
**10th International Conference of the
School of Economics and Business**

Book of abstracts and Conference Proceedings

October 14, 2022

Sarajevo, Bosnia and Herzegovina

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FOREWORD

Dear authors, esteemed readers,

It is our great pleasure to introduce the Book of abstracts and Conference proceedings of this year's conference. International Conference of the School of Economics and Business aims to bring together academics as well as practitioners to discuss diverse issues in the fields of economics and business with a focus on transition economies. The purpose of this conference is to disseminate high quality research and to promote scientific information interchange between researchers, developers, students, and practitioners.

The papers presented in this publication represent the cutting-edge research and innovation in our field, and reflect the dedication and hard work of the many talented individuals who contributed to the conference. We strongly believe that the discussions between prominent and experienced researchers at the conference will serve as a solid bases for improving your paper and enriching your further research.

As was the case in earlier ICES conference it is our pleasure to inform conference participants that selected papers presented at this conference will be considered for publication in a special issue of the South East European Journal of Economics and Business published by the School of Economics and Business, Univesity of Sarajevo.

A special thank is addressed to keynote speakers, Vesna Bojicic-Dzelilovic, LSE Global Governance at the London School of Economics and Political Science and Joze P. Damijan, the School of Economics and Business, University of Ljubljana. We are certainly aware that it has taken time and effort to take part in this Conference, and this is much appreciated.

We would like to express our deepest gratitude to all authors and participants for their contributions.

Looking forward to having you on the next conference.

Sarajevo, October 2022

Editors

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EFFICIENCY GAINS FROM MERGERS AND ACQUISITIONS IN THE BANKING SECTOR: EMPIRICAL EVIDENCE FROM CROATIA

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Abstract

This two-stage study's main objective is to evaluate the impact the M&A transactions had on banks' efficiencies in Croatia. In the first stage, the Banker, Charnes and Cooper (BCC) window technique model of Data Envelopment Analysis (DEA) is implemented to assess the relative efficiency of the whole Croatian banking sector in the period from 2011 to 2020. In the second stage, the impact and efficiency gains or losses from a few case studies of merger and acquisition (M&A) transactions that occurred in the observed period in the Croatian banking sector are analysed in more detail. The sample incorporates 20 commercial banks actively operating in the Croatian market in the observed period of ten consecutive years. The BCC output-oriented window DEA model employs two inputs (interest expenses and non-interest expenses) and two output variables (interest revenues and non-interest revenues). The obtained results reveal new insights in the field of M&A and indicate that the observed M&A transactions in Croatia's banking sector have increased merged banks' efficiency. Moreover, the consolidation of the Croatian banking sector has increased the relative efficiency of the whole banking sector except for the last analysed year 2020, which has more to do with the ongoing COVID-19 pandemic than with banks' efficiency. The research field of the impact and effects of M&A in banking is one of the most controversial fields with very inconsistent findings. Such research for a developing South-eastern European country would give new insights and valuable feedback for potential bank investors, bank management, M&A analysts, academic members and regulatory and government bodies. Moreover, another goal of this study is to present the DEA methodology and its dynamic window technique, together with their strengths and limitations and their less known application in the evaluation of banking M&A transactions. This study provides a great scientific contribution since it represents the first study analysing the impact of banks' M&A on bank efficiency in Croatia with the application of DEA in the past decade.

Keywords: DEA, data envelopment analysis, banking sector, bank efficiency, mergers and acquisitions, Croatia, window analysis

JEL classification: G21, G34, N24.