

Global Financial Crisis and Its Effects on European Financial System

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ABSTRACT – *The effects of the global financial crisis are widespread. Looking at the global level, consequences of the crisis: the decline in economic activity, productivity, employment, foreign direct investment exports, liquidity, weakening the banking sector, the deterioration of the fiscal position due to measures to stimulate consumption, laded to the rapid growth of the debt of many countries, which reached unsustainable levels. The consequences can be seen depending on the degree of development of the country. This work analyzes effects of the crisis in financial sector. In developed countries, the crisis led to the fall of liquidity due to the weakening of the banking sector, which results in lower consumption and investment, and hence the reduction in GDP growth and employment. In the case of developing countries the crisis has affected the reduction in foreign direct investment by developed countries, the decline in exports due to lower demand from developed countries and weakening of the banking sector. In poor countries, the crisis has resulted in a lack of credit and grants by developed countries, reduced exports and foreign direct investment.*

KEY WORDS: *crises, investment, financial sector, banking sector, productivity*

Introduction

The causes of the financial crisis, which outgrew and became a global economic crisis, rooted from the period of expansive growth in the 2003-2007 period. During this period, the developing countries have recorded a surplus of the current account deficit, obtaining higher savings rate of investment, which created the possibility of placing excess of domestic savings in the developed countries. China, as one of the fastest growing developing countries, most of the savings is invested in the U.S., and the same thing happened with oil-producing countries that have surpluses from oil exports placed through investment funds. In addition, in developing countries there was a low level of financial intermediation. Depositors of developing countries have had an aversion to risk and were willing to invest in safer jobs with lower yields. As a result, these countries have opted for investments primarily in the United States that perceived to be less risky. On the other hand, developed countries have recorded the development of financial innovation.

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The financial sector before the financial crisis

In the period before the crisis, in almost all industrialized economies was present relative sustainability of economic growth and inflation. Key issues that have attracted the attention of economists in this period were: the improvement of macroeconomic policies, structural change and security less destructive distribution of shocks. Reduced macroeconomic instability was associated with significant improvement in economic Performance. Potential growth in many developed countries has increased, allowing citizens benefits extended period of economic expansion that are occasionally interrupted by a moderate recessions. Central banks long before the crisis kept interest rates at very low levels. In fact, as the growth of the economy at that time was satisfactory and low inflation, the central bank felt that there is no reason to raise interest rates.

Sustainable economic growth, accompanied by low and stable interest rates, contributed to the improvement of expectations about asset prices, particularly in the area of real estate prices. With the progress of globalization of financial market, increasing deregulation and liberalization of the banking and financial sectors, as well as due to the introduction of new financial instruments, the optimistic expectations of house prices at that time led to their rapid growth. The process in some countries has been accompanied massive borrowing households. It is important to point out the failure of rating agencies whose inadequate assessment led to the crisis spilling over to the real estate market in the financial sector. These agencies are high valuation of risky securities, encourage further investment.

Profitability of banks and other financial institutions significantly increased due to overall favorable economic and financial conditions. Financial institutions, due to low interest rates and in search of greater profits, began to invest in a much riskier instruments, new instruments in the financial market. At the same time, bank supervision was focused on standard financial instruments. Rise to a number of shortcomings of the regulatory and institutional framework financial sector in the U.S. Solvency of the system is drastically reduced, which led to the fall of consumption and therefore reduce GDP. So, the three key problems in the period before the crisis were: 1) the problem of the monetary policy (interest rates), 2) the problem is on supervision, and 3) a problem with the rating agencies and conflicts interest.²

The mortgage market in the U.S. is considered to be one of the most advanced and safest market that is characterized by almost certain earnings with little risk. With low interest rates, the real estate market and the U.S. experienced great expansion. Due to the high influx of cheap money from abroad, banks placed free funds in order for higher profits. When comparing the present crisis with large and deep crises that shook the developed countries over the past three decades, one aspect of their essence has remained the same. It's unlimited greed for higher profit, desire to earn millions in commissions, the tendency to take any more risky and more profitable investment to the measures that go beyond the legal and regulatory framework. In terms of macroeconomic stability with very low interest rates, high degree of liquidity and very low fluctuations, the U.S. non-bank financial institutions have begun to underestimate risk. This has led to the degradation of the system of credit and

² Source: ECB's González-Páramo, J. M, Speech, The banking sector towards the "new normal": some considerations" PwC and IE Business School, Madrid, 2011.



portfolio risk management, and the emergence of a number of deficiencies in the definition and implementation of measures regulating financial sector and supervision of financial institutions.

The growth in demand for real estate on a limited offer has led to the growth of real estate prices in the U.S. In conditions of poor regulation was growing world demand for safe investments. However, the problem was created the moment a large number of creditors was not able to repay the loan. With an increasing number of mortgages on the supply and excess demand, there was a decline in real estate prices.

In terms of macroeconomic stability with very low interest rates, high degree of liquidity and very low fluctuations, the U.S. non-bank financial institutions have begun to underestimate risk. This has led to the degradation of the system of credit and portfolio risk management, and the emergence of a number of deficiencies in the definition and implementation of measures regulating financial sector and supervision of financial institutions. To get the more resources and increase revenues, financial institutions are weak criteria for granting mortgage loans. In this way they have accepted more risk.

During most of the real estate, was granted the highest number of subprime loans. Bank and specialized agencies, in order to obtain higher wages, reduced the risk premium for this type of lending which led to the expansion of the market subprime loans. Banks are subprime loans transformed into securities with coverage of mortgage loans and further resold to investors who were eager for speculative reader. Financial market in USA was not regulated sufficiently; the distribution of the primary risk experienced a wide scale. The volume of business with financial derivatives in 2002 amounted to 106 thousand billion, but during the 2008 reached 531 thousand billion dollars³. Subprime felt the first tremors middle 2007, when investors realized that hold riskier securities than they initially thought, resulting in a massive sale of these securities.

One of the biggest losses have commercial and investment banks. Write-off Assets in 2007 year for Citigroup was 46.4 billion for Merrill Lynch 36.8 billion and the Swiss UBS 36.7 billion dollars⁴. The mortgage market crisis already early 2008 has shifted to the stock and bond markets. In September 2008 was the escalation financial crisis and the decline of real American giants. The first is declared bankrupt Lehman Brothers and Wachovia. The state has nationalized Fannie Mae and Freddie Mac, which controlled about 50% of all mortgage loans USA. Merrill Lynch was rescued takeover by Bank of Found in approximately half of the actual value, and JPMorgan took over Washington.

Beginning of the financial crisis and its expansion

Globalization has led to huge transfers of capital between countries, multinational companies and financial institutions, which aided the spread of the crisis to the rest of the world. The financial crisis is a domino effect first transferred to countries that have a similar mechanism of mortgage lending (UK and some Asian countries), but soon afterwards flooded world market and led to a decline in the value and liquidity of the securities of the

³ http://www.wsjprimerate.us/fedfundsrate/federal_funds_rate_history.htm

⁴ http://www.wsjprimerate.us/fedfundsrate/federal_funds_rate_history.htm



base value.⁵ Stock Exchange panic replaced the bank panic with an accelerated withdrawal of deposits and rising interest rates. Financial system of national borders has a major role and the present crisis has not remained isolated within the United States but has spread to other parts of the world. In Financial market in USA besides domestic investors participate companies, banks and funds from other countries and large financial centers such as the European Union. Overseas, such as U.S. investors, investors from other country believing in the evaluation of relevant rating agencies, and their assets are placed in Harry's debt securities high rating such as mortgage-backed securities (rating from AAA to B) to the U.S. market. Also, its assets put of the stocks of large funds and investment banks believing they were at low risk.

IMF study⁶, indicating that the current crisis is the result the weaknesses that exist in the institutional and regulatory in financial sector in the USA. The IMF suggests that the crisis is manifested in next stages:⁷

- Credit concerns (2006 - Summer 2007) : increase default subprime loans and Alt A credit in the USA, reducing the prices of certain securitized loans , the expectation of falling prices of real estate.
- The initial collapse of confidence and liquidity collapse (Summer - Fall 2007): collapse of two big hedge fund, a sudden increase in spread between the interbank and other loan financing the products.
- Accumulation of losses and liquidity constraints continue (fall 2007 - the beginning of summer 2008): serious loss of market value in the trading book, the collapse of the commercial paper markets, concerns about the liquidity of major institutions, government assistance in the rescue Bear Stearns.
- Intensification of losses and lack of liquidity (Summer 2008): loss of market value and the lack of liquidity continue to escalate, revealed widespread problems in the housing market in the UK, the USA and other countries, as housing prices began to fall and the supply of credit to dry up; "Fannie Mae and Freddie Mac" increasingly rely on the support of the USA government, intensifying the problem of financing mortgage banks in the UK.
- Severe loss of confidence (September 2008) : Bankruptcy, Lehman Brothers " and eroded the confidence that large institutions too big to fail could; credit downgrading AIG initiated increase in requests for collateral by demanding help from the government; mixture credit problems and withdrawal of deposits led to the collapse, Washington Mutual „s „ Bradford & Bingley" and the Icelandic banks; big banks rely heavily on the assistance of the central bank.

⁵ Swint, B. (2009), Bank of England cuts main rate a half point to 1%, Bloomberg.com: <http://www.bloomberg.com/apps/news?pid=20601102&sid=ak38At3528Zc&refer=uk> 05.09.2103.

⁶ Source: Strauss-Kahn D: Speech „Lessons from the Financial Market Crisis: Priorities for the World and for the IMF" to the Indian Council for Research on International Economic Research (ICRIER), New Delhi, India, 2008.

⁷ Financial Services Authority, "The Turner Review: A regulatory response to the global banking crises", 2009.



- Recapitalization and government guarantees, support from central banks (October 2008): Significant government measures to prevent the collapse of major banks: an explicit commitment not to allow the failure of systemically important banks.
- The feedback between the banking system and the economy (November 2008 →) : decreased ability of banks to grant loans to the real economy, leading to economic decline, recession threatens to further loan losses, which could further reduce banks' capital, the support schemes assets.

Crises in Europe Union

European economies have entered a period of recession, what is recorded by World War II. The European debt crisis has followed a financial crisis in the United States with a delay of a year and a half ago. The collapse of the „Lehman Brothers“ in September 2008 signaling the transfer of the global financial crisis on the European market. Basic factor of financial crises:

- A strong appreciation of the euro: the euro has appreciated against the dollar, still the world's leading currency, from 1.20 USD to 1.60 USD, which is about 33% higher in the period in 2006 until summer 2008 year. Simultaneously there was a parallel rise against the yen. The nominal interest rate is 6 euros developing countries have recorded high rates of economic growth and savings, and developed a high development of financial innovation.
- The high prices of raw materials: oil prices have raised more than doubled between early 2007 until summer 2008 (from 40 euros / barrel at 90 euros / barrel). A similar increase has been practiced with a large number of other materials. Prices of non-energy raw materials have risen by about 10% during the 2008th compared to the previous year. The rise in prices of raw materials has affected the cost private sector and the decline in real wages of workers, reducing aggregate demand and inflation by raising short at around 4%.
- The effect of high interest rates through the transmission mechanism: the ECB has started raising interest rates since 200. Eight times the rates were increasing in the range of 2.0 to 4.0% by mid- 2007, bearing in mind that the inflation was mainly driven by higher import price.⁸

The first drivers of the crisis, are primarily Greece and Ireland, as before crises had the best indicators of growth and economic activity in the European Union. Greece has misrepresented its fiscal position. Greece's credibility has dropped, which led to foreign investors. After such knowledge, Greece was forced to carry out issuing new bonds and to double the interest rate. Prescribed by her strict fiscal constraints that weaken the tax base, increase taxes and cut public spending by 10 percentage points GDP in 2010, and requested the „internal devaluation“ (wage and tariff reduction) in the long term, in order to regain lost competitiveness of the Greek economy. Ireland has been called mini-crisis 2002 prices of houses in Ireland to 2007 growing faster than in other developed countries fell by 50%, which has led many people into a situation that they owe more than their property is worth. In addition to uncontrolled lending by Irish banks, high levels of foreign borrowing in the

⁸ Glassner V., Galgóczi B.: „Plant – level responses to the crisis: can jobs be saved by working less“, ETUI Policy Brief,1/2009.



credit boom has contributed to the creation of bubbles in the housing market that is filled with new loans. Even greater deterioration of the Irish public finances have suffered as a result, according to many bad policy decisions, to approve blanket guarantees to all, even doubtful accounts Anglo-Irish banks. It turns out that banking commitments by the Irish government has guaranteed more than double the Irish GDP. In an attempt to heal, the Irish government has greatly reduced public spending.

As the economies of the European countries mutually complementary crisis has also affected European countries that are not members of the European Union. Correlation of the financial systems of countries outside the European Union with financial system within the European Union is particularly pronounced. Limited domestic demand, Italian, French, Austrian, Greek and Scandinavian banks are expanding their operations in the markets of Eastern Europe:

- Scandinavian banks have turned to the Baltic countries;
- Greek and Austrian banks have focused on the Balkan market;
- Italian and French banks have turned to the Russian market.

In periods when the economy is in the expansion phase, capital is moving in the direction of center (central bank) to the periphery, while the phases of recession and major crises, capital changes direction and moves from the periphery to the center. Economies of European countries which are not members of the European Union is largely dependent on capital inflows from the European Union. The countries in which foreign capital has a dominant share in the ownership structure of the banking sector are exposed to greater risk from the effects of the crisis on the financial markets of most developed countries.⁹

The situation has forced the European countries on joint measures to prevent the spread of the crisis. The leaders of the fifteen European countries and the UK government have met 12 October 2008 to agree on a common strategy that will take to go from financial crisis. However, unlike the USA, which represents single state, the EU consists of 27 countries, which further complicates and makes it difficult to find common solutions. Leaders of the most developed countries had to react immediately. The European Central Bank (ECB), the Central Bank of Sweden, Britain, and Switzerland lowered their benchmark interest rate.

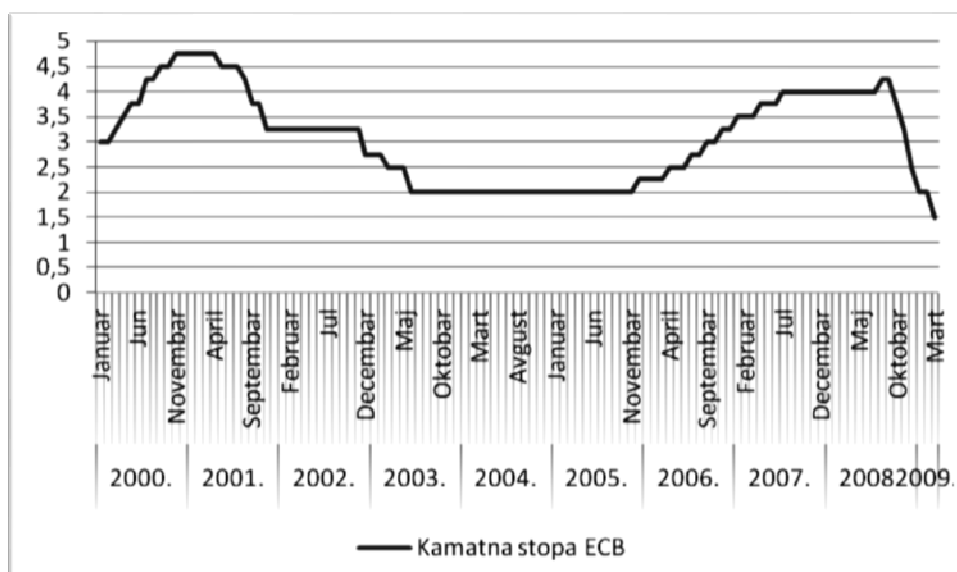
On August 2008, the short interest rate is increased to 4.25% and after September of the same year he appeared sharp downward trend that lasted until March 2009. From October 2008 until March 2009, European Central Bank is five times reduced its benchmark interest rate. During the 2008 interest rate reduced in October, from 4.25% to 3.75% in November to 3.25% and 2.5% at December, in January 2009. The key policy rate was reduced to 2% and then in March of this year to 1.5%.¹⁰

⁹ Stratfor (2008.), *The Financial Crisis in Europe*, StockAnalyst: <http://www.istockanalyst.com/article/viewarticlepage/articleid/2702034/pageid/2> 10.09.2013.

¹⁰ www.tradingeconomics.com, 12.09.2013.



Figure 1. Trends in key ECB interest rates in the period from 01.01.2000. to 01.02.2009.



Source: www.tradingeconomics.com

In addition to lowering the benchmark interest rate due to lack of capital and lack of trust that existed on the financial market, loans are becoming more and more expensive in availability. It was decided to allocate for this purpose the sum of 1.700 billion euros. Measures were related to

- Capital-injection to increase the liquidity and solvency of the financial institutions;
- guarantees for interbank loans;
- Guarantees of private savings to 50,000 euros per year.

The governments of the Benelux decided to help with 11.2 billion euros survival of Fortis group in exchange for 49% ownership of one of the largest banks and insurance companies in this part of Europe. Before the intervention of the bank stocks have fallen to their lowest level in 15 years. Belgium and Luxembourg, with the help of France, rescue Dexia bank with 6.4 billion euros. The German government saves the Hypo Real Estate Group, providing them with assistance of 50 billion euros. Germany's 13 October set aside 70 billion euros to increase liquidity banks and 400 billion euros for the provision of interbank loans. France has earmarked 40 billion financial injections for banks and 300 billion euros for the provision of interbank credit. Great Britain gave aid of 20 billion pounds of Royal Bank of Scotland and Lloyds and HBOS were helped by 17 billion pounds. The British government took control of mortgage lender Bradford and Bingley. Spain has prepared a package of measures amounting to 30 billion euros to bought bad assets from the banks and at the same time increase their liquidity.¹¹

¹¹ Stratfor (2008.), The Financial Crisis in Europe, StockAnalyst: <http://www.istockanalyst.com/article/viewarticlepaged/articleid/2702034/pageid/12.09.2013>.



Steps to eliminate the effects of the crisis in Europe

The EU and IMF have responded to the crisis by providing amount of 750 billion euros. As part of the rescue package, the European Union was created by two mechanisms:

1. European Financial Stability Mechanism (EFSM) and the
2. European Financial Stability Facility (EFSF)

European mechanism of financial support to the Stability originally was intended for Eurozone member states. However, the funding mechanism can be used by all EU member states. Funding for this mechanism (60 billion euros) allows the European Commission of its funds.

The formation of the European Financial Stability enabled lending within the Eurozone members amounting to 440 billion euros at favorable interest rates. Formed with the aim of covering financial difficulties recapitalize banks or buy government bonds. The mechanism is based in Luxembourg, has a rating, AAA by all the rating agencies, which have the same and the European Commission to borrow.

Table 1. Basic characteristic of EFSM, EFSF and ESM

EFSM	EFSF	ESM
The value of assets		
60 Bilions euro	440 bilion euro	500 bilion euro
Instruments		
Credit	credit +purchase on the primary market	credit +purchase on the primary market
Rating		
AAA rating		
Users		
member of EU	member of Eurozone	member of Eurozone

Source: Official Journal of the European Union C 314/1:2008

Total fund assets of both mechanisms were 500 billion euros. Mechanisms are organized for period of three years, in order to allow access to affected countries cheaper source of finance. Simultaneously with the formation mechanisms of reactions by the ECB, this is started buying of bonds of vulnerable states and the IMF, which provided a loan of 250 billion euros.

On December 2010, the European Council made a decision to establish a mechanism - the European stabilization mechanism. This mechanism would effectively dispose of the assets of 500 billion euros and is expected to replace the previous two mechanisms after their expiry 2013. ESM will buy bonds of member states in financial difficulties, provided that the countries adopt a program of revitalization of their finances and that it is fully implemented. Therefore, financial assistance would be provided only with strict conditions. Unlike the previous mechanism, the ESM will involve the private sector in line with IMF policies.



Europe after the crisis, which has left unpredictable consequences, faces a number of challenges, the most significant regulatory reform and its corresponding institutional development. From European Central Bank as some further recommendations sustainability of macroeconomic stability cited the following:

- The implementation of fiscal consolidation and ensure the sustainability of public finances,
- Promoting sustainable growth and job creation,
- Improving the concept of crisis management
- Improving economic management,
- Strengthening the financial sector.

Effect of financial crisis in Serbia

Effect of financial crisis in Serbian financial sector can see in stock market and banking system. Serbia's first hit of the crisis experienced in its most sensitive part financial market - the stock market. Stock Market Indices in Belgrade were losing value faster than indices in developed markets. Early 2008, driven by developments in the domestic and large international financial markets, it is evident that there was a significant withdrawal of foreign investors from the market of Serbia. Due to the poor credit rating of Serbia and the increased risk of investing in the country, the entry of foreign capital through a portfolio of investments is unlikely. Domestic investors in fear of future developments in the stock market and an insufficient stock of products to choose for savings banks.

The downward trend of the index Belex line and Belex15 continued in the first quarter of 2008. The cause of the rapid decline of the index caused by the withdrawal of foreign portfolio investors from the market due to Serbia expectations of further fall in share prices and widening of the current crisis. At the beginning of the third quarter, when financial crisis has spread to all the world financial markets, stock indices in Serbia sector experienced steady decline, which continued in the quarter of 2009.

From the regional stock exchanges BSE indices have lost most of their values and BELEXline 68.72% and 75.62% BELEX15.¹² Followed stock index in Skopje (72.92%), stock exchange index, Podgorica (71.25%) and the Sarajevo Stock Exchange index (67.34% and 66.52%) .127 the smallest decline in the index in the region has made in the Banja Luka Stock Exchange whose index lost 59.91% in terms of traffic vrednosti.128 biggest drop in 2008th compared to 2007. Was achieved on the Banja Luka Stock Exchange (82.46%) and the smallest decline in turnover was recorded at the exchange Ljubljana (42.26%) .129 Regarding the market capitalization of the stock market, the biggest drop was registered on the stock exchange in Vienna (67.23%), while the smallest drop was observed at the Belgrade Stock Exchange (36.37%).¹³

Neither the banking sector has not been immune to the global financial crisis. One of the first indicators that pointed to any serious extent of the crisis is the rise in interest rates of banks. The difference between the interest rate at which banks placed their funds and the benchmark interest rate of the European Central Bank has become more pronounced.

¹² (2008), Financial report September 2008 NBS, Beograd;

¹³ <http://www.euribor-rates.eu/11.09.2013>.



The banking sector is the most important sector in financial system in Serbia. Structure of sources of funds in the banking sector is very stable and resistant to external influences, as in the balance sheets of banks, domestic deposits make up about 70%, and capital around 24% of total liabilities of banks.

Table 2. *The Capital Adequacy 2005-2010.*

	2005	2006	2007	2008	2009	2010
Albania	18,6	18,1	17,1	17,2	16,2	15,4
Bosnia-Herzegovina	17,8	17,7	17,1	16,3	16,1	16,2
Croatia	15,2	14,4	16,9	15,4	16,6	18,8
FYR Macedonia	21,3	18,3	17	16,2	16,4	16,1
Montenegro	27,9	21,3	17,1	15	15,8	15,9
Serbia	26	24,7	27,9	21,9	21,3	19,9

Source: Coccozza E, Colabella A., and Spadafor S., *The impact of Global Crisis of South –Eastern Europe*“, IMF Working Paper WP/11/300

Given the underdevelopment financial market in Serbia, banks have additional financial resources lending mainly received from their headquarters. Trend of credit depending Serbia abroad has decreased compared to the previous year, but in times of global lack of confidence in the banking system every business ties with the European banks have suffered losses in the market while putting in securities that are self-contained subprime mortgages, may contribute to the overflow financial crisis. The liquidity crisis in the banking system would have a negative impact on the stability of the sector and increase the level of country risk. Thanks to the high rates of reserve requirements on foreign borrowing to domestic and foreign currency deposits, the banking sector in Serbia is in advanced stages expressed financial crisis coverage deposits of foreign exchange reserves in the amount of 86%, which is well above the indicator other countries in the region, where this ratio was 35%.

Commercial banks in Serbia guaranteed by their parent banks settlement of obligations arising from cross-border loans. It is the parent bank or central banks in Serbia are one of the catalysts overflow financial instability in emerging market countries, including Serbia. When the crisis hit European financial system, have been hit financial institutions that have borrowed funds in emerging. Shortage of capital, which has produced a crisis of liquidity of these institutions, as reported on its institutions in Serbia or directly to the users of its services. The consequences of the crisis spilling over with financial to real sector of Serbia, reflected the unavailability of financial sources, increasing the outflow of capital from the economy and the lack of needed foreign investment. Due to lack of capital, its price will expensive, finance from the loan will be limited and conditions of the loan will be tougher. Lack of capital significantly hampers production and slow economic growth.

Conclusion

The global financial crisis that has engulfed the whole world is the still ongoing. Is uncertain duration and are not yet aware of all the consequences of the crisis. Key economic



and financial paradigms that prevailed before the crisis are reduced volatility of the macroeconomic system, sustainable economic growth, the dynamics of real estate prices, increase profitability of the financial sector. As the main causes of the crisis highlight the poor quality regulation and supervision of financial institutions, which contributed to the increase in the number of participants and the growth of speculative confidence in the financial markets. Poor quality regulation is generated and the risks of uncontrolled collapse of the financial system, which is further make recession economy. In addition, the rating agencies are unrealistically valorised issued securities, which contributed to creating conditions for the emergence of the financial crisis. It is the regulation of rating agencies and their control is one of the priority recommendations for overcoming the crisis. The European Central Bank has responded to the crisis reduction in key interest rates and the introduction of non-standard package of measures

All programs are adopted, or those that were announced in addition to calling for a coordinated and synchronized measures of relevant institutions, aim to: achieve harmony between monetary and fiscal policy, improve the coordination of measures adopted, to provide the necessary level of liquidity to support economic growth, and reduce the impact of the crisis on the most vulnerable sections of the population.

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Globalna finansijska kriza i njeni efekti na evropski finansijski sistem

REZIME – Efekti svetske finansijske krize su imali dalekosežne posledice. Ako posmatramo na globalnom nivou posledice krize su: pad privredne aktivnosti, produktivnost, zaposlenost, izvoz stranih direktnih investicija, likvidnosti, slabljenje bankarskog sektora, pogoršanje fiskalne pozicije zbog mjera za stimulisane potrošnje, preveliki rast duga mnogih zemalja, koji je dostigao neodrživo nivo. Koliki je efekat krize može se videti u zavisnosti od stepena razvoja zemlje. Ovaj rad analizira efekte krize u finansijskom sektoru. U razvijenim zemljama, kriza je dovela do pada likvidnosti usled slabljenja bankarskog sektora, što se odražava na smanjenje potrošnje i investicija, a time i smanjenja rasta BDP-a i zaposlenosti. U zemljama u razvoju kriza je efekat globalne krize se može videti kroz smanjenje stranih direktnih investicija razvijenim zemljama, pad izvoza zbog smanjenja tražnje iz razvijenih zemalja i slabljenje bankarskog sektora. U siromašnim zemljama, kriza dovela je do nedostatka kredita i donacija od strane razvijenih zemalja, smanjenjem izvoza i stranih direktnih investicija.

KLJUČNE REČI: kriza, investicija, finansijski sektor, bankarski sektor, produktivnost

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