

PLANNING AS A MANAGEMENT FUNCTION IN MODERN BANKING SYSTEMS

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Abstract: *Modern business environment for all economic entities any activities poses great conditions in order to survive. Markets characteristic fierce competition. In this context, it is necessary that an adequate selection and application management strategy. When it comes to choosing a strategic direction that recognize the role of strategic management.*

In this paper, the emphasis is on the competition in the financial market, it said - banks such business systems. The same we can say is determined by a simple definition - only banks that have adequate product. The banking product is designed for the customer and meeting their needs. As a large number of banking systems, there is more difficult to be competitive. From this arises the inevitable necessity of innovation range of banking products will best zadovoljiti my clients' needs. This indicates the necessity of innovation in business and smelling the Bank's strategy and business planning activities of banks in the role of strategic management.

The objectives of this study were the citation planning in the planning of the business of banking system.

KEYWORDS: BANKING SYSTEMS, BANK, MARKET, STRATEGIC MANAGEMENT

INTRODUCTION

Planning as a managerial function has become necessary for survival in the market. The business environment has undergone a drastic change, and made it difficult for the conduct of the business system towards the realization of the set goals. In this paper, the business focus of the system banks - financial institutions. Since we are talking about specific business systems methods and techniques of management is difficult to apply. Once applied methods and techniques in the conditions of competition do not give the desired effects. In the current conditions of planning was given the primary role of making it difficult for managers of financial institutions, their actions.

This article is not intended to describe the plans as a result of the planning process, but only that reference to three categories of planning that can be applied in the banking system and facilitate business: situational and alternative planning.

Modern trends in banking

Banking transformations in the past two decades, the process of creating an efficient and secure banking is focused on:¹

- The increase in bank capital strength;
- Improving the efficiency of banking institutions;
- Focusing on bank liquidity, capital structure and the structure of placements;
- Losing strict division between investment and commercial banking;
- Strengthening of measures for the improvement of my bank solvency;
- Cleaning assets and liabilities of Bank of unprofitability;
- Narrowing rights under the axle of deposits banks;
- Increased control by central banks, namely regulatory / control institutions;
- Arranging and Cleaning of the banking system of inherited and accumulated losses, especially in emerging economies.

In developed economies, the transformation of the banking system, which lasts already for several decades. Of major importance in the changes taking place in the banking industry of USA, UK, Germany and Japan, as an economy with the highest weighting in the financial system.

In these countries, in recent decades there has been a strong competition among banks. Banks are therefore lose a significant part of the financial market, especially in the United States. Therefore, banks are beginning to exert a strong expansion in the variety of products and services they provide and are increasingly recognized as important participants in the financial market, to counter the competition of non-bank institutions and at the same time looking for higher profit margins. It is, however, coupled with the high rate of investment risk compared to traditional banking services.

Modern trends in banking management

In recent decades there has been a serious change in the economic, technological and social development which also reflects

the profile, forms and modes of financial institutions and their organization. These changes relate primarily listed below determinants.

In parallel with the changes in the banking environment, there has been a change in the banking management, ie. business orientation of banks. This is primarily related to:

- The application of bank marketing - marketing acceptance of banking allows the bank to meet the various demands of clients. Starting from rapid changes in the environment, the bank must adapt to these changes precisely, enabling strategic marketing concept;
- Lending at variable interest rates - in conditions of constant and rapid changes in the business environment with variable interest rates is a way of parrying uncertainty and changing market demands;
- Project and corporate financing to the economy - in terms of the high level of uncertainty, the bank focuses on the assessment of individual company operations and cost of financing such activities, rather than financing the overall business of the company;
- The emergence of securitization - it is about redirecting the bank on the issue, purchase and transfer of securities at the expense of lower-class deposit banking - lending operations. So, it is a unifying and "repackaging" (transformation) of loans in securities securities. This is a way to improve the balance sheet structure and establish an appropriate relationship between revenues, costs and risks;
- The use of electronic banking - forma banking business where the funds are transferred through electronic exchange of signals between financial institutions and between those institutions and business customers rather than with cash, or obračunskmim money;
- Supervision - monitoring banking - supervision of banks, especially becomes important in terms of maximum liberalization, which is done on the one hand, the Bank strengthen the function of internal audit and control and, on the other hand, the Central Bank or other competent authority, where the purpose achieving a balance between the goals of individual banks and the general socio - economic objectives.

In modern commercial banks, one of the main problems is their efficient management. In terms of deregulation on the one hand and globalization, on the other hand, as well as the increasing presence of rapid and accelerating change in the business environment is increasingly coming to the fore the importance of the ability, or inability of the bank as an organizational entity to achieve the objectives of its development. In such circumstances, when the bank for each individual environment and business conditions in the market to give high quality and capable management team represents the first precondition that the bank has efficient management. In modern and essentially changed conditions compared to the previous period the management team as a collective body and no individual team members are needed to universal and the specific knowledge and for banks to get in this business to be successful.

Management represents an individual or team which is responsible for the analysis, preparation and decision making, as

¹ Živković, A., Komazec, S., Ristić, Ž., Berzanski i bankarski menadžment, Viša poslovna škola, Beograd, 2002., str. 517-530.

well as their implementation to the benefit of the organization they represent. In addition to their ability and the quality of management is very important to emphasize that in contemporary business bank manager or management team, must possess the leadership qualities, knowledge and skills. Leadership is reflected in:

- continue to improve the performance of employees,
- developing products and services that are going to meet the market demand,
- an improved quality of service and

Leadership in modern conditions is necessary and it represents a higher quality compared to the managers and their abilities. The managerial knowledge and skills in modern conditions are not sufficient for the effective management of the bank, but leadership. The basic characteristic of a leader is that the development vision of the organization he represents, in this case commercial banks, as well as in that through the organization and mobilization of human resources, set goals realized. In terms of business leadership and management of the banks includes a set of traits followed by:

- possess a clear vision of development and operations,
- clearly explaining the development and business vision to employees and the public,
- entrepreneurial spirit,
- tendency to perfectionism.

Therefore, it can be said that managers are senior executives who manage what exists in our organization, and there are more directed to one adjustment initiated various projects and development, while the leaders of the people that exist in the organization and operation of the change in adapt to rapid changes and the operating conditions. It should be emphasized that leadership is necessary not only at the highest hierarchical top of the organizational pyramid, but on all key crossing points of the organizational structure.

One of the essential elements necessary for a modern knowledge of the conduct of the Bank's process of banking techniques and technologies. From the highest to the lowest level of management decisions have to be quick, decisive and does not correspond to e, which assumes complete knowledge of the way in which individual decisions will be implemented when e is realized, in what period and what will the consequences or results bring the bank, or nim its individual parts, as well as how to be in the implementation of individual decisions affect the balance sheet of the bank. In addition to the complete knowledge of banking techniques and modern technology managers of banks need to have as a necessary additional skills in management.

Characteristic of the contemporary conditions of globalization, deregulation at the national and the supranational level of control and quick and faster changes, the increase in the level of risk certain operations of banks and businesses in general. In such circumstances, there is no more strict, fixed interest rates and relatively high interest margins. On the contrary, banks are exposed to rapidly changing business conditions, as well as all the stronger competition of non-banking institutions.

So, one of the critical factors of effective management of the bank's top management, and its top management. At this level, the following problems can go marked as the key to effective management of the bank:

- ability to manage change,
- strategic planning and strategic management approach,
- flexible organizational structure,
- strong marketing orientation.

Planning for the improvement of Banking System

Situational Planning

This method is generally viewed the bank's environment and events that could affect the Bank's operations. The significance of this method of planning is often neglected, which is certainly reflected in the realization of the goals, and ultimately the results. Contingency Planning podarzumijeva making matrix the vulnerability of a bank to a certain degree of probability. With

prominent character of this category of planning, the same should be included in regular planning as a separate category, in order to achieve minimizing the potential risks for the bank.

The essence of alternative planning relketovati can be a way to pre-analyze and react to events with high potential crisis and to make a plan in response to their emerging.²

This category of planning does not mean it can always elemisati in a negative influence, but can be at least mitigated.

Alternative plans are understood to be roughly designed or detailed plans, which are kept in readiness for various possible future situations, it upcoming.³

Thus made plans for management helps to reduce surprises and consequences if a predicted event a reality. In this way, managers pay attention to the possible potential events in addition to the safe. This planning managers have space for making adequate and reliable decisions that will bring about the realization of the objectives and planned results.

Possible events are: predictable, unpredictable, controlling and nekontrolišući. Worst event category for the banking system is uncontrollable (the emergence of new technology, changes in laws and the like.).

The process of this kind of planning consists of the following activities:

Determining crisis events and their probability events. For this activity is mainly linked the question "what if?" (What if you lose a key customer, what if a new technology that is more competitive than ours?).

After identifying these key events is necessary to formulate a strategy to overcome these events. For the implementation of the strategy it is essential that a bank that has prerequisites, primarily management and adequate comprehensible plans.

Preventative Planning

This type of planning refers to the planning of targets and measures aimed at crisis companies that complements or replaces regular planning of the company.⁴

It may be part of the strategic and operational planning, but its function has if compared with situational planning. Unlike situational planning, preventive planning is characterized by a very high degree of warning the occurrence of events in the region. With this characteristics emphasizes the significance of this kind of planning for the banking system.

The main characteristics and functions of preventive planning is to amortize the impact strength of the region and to act through adequate strategic orientation. Characteristics based on these categories of planning can identify the key activities of this category planning. Continuous monitoring and analysis of current trends and market indicators, to predict the possibility of failure.

CONCLUSION

How could that category of planning had its usability in the banking system, it is necessary to construct a model by focusing on relevant indicators of the bank. World practice has shown use models with appropriate strategies and plans, which were created based on many years of management experience.

In this paper, only the basic characteristics of the planning that can be used in the banking system. Regardless of the use value above categories of planning in the banking systems, planning is key to the success of any organization, including the banking system. These two categories of elaborate planning not only in literature, but perhaps still most useful for the banking system. Fully use this kind of planning will have when konstrišu models with appropriate indicators. This is a demanding venture that will be the subject of future research work.

² Stevnović, S., Planiranje u bankarskom sistemu

³ Krystek U., Unternehmungskrisen, Gabler, Wiesbaden, 1987.

⁴ Senić, M., Krizni menadžment, Beograd 1987.

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