UDC: 336.71:336.14
Review scientific paper
Received January 18, 2023
Accepted: March 20, 2023
Corresponding author: maja.dimic@fpsp.edu.rs

THE ROLE AND SIGNIFICANCE OF THE MODERN THEORETICAL FRAMEWORK OF CONCENTRATION FOR THE BANKING SECTOR IN THE STRATEGIC DECISION-MAKING PROCESS

Maja Dimić
Faculty of Business Studies and Law, „Union - Nikola Tesla“ University, Belgrade, Republic of Serbia, e-mail: maja.dimic@fpsp.edu.rs

Dejan Ilić
Faculty of Business Studies and Law, „Union - Nikola Tesla“ University, Belgrade, Republic of Serbia, e-mail: dejan.ilic@fpsp.edu.rs

Milica Kaličanin
Faculty of Business Studies and Law, „Union - Nikola Tesla“ University, Belgrade, Republic of Serbia, e-mail: milica.kalicanin@fpsp.edu.rs

Abstract: *In this paper, the authors present the modern theoretical aspects of concentration in the market with a focus on the banking sector and the impact on the process of making strategic decisions. In this context, recent empirical and theoretical researches, which are supported by findings from international scientific and professional literature, were analyzed. In addition to numerous strategic decisions, decisions on the selection of business partners and new organizational forms, as well as decisions related to the management of the new organization as a whole, have an increasingly significant impact on achieving a sustainable competitive advantage. In the paper, the authors additionally indicate the importance of analyzing the level of concentration in the financial market, especially in the banking sector. In this regard, it was stated that strategic decisions are made at the highest managerial levels, which aim to achieve and maintain competitive advantage, maximize profits and sustainable growth and development of the banking sector. Behind the concept of concentration in the banking sector, we find the explanation that it is a form of association of banks, by which they come under joint control, and a certain level of economic unity is*

created between them, which did not exist until the moment of association, because banks, legally and economically, acted as independent subjects. Partner banks participating in the merger/acquisition process must prove that the concentration will bring market benefits, that is, that there will be no unwanted market consequences in the sector.

Key words: *concentration level, competence, banking sector, strategic decision making*

INTRODUCTION

One of the first authors, who to a large extent laid the initial foundation of the concept of competitive advantage, is Michael Porter. In his earlier scientific works and publications, the aforementioned author indicated that organizations achieve a competitive advantage if they "reach a higher level of profitability than the average profitability of organizations in a certain branch of industry" (Porter, 2007; Ilić et al., 2018, pp.75). Today, Porter, as well as an increasing number of contemporary authors in the field of strategic management, point to the increasing importance of dynamic" and "distinctive" capabilities of organizations in the process of achieving competitive advantages. Due to the increasing importance of the creation and exploitation of "dynamic" and "distinctive" capabilities of organizations along with the creation and delivery of additional value for all stakeholders, over a long period of time, it caused the transformation of the concept of competitive advantage into a more modern concept, i.e. into the concept of sustainable competitive advantage (Ilić, 2015, pp. 16-23; Ilić et al., 2018, pp. 75) . The term sustainable competitive advantage more adequately and precisely determines the contemporary strategic rivalry between organizations, because it takes dynamic parameters to a greater extent than was the case with the term competitive advantage. According to the above, it is important to point out that the modern business arena is really "taking on the characteristics of military conflicts in which new markets are occupied, competition is destroyed, but one's own forces are constantly being transformed in order to be ready for new expansion, but also the defense of conquered territories and positions." (Radosavljević, str.273; Ilić i dr., 2018, pp.76). As stated by numerous authors in the field of strategic management, but also by Ilić et al. (2018, pp.76), "in the New Economy, the struggle for market supremacy really takes on the characteristics of war conflicts in which strategy and "strategic weapons" gain more and more importance every day".

According to the modern market and strategic trends that were previously highlighted, as well as in the context of this research, it is important to point out that the limits of concentration range from monopoly to perfect competition, that is, they range from tightly consolidated to highly fragmented industry. In the case of concentrated (consolidated) industries, there is a smaller number of companies that control a larger part of the sector's supply. In contrast to the previously mentioned situation, non-concentrated (fragmented) industries include a larger number of relatively small firms with approximately the same or smaller share of supply in the industry. In the context of the focus of this research,

it is necessary to point out that a high level of concentration is characteristic primarily for branches that produce consumer and capital-intensive goods, while the main factors that influence the degree of concentration of supply in one branch are the following: the number of competitors operating in the market; dispersion of market share between competitors; barriers to entry and exit from the branch (Kostić, 2008, pp.90). In addition to the above, that is, in addition to the basic factors, in the scientific literature, additional factors that affect the degree of concentration of the offer are highlighted, such as: the economic potential of the market; geographic market size; technological conditions of production as well as the degree of regulation of foreign trade.

LITERATURE REVIEW

The first significant analyzes and researches on the level of concentration in the banking sector and the behavior of oligopolistic markets were carried out in the period from the thirties to the end of the forties of the twentieth century. In the mentioned period, eminent authors such as Chamberlain (1929; 1933), Sweezy (1939) and the authors Hall and Hitch (1939), in their analyses, publications and scientific works, emphasized and indicated that oligopolistic markets can actually be stable and that therefore, they can significantly affect the restriction of competition (Kraft, 2007, pp.3). In the scientific literature, according to the above, a concept based on the facts that competitors in certain economic activities can act based on the analysis of the behavior of other competitors, as well as to a certain extent have an influence on certain outcomes, appears more and more often. As for the banking sector, the concentration may have numerous market implications, the most significant of which is competition (Vuković, 2006, pp.10) based on the following approaches: S*tructure-Conduct-Performance, SCP* and *Efficiency hypotesis* and *Contestable Markets Theory, CMT*.

The first, the structural approach, is based on the setting of two opposing hypotheses, that is, on the traditional Structure-Conduct-Performance (SCP) and Efficiency hypothesis. The first, or SCP hypothesis, according to numerous authors, as well as according to the author Bain (1951), was derived on the basis of industrial organizational literature and is based on the premise that the level of bank market concentration is inversely proportional to the degree of bank competition. The SCP hypothesis is based on the assumption of the existence of a causal relationship between the structure of the market (in the narrower sense of the number of banks), the concentration of economic resources, and the profitability of the company (Barjaktarović et al., 2013, pp. 39-54). The initial foundations of the SCP hypothesis are actually based on the first researches of the eminent author Munson (1939), who in his works concluded “that a smaller number of companies on the market will lead to less competitive behavior”, i.e. that it will lead to the formation of a higher price level with reduction of the level of production as in the monopolistic model”. According to Manson (1939), a market that is more concentrated is therefore less competitive, while the ratio of product prices and production costs in such a market will be higher at the expense

of lower delivered value for the consumer. The author, who has already been mentioned previously, and who continued to investigate the mentioned problem to a significant extent, is Bain (1951). Author Bain pointed out that "high concentration of market power leads to increased prices and profit margins" (Bain, 1951, pp.293-324). He empirically tested the SCP hypotheses on American industry in the period from 1936 to 1940. Using the Z-test, the mentioned author made a comparison of the level of profit of companies that operated in markets with high concentration and companies that operated in markets with a lower level of concentration. From the mentioned empirical research, Bain (1951) concluded that the profit level of companies that operated in industrial branches with a high degree of concentration is higher compared to the level of profit of companies that operated in industries with a lower degree of concentration.

Eminent authors in this field, Berger and Hannan (1998, pp. 291-299), on the example of the banking sector in the United States of America, also confirm the application of the SCP paradigm by pointing out that banks that operated in markets with a high degree of concentration significantly achieved a higher level of net margin by applying a higher rate of active interest rates. The mentioned authors also underline that the growth of competition caused by the decrease in concentration in the banking market results in the lowering of the price level of banking services, the interest margin, that is, a smaller difference between active and passive interest rates. The authors Besanko and Thakor (1992, pp. 910) also pointed out that the decrease in concentration, that is, the increase in the number of banks leads to a reduction in active and an increase in passive interest rates. The results of the research in Italy published by the authors De Bonis and Fernando (2000) and the results of the research conducted in Switzerland published by the authors Egli and Rime (1999, pp. 9) indicated the existence of a positive correlation between the concentration of market power and active interest rates.

In contrast to the first, traditional, or SCP hypothesis, the second hypothesis within the framework of the structural approach, or Efficiency hypothesis, is based on the assumptions and premises that the efficiency of the largest banks is mainly what explains the consolidation of the banking market. The efficiency hypothesis was advocated by the authors Smirlock and Maudos, while the eminent author Smirlock (1985) within the conducted research proved that the degree of concentration in the banking sector and the degree of profitability are not in direct correlation. His conclusion, twenty years later, was additionally confirmed by the authors Jansen and de Haan (2003). The results of the research published by the authors Jansen and de Haan confirmed that the level of profitability of the banking sector did not decrease due to the increase in the degree of concentration of banks in the market. The authors Demirguc-Kunt and Levine reached similar results and conclusions that were previously reached by the authors Smirlock and Jansen and de Haan. Authors Demirguc-Kunt and Levine (2000) published research results that indicated that the level of concentration of banks on the market is not directly related to their level of efficiency. In addition to the above-mentioned authors, a large number of authors in their research came to results that disproved the theory of a direct connection

between the degree of concentration and the net interest margin in the banking sector. Eminent author Demirguc-Kunt and a group of authors (2004, pp. 593-622) conducted empirical research on a sample of 1.400 banks in 72 different countries, the results of which unequivocally indicated the role and importance of various variables that have a direct or indirect influence on the change in the level of concentration in the banking sector. In addition, the authors indicate that the level of concentration of banks in the financial sector has a direct or indirect influence on various variables such as: entry barriers into the system, business diversification restrictions, quality of institutions for the protection of private property and individual performance of banks.

Contrary to the structural approach based on the development of market competitiveness based on a different market structure, in the non-structural approach, the starting point is that companies within the industry behave differently depending on the structure of the market in which they operate. According to the non-structural approach, the results and achieved performance of banks depend on various factors such as barriers to entry or exit from the financial market. The contestable theory is based on the premise that in concentrated sectors, participants can behave competitively, under the conditions that the barriers to entry, or exit from the market, are at a low level. The non-structural approach initiated the development of certain specific models of analysis of the company's competitive performance.

Based on what has been stated so far, it is important to analyze the point of view that concentration and competition are negatively correlated, that is, that a high degree of concentration leads to a smaller number and weaker degree of rivalry between competitors on a certain market. Although the initial setting is very clear at first glance, a large number of research conducted up to this point in this scientific discipline did not confirm the assumption according to which concentration and competition are negatively correlated. Namely, certain and representative authors who presented results in the mentioned domain, from numerous authors and researches, are: Jansen and de Haan (2003) contested the point of view based on the direct connection of concentration and competition; Claessens and Laeven (2003) presented the results obtained by analyzing the banking sector in fifty different countries, which do not argue or prove a direct negative connection and conditioning between concentration and competition, and the author Vuković (2006, pp.10) came to similar results in his research, who points out that the concentration of banks in a certain market it is not directly correlated with the degree of competition due to the specificity of banking business, which is largely based, in addition to financial capital, on factors such as relational capital with clients, economies of scale, the introduction of new technologies, etc.

CONNECTING CORPORATIONS – BASIC FORMS OF CONCENTRATION

Mergers and acquisitions as strategies for external growth, development, ownership and strategic transformation of the organization are gaining more and more importance

in the New Economy. Mergers and acquisitions, in addition to being aimed at achieving the aforementioned goals, in the broadest sense, are still aimed at achieving a sustainable competitive advantage. However, despite having the same or similar goals, the implementation methods themselves differ significantly. Namely, mergers, mergers or acquisitions represent the ownership and strategic transformation of an organization, that is, they represent voluntary agreements on the merger of two or more organizations into a new "business entity" (Sherman, 2010, pp.8; Ilić et al., 2018, pp.75-92). Mergers are most often implemented through the following two forms (Mašić, 2001, pp.224-228; Ilić et al., 2018, pp.75-92), namely: the merger of one organization with another, whereby the merged organization formally ceases to exist; and through a merger, which represents the formation of a completely new organization by merging two or more organizations entering the merger process. Unlike mergers, acquisitions represent an ownership and strategic transformation of an organization, whereby one organization takes over a controlling stake in another organization (Ilić et al., 2018, p.75-92). By purchasing a control package of shares, the organization acquires the right to control and decide on the future of the purchased organization. Acquisitions can be on a voluntary basis, but most often represent a hostile takeover (DePamphilis, 2013, pp. 16-17; Mašić, 2001, pp. 224-228; Ilić et al., 2018, pp. 75- 92).

In addition to mergers and acquisitions, it is important to highlight the following three forms of concentration: horizontal, vertical and combined (conglomerate). *Horizontal concentrations* represent a model of integration of entrepreneurs in which entrepreneurs who offer a certain group of the same or similar products and services within the same economic branch are connected. Analogously to the above, banking concentrations are understood as horizontal concentrations, because it is about connecting several banks that are engaged in the same activity and mostly offer the same type of services. Unlike vertical and combined, horizontal concentrations lead to the following implications and consequences: reduce the intensity of competition between market participants; after the implementation of horizontal concentration, market participants will have a larger market share, which can initiate and intensify the emergence of a dominant position, or it can lead to cooperation with other market participants in the direction of creating a joint dominant position (Bishop and Walker, 2002, pp.263).

The stability of the financial market and macroeconomic policies depends in large part on the solvency and liquidity of banks and the ability to overcome the negative effects of the crisis and to deal with the recession (Dimić and Šprajc, 2012, pp.36). In the global financial market, there are current trends of connecting commercial and investment banking with insurance companies and other financial institutions. In this way, financial conglomerates are created that, in addition to banking products, offer a "wider range" of products and services. This form of concentration is called *vertical concentration* in the literature. Vertical concentration is present when the products or services of market participants are complementary. *Combined or conglomerate concentrations* represent a model that cannot be subsumed under any of the mentioned categories, since the products, or services, of competitors are neither substitutes nor complements.

Several reasons have been accepted in the scientific literature that can lead to the appearance of an increased level of concentration in the financial market. Hawkins and Mihaljek (2001, pp.34) list the following groups of motives that, for example, encourage banks to bank consolidations: cost benefits (economy of scale, organizational activity, risk diversification, etc.), revenue benefits (conclusion of large deals), economic reasons (motives for checking the level of concentration that arise after a crisis or during an upswing in the business cycle), other motives (defense against takeovers and managerial motives for capital accumulation). In accordance with the above, it is important to review the significance of the ratio of concentration of structural changes in the market. Concentration indicators reflect changes in the level of market concentration, which are a consequence of the entry or exit of companies from the branch, as well as mergers or acquisitions of firms in the industry. Therefore, concentration indices can be considered as a starting point for conducting antimonopoly policy. Depending on the goal of the research, market concentration can be measured by a number of indicators: Concentration ratio; Herfindahl-Hirschman index; Entropy measure; Gini coefficient; Lorenz curve; the comprehensive industrial concentration index (CCI); Hannah and Kay index (HKI); U index (U); Hall-Tideman index (HTI); Rosenbluth index (RI); Multiplicative Hause index (Hm); Hause index (Ha).

THE IMPORTANCE OF ANALYZING THE LEVEL OF CONCENTRATION OF THE BANKING SECTOR IN STRATEGIC DECISION-MAKING

According to the authors Milošević et al. (2018, p.49-74), but also according to a group of authors (Rumelt et al., 1991, pp. 5-29), the paradigm of the key source of competitive advantage is changing significantly. Theoreticians as well as practitioners increasingly see the source of competitiveness as a result of organizational capabilities and not as a current position (Milošević et al. 2018, pp. 49-74). According to their view, the way and speed with which the organization makes the choice of strategic decisions determines the future of the organization, so the process of making strategic decisions in organizations becomes one of the central issues in strategic management (Eisenhartdt and Zbaracki, 1992, pp. 17-37; Milošević et al. 2018, pp. 49-74). Complex global market trends, as well as accelerated development and the diminishing ability to predict future business trends with certainty, represent one of the main catalysts for the importance of analyzing the level of concentration in the financial market (Ilić et al., 2018, pp.75-92). The influence of concentration on the development of the banking sector and the financial system as a whole cannot be clearly defined, since it is impossible to exclude the influence of other important factors in the analysis. In theory, we find two different approaches when it comes to the connection between the level of concentration of the banking sector and the development of the financial system. The first approach advocates the fact that with an increase in the level of concentration, the bank will increase its market power and thus reap extra profits on the financial market. On the other hand, a certain level of monopoly

power is natural and useful in the banking sector, since a higher level of concentration implies the presence of banks that can offer a "wider range" of products and services. By accepting the general position that bank concentration must be controlled and competition protected, it is indirectly confirmed that bank concentration, despite some advantages, does not encourage sectoral development (Vuković, 2006, pp.11). Davis (2007) illustrates the dramatic growth in the size of the world's largest banks over the past two decades: the ratio of assets of the largest 10 banks to world GDP increased from 25.7% to 36.9%, while the ratio of assets of the largest banks to the GDP of the G7 countries increased from 2.1% to 5.9% in the period from 1985 to 2005. According to Davis, the growth of the world's largest banks outstripped the growing importance of the entire financial sector and signaled an increase in global concentration in the financial sector. Recent studies illustrate very high levels of banking system concentration in most countries: the average recorded value of the CR3 ratio in 72 countries is above 80%, while the average value of this ratio in approximately 160 countries is greater than 72%.

The level of concentration of banks affects the stability of the banking system, but also the possibility of banking crises. According to the first approach, a higher level of concentration causes an increase in risk, since it creates moral hazard problems for large banks, which behave in the market according *to the too big to fail* principle (Mishkin, 1999, pp.675-691). The management of the banks knowingly takes great risks, counting on the state to provide financial assistance, relying on the government, which does not want a systemic crisis in the country. Another approach advocates the fact that increased concentration in the banking industry reduces the probability of a banking crisis, because larger and more developed banks encourage a positive correlation between concentration and stability. In other words, as a rule, greater concentration means greater profits, which allows banks to achieve a higher level of capital in the event of a shock or crisis. Furthermore, the stability of the system is all the greater if there is a smaller number of banks on the market that are subject to supervision. Beck, Demirguc-Kunt and Levine (2003) in their empirical research, which included 80 countries, came to the conclusion that in a system with a higher degree of concentration, the probability of a crisis outbreak is lower, which would mean that a higher concentration of banks affects the stability of the banking system, although this factor decreasing as the concentration level increases.

Concentration in the banking system also affects the level of concentration in other industrial sectors. Banks with high market shares can control the entry of new companies into certain industries. Large and strong banks enable new companies on the market to get funds more easily, because they expect greater benefits from them in the future, such as new and innovative technologies and business processes. On the other hand, banks can protect existing customers by either completely preventing lending to new companies or increasing interest rates for lending to new customers. In this way, banks prevent the entry of new "players" into the market, i.e. reduce market competition. Concentration in the banking industry can affect the economic development of a country. Economic growth is positively correlated with the development of the financial sector. In developing countries,

the banking sector is the leading financial institution according to the criterion of the achieved balance sheet amount and capital participation. Deidda and Fattouch (2002) analyzed the relationship between economic growth and bank concentration and came to the conclusion that in poor countries the concentration in the banking sector is negatively correlated with economic growth, which is not the case in more developed countries.

CONCLUSION

The consolidation and concentration of the financial system around the world has sparked an active academic debate regarding the impact of concentration on financial stability. The relationship between concentration and financial stability is very complex and insufficiently researched. The question arises whether and to what extent the consolidation of the banking sector affects the financial system. It is a fact that the consolidation of capital results in a strengthening of market share, which in uncontrolled economic systems impairs competitive business in the industry. This position on the market can lead to monopolistic behavior, which is reflected in unjustified price increases (and collecting extra profits), lower quality of products/services, lack of innovation, use of cheaper and worse raw materials in the production process.

Market concentration is defined as the degree to which the volume of sales in one market, or in the economy as a whole, is concentrated in a smaller number of large firms. In the market, it occurs when the supervision over a large part of the total resource is achieved by a small part of the total number of units that supervise the resource. In other words, the concentration of market participants occurs in the case of: mergers and other status changes that involve the joining of market participants in terms of the law governing the position of companies; acquisition by one or more market participants of direct or indirect control over another market participant or more market participants; joint investment by two or more market participants with the aim of creating a new market participant or acquiring joint control over an existing market participant, which operates on a long-term basis and has all the functions of an independent market participant.

Concentration is not a sufficient condition for market dominance, even when the shares of financial institutions exceed 40%, because a dominant position on the market can also be held by a participant with a smaller share. The high level of correlation between the Herfindahl-Hirschman index and concentration ratios for nbanka was proven in their scientific work by Bikker and Haff (2001, pp.19). Additionally, they confirmed the relationship between the concentration coefficient for the group of three leading banks and the degree of competition, indicating that cartel behavior is most prevalent in markets where small groups control a large part of the banking market share in a country.

REFERENCES

1. Bain, J.S. (1951) *Relation of profit ratio to industry concentration: American manufacturing 1936-1940*; The Quarterly Journal of Economics Vol.65, Issue 3, pp. 293-324, https://www.jstor.org/stable/1882217
2. Barjaktarović L., Filipovic S., Dimic M. (2013*), Concentration level of the banking industry in CEE countries*, Journal Industrija, 41 (3), pp. 39-54, https://aseestant.ceon.rs/index.php/industrija/article/view/4712
3. Berger A.N., Hannan T. H. (1998), *The price-concentration relationship in banking*, The review of economics and statistics, 71 (2), pp. 291-299, http://www.jstor.org/discover/10.2307/1926975?uid=3738928&uid=2&uid=4&sid=21101846957453
4. Besanko D.A., Thakor A.V. (1992), *Banking deregulation: allocational consequences of relaxing entry barriers*, Journal of banking and finance, 16, pp. 909-932, https://www.sciencedirect.com/science/article/abs/pii/037842669290032U
5. Bikker J.A., Groeneveld J.M. (1998), *Competition and concentration in the EU banking industry,* http://www.dnb.nl/en/binaries/ot008_tcm47-146043.pdf
6. Bikker J.A, Haff K. (2000), *Measures of competition and concentration in the banking industry: a review of a literature*, De Nederlandsche Bank, Research Series Supervision no. 27, https://ideas.repec.org/p/dnb/ressup/27.html
7. Bikker J.A., Haff K. (2001), *Competition, concentration and their relationship: An empirical analysis of the banking industry*, DNB straff report no. 68, De Nederlandische Bank, https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.199.9591&rep=rep1&type=pdf
8. Bikker J.A., Haff K. (2002), *Competition, concentration and their relationship: An empirical analysis of the banking industry*, Journal of Banking and Finance, 26 (11), pp. 2191-2214, https://www.sciencedirect.com/science/article/abs/pii/S0378426602002054
9. Bishop S., Walker M. (2002), *The economics of EC competition low: concepts, Application and measurement,* 2nd Edition, Sweet&Maxwell, London.
10. Claessens, S., Laeven, L. (2003), *What Drives Bank Competition? Some International Evidence*, World Bank PolicyResearch Working Paper, no. 3113, https://openknowledge.worldbank.org/handle/10986/18121
11. De Bonis R., Fernando A. (2000), *The multimarket contacts theory: an application to Italian banks*, Paper No. 387, Banca d'Italia, http://www.bancaditalia.it/pubblicazioni/econo/temidi/td00/td387_00/td387en/en_tema_387.pdf
12. Davis K. (2007), *Banking Concentration, Financial Stability and Public Policy. Reserve Bank of Australia*, RBA Annual Conference, no. 2007-16, https://www.rba.gov.au/publications/confs/2007/davis.html
13. Demirguç-Kunt, A., Levine R. (2000), *Bank Concentration: Cross-Country Evidence*, World Bank Working Paper, no. 27828.

14. Demirguc-Kunt, A., L. Laeven and R. Levine (2004), *Regulations, Market Structure, Institutions, and the Cost of Financial Intermediation*, Journal of Money, Credit, and Banking, 36 (3) (Part 2), pp. 593-622, https://www.jstor.org/stable/3838956
15. Deltuvaitė V. (2009), *Koncentracijos įtakos bankų sistemos finansiniam stabilumui tyrimas*. KTU, Economics & Management, 14, https://ktu.edu/lt/mokslas/zurnalai/ekovad/14/1822%126515%122009%12156.pdf
16. DePamphilis, M. D. (2013), *Megrers, Acquisitions and other Restructuring Activities*, AP inprint Elsevier, SA.
17. Dimić M., Šprajc P. (2018), Risk management in banking sector – Stress resistance test, International Journal for economics and law, Vol 8, No.24, pp. 33-56, http://media3.novi.economicsandlaw.org/2017/07/Vol24/03-IJEAL-24.pdf.
18. Egli D., Rime B. (1999), *The UBS-SBC merger and competition in the Swiss retail banking sector*, Studienzentrum Gezensee, Working paper no.00/02, http://www.szgerzensee.ch/fileadmin/Dateien_Anwender/Dokumente/working_papers/wp-0002.pdf
19. Eisenhartdt, K. M., Zbaracki, M. J. (1992), *Strategic Decision Making,* Strategic Management Journal, 13, pp.17-37.
20. Fuentes I., Sastre T. (1998), *Implications of restructuring in the banking industry: The case of Spain*, BIS conference paper No.7.
21. Hawkins J., Mihaljek D. (2001), *The banking industry in the emerging market economies: competition, consolidation and systemic stability*, BIS Paper No.4, http://www.bis.org/publ/bppdf/bispap04a.pdf
22. Ilić, D. (2015). *Modern technologies and management concepts*, script, University Union-Nikola Tesla, FSOM, Belgrade.
23. Ilić, D., Milošević, D., & Marković, B. (2018), *Strategic alliances: a powerful weapon in the conflict with competition*, Proceedings: Contemporary problems and possible solutions of strategy and strategic management – SPSSM 2018, University Union Nikola Tesla, FSOM / FPSP, Belgrade, pp.75-92.
24. Milošević, D., Ilić, D. & Marković, B. (2018), *Entrepreneurial way of making decisions in strategic management*, Proceedings: Contemporary problems and possible solutions of strategy and strategic management – SPSSM 2018, University Union Nikola Tesla, FSOM / FPSP, Belgrade, pp. 49-74.
25. Jansen, D., de Haan. J. (2003), *Increasing concentration in European Banking: a Macro-Level Analysis*, De Nederlandsche Bank Research Memorandum WO, no. 743/0323, https://ideas.repec.org/p/dnb/wormem/743.html
26. Kostić M. (2008), *Measurement of industrial supply concentration*, Ekonomski horizonti, 10 (1), pp. 89-108, http://www.horizonti.ekfak.kg.ac.rs/sites/default/files/Casopis/2007/6_Milan_Kostic.pdf
27. Kraft E. (2007), *What is the concentration level in banking sector in Craotia?,* http://www.hnb.hr/publikac/istrazivanja/i-019.pdf
28. Mašić, B. (2001), Strategic management; 2nd Edition, University Braca Karic, Beograd.

29. Porter, M. (2007), *Competitive advantage, achieving and maintaining superior business results,* Adižes, Novi Sad.
30. Radosavljević, M. (2017), *Modern business is a battle, and the market is a battlefield*, Proceedings: Contemporary problems and possible solutions of strategy and strategic management – SPSSM 2017, University Union Nikola Tesla, FSOM / FPSP, Belgrade, pp. 281-284.
31. Rumelt, R. P., Shendel, D., & Teece, D. J. (1991), *Strategic Management and Economics*, Strategic Management Journal, 12, pp. 5-29.
32. Sherman, J.A. (2010), *Megrers and Acquisitions from A to Z,* Amacom, New York.
33. Šutić R. (2009), *Role of Foreign Banks in Integration of Banking Industry*, Economic Journal, 22 (2), pp. 296-313, https://hrcak.srce.hr/file/73922
34. Vuković V. (2006), *Market concentration of domestic banks*, Journal Finansije, Vol. 61 (1-6), pp. 5-17