

BANKING ASSOCIATIONS IN A TIME OF CHANGE

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Banking Associations

Their Role and Impact

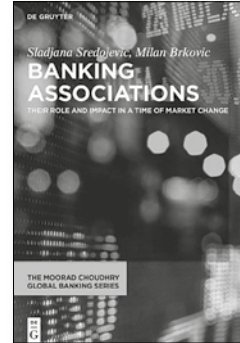
in a Time of Market Change

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When issues of economic policy and the economy in general are discussed, the banking sector as an area affecting the performance of all other industries is paid specific emphatic attention. This is logical since it is the only industry reflecting economic changes, i.e., when the economy is booming, the banking sector is happy and vice versa. If you look at its impact mechanism, though, you will see its primary position. If the banking sector can play an active part in economic growth or – these days - in sustainable growth, economic development will be more dynamic, foreign trade relations will be more direct and the country will be able to attract more capital.

The banking associations of different countries effectively coordinate the economic involvement of the banking sector, its development, its regulatory environment, government relations and interest representation (Statutes, 2022). That is why the book “*Banking Associations – Their Role and Impact in a Time of Market Change*” published this year offers exciting reading.

The book was written by Sladjana Sredojevic and Milan Brkovic of the Association of Serbian Banks. It was published by Walter de Gruyter GmbH Berlin/Boston, it contains 249 pages and is available both electronically or in hard copy.

The authors provided a thorough history of the world’s bank associations, 70 altogether, covering their governance structure, main goals and specific activities. All bank associations in Europe, the leading bank associations in other global regions as well as the international banking federations consisting of the banking associations of different continents have been discussed.

The book is divided into three main parts (i) the history, structure, shareholders, overall goals and tasks of banking associations, (ii) the shareholders of banking associations, the evolution of their activities and priorities, their economic impact,

(iii) the introduction of each banking association and a summary of the part they play beyond their usual activities.

As a subjective author of this Review, let me now underline the dates when the banking associations were founded. The first banking associations appeared in the second half of the 19th century including the American Bankers Association, which was founded in Saratoga Springs (N.Y.) in 1875, and the Canadian Bankers Association set up in Montreal, which was the economic centre at the time, in 1891. In Europe the foundation of banking associations started at the beginning of the 20th century, such as in Germany in 1901, in Hungary in 1903 and in Switzerland in 1912 (one should not forget, it was before World War I).

In Hungary the National Association of Financial Institutions (POE) was the first banking association-type interest representation body, which was followed by many others. The Association of Savings Banks and Banks (TÉBE) founded in 1919 was outstanding among them. “Those two (i.e.: POE and TÉBE) were the most important interest representation bodies of the banking community in the first half of the 20th century” (Müller, 2014, p. 10.).

World War I was followed by another wave of setting up banking associations partly in the new countries emerging as the Austro-Hungarian Monarchy disintegrated (for instance in Yugoslavia in 1921), and in some other countries that had been lagging behind such as in Italy in 1919 or in Greece in 1928. The next wave followed the 1929-1933 Great Depression (for instance, Egypt in 1936 or Luxembourg in 1939). And the next big wave came about in Central Europe after the fall of communism, when new banking associations were set up to replace those terminated in the post-WW II years, for instance in Hungary in 1989 – the first in this region.

Another outstanding area worth special attention is related to the questionnaires designed by the authors. One of the interesting questions is whether national banking associations and their activities are sufficiently known in their respective societies. Two-third of the banking associations answered NO to the question.

The other exciting question looks into the future. What will be the main tasks of banking associations in future? Two-third of the respondents voted for stronger interest representation of their members while 50% supported stronger media presence and one-third emphasised activities focusing more on the clientèle of the banks.

Sladjana Sredojevic and Milan Brkovic produced their book *'Banking Associations: Roles and Impact in a Time of Change'* to commemorate the 100-year anniversary of the foundation of the Serbian Banking Association. In it, they discussed at length the history, functions of the banking associations and their tasks as they changed in time. The book is a gap filler, since individual national banking

associations only presented their histories previously. No global summary or a comparison of their development and activities had been produced earlier. Making use of the reasonable limits of size, the authors have risen to the challenge. The book may also be of public interest, as it fits the activities of different national banking associations neatly into the global financial system. All actors of our industry will find it illuminating and it can be recommended to everybody who is interested in important social and economic issues. And with a view to closer and wider Serbian-Hungarian connections, I am happy to popularise this book.

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