

Impact of Regulatory Reforms on the Banking System in Bosnia and Herzegovina

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***Abstract:** In the last two decades, we have witnessed great changes and growth in the financial sector worldwide. While some countries have experienced economic development, others experienced banking crisis which sometimes lead to costly bank failures and overall disruption in economic activity. The extent to which the financial system can support economic growth depends mostly on the stability and efficiency of the banking sector due to the fact that banks are still the main financial intermediaries.*

This comparative study will be conducted by applying a discriminate analysis about the implementation of set of common rules for regulating the banking system (Basel II) in Bosnia and Herzegovina, Croatia, Serbia and Slovenia, as well as preparation of these countries for implementation of Basel III. The main goal of the paper is to analyze how and why the new global financial regulations in the banking sector are applied differently in different countries and regions.

These questions are answered by analyzing the implementation of Basel II, results of appliance of this rules as well as expectations from Basel III.

***Keywords:** Banking system, Economic development, Basel Committee on Banking Supervision, Risk, Implementation, EU, Standards.*