
GEOFIN Blog #10 - Western banks-led financialisation in Croatia: A paper delivered at the workshop for Ireland-based postgraduate students researching Central and Eastern Europe (by Sara Benceković)

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Writing a PhD thesis is an individual endeavour, but that does not mean one has to do it alone. Often, I find that I can advance my dissertation when I work together with my colleagues, discussing puzzling topics or stuck-points over coffees or running my notes on different readings. This drive towards making my PhD more sociable explains my jump of joy when I heard about an annual workshop that brings together Ireland-based graduate students working on Central European, Eastern European and Eurasian topics. This year's workshop was themed Central and Eastern Europe: Past, Present and Future, and was hosted by the University of Limerick on 28 February 2020. I decided to present the thesis chapter I have been working on at the moment on the transformation of banking in the post-socialist Croatia.¹ This paper is an account of the post-socialist historical conjuncture in Croatia, in specific relation to the country's banking system and its credit-making activity.

Particularly, the presentation describes the transformation of socialist financial institutions into joint-stock companies, accounts for their subsequent privatisation and records the changing ownership structure. Moreover, the paper locates key local banking crises and traces how the big, Western financial groups used these crises to make their move on the region. Indeed, the emphasis of the paper is on consolidation processes by which the Croatian banking system came to be foreign-dominated (see Figure 1) and increasingly concentrated. The article also notes certain particularities of the Croatian financial system. Some of the unique points feature the Independence war being constitutive of the Croatian-type of financialisation, the Croatian kuna effectively acting as an exchange system rather than a currency under the influence of FX-loans, and the development of state debt-collection system carried outside the legal system by public notaries. Nevertheless, the paper locates Croatia as the country of subordinated and peripheral-type of financialisation, by the feature of being foreign-led, developmentalist, and over-indebted. Banking and lending make up the backbone of a society and are a vital facilitator of its prosperity. This way, breaking down the order of wealth ought to be one of the critical tasks of a researcher interested in regional development. The feedback I received at the workshop showed to be indispensable, and the knowledge of the other issues faced by the region made me better apt in framing some of the features of Croatian financialisation. In the next paragraph, I will tell you more about the workshop itself.

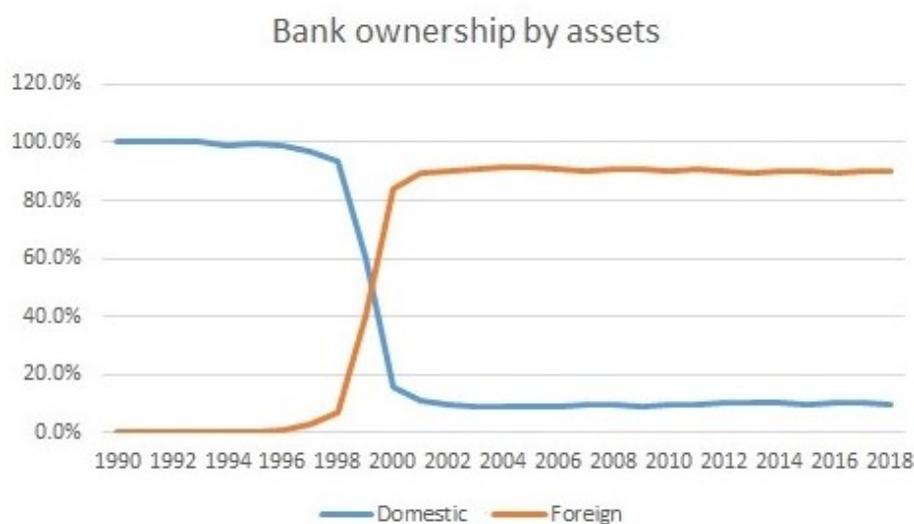
The workshop consisted of two special lectures and six panels. At the opening, prof. Joachim Fischer (University of Limerick) introduced us to Valeska Grisebach's movie 'Western,' which eased us into the theme of a cultural clash between the East and the West through a storyline of German construction workers in Bulgaria. Panels that followed worked out the theme of East-West divide through their particular fields, namely the financial sector, inter-ethnic relations, EU accession and Europeanisation processes, memory and myth, as well as the post-Soviet transition. The presenters together painted a picture of CEE as a complex political landscape, constituted through the dialectical relationship with the West, involving tensions, struggles and interplay between contrary tendencies, and still in becoming. The closing lecture by Dr Sinisa Malesevic (University College Dublin) on Balkan wars, state formation and nationalism struck me as a central piece of the event, carrying a message: Pay attention to what was there before. Indeed, as of my concern, legacies of any one area play into the type

¹ For a brief summary of the aims of my PhD project see GEOFIN blog #8 – Financialisation and sub-national banking geographies in Croatia (by Sara Bencekovic). <https://geofinresearch.eu/blogs/geofin-blog-8-financialisation-and-sub-national-banking-geographies-in-croatia-introducing-my-phd-research-by-sara-bencekovic/>

of financialisation that takes place. That question now lingers over my chapter, and for that, I am truly grateful for the opportunity to attend this workshop.

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Fig. 1. Bank ownership by assets in Croatia (1990-2018)



Data source: HNB (Croatian National Bank)

Fig. 2. Workshop in Limerick



Source: Photo courtesy of workshop organisers

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