

Slovenia

Powerful parent banks and dominant domestic players

Both foreign and domestic banks populate most Slovenian cities and villages, although the presence of domestic banks is more widespread than in many surrounding countries (Chart 1). Foreign banks are nevertheless listed as strong competitors in retail, small and medium-sized enterprise (SME) and large enterprise lending.

As in various other EBRD countries of operations, a lack of bank funding has become more acute during 2007-11. However, according to Chart 2, Slovenian banks still report insufficient credit demand as the main factor holding back lending. The inability of loan officers to assess credit risks was mentioned less frequently in 2011 than in 2007. This reflects that over this period the share of Slovenian banks that successfully used a credit bureau to obtain information on potential borrowers nearly tripled.

Parent banks of foreign-bank subsidiaries in Slovenia follow a relatively hands-on approach when managing these local affiliates (Chart 3). When compared to

the rest of the region, Slovenian banks indicate much more often that their parent bank's influence is important in shaping market and credit risk management as well as corporate governance.

Slovenia witnessed a sharp increase in the share of banks that "agree" or "strongly agree" that direct instructions from the regulator over and beyond published laws and regulations present their bank with a significant burden (Chart 4). Nevertheless, more than half of the banks surveyed agreed with that the banking regulator is fair and impartial and able to enforce its decisions.

Over the last couple of years, specialised lending programmes to support bank lending to micro, small or medium-sized enterprises has become more important for Slovenian banks as a way to attract new customers. In 2011 more than 70 per cent of all Slovenian banks mentioned that they participated in at least one government or IFI lending program, the highest percentage across the EBRD region.

Chart 1 Bank localities by ownership

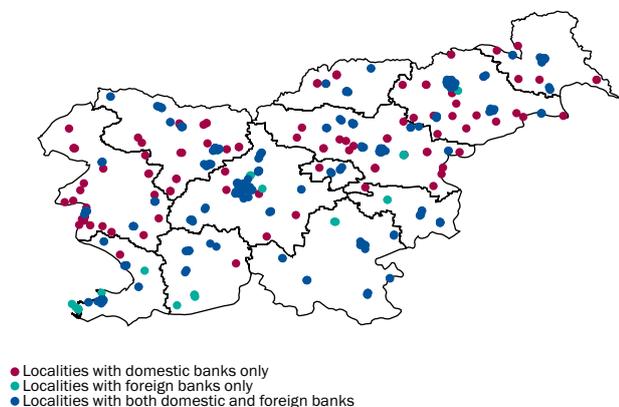
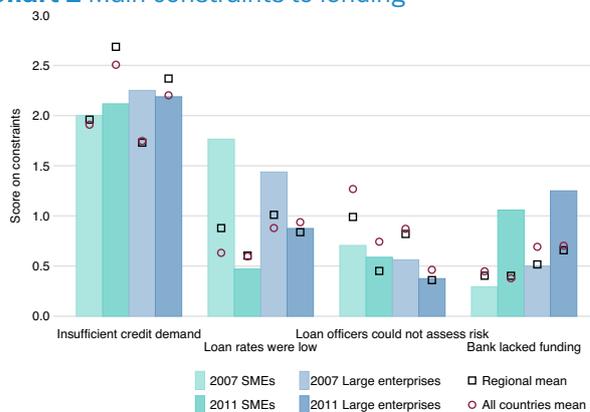


Chart 2 Main constraints to lending*



*The constraint score runs from 0 to 3 with 0 signifying no constraint and 3 signifying the main constraint.

Chart 3 Powerful parent banks**

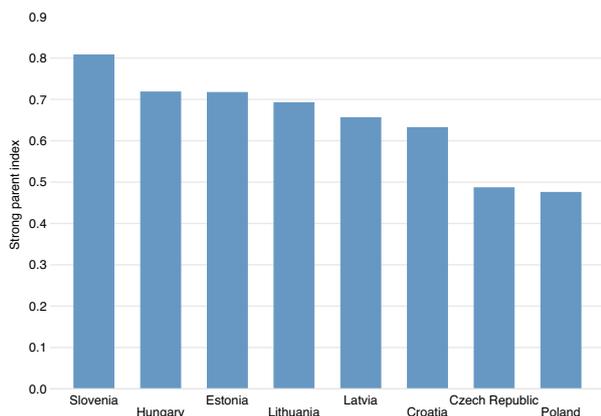
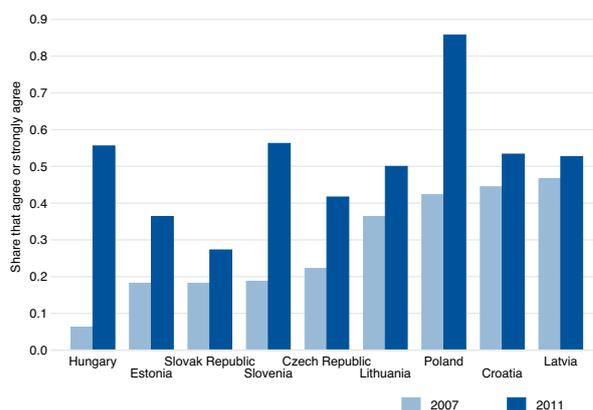


Chart 4 Regulatory instructions: a significant burden



** The strong parent index uses the responses to questions pertaining to parent control, setting of targets and decision-making power.