

The President of the Executive Board of Erste Bank, Slavko Carić, said that 12 banks are enough for Serbia, and that in crisis situations, smaller banks or banks with specific business models are more susceptible to negative effects.

In an interview with the monthly Biznis.rs, he said that Serbia currently has about 27 branches per 100,000 adults, and that in accordance with market developments and the dynamics of business digitalization, that number will tend to 10-15, which corresponds to a market of 12 banks.

Carić said that the trend of consolidation of the banking market of Serbia is expected and that it is inevitable that banks will try to achieve satisfactory profitability by enlarging. Speaking about the rise in inflation, Carić said that it was uncertain that it would be of a temporary nature or that new disturbances in business flows would lead to new shocks. "Perhaps this is the answer to the duration of this inflationary wave, because at some point a return to steady economic flows is certainly expected. The development of the situation with the Covid-19 virus still poses a risk for such a scenario, as well as new disturbances caused by the energy crisis and prices," Carić said.

He added that he does not expect long-term production disruptions in certain industries, nor high wage growth that could raise inflationary expectations of households and monetary (and political) authorities.

The head of Erste Bank said that in moments of such deep crises, flexibility is one of the key things for all players in the market. He assessed that the pandemic crisis is changing and will change the world economy even more deeply, in the direction of greater sustainability and ecology, digitalization and new ways of working.

Carić estimated that, according to the current prospects for the current and next year, but also in the medium term, the conditions for raising interest rates in the US could be met at the end of the third or beginning of the fourth quarter of 2022, while interest rates in the eurozone could remain low for at least another two, maybe even three years, Beta reports.