to weaknesses in the banking sector, encouraging excessive risk exposure by individual banks. In addition, the safety net is established to protect depositors, not to prop up the banking sector. Fourth, the ineffective operation of banking supervision often led to weaknesses in solving the accumulated problems and weakening of market discipline. Fifth, connected persons with a special relationship with the bank and their lending can increase the vulnerability of the banking sector, which has been particularly noticeable in developing countries, although developed economies are not immune to the perceived weaknesses (Ganić, 2012, pp. 34).

Monitoring of Bank Operations in Bosnia and Herzegovina

Monitoring of bank operations in Bosnia and Herzegovina is not only carried out by supervisory and regulatory bodies. Banks are obliged, according to Basel II, to publish data on capital adequacy and its structure, on exposure to risks such as market, credit, operational and interest rate risks, along with general information. In Bosnia and Herzegovina, these data are published modestly to the public, the annual and half-yearly reports of the profit and loss account and the balance sheet as well as the cash flow report refer to the announcements. Reports on liquidity, operations, solvency and profitability, which are required to be submitted to the Banking Agencies, are not available to the general public. In the last ten years, there have been changes and implementation of Basel II, but there are still inconsistencies between entities in the adoption and application of laws in this area.

Deposit insurance systems

Deposit insurance is a option on the value of the bank (Camara et al., 2020). Banking sector interests connected to the institutional setupand legal status of national deposit guarantee

schemes (DGSs) have also informed these preferences (Tümmler, 2022, pp. 1567). When establishing a deposit insurance institution, it is necessary to determine whether the insurance system will be implicit or explicit. The explicit system is prescribed by law and, regardless of the ownership structure, the payment and amount of the deposit in case of bank failure, is guaranteed by the state (Demirguc-Kunt et al., 2015, pp. 157–160).

While the implicit system is not determined by law and there is no legal obligation of the state to reimburse the deposit, in that case the state decides at its own discretion (Ognjenovic, 2017, pp. 83-85). The deposit insurance system is a form of banking regulation that protects depositors and provides stability in the banking system. It is an important part of the financial safety net, especially in times of economic turmoil, as it provides explicit depositor protection and prevents a 'bank run' (Suljić Nikolaj et al., 2021, pp. 5635–5637). Most countries have some form of explicit deposit insurance protection. Otherwise, the organizational scheme of deposit insurance offers certain benefits in the form of: protection of small depositors, improvement of competitive opportunities for small banks in attracting deposits and the possibility to minimize the social cost caused by the bankruptcy of credit institutions. Small depositors often, in the absence of timely information, resort to bank runs, which until now has led to the risk of induced bankruptcy (Demirguc-Kunt et al., 2014, pp. 14–18).

The essential elements of deposit protection represented in any framework, and can be considered generally accepted in international practice, are: public supervision over the organization of entry and exit to credit markets (structural regulation) and risk management and conscientiousness of the credit system's operations-prudential regulation (Čavlin et al., 2021, pp. 114–117) and define the differences between insurance systems, as given in Table 1 (Tally & Mas, 1990, pp. 14).

The development and strengthening of the state's banking system as well as the protection of smaller depositors and their funds in case of bank failure is a unique goal for both the explicit and

the implicit insurance system (Huertas, 2022, pp. 192–194).

The countries shown in Table 2 are members of EFDI (European Forum of Deposit Insurers) (Demirguc-Kunt et al., 2006, pp. 35–39). The main goal of EFDI is to contribute to the stability of financial systems by improving the role and promoting European and international cooperation in deposit insurance, by sharing experiences and expertise among its members (Karas et al., 2013, pp. 181–183).

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Furthermore, the authors Dorokin, Martin and Greene (2020) point out that IEP meetings do not provide opportunities for students to participate, because the structure of the IEP meeting is led by experts, and the interactive component of IEP was not observed by these researchers because they state that the purpose is to complete IEP documentation, although students with disabilities were physically present during the IEP meeting. This information is cited as bad news because the United States laws such as IDEA (*Individuals with Disabilities Education Act)* provide for cooperation during the first IEP meeting.

Authors Davis and Comming (2019) published an interesting paper that noted the poor achievement of students with behavioral

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and emotional disorders after secondary school graduation. The authors explain the reason for such results is the fact that the plans foreseen for these students did not provide positive outcomes for the students' own daily lives later on. It is especially important for these students to take a leading role in planning their own education, choosing goals for the future, and achieving those goals. Conducting your own IEP meeting can provide an opportunity for self-advocacy and self-esteem, which, according to contemporary literature, are important skills in an individual's life.

Differences in relation to experience in working with students with disabilities and developmental disorders were not found in the majority of subscales, which is a surprising result. The only statistically significant difference was obtained on the subscale *Implementation of IEP for the student*. Nevertheless, by analyzing the results, it can be seen that with the growth of experience in working with students with developmental disabilities, the involvement of students in the process of creating IEP also increases.

This data is supported by various researchers. Authors Kosko and Wilkis (2009) found that the educational profile of experts has a greater influence than experience in working with students with disabilities and developmental disorders. While Author Roll-Pettersoon (2008) reports that the same experience is not the only, nor the most significant way how teachers and special education teachers acquire and improve work skills and IEP planning for students with disabilities and developmental disorders.

A possible explanation for the results obtained in this way is that experience cannot be the only decisive factor. Educational profile and many other factors such as additional education, professional development, teamwork, etc. must be taken into account.

Based on the obtained results, we can conclude that there are statistically significant differences when looking at the educational profile in relation to student participation in the IEP meeting. Special education teachers achieved a higher degree of agreement on the subscale *First meeting of the IEP for teachers (special education teachers)*, but also a lower degree of agreement on the score on the

subscale *First meeting of the IEP for students*. The data shows that special education teachers play a leading role and that students with disabilities and developmental disorders in most cases are not even present at the first IEP meeting.

The results of research conducted in Norway (Hartveit, 2022) support the results obtained in this study, where a limitation in communication between experts (special education teachers) and students with disabilities and developmental disorders was found. As the main reasons, the authors cite difficulties such as the fast speaking of experts, the use of professional jargon, asking questions aimed at parents instead of students, as well as the expert's attitude that the parent knows the child better than the child himself. In addition, students' dissatisfaction with the introduction of various topics in the first IEP meeting additionally affects the quality and implementation of IEP.

The authors AL-Shammari and Garry (2020), examining the knowledge and experience of teachers/special education teachers in the development and implementation of IEP in regular schools in Kuwait, state that special education teachers and teachers need intensive and comprehensive education in order to be able to successfully implement IEP in practice and to increase the involvement of students, regardless of their educational profile. The results of their research showed that there are experts who believe that they can face the challenges, especially teachers of mathematics, Arabic language and Islamic teaching, who received additional education and proved to be extremely successful in the implementation of IEP, in contrast to teachers who believe that they do not have enough knowledge and do not feel competent to create and implement IEP. The results they achieved are in support of that.

Authors Rashid & Wong (2023) stated in their literature review that teachers and special education teachers most often face challenges: assessment process and knowledge of criterion tests, which lead to difficulty in measuring student achievement and IEP success.

Based on the above, we see the dominant influence of experts

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(special education teachers) which is not only present in our country but in other countries as well. Teamwork is the base element of inclusive education and it represents the foundation on which are based numerous decisions during the education of students with developmental disabilities.

On the other hand, according to Kozikoglu (2021), teachers believe that they do not have sufficient knowledge, and they have difficulties in determining the goals and activities within the IEP development. The IEP team's challenges in sharing responsibilities among members proved to be statistically significant in the mentioned research.

Conclusion

Regardless of the size of the bank, its business problems reflect on the overall financial system in which losses can occur, unless the state does not prevent the bad influence of the problematic bank on the level of the entire banking sector in time. Adequate regulation in banking business would additionally protect the bank's clients, ensure a healthy and stable banking sector, and avoid the collapse of banks. The regulators of some financial systems, apart from influencing the improvement of economic development and ensuring the security of the system, also decided to protect users of financial services from manipulation and fraud. A transparent and safe banking system affects the increase of depositors who decide to invest their capital in banks. Bank supervision in many countries is oriented towards checking whether regulatory rules are applied. In order for the regulation to be carried out in an adequate manner, the supervisor must be independent and without anyone's pressure and influence. The supervision of banks has become imperative for countries in which the circumstances of risky business appear in order to achieve higher revenues. In the recent past, the banking sector of Bosnia and Herzegovina has faced the collapse of several banks, where the damaged clients of the banks were left without millions.

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Appendix

Table 1

Differences between insurance systems

Functions	Implicit system	Explicit system
Existence of rules and procedures in deposit protection management	NO	YES
Obligation to protect depositors	There is no legal obligation, protection is an arbitrary decision of the state	Legal obligation to protect depositors up to the insured limit
Amount of protection provided to depositors	Varies from no protection to full protection	May vary from limited protection to full protection
Formation of an insurance fund in advance (ex-ante financing)	Does not exist	Mainly from bank premiums, the state can provide initial capital and, if possible, regular payments
Financing in the event of bank failure	State	From the created fund, with additional capital from the state

Note. Tally et al. (1990, p. 14)

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Table 2.

European countries that apply an explicit deposit insurance system

Serial number	Country	Year of establishment	Amount of insured deposit
1.	Norway	1961.	255.000
2.	Germany	1699.	100.000
3.	Finland	1969.	100.000
4.	Belgium	1974.	100.000
5.	Spain	1977.	100.000
6.	Austria	1979.	100.000
7.	Netherlands	1979.	100.000
8.	France	1980.	100.000
9.	United Kingdom	1982.	102.455
10.	Switzerland	1984.	121.600
11.	Italy	1987.	103.291
12.	Ireland	1989.	100.000
13.	Hungary	1993.	100.000
14.	Greece	1993.	100.000
15.	Romania	1996.	100.000
16.	Sweden	1996.	100.000
17.	Macedonia	1996.	30.000
18.	Croatia	1997.	100.000
19.	Bosnia and Herzegovina	1998.	25.000
20.	Ukraine	1998.	3.031
21.	Montenegro	2001.	50.000
22.	Serbia	2001.	50.000
23.	Slovenia	2001.	100.000
24.	Albania	2002.	18.000
25.	Russia	2003.	14.200

Note. Demirguc-Kunt et al. (2006, pp. 32–35).

Regulacija u bankarskom sektoru Bosne i Hercegovine i sistemi osiguranja depozita

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Sažetak

Problemi u poslovanju banke, bez obzira na njenu veličinu, reflektuju se na ukupan finansijski sistem u kojem može doći do gubitaka, osim u slučaju ako država na vrijeme ne spriječi loš uticaj problematične banke na nivou ukupnog bankarskog sektora. Jedan od načina da se spriječe mogući problemi u finansijskom sistemu jedne države je sprovođenje nadzora nad poslovanjem banke. Sigurnim i transparentnim bankarskim sistemom utiče se na povećanje štediša koji se odlučuju da svoj kapital ulažu u banke. Monitoring poslovanja banaka u Bosni i Hercegovini ne provode samo supervizijska i regulatorna tijela. Banke su obavezne, prema Bazelu II, da uz opšte informacije objavljuju podatke o adekvatnosti kapitala i njegovoj strukturi, o izloženosti rizicima kao što su tržišni, kreditni, operativni, kamatni rizik. U okviru bankarskog sektora moguće je identifikovati neke od izvora njihove slabosti kao što su: neadekvatna upravljačka struktura banke, prisustvo implicitnih ili eksplicitnih oblika garantovanja države nad depozitima, nedostatak informacija o finansijskom položaju i statusu banke zbog primjene neadekvatnih računovodstvenih standarda.

Ključne reči: bankarski sektor, nadzor, pravna regulativa, monitoring poslovanja, izloženost rizicima, depoziti