

BOOK REVIEW

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"Banke i bankarstvo – izazovi i trendovi"

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The monograph *Banks and Banking – Challenges and Trends*, authored by a group of contributors and edited by Anita Pavković, PhD, Full Professor, is a fresh and welcome contribution to the study of both the theory and practice of managing commercial banks in an increasingly challenging environment. The book addresses the trends and phenomena impacting banks and the financial sector in a professional yet accessible manner. A distinctive feature of the book is its broad, interdisciplinary approach, presenting perspectives of several authors coming from different walks of life, i.e., university professors, regulators, and financial experts. The book is also interesting because it contains numerous business presentations that illustrate and support the main arguments with practical examples, as well as "food for thought" that encourages deeper thinking about the subject.

Comprising eleven chapters and a total of 333 pages, the monograph begins with a foreword by the

editor-in-chief. The opening chapter, titled *The New Era of Banks and Banking: Trends and Challenges for Management*, also by Pavković, discusses the most important trends and phenomena that have significantly changed the business models of banks in recent decades. The author also highlights the most relevant indicators for analysing banking operations and their interpretation, particularly in terms of contemporary perspectives on profitability and risk. The second chapter, *Legal Framework for the Activities of Credit Institutions in the EU*, by Dario Hlupić Radić, reflects on the methods and objectives of determining regulatory elements in the activities of credit institutions in the EU and Croatia.

The third chapter, *Innovative Principles of Corporate Governance in Banks*, by Bojana Olgić Draženović, PhD, Associate Professor, and Ivan Gržeta, PhD, Assistant Professor, explains the factors and principles of corporate governance, which are constantly evolving and adapting to new challenges, particularly in the banking sector, with particular attention paid to the most recent corporate governance practices, such as the inclusion of ESG reporting, which has become a necessity today. Naturally building on the previous discussion, the fourth chapter, *The Evolution of Market Risk Management – Yesterday, Today, Tomorrow*, by Saša Žiković, PhD, Full Professor, addresses risk management as one of the key areas of corporate governance. The author discusses Basel standards, which provide a framework for market risk management, with a particular emphasis on stress testing as a tool for assessing market risk, which should show future developments in

this segment of banking, especially in light of technological advancements.

The fifth chapter, *Credit Structure of Banks in the EU*, provides a detailed overview of the structure of banks' loan portfolios in both the EU and Croatia, highlighting the importance of credit operations for banks' business results. The authors, Anita Pavković, PhD, Full Professor, and August Cesarec, PhD, focus on emerging challenges that credit policies will soon need to address, such as the use of artificial intelligence, increasing competition, and climate-related risks. In the sixth chapter, *Implementing Sustainability in Business as a Basis for the Synergy of the Corporate and Financial Sectors*, Jasminka Rojko and Ana Keserović—ESG consultants and analysts in controlling—offer valuable practical insight into the challenges posed by sustainable business and finance regulations.

The seventh chapter, *The Impact of Collateralisation of Banking Activities on the Efficiency of the Bank's Business Model: Mechanisms and Consequences*, by Roberto Ercegovac, PhD, Full Professor, explores the increasingly significant role of collateral in banking through the prism of changes towards a more efficient and secure market in the eurozone. The eighth chapter, *Disruptive Innovations as a "Threat" to Banking*, examines the nature of blockchain and cryptocurrencies and their role in the decentralised financial ecosystem. Domagoj Sajter, PhD, Full Professor, provides an accessible and objective insight into these innovative technologies, challenging the often contradictory and controversial perspectives surrounding them, particularly in terms of their impact on banking in the future.

The ninth chapter, *Digital Transformation of Banks*, by Slaven Smojver, PhD, and Martina Drvar, MSc,

provides a detailed analysis of the technological and business drivers behind digital transformation as well as the associated risks, such as cybersecurity, and possible responses to them in the form of adjustments to internal processes and innovations within the company. The tenth chapter, *Implications of the Accounting Model for Financial Instruments on the Bank's Business Model*, by Mirjana Hladika, PhD, Associate Professor, offers a qualitative systematisation of the requirements imposed by accounting standards for the recording and reporting of financial instruments by banks. The final, eleventh chapter, *Internal Auditing in Banks in the 21st Century: Status, Perspectives and Challenges*, by Petra Halar, PhD, and Boris Tušek, PhD, Full Professor, emphasises internal auditing as an important control function of a bank, which is also developing into an indispensable mechanism of corporate management.

Due to its effective combination of challenging content and an accessible writing style, the book is aimed at a very broad spectrum of readers. The modern trends and phenomena in banking are of interest to managers, owners, investors, customers, and the entire professional community. However, as society increasingly acknowledges the importance of financial literacy, this monograph can serve as a valuable resource in financial education. The content of the book can help finance students to prepare adequately for the labour market they are entering, but it also enables financial professionals and regulators to deepen their knowledge of the current challenges in banking and finance. Ultimately, the book offers an excellent foundation for the development and adaptation of training programmes—both in academic settings and beyond.