Financial Sector:
Deepening, Resilience and Challenges

The Western Balkans:
15 Years of Economic Transition

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Nadeem Ilahi
Deputy Division Chief
European Department, IMF
WBS financial depth is low, particularly in non-banks.

Bank Assets and Income per Capita
(2000-11 average)

Stock Market Capitalization and Level of Economic Development
(2000-11 average)


Source: Finastat.
Bank credit in WBS was low in 2008, despite strong growth since 2003...

Credit to GDP Ratio (Percent)

Source: IMF's International Financial Statistics Database.
1/ Group medians.
...regardless, credit deepening has been significant since 2002

**Credit Deepening**
(Bank credit to private sector, in percent of GDP cumulative change)

**Deposit Deepening**
(Bank deposits, in percent of GDP cumulative change)

Source: World Bank FinStat Database.

1/ Change since average transition index >3 (1994 for NMS and 2002 for WBS).
WBS credit growth was not funded by wholesale foreign funding.
Post-crisis credit bust has been milder in WBS also...
...but NPLs are a lingering legacy

Non-Performing Loans
(Percent of total loans)

Sources: IMF, Financial Soundness Indicators Database; and country authorities.
Note: Group medians. Definition of NPL may differ by country.
WBS lag on risk-based regulation and supervision...

Bank Regulation and Supervision

Source: World Bank, Bank Regulation and Supervision Survey (database), 2011

1/ Data are for 2011 except for that of onsite supervision which are 2006-10.

Note: The WBS group excludes Albania and Kosovo. The NMS group excludes Czech Republic and Poland.