



SPECIFIC RISK MANAGEMENT ISLAMIC BANKING WITH SPECIAL REFERENCE TO BOSNIA AND HERZEGOVINA

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Abstract

Islamic banking system could be the answer to future economic crisis, and hence deserves a much deeper analysis of its rules and regulations. The research is done with a view to the best way to explain one particular aspect of banking, the Islamic (interest -free) banking. This concept is of great interest, not just for the academia, but to wider public as well, since the principles underlying the Islamic (interest-free) banking bring new guidelines to the banking industry. In that line, this study tackles two issues. Namely, an attention is paid to the specific risk management in Islamic (interest -free) banking, and the influence of the global financial crisis on this type of banking. Generally, the paper tries to explain that with the assistance of the Islamic banking, all major crises can be prevented, thus saving the entire economic system of large losses. In addition, great attention is focused to the Islamic banking sector of Bosnia and Herzegovina, by underlining its development and current position within the complex economic and social conditions of the country.

Key words

Islamic (interest-free) banking; Global financial crisis; Bosnia and Herzegovina

INTRODUCTION

The concept of Islamic banking system is old, while Islamic banking system has been introduced in the last quarter of the twentieth century. Islamic (interest-free) banking is very interesting, because of its different approach to present turbulent economic situation. The main aim of this research is to explain a very complex and interesting part of the contemporary banking system. This study is structured in three sections encompassing the history, main characteristics, and position of Islamic banking in

Bosnia and Herzegovina. This topic enables everyone to observe the opportunities that this type of banking offers to every situation of today's economy.

Generally, the paper tries to explain that with the assistance of the Islamic banking, all major crises can be prevented, thus saving the entire economic system of large losses. In addition, great attention is focused to the Islamic banking sector of Bosnia and Herzegovina, by underlining its development and current position within the complex economic and social conditions of the country.

In October 2000, the Bosnia Bank International (BBI) was established in Sarajevo. Until now, it is the only bank in Bosnia and Herzegovina that operates in accordance to Islamic financial principles. The founders of the bank are Islamic Development Bank 45,46%, Dubai Islamic Bank 27,27% and Abu Dhabi Islamic Bank 27,27%. The domestic Law on banks brought in accordance to conventional banks does not respect the attributes of Islamic interest-free model of functioning. Nevertheless, the existing law frame is not an obstacle for forming Islamic banks. The Bosnia Bank International is mostly based on providing long-term loans for the citizens, in order to finance acquisitions, constructions and adaptations of living objects in Bosnia and Herzegovina.

As BBI is a very small institution with only four branches, so the scope for Islamic finance is very limited in Bosnia and Herzegovina. At present most of the bank's operations are retail, as it provides current accounts with debit cards and cheque books, as well as overdraft facilities of up to two months' salary provided these are paid directly into the client's account. From a Shari'ah perspective overdraft facilities are questionable however, especially if charges are applied that are related to the amount and duration of the overdraft, as this amounts to Riba. However because other banks in Bosnia and Herzegovina provide overdraft facilities, BBI fees obliged to compete by offering the same credit.

EXPOSURE AND RISK MANAGEMENT IN ISLAMIC (INTEREST-FREE) BANKING

Several general factors currently make the work of Islamic banks riskier and therefore, less profitable than conventional banks (Seyed, 2005):

- Insufficient or non-existent money market. Therefore, there needs to be the establishment of an Islamic money market system of liquidity, both domestic and international, for Islamic financial institutions, which should be in accordance with the Sharia;
- Limited availability of access to LOLR *-lender of last resort*. This limitation is associated with the prohibition of the discount rate, a solution to this problem could be found in the work of Islamic banks in a safe money market; and

- Legal uncertainty and limited infrastructure in the market that restrict the availability of hedging instruments. Lack of legal framework can increase operational risk and slow the development of the market.

The risks faced by banks operating under Islamic principles in their operations are numerous: interest rate risk, currency risk, market risk, political risk, the risk that the value of property and goods, etc. In most Islamic banks the current market, and then operational and liquidity risk, while the consumption of credit risk (Iqbal & Mirakhor, 2009).

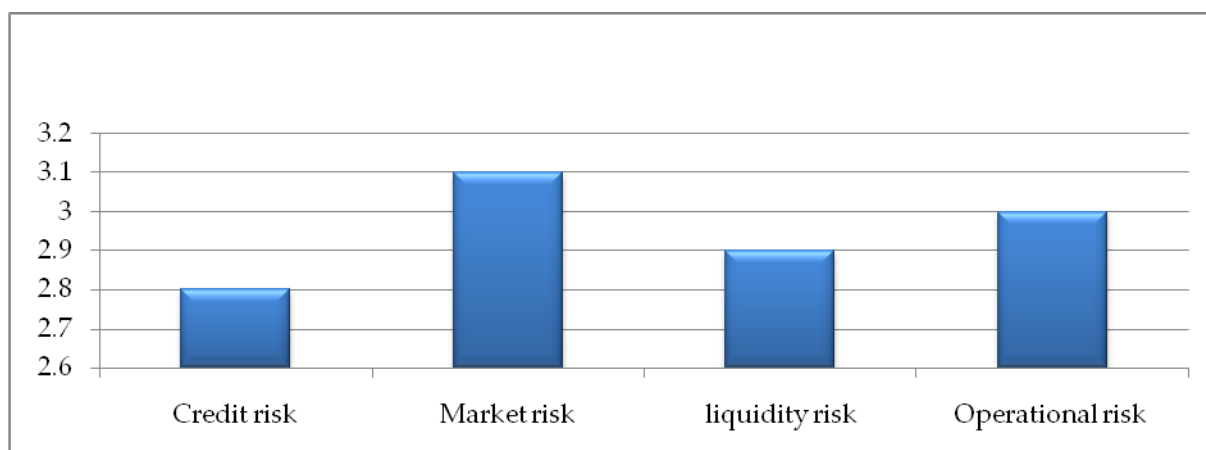


FIGURE 1. AVERAGE SIZE OF THE RISK

Source: Hadžić F. (2009), pp.13

Note: on a scale from 1 to 5, 1-lowest risk, 5-highest risk)

Islamic banks want to as much as possible protect themselves from any risks, in Shaira defined margins. To be in a state of recognizing profitable projects and therefore keeping their clients trust, and to be competitive in the financial market (Iqbal & Mirakhor, 2009). Effective risk management in Islamic banks deserves special attention.

However, there are many complex issues that need to be better understood as Islamic banks face specific risks. There are almost unlimited number of ways of providing funds through the use of a combination of permissible Islamic modes of financing. One can distinguish three basic methods of risk management in Islamic banking (Čočić, 2005):

- First methods that are formally standardized, such as ISDA/IIFM Ta'Hawwut (Hedges) - Master Agreements;
- Second risk management methods that are directly based on the well-recognized methods and rules of Islamic finance; and

- Third methods of using the official, permitted by Shariah, risk management products, which replace conventional risk management products.

On the market, there is a global trend of unification or standardization of product risk management. One example of this is the creation of an Islamic replacement rate of profit, which is an Islamic product that is a response to conventional replacement rates and all the Islamic replacement master contract, which is reflected in the ISDA Master Agreement, which is entirely permissible under Shariah. In September 2006, the ISDA and IIFM signed a Memorandum of Understanding as a basis for the development of contracts for derivative products that are permissible under Shariah. The ISDA/IIFM Ta'Hawwut (Hedging) Master Agreement is created taking into account the requirements of Shariah with IIFM Sharia advisory committee. In general, the market for hedging of any kind for the market of capital transactions to create only a general legal framework including contracts and property law. For example, the legal framework for financial transactions with the coverage and deliverability of the contract in accordance with its terms is crucial for these products. Good enforceability of contracts and insurance transactions is one of the most important issues for these products.

Another type of product risk management is based on the use of eminent Islamic contracts and financial instruments. Within this group, there are strategies that are no doubt fully compliant with Sharia, while others may be criticized as a mere repetition of conventional products. For example, the standard Murabaha and Salam contracts can be efficiently used for the construction of Islamic hedging instruments without using any conventional products. On the other hand, replication, for example forward, call options, and even put option may seem questionable to many scientists. The same applies to futures contracts, which can be done in different ways permissible under Shariah. This problem is even more different in the case of products such as total return swaps based on Wa'du, which has gained popularity in the global Islamic finance in the last two years. While various scholars consider such transactions are acceptable under Shariah (even if these products enable Islamic investors to benefit from a clearly non-Islamic investment), their use can lead to very undesirable risk reputation, especially among Islamic banking. One may find a variety of arguments against such a "technological transformation under Shariah" for example, introducing the concept of "Sadd al-Dhara" legitimate means to block such transactions.

In addition, there is definitely a difference between using Libor as a benchmark for pricing, and the use of Shariah unhallowed assets as provisions for a refund (Hadžić, 2005). Upon these, the total yield of the swap, the investor actually indirectly participates in Shariah unhallowed investment, and the money that has been paid will surely be used to finance other investments. Attempts to withdraw the legal analogy ("qiyas") between the use Libor as a benchmark for pricing and use of



Shariah unhallowed assets as provisions for refund may be considered inaccurate and misleading. From this perspective, there is no need to use Sadd al-Dhara' since these transactions can be immediately banned. There are other Islamic hedge products, but which are close to being already standardized, such as currency swaps based on Murabaha or qard contracts. Moreover, the Islamic standard contracts may become more popular in future, such as deferred diversification product price, salam contract based on values, mudaraba-based loan, mudaraba (or Musharaka) and delayed sales, as well as methods such as the appointment of debt collectors, the creation of quasi-debt, the use of associated hedge mechanisms or bilateral mutual adjustment.

It should be noted that the current trend in the development of Islamic products that try to replicate conventional financial products, but it may not be the way that Islamic banks will necessarily follow. Even the ethical and religious principles and considerations, it should be borne in mind that Islamic instruments that try to imitate conventional, but under additional restrictions Shari'ah, tends to be less effective than the "original". In fact, one can hardly expect that imitation products under some additional restrictions may be as effective as many Islamic reps can come with increased transaction costs. This trend makes Islamic financial institutions followers dominant conventional financial institutions (Ibreljić, 2009). While this is clearly understandable, considering the direct competition, the Islamic institutions are faced with striking differences in the size of market. If Islamic banks became more attractive for global and non-Islamic investors that would also make the Islamic products more attractive, and they would include them into their portfolios. Even more because the products are very innovative and very rarely correlated with other conventional financial instruments. It certainly can be done with the help of product development strategy, which is based on existing, and create products that comply with Islamic modes of financing. Yet, the Islamic products bear investment risks, which need to be undertaken by those who are willing to take such risks and decide to invest in them.

THE GLOBAL FINANCIAL CRISIS WITH A FOCUS ON THE ISLAMIC (INTEREST-FREE) BANKING

The global financial crisis started in the US by cracking the US housing market, which has been financed by the "second-rate loans". These were loans that banks granted to the loan risky, and later proved to be incompetent and creditworthy customers. Banks, on the one hand, the financial instruments and models, generated a huge surplus of money that they wanted to invest in the form of loans and thus more money. It is known that long-term debt, at that time a normal interest rate, the loans pays the bank interest in the value of loans taken. This would mean that the

loan is repaid by the interest in the value of two houses - one for himself and one for the bank. Following this logic, the banking business, the banks, for the lack of "quality" loans, granted loans to everyone expecting to achieve the planned profit. In the case of not being able to get the money from the loans, the bank would be able to collect the revenue from the sale of real estate - mortgages. Citizens were taking loans, and in case of inability to repay a loan, they would leave the house or the apartment to the bank.

They practically assumed that the value of real estate would continue to grow, and that their subsequent sale would make them big profits. It all worked well until the moment when the interest rates began to rise, real estate prices fall and new debtors long loans time came to repay the debts. Then it turned out that a large number of the debtors were unable to repay the loans. This has led to falling real estate prices, as well as refraining further customers from buying in anticipation of their further decline. These are just few examples and causes of the global crisis that is shaking the modern world. It is clear that the crisis did not occur only in the economic and material but also moral or ethical sphere of economic behaviour of modern man. Moreover, when we analyze the causes of the crisis, it is becoming clear that the Western experts have done everything contrary to what the Islamic economy, the Islamic banking and the Islamic financial system predicts and promotes.

The Islamic economy is, in essence, different from the Western economic system and prohibits any form of interest and monopolies, fraud and deceit, injustice and nipping, unnecessary risking and gambling, and the sale of debt, except under special conditions, etc. (Usmani, 2005). The economic system in Islam, first of all, is based on justice, mutual assistance and humanism. West draws a clear line between economics and justice, while the Islam is the basis of the economy. In the production, it prohibits the production of something that is harmful to humans, their lives and health. In consumption, without which no economy can survive, Muslims do not consume anything that is harmful for them or exaggerate in consumption of the allowed things. In this line, the CEO of Albaraka Banking Group, Mr. Adnan Ahmed Yousif said, that Islamic banks do not rely on bonds or stocks, and are not included either in the buying and selling of debt, unlike most conventional European and US banks. Buying and selling debt is prohibited under Sharia and Islamic law. The Islamic banks are therefore safe from the effects of the global financial crisis (Hadžić, 2009).

The success of Islamic banking will lead to serious consideration of Islamic economy, which continues to implement a number of achievements, as an alternative to the current global economic system. The managing director and board member of the Arab financial houses, Dr. Fouad Nadim Matraji explained that Islamic banks are not significantly affected by the mortgage crisis on the international financial markets and that they are largely immune against such crisis owing to inherent factors within



Islamic banking. The most important of these factors is the ban on trading debt, taking precautions against money laundering, as well as official and technical constraints underpinning the bank's operations. Dr. Matraji explained that Islamic banks have several alternatives to conventional banking products, such as Murabaha and the like, which show that the Islamic banking system can be an alternative to conventional Banking. Matraji added that Islamic banking is characterized by commitment, integrity and distancing from risky projects. He stated "the global financial crisis may affect only the profits of Islamic banks, but not the capital, which is protected by the Islamic banking".

Five years ago, when the economic crisis was the biggest swing, speculated that the world a financial centres change addresses, to a growth economy, east inevitably lead to disorders positions existing centres and establish new ones, and that the necessary economic adjustments at the international level. At the invitation of many financial experts certain corrections were already underway, and in the future they will lead to the structuring of the new financial architecture that will change the next financial ratio of power to bring about changes that will take the world from the process of globalization in the process of regionalization, where we would go from deregulation into a period of high regulation.

All this leads us to the principles of Islamic banking, in which many financial authorities see potential cure for the global crisis. Islamic banking encourages the movement of money through the economy, such as the blood circulates through the body. When the blood stops, there is a clotting and heart attacks and strokes, as well as money when it comes to fit the financial impact.

Today, in addition to Islamic countries, at universities in Australia, Canada and the US studies, Islamic economics, banking and finance. Therefore, one should believe that the development of an ethical approach to economics and Islamic banking act as a stabilizing, but also as a preventive factor in the development of new global financial crisis. In Jakarta was held the "Islamic economic summit meeting". Representatives from 36 countries expressed their support for the expansion of the Islamic financial and banking system globally. Indonesian President Susilo Bambang Yudhoyono has asked even the formation of a kind of financial centre in which to concentrate business "Islamic banks" - as a counterweight to the capitalist New York. As an argument in support of its request to the President of Indonesia, said that Islamic banks are not affected by the current global crisis" because they have not invested the money in risky western financial products". The Islamic banking system is gaining increasing popularity among the population. Michael Saleh Gassner is a renowned expert on Islamic banking system, which raises the question: "Can it be that the financial crisis could be avoided by Islamic banking?" (Hadžić, 2009).

It is certainly to believe that it is possible, if we consider all the rules that apply. One of the most important rules is the prohibition of interest. If for example, you take German or US government debt, these are debts that a year has been rising steadily. The second rule is that it is allowed to take a loan and therefore may require money, that kind of profit. But it must be a business that is based on the real laws of the market economy. That is, it is necessary to analyze in detail the work that is based on the real laws of the market economy.

ISLAMIC BANKING IN BOSNIA AND HERZEGOVINA

In domestic terms, when the entire banking sector is based on the conventional banking system, an alternative way of doing business is a challenge but also a pretty tough job. This particular in aspect of the domestic legal and economic system that does not respects the specifics of the Islamic interest-free business model. The existing legal framework is not a constraint for the establishment and operation of Islamic banks, but it is for their business expansion. The Islamic financial system is not new in Bosnia and Herzegovina. It is not mentioned a few years back since the establishment of BBI (Bosnia International Bank), but dates from the time of processing the current and universal economic issues in the spirit of Islam, and writings from remarkable individuals, which coincides with vesicle contemporary Islamic 70s and early 80s.

Bosnia and Herzegovina is going through a period called transition from social-planned economy to a market, or an open economy. The results of such a transition are already visible in the 'field'. Most of the former state-owned companies were privatized and ownership once social collectives and workers, is now in private hands. This proprietary conversion is many of our fellow citizens or unclear or even abstract, so there is no wonder that many of us cannot cope in the new system. Transformation of social to private ownership is certainly highly desirable in many of its fields because it establishes a system of values that would be in his theory should be based on work, personal commitment, entrepreneurship and in essence inalienable private property system and institutions and the rule of law in charge of the protection of individual and collective rights.

At the same time, the market economy and social order that brings with it many problems because they give unscrupulous individuals the area, and even in some cases, the institutions that are hidden and used the system to achieve purely personal narrow interests at the expense of others. Western institutions of the market economy beat everyday battle to preserve and protect the rights of vulnerable single person. Bosnians used to the social benefits of the former system is sometimes difficult to cope in the new competition. With the post-war destroyed the economy, lost markets, vulnerable social infrastructure i.e. pension, social and other institutions, the transition from a controlled system of "organized chaos", it seems,



favours the minority. Since B&H enjoys a strong tradition of social system which lacked the dimension of market economic principles that foster the practice of meritocracy and the merit of the work, the principle that just based on these two bases seems like a system that is designed around the needs of the Bosnian.

So, open market economy with a strong social dimension and the balance between these two complementary aspects of the very thing on which rests the economic system, and that requires an Islamic economic order. It is a synthesis of the personal and the collective, which is skilfully interwoven in all fields of business and labour, because, after all, talking about Islam as a way of life, that faith in which the individual himself regulator. In such a system, Islamic banking takes a key and vital role as a catalyst of such order. The Islamic bank, like BBI, significantly and substantially different from their conventional competitors, not only in the aspect of the prohibition of the interest, but also the dimension of support and funding projects that have wider benefits and long-term basis, which promotes economic and social stability of society

The Islamic economy and banking is based on the principle of sharing risk and funding projects that have behind only the specific activity (asset -backed finance) and do not allow the abuse of a strong financial position of the bank or any other entity.

Banking business according to the Islamic principles – the example of BBI

BBI was founded on 19th of October 2000, as the first bank in Europe operating on the principles of Islamic banking. Share capital of BBI was 24,29 million EUR, which then constituted the largest paid-in capital, compared to other banks in the country. With this capital, the BBI was ready to support the reconstruction and further development of Bosnia and Herzegovina. The founders (BBI shareholders) are from rich Gulf countries and are among the world's strongest financial institutions. The funds of over 22 billion USD stand behind all of business activities. BBI received in 13 March 2002 a deposit insurance license in November of the same year. The primary task of BBI is to financially support and monitor their clients, legal and natural persons. It also offers a number of services to its clients, and one of the most interesting is the way in which clients can have savings at the respective banks.

Bellow one may find the clarification of different types of savings accounts, which the bank offers, in order to give a better insight into the aspect of their business: (Klepici, 2009):

- *Savings and investment deposits - a vista account.* This is a savings of which the owner has the funds available within the available amount entered in the passbook. This savings is not intended for investment, and therefore is not

intended to generate a profit. However, given that the bank these funds typically used for short-term investment, it has the approval of the Shari'ah Board to reward the owners of these accounts stimulating prize.

- *Annuity "Wakala" savings.* It is a savings account with a defined amount and term period . Calculation and payment of profits is done monthly on a vista account. The client can increase the monthly deposit amount.
- *Open "Wakala" savings.* Open Wakala savings account with a specified minimum period, and the minimum deposit amount. Calculation and payment of the profit is made quarterly on a vista account. The owner is free to invest and raise funds, if not below the stated minimum for this product.
- *Children "Wakala" savings.* It is a savings account with a specified minimum period and a minimum deposit amount. The calculation yields is done monthly, and the payoff at maturity on vista account. The owner may increase the monthly deposit amount.
- *Hajj "Wakala" savings.* Hajj Wakala savings deposit savings deposit with a defined amount and term . The calculation yields is done monthly, and the payoff at maturity *avista* account. The owner may increase the monthly deposit amount

Business insight BBI-financial statements

TABLE 1. BALANCE SHEET

	2011	2010
Assets		
Cash and balances with other banks	122,049	75,388
Cash and balances with other banks in Central bank of B&H	39,984	45,849
Placements with other banks	77,012	121,426
Financial assets available for sale	111,481	111,481
Financial assets available at fair value through gains or losses	770,585	952,475
Finance of clients	394,109	341,526
Payments on account of income tax	80,188	299,237
Other assets	4,958	1269,314
Other assets and equipment	18,762	16,722
Intangible assets	557,403	224,917
Total assets	337,121	308,747
Obligations		
Obligations with other banks	69,016	57,782
Obligations with clients	453,223	437,512
Borrowing	25,957	1572,463
Other obligations	6,458	5,124
Commission on the basis of commitments and other charges	3,888	5,124
Total obligations	10,919	507,115
Equity	97,905	97,905
Equity principal	792,099	792,099
Mandatory reserve	2,101	1,966
Accumulated gains and losses	100,798	96,732
Total obligations and capital	659,341	603,847

Source: Klepic, 2009: 33



In order better to understand the business of the BBI by the principles of Islamic economy and banking, Table 1 presents the financial statements of the business of BBI in 2011. All amounts are expressed in 000 Euro. As one may see from Table 1, the BBI has constant growth and improvement in its operations. Assets of BBI, within one year increased by nearly 30,000 KM, which represents an increase of assets by about 8%. The unstable political and economic conditions, in what is currently in our country, this is a significant achievement. A dramatic increase in the position of "borrowing", which may indicate the need for banks for additional funds during that year. Unlike since 2010, we can notice that in the 2011 that BBI bank operated with profit, which represents an excellent financial result, especially when one considers the fact that the Bank operates under Islamic principles.

TABLE 2. INCOME STATEMENT BALANCE

	2011	2010
Murabaha, Wakala Musharaka, Ijara	33,579	30,037
Costs to customers and banks by Wakala	13,391	11,889
Net investment income and investments	20,188	18,148
Net costs and commissions	717,779	9,806
Net income after provisions and costs	19,469	8,341
Income from fees and commissions	9,757	10,413
Costs from fees and commissions	1781,734	1439,469
Net financial income	428,320	289,458
Other operative incomes	314,884	8,353
Staff costs	14,315	12,406
Amortization	1865,833	1646,784
Other operative costs	8,072	11,833
Off receivables and accounts	678,663	756,895
Profit before tax	4,528	829,259
Tax	461,569	13,691
Net profit for the year	4,066	13,691
Earnings per share (EURO)	6,845	1,369

Source: Klepic, 2009: 34

Income Statement BBI best shows progress in business between the two accounting periods. Profits are, in almost every aspect, and enable increased bank managers further progress in the business. The attached income statement, it can be concluded that the bank in 2011 the more carefully placed their investments, as evidenced by a slight increase in profit on the basis of these investments. Due to the expansion of its business and the opening of new branches, increased staff costs. However, one can notice more efficient receivables management banks, since write-offs decreased in the 2011, compared to the same period 2010. Net profit in 2011 was significantly higher compared to 2010, and the best indicator of success and progress in the operations of BBI is to increase earnings per share in the same period of 2010.

CONCLUSION

It can be concluded that today the economy exists primarily thanks to government intervention and incentives in various economic spheres. One can say that artificially trying to keep the apparent stability and prosperity, which means it is only a matter of time before they again come to a complete collapse of all economic institutions.

The issue of Islamic (interest-free) banking provokes attention all the leading experts in the field of economics, but also the media attention because of its unique approach to economic problems. Through this study, one may see that the future of this concept of banking has been extremely positive, and that will surely be followed by further growth and progress throughout the world. While every economic system has its faults, it seems that the economic system that respects the Islamic principles and regulations has the best response to the current developments in the economy. Hence, one may conclude that the Islamic (interest-free) banking is rather new form of banking for most people.

Its development began in mid-1960s of the last century, but we can notice that this development is still in progress. The development and progress of Islamic (interest-free) banking is inevitable, but there are still some obstacles to its spread. The fact that goes in favour of conventional banking is that many people are not ready to make the transition to Islamic (interest-free) banking, and therefore Islamic finance.

This may be due to fear of moving to a completely new system of values, but also because of the loss of certain conditions that they face in today's economy. The interest of the majority of individuals required to generate large profits, regardless of its origin and mode of acquisition and earnings. Therefore, we can conclude that in today's world there is a lack of desire to move towards Islamic banking by the richest and most powerful men. We believe that, because of all the positive characteristics, Islamic banking would bring (to the world, as well as in Bosnia and Herzegovina), a certain amount of stability and prosperity in all economic fields.

The economic experts have yet to determine what the actual positive impact has the Islamic banking, should be accepted as a primary aspect of performing banking operations. It can safely be argued that many of the world economy had a huge improvement, and that economic power would no longer be in the hands of a few individuals. However, Islamic banking has a fairly complex structure of financing and financial instruments. Although, in essence, all models of funding and financial instruments are similar to those of traditional banking, they still represent a specific brake further development of this form of banking.

One of the main advantages of the Islamic (interest-free) banking is concerning its position in the global financial crisis and risk management in the daily operations. As we may notice, the risk management in the Islamic banking industry is very developed, and is a major advantage compared to the conventional type of banking.



Thanks to its methods in risk management, Islamic (interest-free) banking is almost intact emerged from the global financial crisis that hit the world 2008. In addition, one may conclude that the main cause of the global financial crisis, credit risk management in Islamic banking plays a very small role concerning the conditions of doing business. Obviously, this is primarily related to interest in Islamic banking in its distinctive shape, which does not exist.

Besides all the advantages of this form of banking and financial system, it should be noted that there are still some shortcomings that make the Islamic banking and finance extremely vulnerable. This primarily refers to the underdeveloped financial instruments, and the problems of business management. Evidently, these shortcomings must be taken with some reservations, since the Islamic banks and financial institutions still do not have the approximate effect as conventional banks.

Moreover, banks operating under the Islamic principles still do not have the necessary support from the governing bodies in most countries. If these shortcomings are repaired and Islamic banking continues its journey towards continuous improvement, one could witness a completely new economic environment. Such conditions would create environment which will not have the main goal to create huge profits, but to take into account the moral and ethical correctness of all economic decisions.

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