

## **Jorgovanka Tabakovi: Introductory address - 2024 Banking Law Conference**

Introductory address by Dr Jorgovanka Tabakovi, Governor of the National Bank of Serbia, at the 2024 Banking Law Conference, Belgrade, 18 November 2024.

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Esteemed speakers and guests,  
Dear colleagues,  
Esteemed associates,

Seven months ago, the National Bank of Serbia sponsored the establishment of the Banking Law Association, and I had the pleasure of inaugurating its founding assembly as Governor. A few experts in this field came together with the vision of gathering many more professionals and practitioners in banking in the future. Their aim was to facilitate the exchange of genuine knowledge, experience, and professionalism – qualities that seem increasingly scarce across all fields of social life and work, including banking law. Furthermore, they sought to make this legal discipline appealing to younger colleagues as the safeguarding of the financial stability we have worked so hard to achieve will be their task, to be accomplished through regulation and practice. Today, I have the honour and pleasure of opening the first international conference organised by this Association, which will address a variety of topics in banking law and banking in general.

I support the efforts of this Association to organise an international conference that offers an opportunity, particularly for foreign experts, to share their experiences and those of their countries in applying various banking regulations that are either already being implemented in Serbia or will soon be. For lawyers in a country that is a candidate for EU membership, it is extremely important to consider the practices of EU member states when implementing and applying EU regulations in daily operations.

I also appreciate your decision to make today's conference engaging for a broad range of participants by selecting a variety of topics, including representative actions, green finance, the application of sanctions, and resolution.

If I were to start with resolution, I would have much to say. The situation we found in 2012 necessitated the application of certain resolution tools, such as the purchase and assumption of assets and liabilities, nearly two years before the EU adopted the Bank Recovery and Resolution Directive. We implemented this tool in the cases of three out of the four banks whose licenses were revoked. The resolution of these three banks cost approximately EUR 750 million, but the cost would have been even higher had this tool not been applied. By 2014, we were already working with the IMF to incorporate this directive into the Law on Banks. When the war in Ukraine began, we used these bank rescue mechanisms for the first time, as outlined in the directive and the Law on Banks, to protect the assets of Sberbank. In all these situations, these instruments – albeit far from perfect – proved very useful and important for maintaining financial stability.

The events in Ukraine created new challenges for the banking sector. Although Serbia did not impose sanctions on the Russian Federation, most domestic banks are owned by large European banking groups which did not want their subsidiaries to be used for financial transactions by Russian companies and individuals subject to sanctions. However, it seems that the expectations of EU-based parent banks sometimes require their Serbian subsidiaries to implement sanctions even more strictly than the EU itself. This may be part of the so-called de-risking approach taken by domestic banks. Hence, it will be very interesting to hear how banks in the EU and the UK implement sanctions and where the line is drawn between sanction enforcement and potential discrimination.

The ESG, combined with artificial intelligence, is one of the most prominent concepts in social communication today, including in the financial sector. Serbia has already issued green bonds, but many open questions remain. One of the most significant for me is accessibility – not only of green bonds but of bonds in general – for small investors and, why not, for ordinary citizens. That is why it will be interesting to hear from Ms Simon about the main challenges and open questions regarding green investments, as well as the role of banks and supervisors in addressing these challenges, particularly in the case of greenwashing.

It is also essential to discuss representative actions. Many EU countries (Spain, Germany, the UK, Austria, Poland, Hungary, Croatia, Romania) have faced a significant number of disputes in the banking sector. In Serbia, more than 300,000 lawsuits have been filed against banks over allegedly unlawful loan processing fees. Since 2008, banks have had a very poor reputation among the public, which seems to have influenced court practices. This poor reputation is partly due to the banks' excessive exploitation of their dominant economic position over consumers up until around 2010. This included the unilateral increase of interest rates and use of different exchange rate types, even as consumers bore the risks of interest and currency fluctuations. Such unwarranted overreach triggered a response, leading to a cycle of regulations and judicial practices since the financial crisis that appear very favourable to consumers. Thus, we want to see whether collective lawsuits are, on the one hand, an effective mechanism for protecting consumers' collective interests, and, on the other hand, a means to avoid mass litigations that hinder the normal functioning of courts and compromise citizens' access to justice.

I must commend the organisers for not only selecting diverse topics but also bringing together speakers from the academia, legal practice, and regulatory bodies.

I wish you a successful event, interactive presentations, and continued collaboration after this conference. I believe that while working, you will always keep in mind that you should strive for justice – strive for it because it exists, even if imperfect, and because it must be our ideal and our goal.

I hope our guests will enjoy Serbia and Belgrade, and if this is their first time staying here, I hope that this will be just one of the first meetings in a series, right here in Belgrade. Thank you for your patience. Our expectations from gatherings of this type are such that they should not burden you, but encourage you to achieve concrete results.