

SUPERVISION AND REGULATION OF THE SLOVENIAN FINANCIAL SECTOR

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SECURITIES MARKET AGENCY
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LEGACY

- Domination of the banking sector
- Widespread indexation
- Ownership transformation
- Monetary policy relied on direct interventions in the FOREX market, sterilization through the use of CB bills, and restrictions on capital flows.

FINANCIAL SECTOR, 2002

• CENTRAL BANK		11 % BDP
• BANKING SECTOR	(20)	89 % BDP
• BROKERAGE HOUSES	(27)	23,5 % BDP
• MANAGEMENT COMPANIES	(19)	-
• AUTHORISED INV. FUNDS	(35)	12 % BDP
• MUTUAL FUNDS	(26)	0,3 % BDP
• PENSION FUNDS	(6)	-
• INSURANCE COMPANIES	(12)	8,6 % BDP

CHARACTERISTICS OF THE SYSTEM

- Restructuring of the banking system: from rehabilitation to privatization
- Constant improvements in the regulatory and supervisory arrangements of intermediaries
- Evolution of financial sector in a largely protected environment
- Notwithstanding the institutional segregation of the financial system, there is a fairly high degree of intreconnectedness in the financial system.
- ~~Corporate governance and corporate culture: ultra-insider~~ system
- Current situation: Fairly capitalised and profitable intermediaries.

FINANCIAL SECTOR SUPERVISORS AND REGULATORS

- Bank of Slovenia
- Insurance Supervision Agency
- Securities Market Agency

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- Established mutual cooperation
 - Plans are drafting for their transformation into one supervisory/regulatory body

CHARACTERISTICS OF THE SYSTEM

- Over the last decade, the legal framework governing the regulation and supervision of the financial sector has undergone significant reforms.
- The objective has been to make the applicable laws and regulations, as well as the supervision of the sector, consistent with the international best practice and EU directives.

AREAS OF STRENGTHENING

- Improving the environment to allow for more robust competition in the banking system and overall financial system as a result of capital account liberalisation.
- Improving supervisory oversight and regulatory powers to address interconnections of the system.
- Reform in the central bank's approach to the market.
- Diminishing the role of 'grey market'.
- Diversification of the risks away from the banking system which is the primary domestic provider of corporate finance.
- Strengthening the judicial system.
- Improving risk-oriented supervision, crisis management capacities, and enforcement powers.