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**ISLAMIC BANKING ACTIVITIES IN ATTRACTING AND
SUPPORTING INVESTMENTS: THE CASE OF SARAJEVO
BUSINESS FORUM**

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U skladu sa članom 54. Pravila studiranja za I, II ciklus studija, integrisani, stručni i specijalistički studij na Univerzitetu u Sarajevu, daje se

IZJAVA O AUTENTIČNOSTI RADA

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ISLAMIC BANKING ACTIVITIES IN ATTRACTING AND SUPPORTING INVESTMENTS: THE CASE OF SARAJEVO BUSINESS FORUM

pod mentorstvom **Prof. dr. Azre Zaimović** izradio samostalno i da se zasniva na rezultatima mog vlastitog istraživanja. Rad ne sadrži prethodno objavljene ili neobjavljene materijale drugih autora, osim onih koji su priznati navođenjem literature i drugih izvora informacija uključujući i alate umjetne inteligencije.

Ovom izjavom potvrđujem da sam za potrebe arhiviranja predao elektronsku verziju rada koja je istovjetna štampanoj verziji završnog rada.

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ABSTRACT

Bosnia and Herzegovina is a society and economy in transition and has been very dependent on its trade and business ties with European countries. Following the World financial crisis in 2008 and 2009, investments from the Western countries to B&H dropped significantly. Research has shown that activities of Bosna Bank International, the first and only Islamic bank in the country, improved the business climate and helped both domestic and foreign investments through its activities, specially organizing the Sarajevo Business Forum, an annual, international investment and business conference, in order to diversify the sources of foreign direct investments to the country.

This study aims to determine how Islamic banking activities help and support domestic and foreign investments. The study analyses the feedback of the Sarajevo Business Forum event participants and evaluates the positive and negative effects of the event organized by BBI since 2010 in Sarajevo, capital of B&H. Based on a review of the literature on investments and economy, an online survey was distributed to the SBF event participants. The respondents were divided in two groups: domestic/international participants and press & media participants. Analysis of the respondents' answers, as well as other available data demonstrated how the activities of an Islamic bank in a country can and does help and support both domestic and foreign investment activities. The research focused on the first ten editions of the conference.

Theoretical research was conducted in order to provide a theoretical background and literature review. Empirical data was collected through a case study on the Sarajevo Business Forum (SBF), annual international investment and business conference explored how the presence of an Islamic bank, whose main shareholders are foreign Islamic banks, and its activities, namely the Sarajevo Business Forum influenced investments in a transition economy, that is B&H.

The questionnaire questions focused on the experiences of the investors at SBF, whether networking opportunities and other activities helped them secure support for the realization of their investment. Data collected was further analysed using statistical methods, including descriptive and inferential statistics, determining the profile of the respondents, the characteristics of their investment and the respondents' experiences with SBF and Islamic banking overall.

Semi-structured interviews were conducted with identified SBF success stories, that is to say with investors who claimed to have successfully invested as a result of their participation at SBF, or project owners who received investments due to BBI and SBF activities, allowing us greater insights and understanding.

This study fulfils the academic gap in the field of impact of Islamic banking in attracting investments, implying its overall positive contribution to economic growth and development. The results are transferable to any other transition economy sharing similar

characteristics who has or wishes to introduce Islamic banking as a tool for increasing domestic and foreign investments.

The results indicate that activities of an Islamic bank can contribute to additional investments and that Islamic banks can be generators of additional investments in their countries, as in the case of the Sarajevo Business Forum. On this basis it is recommended that other Islamic banks worldwide also look into various business and investment potentials of their countries and partner up with both public and private sector in order to help attract and foster investment activities and support sustainable development of their communities.

Potential limitations of this research thesis include lack of responses from many participants and their willingness to disclose their business insights and details on their investments. New circumstances, such as the worldwide Covid-19 pandemic (2020-2022) and the Russia-Ukraine war (2022-), immensely impacted the global economic movements and activities in all economies and therefore influenced the potential positive effects of the SBF events and the results of this research. Future work could focus on investigating the other similar cases of other Islamic banks, analysis and comparison to this research paper.

Keywords: *Islamic banking, Investments, Attracting Investments, Presenting Investments, Foreign Direct Investments (FDI's), Bosnia and Herzegovina, Western Balkans, Bosna Bank International, Sarajevo Business Forum*

SAŽETAK

Bosna i Hercegovina je društvo i ekonomija u tranziciji koja veoma ovisi o svojim trgovinskim i poslovnim vezama sa evropskim zemljama. Nakon svjetske finansijske krize 2008. i 2009. godine, ulaganja iz zapadnih zemalja u BiH su značajno opala. Istraživanja su pokazala da je djelovanje Bosna Bank International, prve i jedine banke koja posluje u skladu sa islamskim principima u državi, unaprijedilo poslovnu klimu i da je svojim aktivnostima pomogla domaćim i stranim ulaganjima, posebno organizirajući Sarajevo Business Forum, godišnju međunarodnu investicijsko-poslovnu konferenciju, s ciljem diversifikacije izvora stranih direktnih investicija u zemlji.

Ovaj rad ima za cilj utvrditi kako aktivnosti islamskog bankarstva pomažu i podržavaju domaća i inostrana ulaganja. Istraživanje analizira povratne informacije učesnika Sarajevo Business Forumu i ocjenjuje pozitivne i negativne efekte događaja kojeg BBI organizuje od 2010. godine u Sarajevu, glavnom gradu BiH. Na osnovu pregleda literature o investicijama i ekonomiji, učesnicima SBF-a je dostavljena online anketa / upitnik. Ispitanici su podijeljeni u dvije grupe: na domaće/međunarodne učesnike i učesnike – predstavnike medija. Analiza odgovora ispitanika, kao i drugih dostupnih podataka, pokazala je kako djelovanje islamske banke u jednoj zemlji pomaže i podržava kako domaće, tako i strane investicione aktivnosti. Istraživanje se fokusiralo na prvih deset izdanja konferencije.

Provedeno je teorijsko istraživanje u cilju pružanja teorijske osnove i pregleda literature. Empirijski podaci prikupljeni su kroz studiju slučaja o Sarajevo Business Forumu (SBF), godišnjoj međunarodnoj investicionoj i poslovnoj konferenciji, koja je istraživala kako je prisustvo islamske banke, čiji su glavni dioničari inostrane islamske banke, i njene aktivnosti, odnosno Sarajevo Business Forum, utjecalo na ulaganja u tranzicijsku ekonomiju i privredu kakva je BiH.

Pitanja iz ankete / upitnika fokusirala su se na iskustva investitora na SBF-u, da li su im mogućnosti umrežavanja i druge aktivnosti pomogle da osiguraju podršku za realizaciju njihovih ulaganja. Prikupljeni podaci su dalje analizirani pomoću statističkih metoda, uključujući deskriptivnu i inferencijalnu statistiku, utvrđujući profil ispitanika, karakteristike njihovog ulaganja i iskustva ispitanika sa SBF-om i islamskim bankarstvom u cjelini.

Polustrukturirani intervjui su obavljeni sa identificiranim uspješnim pričama SBF-a, odnosno sa investitorima koji su tvrdili da su uspješno investirali kao rezultat svog učešća na SBF-u, ili sa vlasnicima projekata koji su obezbjedili investicije zbog aktivnosti BBI i SBF-a, a što nam je omogućilo bolji uvid i razumijevanje.

Ovo istraživanje popunjava akademski jaz u oblasti uticaja islamskog bankarstva na privlačenje investicija, što implicira njegov ukupni pozitivan doprinos ekonomskom rastu i razvoju. Rezultati su prenosivi na bilo koju drugu tranzicijsku ekonomiju sa sličnim

karakteristikama koja ima ili želi da uvede islamsko bankarstvo kao alat za povećanje domaćih i stranih investicija.

Rezultati pokazuju da aktivnosti islamske banke mogu doprinijeti dodatnim investicijama i da islamske banke mogu biti pokretači dodatnih investicija u svojim zemljama, kao što je slučaj sa Sarajevo Business Forumom. Na osnovu toga preporučuje se da i druge islamske banke širom svijeta sagledaju različite poslovne i investicione potencijale svojih zemalja i da se udruže sa javnim i privatnim sektorom kako bi pomogle privlačenje i poticanje investicijskih aktivnosti i podržale održivi razvoj svojih zajednica.

Potencijalna ograničenja ove istraživačke teze uključuju nedostatak odgovora mnogih učesnika i njihovu spremnost da otkriju svoje poslovne podatke i detalje o svojim ulaganjima. Nove okolnosti, kao što su svjetska pandemija Covid-19 (2020-2022) i rat Rusije i Ukrajine (2022-), uvelike su utjecale na globalna ekonomska kretanja i aktivnosti u svim ekonomijama, te su stoga uticale i na potencijalne pozitivne efekte SBF-a i same rezultate ovog istraživanja. Budući rad bi se mogao fokusirati na istraživanje drugih sličnih slučajeva drugih islamskih banaka, analizu i poređenje sa ovim istraživačkim radom.

Ključne riječi: *Islamsko bankarstvo, Investicije, Privlačenje investicija, Promocija investicija, Direktna strana ulaganja (SDI), Bosna i Hercegovina, Zapadni Balkan, Bosna Bank International, Sarajevo Business Forum*

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LIST OF ABBREVIATIONS

ADIB – Dubai Islamic Bank

B&H – Bosnia and Herzegovina

B2B – Business to business

BAM – Bosnian Mark (*official currency in Bosnia and Herzegovina*)

BBi – Bosna Bank International

CBBH – Central Bank of Bosnia and Herzegovina

CSR – Corporate social responsibility

DIB – Dubai Islamic Bank

ESG – Environmental, Social, Governance principles

EU – European Union

EUR – Euro (*official currency in the European Union*)

FDI – Foreign Direct Investment

FIC – Foreign Investors Council

FIPA – Foreign Investments Promotion Agency

G2B – Government to business

G2G – Government to government

GCC – Gulf Cooperation Council

ICD – Investment Corporation of Dubai

IsDB – Islamic Development Bank Group

OECD – Organization for Economic Cooperation and Development

OIC – Organization of Islamic Cooperation

PPP – Public-Private-Partnership

SBF – Sarajevo Business Forum

SDG - Sustainable Development Goals

SEE – South East Europe

SHF – Sarajevo Halal Fair

SIDA – Swedish International Development Cooperation Agency

UAE – United Arab Emirates

UNCTAD – United Nations Conference on Trade and Development

UNDP – United Nations Development Programme

UNWTO – United Nations World Tourism Organization

USAID – U.S. Agency for International Development

WB – Western Balkans

WTO – World Trade Organization

1. INTRODUCTION

Countries with transition economies are often in the process of emerging out of closed economy markets and are, therefore, in need of great assistance to initiate development. The process of entering into global markets can often be prolonged and difficult. Subsequently, these economies can benefit from multiple processes and alternative methods which generally spur economic development. This includes heightened investments in various fields which help push economic growth. Investments in general have proved to be beneficial in global economic growth, hence more research is pointing towards their benefits on a country's economic development (Ilgun and Coskun, 2009).

This holds true for both domestic and foreign direct investments (FDI). Domestic investments have shown to usually provide more job opportunities in their home country than FDIs, although FDIs often create higher-paying jobs that require greater skills. Additionally, FDIs often contribute to an increase in managerial, technological or marketing practices, more so than domestic investments. Nonetheless, FDIs often enhance already existing benefits which are initially generated by domestic investments (Fruman, 2016). Therefore, it is clear that developing economies need to focus on increasing both domestic and foreign investment to help maximize their impact on economic growth.

In the process of attracting investments, banks play a crucial role. As financial mediators on the financial market (Ilgun and Coksun, 2009), banks help facilitate investments and their reputation on the market instils confidence among potential investors. In the case of FDIs, this is particularly true for foreign banks which often bring foreign investors with them (Claessens, 2013). For example, a foreign bank from country X is likely to have an established reputation in its home country. Once it opens offices in another country, country Y, it is likely to bring investors from country X to country Y, who otherwise would not have invested in country Y without the presence of the bank through whom the investor will conduct business. As a foreign investor, you are likely to have more confidence in banks you recognize as oppose to those you have never heard of (Ilgun and Coskun, 2009).

It then stands to reason that foreign Islamic banks attract investors who are seeking *Shari'ah* compliant alternatives. Oftentimes, there are investors from wealthy, Muslim-dominant countries such as those from the Middle East or the Gulf Cooperation Council (GCC). Over the last few years, the rise of Islamic finance and banking has helped increase the number of foreign investments from Muslim-dominant countries to European ones.

Aside from the establishment of Islamic banks in European countries, many European banks have also begun offering Islamic banking products or *Shari'ah* compliant options in order to attract Muslim foreign investments (Wilson, 2007) or those from the GCC in general.

This paper aims to conduct research within this problem domain, to consider how the presence and activities of Islamic banking attract and support investments to a country with a transition economy.

Therefore, the title of this paper reads:

*Islamic banking activities in attracting and supporting investments:
The case of Sarajevo Business Forum.*

1.1. Theoretical Background

According to Kjetil Bjorvatn, Hans Jarle Kind and Hildegunn Kyvik Nordås (2002) growth in foreign direct investment (FDI) is perhaps the clearest sign of globalization in the past several decades, while it is also potential for economic growth and development. Within the aspect of investment, Islamic banking has been triggering the interest of people and investors. Researchers have been exploring the impact Islamic Banking for a very respective period so far – in particular after the global financial crisis in 2008.

In this context, Islamic Banking has proved to attract investment and foster economic growth within different economies. Empirical research conducted in Qatar has shown significant impact of Islamic banking (Tabash, M., 2014). To be more precise, the presence of Islamic banking has led to the growth of the economy, which led to the growth of the real sector economy. Tabash (2014) has also proved the causality between Islamic banking financings to investment and FDI of Qatar, which might trigger further interest in exploring other cases as and questions as well. As it will be presented in the literature review, there is similar evidence of the impact of Islamic banking onto attracting investment in other countries like Ukraine (Stolka, 2020).

There is an ever-growing impact of Islamic finance in the global financial market, which is why it should be more studied. The concept of Islam seems to be still unclear in the global understanding of Islam and the Shari'a. Islam as a concept fosters human beings to study, to work and provide efficiently for material needs.

Much about the role the human being as a guardian of the planet has been written by Muslim scholars like Ibn Khaldun, Muhammed Al Ghazali and other. Vast literature exists in the sphere of trade and inter-human relationships. As such, the very concept of Islamic banking and finance fosters efficient, inclusive and effective use of financial instruments. For this reason, there is a huge role that Islamic banks could play in the process of economic development, which is elaborated more in the coming chapters.

To mention one example, a study published by McKinsey & Company argued that there is a global gap that is needed to contribute to sustainable development (Ahmed, H., November 2017). With regard to the role of banks in general, the next section provides the

rationale for the need of studies relating to Islamic banks in the sphere of investment and development.

For all of these factors mentioned, there is an apparent gap in the study of the impact of Islamic banking onto attracting investment. This research concentrates on Bosnia and Herzegovina, which is elaborated on in the next session.

1.2. Problem definition

The countries of Southeast Europe (SEE) have gone through significant economic transitions since the collapse of the former Yugoslavia. Most are still classified as transition economies which are in great need of economic development to improve their overall condition. This includes Bosnia and Herzegovina (B&H), whose tumultuous history of war and aggression between 1992-1995, and subsequently corruption, have additionally contributed to its weakened economic position. In the mid-2000s, the country's economy began to stabilize, and economic reforms enhanced macroeconomic stability. This allowed for the influx of capital inflows, being the main source of FDI in the country. Hence, investments seem to be one of the main factors of the Bosnia and Herzegovina's economic, as described in several World Bank Reports on Bosnia and Herzegovina over the years.

Moreover, according to multiple studies, the banking sector also played a significant role in these investments, particularly foreign banks, who helped pave the way for FDIs (Ilgun and Coksun, 2009). Namely, banks from European countries such as Austria and Italy helped provide confidence to foreign investors about the stability of B&H's economy and the potential for investment. In fact, some studies even claim they were far more successful and contributed more to the country's economic development than domestic banks did (Cosic, 2006).

In 2000, the establishment of the Bosna Bank International (BBI) introduced alternative financing options to the B&H market. BBI attempts to provide *Shari'ah* compliant, Islamic banking products and services which align with the current legal system in Bosnia and Herzegovina, despite multiple difficulties such as the lack of a legislative framework for Islamic banking (Efendić and Izhar, 2014). Nonetheless, BBI has been able to introduce multiple activities and strategies aimed at contributing to B&H's economic development. Not only this, the bank, together with its shareholders promotes the main goal of BBI in the process of fostering the development of Bosnia and Herzegovina. According to BBI's aims and goals in this country, all of its activities are oriented towards contributing to the development of Bosnia and Herzegovina.

In 2008, following the World financial crisis 2007-2008, Bosna Bank International introduced the idea of organizing the Sarajevo Business Forum (SBF), an international investment conference aimed at attracting and supporting foreign and domestic investments in the country and region, with the pure aim to gather investors, institutions,

government representatives from the region and other parts of the world to network and to attract investment into B&H.

Within 10 years, since 2010 when SBF was first held in the capital of B&H, the conference claims to have brought multiple investments into B&H (SBF, 2017). In recent years, the organizers of the conference have been challenged by several media reports and articles, for not producing concrete and significant results in terms of real investments and has been labelled by some critics as not having an impact on the economy of B&H. On the other hand, the event itself has become a well-established international brand and has positioned Sarajevo, Bosnia and Herzegovina and the SEE region, particularly the Western Balkans (WB), on the World investment map, especially among investors from GCC countries, as well as those from Europe, Asia, North America, etc.

Still, no research has been conducted to show the contribution of Islamic banking nor its activities, like the Sarajevo Business Forum, in attracting and supporting investments and whether these claims bear fruit. This paper attempts to fill the gap in the research by exploring the roles of Islamic banking and its activities, such as SBF, in attracting and supporting both domestic and foreign investments.

Therefore, the research question which this study attempts to answer is:

To what extent have the presence and activities of Islamic banking contributed to attracting and/or supporting domestic and foreign investments in Bosnia and Herzegovina?

1.3. Research Aims

The aim of this research is to explore the contribution of Islamic banking and its activities in attracting and supporting investments, both domestic and foreign. This has been done by investigating the investment and business projects and ideas presented at Sarajevo Business Forum since 2010, identifying projects which have been realized as a result of the conference and to research the impact of organizing such an event on the foreign investors perception of Bosnia and Herzegovina and the region as a place to invest and do business.

The research attempts to establish whether the presence of Islamic banking and its activities contribute to attracting and supporting domestic and foreign investments in countries with transition economies. Considering the rise in Islamic banking globally, it is important to understand the benefits of the same and how it can contribute to economic development.

The FDI potentials of wealthy Muslim-dominant countries, like those of the GCC, present multiple opportunities. Also, the Migrant crisis has led to a large influx of Muslims into European countries. Many of these migrants may wish to engage in domestic investment activities, such as open their own businesses, which could be made possible through

Islamic banking, especially if they want to adhere to Shari'ah principles. Thus, it is important to explore whether there is a correlation between Islamic banking presence and activities with increased investments. The insights provided by the research would benefit multiple stakeholders who could benefit from the opportunities presented.

1.4. Goals

The principal objectives of this thesis are as follows:

1. Conduct a literature review on the influence of domestic and foreign investments in the economic development of a country with a transition economy;
2. Review literature discussing the role of foreign banks on investments, both domestic and FDI, in B&H;
3. Explore the presence of Islamic banking in B&H and its role in attracting and/or supporting domestic and foreign investments;
4. Explore the role and contribution of the Sarajevo Business Forum in attracting and/or supporting domestic and foreign investments;
5. Provide insights (and recommendations where applicable) for practitioners and academics on the presence and activities of Islamic banking.

1.5. Hypothesis

The main hypothesis of this research paper is:

H: Islamic banking has an active role in attracting investments in Bosnia and Herzegovina.

The supporting hypotheses of this research paper are:

H1: Sarajevo Business Forum, an activity of an Islamic bank, has supported the realization of domestic investments.

H2: Sarajevo Business Forum, an activity of an Islamic bank, has attracted and supported the realization of foreign investments.

1.6. Methodology

The first part of the paper focuses on theoretical research in order to provide a theoretical background and literature review pertaining to the area being studied and the research problem. Here, we primarily make use of secondary and tertiary sources of data such as research papers, articles, and other forms of published or unpublished research. These have

been found in reliable sources such as accredited journals, University databases and similar (Saunders et al., 2012).

The second part of the paper focuses on the empirical data collected through a case study. Data collection refers to the data collected by the researcher that is specific to the research problem and case study and which helps test the hypotheses mentioned earlier.

The first data collection technique has been the collection of secondary data. In other words, we have identified the data available pertaining to the investment and business projects and ideas presented at SBF since 2010, most of which is data collected by the organizers. This data has been analysed using thematic analysis, to determine who participated at the conference with the intention of realizing an investment project, and descriptive statistics, to show how many investment opportunities were available, what industries they targeted and other characteristics of the investment potential at SBF.

Based on this, primary data collection has been conducted. This entails surveying former participants at SBF, who attended as investors to determine whether their investments were realized and to investigate the role BBI and SBF played in the realization of their investment. The data collection instrument which has been used is a questionnaire, which was inexpensive to administer, but is still very efficient when collecting data from larger samples (Bryman and Bell, 2011). The online questionnaire was sent out to the target population and the questions have been formulated so that the defined hypotheses could be tested. Questions focused on the experiences of the investors at SBF, whether networking opportunities and other activities helped them secure support for the realization of their investment. Data collected was further analysed using statistical methods, including descriptive and inferential statistics, to determine the profile of the respondents, the characteristics of their investment and the respondents' experiences with SBF and Islamic banking. This analysis has been conducted in line with the questionnaire structure, which allowed the testing of hypotheses.

Finally, semi-structured interviews were conducted with identified SBF success stories, that is to say with investors who claimed to have successfully invested as a result of their participation at SBF. Interviews allowed the researcher to gain greater insight and understanding on the issue being studied as they help explore both meaning and perception (DiCicco-Bloom and Crabtree, 2006). Semi-structured interviews included predetermined questions but also left significant room for flexibility, so that new or follow-up questions have been asked depending on the answers provided by the interviewee. In that respect, semi-structured interviews have a predetermined topic but were left open-ended, allowing for the emergence of questions based on the dialogue between the interviewer and respondent (DiCicco-Bloom and Crabtree, 2006). Some of these interviews have been conducted one-on-one as these tend to be more in depth since the interviewer is given the opportunity to better understand the experience of the interviewee. Therefore, this research makes use of semi-structured interviews. This allows for the derivation of rich data focused on the topic of research, and centred on the research question/s, where the latter are

included in the interview with follow up questions encouraging elaboration (DiCicco-Bloom and Crabtree, 2006). Not only this helped tackle the topic directly and test the hypotheses, but it also helped produce rich insight in the form of case studies. Since this refers to qualitative data, then qualitative analyses have been used to produce success stories, specifically thematic analysis (Bryman and Bell, 2011).

To sum up, this research took the form of a Case Study. The case refers to the Sarajevo Business Forum (SBF), annual international investment and business conference hosted by Bosna Bank International (BBI), an Islamic bank founded in Bosnia and Herzegovina (B&H). By considering this case, the research was able to explore how the presence of an Islamic bank, whose main shareholders are foreign Islamic banks, and its activities, namely SBF, influenced investments in a transition economy, that is B&H. We believe that these results can be transferable to any other transition economy sharing similar characteristics with B&H, who has or wishes to introduce Islamic banking as a tool for increasing domestic and foreign investments.

1.7. Scientific contribution of work

The research is important for both academics and practitioners. Considering the research gap, this paper provides research on the potential influence of Islamic banking on investments which could lead to further research in the area. In that respect, it contributes to the following research fields: Islamic banking; finance and economics; economic development; domestic investments; FDI, among others.

In terms of practice, this research is beneficial to the following groups:

- 1. Islamic Banks:** Insights into the role of Islamic banks and how their presence and activities influence investments help Islamic banks improve their strategies to become more present and efficient in economic development. It can also contribute to the reputation of Islamic banking, solidifying the role of Islamic banks in transition economies as well as their role in investment processes. Ultimately, this could also help Islamic banks grow and become more profitable.
- 2. Policy makers:** This research provides policy makers with insights into whether or not certain steps need to be taken towards supporting Islamic banking and/or its principles in transition economies. Policy makers could gain information that can help shape policies leading to increased economic development in their country.
- 3. Investors:** To help them gain confidence in Islamic banks and their activities.

1.8. Limitations

There has not been a significant effort made so far to measure the short and long-term economic effects of the Sarajevo Business Forum in Bosnia and Herzegovina or the

Western Balkans region. BBI, being the only bank in Bosnia and Herzegovina operating under the Islamic principles made its activities the only reference for this research.

It has been rather difficult to identify direct correlation between various economic variables connected to the SBF investment conferences held since 2010 in Sarajevo, as many positive side-effects to the B&H economy – such as increase in tourist visits (Agency for statistics of Bosnia and Herzegovina, 2019) and other investment-related activities – did actually occur since 2010, but a direct link has been hard to prove.

A big challenge in providing accurate results came from the fact that there was a lack of a detailed and up-to-date database of all investment and business projects presented at SBF from 2010 to 2019, as well as detailed information on all participants joining and participating at the event. Furthermore, establishing a link between these business ideas, investment projects, SBF participants and connecting them to the end investor in these projects was challenging.

Seeking responses from project owners, investors, b2b participants was also a very difficult task to perform, as many of them chose not to publicly discuss their business information and remained secretive about their investment endeavours to the public.

Since this paper was initially presented as a master thesis proposal, the World economy – including Bosnia and Herzegovina – was hit by an unprecedented worldwide health pandemic of Covid-19 which impacted every aspect of everyday life and halted many economic activities (WHO, 2020), which led to a significant decrease in investment, both domestic and foreign, worldwide and impacted the research results which were not expected. This caused the 11th Sarajevo Business Forum (SBF) to be cancelled both in 2020 and 2021 and postponed to May 2022.

The escalation of the conflict between Russia and Ukraine following the full-scale invasion by Russia in February 2022 has caused inflation to rise while exacerbating supply chain pressures (KPMG, 2022).

All of this has undoubtedly influenced the investment cycles worldwide; Bosnia and Herzegovina included and impacted the overall (expected) positive effects of the Sarajevo Business Forum events and initiatives.

2. LITERATURE OVERVIEW

In order to understand the focus of this paper, one needs to understand the key concepts of the topics researched, most of them which are derived from the concepts and principles of Islamic economy and banking in general.

Shari'ah (Arabic: شريعة) is a religious law in the Islamic tradition. The term refers to the interpretations of human scholars. Main sources of the *Shari'ah* are the *Holy Qur'an*, the

holy book and the central religious text of Islam, which Muslims believe is a revelation from Allah (God) and the *Hadith*, a collection of traditions containing sayings of the Prophet Muhammad s.a.w.s. which, with Prophet's daily practice, referred to as *the Sunnah*, are the major sources of instructions and guidance for Muslims, with the Qur'an.

One of the key concepts in Islam is “*halal*” vs. “*haram*”. Halal is an Arabic word for *permissible*. Most often used for food, as defined in the Qur'an, the term refers to all that is permissible to Muslims for consumption. In the concept of economy, it refers to *halal* (permissible) way of doing business.

Riba is a specific concept in Islam referring to the concept of increasing, growing or exceeding, which in turn forbids interest which is credited from either loans or deposits. The term "riba" has also been roughly translated as “the pursuit of illegal, exploitative gains made in business or trade under Islamic law, akin to usury” (Hayes, 2022). Thus, it is treated as “haram” - forbidden or proscribed by Islamic law – opposite to “halal”.

2.1. The role of Islamic finance in investment and development

Since the development and the introduction of Islamic banking, many articles have been published, yet there is a lot of space left for further research. Little is known about the Islamic relation to the economic development. Most commonly, theories stem from the Western economies who accentuate the basic indicators and criteria for “developing” and “development”. These imply basic priorities such as the production of necessities like food and shelter, higher standards for living, and the expansion of factors like social choice that would reduce fear (Todaro & Smith, 2014).

It might be thought that little is known about the fact that Islam actually makes “individual performance” an imperative. Western scholars mistaken Islam often as a rather passive religion. Volker (2006) argues alike that Islam poorly attributes importance to responsibility and efficiency of human's material wellbeing.

In the recent times, international institutions, however, recognised ever more the potential of Islamic financial and banking principles in contributing to global development and investment. Many large international companies and institutions have recognised and implemented Islamic finance units in their structures including KPMG, Ernst & Young, Dow Jones, PWC, Deloitte, Standard & Poor's, Bloomberg.

According to the Istanbul International Centre for Private Sector in Development (2014) Islamic finance plays an important role in investment, in particular impact investment. Unlike “conventional” investment structure, which is centred around businesses and investors who are purely profiting from investment, within “impact investing” a variety of actors participate in and play a role in development, whereby the solemn aim of the investment is more than just profit.

Moreover, Islamic finance plays a huge role in capital markets. British magazine “The Economist” released in 2014 an article according to which within the Islamic Investment space only 80 funds managed more than \$100 billion in assets, with 80% of retail investors (\$59 billion) vs the conventional investment sector who had only 30% of investments coming from retail. The reason for this, accordingly, is that retail investors envisage a shorter investment goal, while it requires an extensive distribution network to meet all client needs (ibid).

In countries with a majority Muslim population, Islamic banking has proved to contribute to economic growth, which, further fosters domestic investment and FDI. This has been the case the UAE (Osmanovic, Stojanovic, Premila Kb, 2020) and Qatar (Tabash, 2014), but even in other countries like Ukraine (Stoika, 2020).

2.2. Introduction to the Concept of Islamic Banking

The concept of Islamic banking, Islamic finance or Shariah-compliant finance refers to banking and financial activities that follow and abide the Islamic Shari’ah law. Two fundamental principles this concept are the profit and loss sharing, alongside the prohibition of both the collection and the payment of interest by investors and lenders.

Islamic banks make their profits through participation in equity, which requires a borrower to give a share in their profits to the financial institution or a bank, rather than paying an interest, seen in the conventional interest-based banking. Some conventional banks have the so-called “Islamic windows” or special sections of services that provide designated Shari’ah compliant services to their customers.

As mentioned earlier, the principles of Islamic banking and economy are derived from the Islam’s Holy Book – the Qur’an. In Islamic banking, all transactions are expected to be Shari’ah compliant, meaning they have to be coherent with the Islamic law and its rules. These rules define the way commercial transactions are being done in Islamic banking.

Compared to conventional banking governance, Islamic Banks, next to regular bodies present have introduced the concept of Shari’ah boards, which ensure that the products, services and activities are aligned to the Islamic law, which strictly prohibits any form of speculation or gambling, next to the direct prohibition of taking any interest on loans.

When and if more information, instructions or guidance is necessary, Islamic banks can also turn to learned scholars or use independent reasoning based on customary practices, to abide with the Shari’ah law. Furthermore, bankers who are employed by Islamic banks and institutions are entrusted not to deviate from any of the fundamental principles of The Holy Qur'an while conducting business and providing their services to their clients.

To earn money and generate profit excluding the typical practice of charging interest as is the case with conventional interest-based banking systems, Islamic banks use equity

participation systems. This means that if a bank loans funds to a business, the business will pay back the loan without any interest. Instead, the business will give the bank a share in its profits. If the business does not earn a profit or defaults, under the Islamic banking principles the bank also does not benefit and shares the client's destiny in the business success or failure.

Any investments that involves forbidden substances, as mentioned in the Holy Qur'an – such as alcohol, pornography, pork, gambling, speculation – are also prohibited and cannot be a part of Islamic bank's activities. This means that Islamic banking can be considered and defined as a culturally distinct form of investing in an ethical manner.

The origins of Islamic banking practices can be traced back to Middle Eastern entrepreneurs who initiated financial dealings with their European counterparts during the Medieval period. Initially, Middle Eastern businesspersons adhered to the same financial principles as their European counterparts.

However, as trade systems evolved and European nations established local branches of their banks in the Middle East, some of these banks integrated the region's customary financial practices, particularly the no-interest financial systems based on profit and loss sharing. Embracing these practices allowed these European banks to cater to the financial requirements of local Muslims.

Commencing in the 1960s, Islamic banking experienced a resurgence in the contemporary global economy, with a substantial increase in the establishment of interest-free banks since 1975. Although most of these financial institutions were established in predominantly Muslim nations, Islamic banks started to emerge in Western Europe too, since the early 1980s. Furthermore, several governments, such as Iran, Sudan, and, to a lesser extent, Pakistan, have instituted national interest-free banking systems.

Some conventional banks offer Islamic banking services through their dedicated, so-called “Islamic windows” or sections.

Islamic banking institutions tend to be much more risk adverse in their investment practices. As a result, they typically avoid business that could be associated with economic bubbles. With the focus on partnership, real-assets investments related activities come to the core of any Islamic Bank.

The reports on the state and future of global Islamic economy and finances note how Islamic finance “*remains a collection of local industries rather than a truly globalised one*” and that “*even after 50 years, the industry is still concentrated in oil-exporting countries and seems unable to attract interest beyond its original territory*”.

Economic growth is expected in core Islamic finance countries, according to the S&P Global Ratings (2023) and is assumed to boost the industry assets by approximately 10% during 2022–23.

3. ANALYSIS OF INVESTMENTS IN BOSNIA AND HERZEGOVINA

Before an analysis of the impact of Islamic banking in Bosnia and Herzegovina, there is a need to understand the economic and investment environment, and the impact of those circumstances on overall activities.

Foreign direct investments (FDIs) in Bosnia and Herzegovina, as well as in other nations, signify the overseas acquisition of productive assets, a requisite criterion being the foreign stake constituting a minimum of 10 percent of the total company valuation. These investments include a wide spectrum of economic sectors, such as manufacturing, services, agriculture, and various others. FDIs manifest in multiple forms, which include greenfield investments, characterized by the creation of entirely new enterprises; acquisitions, involving the purchase or takeover of pre-existing companies; and joint ventures, partnerships formed with other entities.

Many successful examples of foreign investors confirm that Bosnia and Herzegovina is a favourable destination to invest. Regarding the FDI inflows expected in the upcoming period, there is space for optimism (FIC, 2015/2018/2021).

The anticipation of heightened FDI levels in Bosnia and Herzegovina is grounded in several key factors. These factors encompass ongoing projects, available investment opportunities, a strategic privatization agenda for numerous key enterprises, and a noticeable interest from foreign investors in potential ventures within the country. The empirical foundation for this expectation is drawn from data featured in the 2019 edition of the *“Global Situation Trends Facts & Figures”* report.

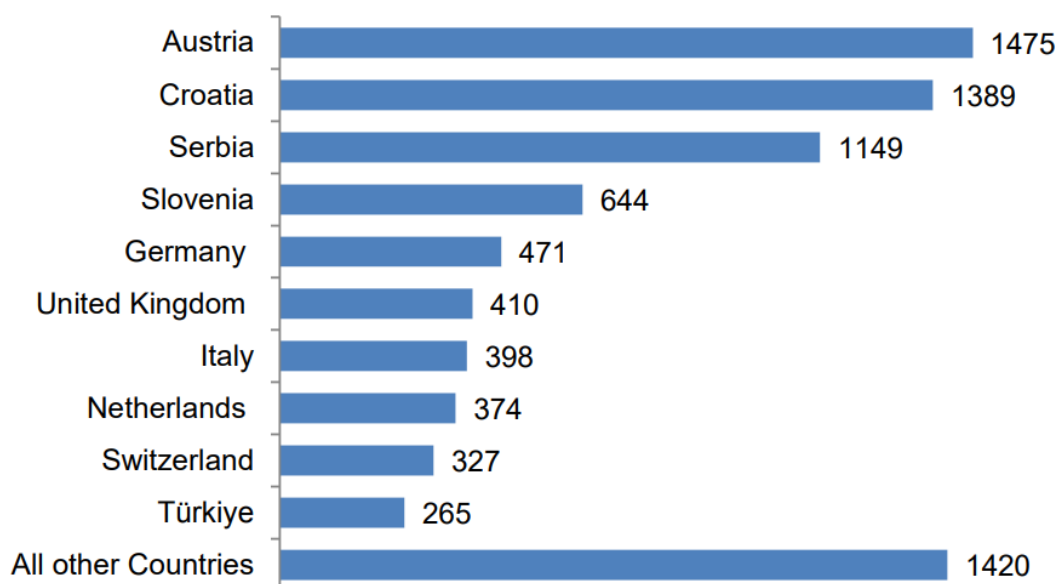
According to the report, B&H holds a noteworthy global position with respect to employment generation per one million inhabitants, ranking as the sixth country. Furthermore, it secures the third place globally for investment driven by exports.

Total amount of FDI's in Bosnia and Herzegovina was 8.3 billion EUR. During the period from May 1994 to December 2021, equity and reinvested earnings amounted to 7.2 billion EUR and other capital amounted to 1.1 billion EUR (FIPA, 2022).

According to the total amounts, by the end of December 2021, the countries that invested the largest sums in Bosnia and Herzegovina are: Austria (1.475 million EUR), Croatia (1.389 million EUR), Serbia (1.149 million EUR) and Slovenia (644 million EUR).

Alongside the investments inflowing from the Russian Federation and the Middle East, countries from Europe such as: Germany, United Kingdom, Italy, Netherlands, Switzerland and Türkiye, remain the most important foreign investors in Bosnia and Herzegovina.

Figure 1. The most important countries investors in B&H, May 1994 - December 2021 in million EUR



Source: Central Bank of B&H (CBBH), September 2022

Foreign direct investments in Bosnia and Herzegovina remained stable despite the COVID-19 pandemic. In 2020, according to the Central Bank of B&H (CBBH), FDI's amounted to BAM 678.2 million (EUR 346.8 million).

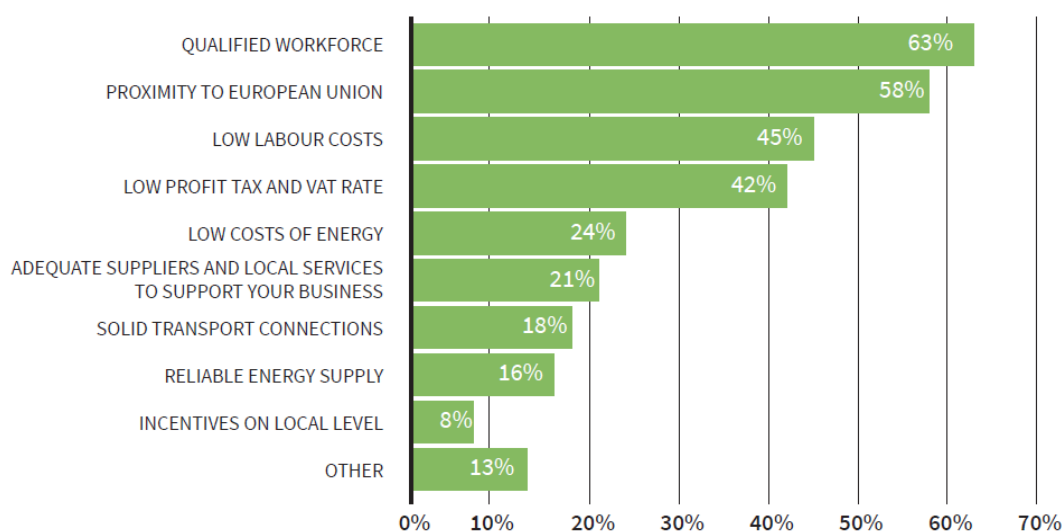
After the 2019 decline in foreign investment, FDI's in 2020 increased by 13.7% (or BAM 81.5 million). As stated by the Central Bank of B&H: *“Investment inflows can be characterized as relatively good given the deep global recession that has affected the ability of foreign investors”* noting how *“the majority of investments were reinvested earnings from existing companies with foreign investment, while investments in the form of equity were much lower”*.

In addition to the 2020, the data for the previous two years have also been revised. Foreign direct investment in 2018 achieved the largest annual inflow, after a record 2007 and 2008.

The Foreign Investment Council (FIC) members indicated that qualified and skilled workforce with low labour costs, and the proximity to the European Union (EU) market are some of the most important competitive advantages of B&H when it comes to attracting foreign investors.

Other advantages refer to low (profit and value-added) tax rates, low energy prices, adequate suppliers and local business support services that meet the needs of foreign investors, solid road connections and reliability in the energy supply.

Figure 2. Competitive advantages of investing in B&H



Source: FIC Business Barometer 2020, August 2021

Incentives for investments at the local level is an area where, in the opinion of the respondents, there is still a lot of room for improvement. Investors believe that natural resources, the potential for business expansion and the availability of raw materials are additional competitive advantages of B&H in attracting foreign investment.

3.1. FDI Investments in B&H overview

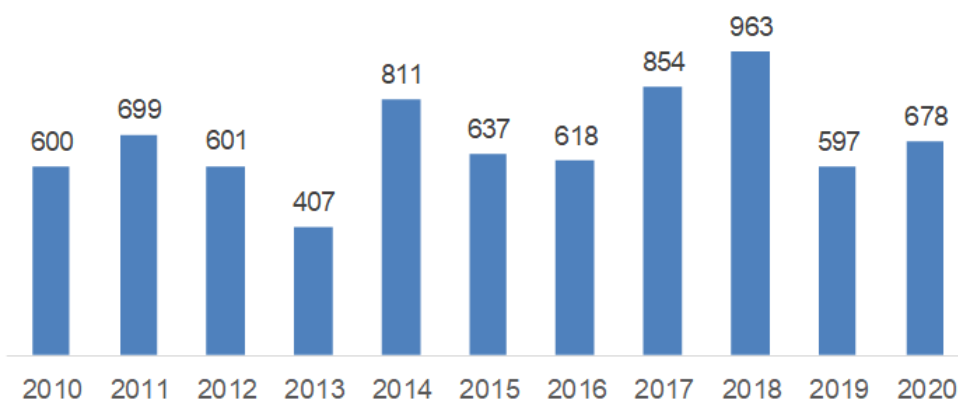
In 2007, Bosnia and Herzegovina) successfully attracted 1.3 billion EUR in FDI, representing the highest level of FDI inflow since 1994. This substantial achievement was primarily attributable to the privatization of the large, state-owned enterprises.

Subsequently, in 2008, the FDI inflow decreased to EUR 684 million in the absence of anticipated privatization activities. Nevertheless, this figure is considered commendable, particularly when considering its favourable composition, characterized by investments in the productive sector and a noteworthy contribution from greenfield investments.

However, the onset of the global economic crisis in 2009 disrupted the FDI inflow, causing a contraction in investments. Modest progress was realized in 2010 and 2011, indicative of a tentative recovery.

Regrettably, despite optimistic prospects, the FDI trends in 2012 and 2013 exhibited a negative trajectory. This downturn can be primarily attributed to the slow global economic recovery, which also reflected on investment worldwide.

Figure 3. FDI amounts by years in Bosnia and Herzegovina, million BAM



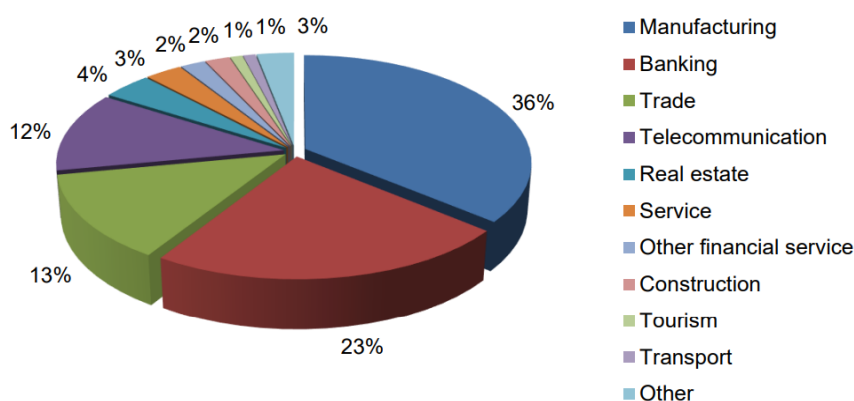
Source: Central Bank of Bosnia and Herzegovina (CBBH), September 2021

The growth of foreign direct investments in B&H in 2020 is a positive indicator, and expectations of maintaining the growth trend of foreign investments are based on investment opportunities, the privatization plan of decisive companies, the expressed interest of potential investors, as well as projects that are being implemented.

3.2. Industry investments overview

Of the entire foreign direct investment (FDI), a significant portion of 36% was allocated to the production sector, such as primary industries, industrial activities, and electricity production. Subsequently, the banking sector received 23% of the FDI, while the trade and telecommunications sectors secured 13% and 12% respectively. (CBBH, 2022)

Figure 4. FDI by sectors (%) May 1994 - December 2021



Source: Central Bank of B&H (CBBH), August 2022

3.3. Foreign Direct Investment in B&H in 2020

In the structure of foreign direct investment in 2020 (BAM 678 million or EUR 347 million), stake ownership in companies accounted for BAM 152.5 million (or EUR 77.9 million), retained earnings amounted to BAM 586.3 million (EUR 299.8 million), while other capital had a negative value of -60.5 million BAM (-30.9 million EUR). Comparing to the FDI structure in the previous year, it is clear that reinvestments associated with foreign-owned companies were instrumental in sustaining the FDI inflow in 2020.

The 13.7% increase in FDI in 2020 has definitely been a positive indicator given the significant negative impact of the COVID-19 pandemic in global foreign investment flows. However, it should be taken into account that the growth rate is higher than in the previous year with low FDI in B&H. The increase in foreign investment driven by reinvestments, serves as a validation of the favourable business climate and the capacity expansion of current foreign investors. Undoubtedly, this stands as a good indicator and a promising signal for prospective investors.

The countries that have invested the most in B&H in 2020 were: Croatia (BAM 149.4 million) and Serbia (BAM 135.3 million). In addition, significant investments in 2020 were registered from the following countries: Germany (77.5 million BAM), Great Britain (75.2 million BAM), Austria (71.4 million BAM), Slovenia (71.3 million BAM), Turkey (54.9 million BAM) and Italy (37.2 million BAM) (FIPA, 2021).

According to the statement of the Central Bank of Bosnia and Herzegovina (CBBH), looking into economic sectors, most foreign investments were realized in the field of financial services (banking sector) in the amount of BAM 157 million, then in the field of wholesale 93.9 million BAM, and in the field of electricity production 88.6 million BAM.

In addition to the above activities, a significant increase was registered in: retail trade (BAM 42.8 million), real estate activities (BAM 41.8 million), manufacture of chemicals and chemical products (BAM 37.7 million), mining of metal ores (BAM 32.0 million), manufacturing of motor vehicles, trailers and semi-trailers (BAM 30.7 million) and food production (BAM 27.7 million).

Investment activities in 2020 recorded a total of BAM 390.2 million in the B&H entity Federation of B&H (57.5% share in the annual amount), BAM 285.1 million in the B&H entity Republic of Srpska (42.0%), and 3.0 million BAM in the Brčko District (0.5%).

3.4. Limitations to investing in B&H

While Bosnia and Herzegovina's legal framework typically maintains a non-discriminatory stance towards foreign investors, the ongoing issue of corruption can place foreign investors at a disadvantage when compared to domestic enterprises, particularly those with explicit or implicit support from various levels of government within the country (U.S.

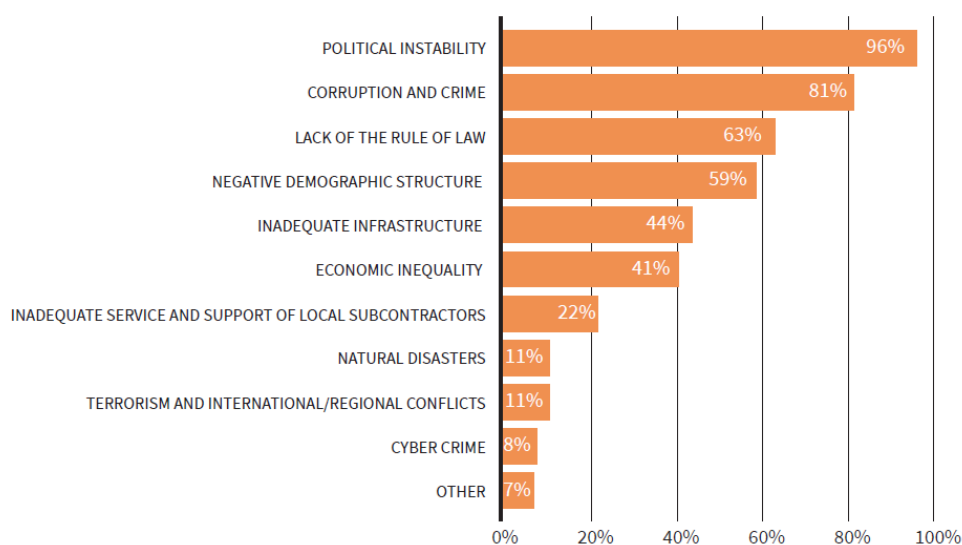
Department of State, 2019). The U.S. Department of State’s “2019 Investment Climate Statement” for Bosnia and Herzegovina suggests that B&H does not maintain a formal dialogue with foreign investors.

According to the provisions of the Foreign Direct Investment (FDI) Policy Act, foreign investors are granted the privilege to participate in any sector of the economy under identical modalities and stipulations as prescribed for domestic residents. There are two notable exceptions to this principle: the defence industry and certain segments of publishing and media, where foreign ownership is limited to 49 percent, and the electric power transmission sector, which is not open to foreign investments.

The Statement also highlights that the Bosnian and Herzegovinian government has refrained from conducting an investment policy assessment under the auspices of international organizations such as the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO), or the United Nations Conference on Trade and Development (UNCTAD) for several years.

Additionally, The World Bank estimates there are an average of 13 procedures, which take up to a total of 81 days, to establish and register a new business in Sarajevo, capital of Bosnia and Herzegovina. In 2013, the Bosnian and Herzegovinian entity of Republika Srpska (RS) implemented a one-stop shop for business registration, aiming to streamline the company registration process. As per official government records, this initiative reduced the reported time required to register a business in RS to an estimated range of 7 to 14 days. However, practical experiences suggest that the actual duration may often exceed these stated timelines.

Figure 5. Main business-climate related risks in B&H



Source: FIC Business Barometer 2020, August 2021

According to FIC members, the business climate-related risks that could have the greatest negative impact to their successful operations in the future are political instability, corruption and crime, and lack of the rule of law. This is followed by negative demographic structure (negative natural increase, outflow of workforce), inadequate infrastructure (utilities, road, telecommunications, digital, etc.), economic inequality and inadequate service and support of local subcontractors.

Risks that could have a slightly lower impact on the successful operations of companies are natural disasters, terrorism and international / regional conflicts, and cyber-crime. In addition, the FIC members also mentioned risks such as the lack of institutional cooperation at the B&H level and the weak purchasing power of the population.

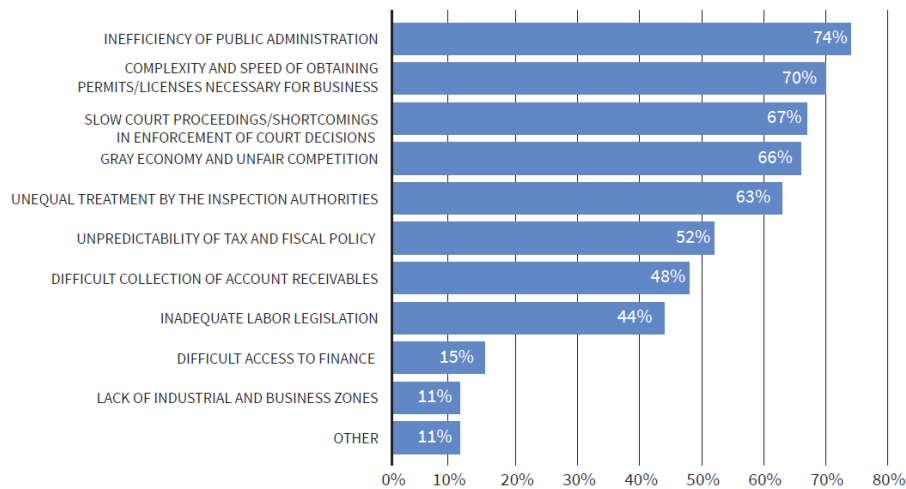
Smolo, E. in his paper “The FDI and economic growth in the Western Balkans: The role of institutions” suggests and concludes that policymakers should focus on improving the overall quality of institutions and determine why FDI is not bringing about progress that it should.

Current complex political and administration structure of Bosnia and Herzegovina was defined by The General Framework Agreement for Peace in Bosnia and Herzegovina, also known as the Dayton Peace Agreement (DPA), Dayton Accords, Paris Protocol or Dayton-Paris Agreement, reached at Wright-Patterson Air Force Base near Dayton, Ohio, United States, in November 1995, and formally signed in Paris, France on 14 December 1995.

The entity (Federation of Bosnia and Herzegovina, Republic of Srpska, Brčko District), cantonal (10 cantons in F B&H), and municipal (143 municipalities in B&H: 63 in the RS and 80 in the Federation) levels of government each establish their own laws and regulations on business operations, creating redundant and inconsistent procedures that slow down the entrepreneurial activities and enable corruption. Due to this complex system, establishment of connected Project Implementation Units (PIPs) was suggested to be established on every government level in order to ease the flow and implementation of large investment projects (SBF, 2020).

Inefficiency of public administration, complexity and speed of obtaining permits / licenses necessary for business, and slow court proceedings / shortcomings in enforcement of court decisions are the three biggest current obstacles faced by the Foreign Investors Council (FIC) members in their business. In fourth place is the grey economy and unfair competition, and in fifth place is the unequal treatment by the inspection authorities. Other obstacles include: unpredictability of tax and fiscal policy in B&H, difficult collection of account receivables, inadequate labour legislation, difficult access to finance and lack of industrial and business zones. The respondents also mentioned additional obstacles that negatively affect their business, such as the lack of legal regulations in certain business activities, inconsistency and complexity of regulations at the state level and business blockade due to the coronavirus (COVID-19) pandemic (FIC, 2020).

Figure 6. Main obstacles for doing business in B&H



Source: FIC Business Barometer 2020

In order to address these prevailing challenges and obstacles related to investment and business operations in Bosnia and Herzegovina, a "Yes We Can" initiative was introduced through the Sarajevo Business Forum platform. This innovative approach, conceived as a grassroots response to the COVID-19 pandemic, offered a potential model for replication in other regions, particularly in smaller nations characterized by modest GDP and limited state capacity to intervene effectively in economic recovery efforts. The initiative brought together a consortium of corporate executives, academic experts, directors from successful companies in the food manufacturing, energy, and pharmaceutical sectors, as well as key players in the supply chain and banking industry. It aimed to serve as an exemplar and a source of optimism for Bosnia and Herzegovina and possibly for other smaller states facing financial constraints in their struggle to combat the COVID-19 pandemic.

4. BANKING SECTOR IN BOSNIA AND HERZEGOVINA

In order to understand the position and the functioning of Islamic banking in Bosnia and Herzegovina, it is necessary to elaborate on the overall banking and finance environment in the country.

Bosnia and Herzegovina is a 3.5 million (official Census results in B&H, 2013) country located in South-eastern Europe (SEE) in the Balkan Peninsula. It is home to three ethnic constituent peoples, Bosniaks, Serbs, and Croats, plus a number of smaller groups, including Jews and Roma. Sarajevo is the capital and largest city.

List of Banks in Bosnia and Herzegovina consists of 14 banks registered in the B&H entity Federation of Bosnia and Herzegovina and 8 banks registered in the B&H entity Republic of Srpska. The financial system is dominated by commercial banks; out of 22 banks, 21 are commercial and only 1 is a development bank.

Table 1. Bank list in Bosnia and Herzegovina, January 2023

B&H Entity: F B&H	B&H Entity: RS
1. Addiko bank	1. Addiko Bank
2. ASA Banka	2. Atos Banka
3. Bosna Bank International	3. Banka poštanska štedionica
4. Intesa Sanpaolo Banka	4. MF banka
5. Komercijalno-investiciona banka	5. NLB Banka
6. NLB Banka	6. Nova banka
7. Privredna banka Sarajevo	7. Naša banka
8. ProCredit Bank	8. Unicredit Bank
9. Raiffeisen Bank	
10. Razvojna banka Federacije BiH	
11. Sparkasse Bank	
12. UniCredit Bank	
13. Union banka	
14. ZiraatBank BH	

Source: Central Bank of Bosnia and Herzegovina, 2023

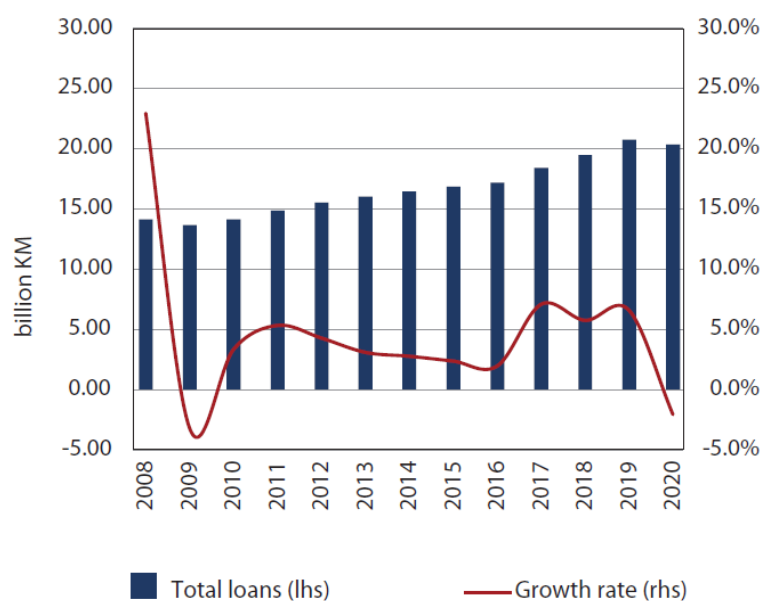
Despite intense competition, a decline in interest rates, and relatively restrained credit expansion, the financial performance of the sector has demonstrated unprecedented levels of profitability. All banks have achieved exceptionally robust outcomes, with historically strong profits marking a stark departure from the period prior to the Covid-19 pandemic.

The Bosnian Mark (BAM) is Bosnia and Herzegovina's national currency is linked within the Central Bank of B&H to the Euro through a Currency board arrangement (1 EUR = 1,95583 BAM). This monetary policy has maintained confidence in the national currency and has created reliable trade links with European and other partners.

Bosnia and Herzegovina has two Bosnia-Herzegovinian entities: Federation of B&H (FB&H) and Republic of Srpska (RS). There are two supervising bodies – banking agencies for the sector: the Banking Agency of Federation of B&H and the Banking Agency of Republic of Srpska.

As outlined in the Central Bank of Bosnia and Herzegovina's 2020 Annual Report, the year 2020 witnessed a reduction in lending activities, primarily affecting private non-financial businesses. Additionally, this period saw the restoration of the banking sector's deposit base, following a substantial withdrawal of deposits that transpired at the beginning of the COVID-19 pandemic.

Figure 7. Total Loans of Banks' Sector in Bosnia and Herzegovina



Source: Central Bank of Bosnia and Herzegovina (CBBH)

The write-off of non-performing loans in accounting records, which was made possible by new regulations, and, on the other hand, moratorium on loans, on the other hand, resulted in no considerable decline of the level of loans being recorded in 2020 (due to the negative effects of the Covid-19 pandemic), as it had happened in 2009 (due to the world financial crisis).

4.1. Conventional banking in Bosnia and Herzegovina

The policy framework and legislation for banks has been tailored for conventional banks and follows the transitional period of the B&H economy, following the dissolution of the former Yugoslavia. During the transition in the 1990s and later, most of the banks were privatized by large international banking systems, such as: UniCredit, Raiffeisen, Intesa Sanpaolo, Sparkasse, Addiko, Ziraat, ProCredit, NLB and other.

Banking is one of the most stable sectors in Bosnia and Herzegovina. As mentioned earlier, there are 22 commercial banks and 1 state-owned development bank in B&H ensuring employment for more than 10,000 people. Foreign banks own over 80% of the B&H banking sector.

The Central Bank of Bosnia and Herzegovina (CBBH) is entrusted with the responsibility of overseeing the stability of the financial system and actively participating in the formulation and execution of Bosnia and Herzegovina's policies aimed at achieving economic stability and sustainable growth. This includes safeguarding the stability of the domestic currency and maintaining overall financial and economic stability in the country.

CBBH upholds monetary stability by issuing the domestic currency, adhering to aforementioned Currency Board arrangement, backed by full coverage in freely convertible foreign exchange reserves, at a fixed exchange rate of 1 BAM to 0.51129 EUR.

The Central Bank formulates and oversees the execution of monetary policy for Bosnia and Herzegovina. Furthermore, it plays a coordinating role in managing the activities of banking agencies within the entities of Bosnia and Herzegovina, responsible for tasks such as bank licensing and supervision.

4.2. Islamic banking in B&H

Although there is no clear legal framework, Bosna Bank International (BBI) operates in Bosnia and Herzegovina under the rules and principles of Islamic banking and (until 2023) remains the only Islamic bank in the country.

BBI, established on October 19th, 2000, at its Sarajevo headquarters, represents a pioneering financial institution in Bosnia and Herzegovina and Southeast Europe, as it adheres to Islamic finance principles. The bank's primary focus is on the development of Bosnia and Herzegovina, emphasizing its commitment to reinvesting all profits within the country (BBI, 2022). BBI's ownership structure includes prominent stakeholders, such as the Islamic Development Bank (IsDB) Group, holding a 45.46% ownership share, Dubai Islamic Bank (DIB) with a 27.27% share, and Abu Dhabi Islamic Bank (ADIB) also holding a 27.27% share. IsDB, a multilateral financial institution formed by 57 member countries within the Organization of Islamic Cooperation (OIC), has maintained a AAA rating from leading global rating agencies for over 15 years.

Bosna Bank International provides a comprehensive array of financial products and services to both retail and corporate clientele. According to BBI's official website, the bank's operations are guided by ethical principles, partnership, and justice, with a strong emphasis on reliability and high-quality customer service. The bank's Shari'ah compliance is overseen by its Shari'ah Board, consisting of esteemed local and international experts.

Despite a challenging legal environment and intense competition from numerous prominent European banks, BBI has consistently achieved a double-digit growth rate in assets over the past decade. The bank has introduced a wide range of innovative Shari'ah-compliant offerings for its corporate and retail customers. BBI has maintained an average annual growth rate of 19.3% over the past 10+ years, positioning it among the most rapidly

growing banks in Bosnia and Herzegovina. The bank's assets have surged from 144 million BAM in 2006 to over 1.5 billion BAM by the end of 2022.

BBI integrated one major aspect in its operations, and that one refers to public education on the benefits and core principles of Islamic banking. Accordingly, due to the consequences of the prior socialist regime, Islamic banking has been an unknown concept, which is why public education through the media and the BBI Academy has been made one of its priorities. The efforts paid off, as in according to one BBI's public statement, *"the trust shown by corporate and retail business segments is the basis for record business results, with BBI becoming an acronym for development and investment"* emphasizing how the bank has *"increased the number of clients, expanded its branch network, provided additional employment and recorded growth in corporate and retail business segments"* (BBI, 2021).

Apart from the domestic market, BBI, according to the latest report conducted every year by the Bulgarian consulting company SeeNews, has positioned itself in 2021 among the top 100 largest banks in Southeast Europe (SEE). The ranking in the SEE TOP 100 biggest banks is the result of expert analyses based on official data from the central banks of SEE countries, national commercial registers, financial supervision commissions, banking associations, state and corporate websites and the business corporations. BBI and its top management have received numerous professional and result oriented rewards, proving that its organic growth over the years has been recognized both domestically, regionally and worldwide.

During the Covid-19 pandemic period, BBI resumed its healthy and organic growth, despite market stagnation. Although the Covid-19 pandemic almost halted all economic activities, BBI managed to open new branches and create new jobs, invest in the development of its own infrastructure and undeniably showed a lasting orientation to the development of Bosnia and Herzegovina and its economy. BBI continued to support the economy by offering new subsidised lines with public partners, which enabled entrepreneurs in B&H to access financial resources at extremely favourable financing rates.

5. MAJOR DEVELOPMENT INITIATIVES OF BBI: SARAJEVO BUSINESS FORUM AND SARAJEVO HALAL FAIR

The Global Financial crisis of 2008 and 2009 exposed the vulnerability of the B&H economy and its dominant dependence from the European investments and trade. In order to fight the negative effects of the global financial crisis, when most European banks focused on helping their initial economies retain the negative impacts, Bosna Bank International decided to enter an endeavour of organizing an international business investment in order to attract foreign investments into Bosnia and Herzegovina and the regional countries from all over the world, including GCC countries, Turkey, Asian

countries, United States of America etc. Another reason for BBI to take this initiative was an evident lack of government-led initiatives in this process, where private entrepreneurial spirit entered and fulfilled this gap.

5.1. Sarajevo Business Forum

Bosna Bank International (BBI), in collaboration with its shareholders, along with international partners, served as the initiator and coordinator of the annual International Business and Investment Conference known as the Sarajevo Business Forum (SBF). This event was first launched in 2010 and has been conducted annually ever since (excluding 2020 and 2021, due to the global COVID-19 pandemic).

SBF serves as a connecting point and an international platform that links institutional and private investors and businesses from around the world with entrepreneurs and project owners in Bosnia and Herzegovina, Albania, Croatia, North Macedonia, Montenegro, Serbia, and Slovenia. It acts as a pivotal platform for facilitating business networking and the exploration of investment and business prospects within the Southeast European region, with the primary aim of promoting its economic advancement and development.

The conference has been positioned as one of the most important business and investment events in South East Europe (SEE), and in recent years has positively influenced the image of Bosnia and Herzegovina as a suitable destination for investment and economic development. SBF is also recognized as a gathering place for experts and presenting the world's best practices in agriculture, infrastructure, energy and tourism. Since 2010 more than 10,000 participants from 50 countries and more than 3,300 companies, have participated at SBF. More than 1,950 G2G, G2B and B2B meetings took place at the Conference. The Sarajevo Business Forum events were covered by more than 2,400 journalists (SBF, 2020). The list of renowned SBF attendees during the previous ten years include H.E. Recep Tayyip Erdogan, President and Prime Minister of Turkey; H.E. Dr. Bandar M.H. Hajjar, President of the Islamic Development Bank Group; H.E. Tun Dr. Mahathir bin Mohamad, Prime Minister of Malaysia; H.E. Mehmet Simsek, Deputy Prime Minister of Turkey; H.H. Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive Emirates Airline & Group; H.E. Dr. Ahmet Davutoglu, Prime Minister of Turkey; H.E. Obaid Humaid Al Tayer, State Minister for Financial Affairs of UAE; H.E. James Steinberg, Deputy Secretary of State of the USA; H.E. Christian Danielsson, European Commission Director-General for NEAR and many others.

In addition to the event itself, Sarajevo Business Forum platform has been used to initiate a unique “SBF Start-up Challenge” TV show competition for university students and youth entrepreneurs, with 3 seasons broadcasted on Bosnia’s “Hayat” TV media network.

Due to the a COVID-19 pandemic, SBF halted at its jubilee 10th edition held in 2019. During COVID-19 pandemic, in spring of 2020 Sarajevo Business Form held a series of online webinars and discussions aimed towards strengthening the domestic Bosnian

economy and published a “Strategic guidelines for strengthening the domestic economy and sustainable production” paper.

5.2. Sarajevo Halal Fair

BBI recognized a huge potential of the worldwide halal market and has continued the legacy of the Sarajevo Halal Forum (SAHAF), introducing a rebranded Sarajevo Halal Fair (SHF) event. By bringing some of the world’s leading companies at a premier location between the East and West, SHF strived to create a much-needed halal business networking platform, which proved to be true with two very successful events held in 2018 and 2019 (and furthermore in 2023, as well).

“Halal” is a term often limited to food and beverages. Over the past decade, however, the variety of products and services in this booming economic sector has expanded. The halal industries touch every aspect of the Muslim lifestyle, ranging from (modest) fashion and (Islamic) finance to media and (halal-friendly) travel.

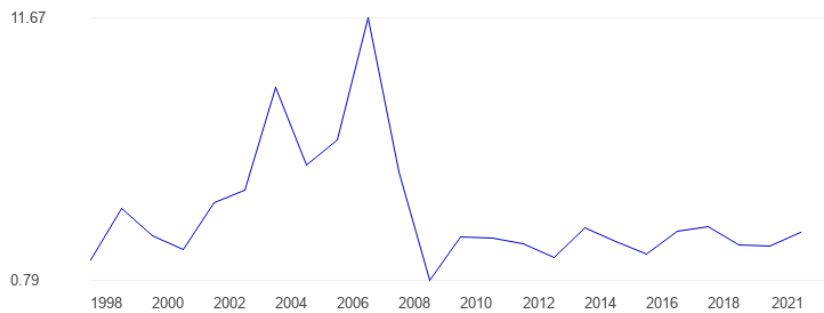
The Sarajevo Halal Fair (SHF) stands as an international exhibition within the halal industry, serving as a gathering point for stakeholders spanning the entire halal supply chain. The event brings about private enterprises, public institutions and corporations, accreditation bodies, government officials, as well as other representatives active in the halal industry. The surging global demand for halal products and services presents a substantial business opportunity, making SHF a pivotal event to connect with producers, manufacturers, traders, investors, establish partnerships and introduce consumers and business professionals to a diverse array of offerings within the halal market. Crucially, SHF also serves as an additional platform for public education and promoting awareness about the halal lifestyle concept and the halal market in general.

Sarajevo Halal Fair (SHF) 2019 hosted over 10.000 visitors, 108 exhibitors from 36 countries, reported by 130 accredited media representatives, making it the largest halal-industry event in Southeast Europe and one of the largest halal-industry events in Europe (SHF, 2020). Due to COVID-19 worldwide pandemic, just like SBF, the event has been postponed in 2020 and 2021, to be held in 2023 joint to the SBF. The Sarajevo Halal Fair will not be a major focus of this research since it has only recently been put into place and acts, for the time as a sideline activity to Sarajevo Business Forum.

5.3. Role of Sarajevo Business Forum in attracting investments

One of the motivations for establishing the Sarajevo Business Forum (SBF) event came after the global financial crisis of 2007-2008 and which impacted Bosnia and Herzegovina’s economy as well. The dependency on regional, neighbouring countries, as well as European countries’ investments in B&H became evident, and a need for diversification of the source of investments became evident.

Figure 8. Foreign direct investments in Bosnia and Herzegovina



Source: *The Global Economy (2021)*

The idea behind the Sarajevo Business Forum's initiative was to try and attract investments not only to Bosnia and Herzegovina, but to the whole region of the Balkans as a whole, including Albania, Croatia, Northern Macedonia, Montenegro, Serbia and Slovenia. Each of these countries is a relatively small market, but presented as a whole under the "One region, one economy" motto it was marketed as an interesting region for investments.

Sarajevo Business Forum has been held each year since 2010, marking its 10th anniversary in its SBF 2019 edition. Due to the covid-19 global pandemic, the 11th SBF scheduled for April 2020 has been postponed, but with several accompanying online events still held, such as SBF 2020 Online Sessions: Covid-19 Crisis Management, SBF Start-up Challenge organized with TV Hayat and Virtual Fair of innovations and entrepreneurship, organized with Foundation "Mozaik".

6. EMPIRICAL RESEARCH

In order to answer to what extent, the presence and activities of Islamic banking contributed to attracting and / or supporting domestic and foreign investments in Bosnia and Herzegovina, we refer to Bosna Bank International's activities and focus on its organization of the international investment and business conference Sarajevo Business Forum, held in Sarajevo since 2010, as a case study.

In this research we look into investment projects and business ideas presented to the foreign (and domestic) investors at the first ten editions of the Sarajevo Business Forum organized from 2010 to 2019, and we identify which of those projects have been realized as a result of that conference.

Furthermore, we researched the impact of organizing such an international event on the foreign investor's perception of Bosnia and Herzegovina and the region as a place to place their investments and in general - do business.

6.1. Research Methods

This research took the form of a Case Study which refers to the Sarajevo Business Forum (SBF) – International investment conference hosted and organized by Bosna Bank International (BBI), an Islamic bank from Bosnia and Herzegovina, in cooperation with its shareholders and other partners.

In the paper we explored how the presence of an Islamic bank, whose main shareholders are foreign Islamic banks, and its activities, namely SBF, influenced investments in a transition economy, that is Bosnia and Herzegovina.

We have focused on the empirical data collected through a case study. The first data collection technique was the collection of secondary data where we identified all data available pertaining to the investment and business projects and ideas presented at SBF 2010-2019, most of which is data collected and presented by the organizers in their Sarajevo Business Forum reports 2010-2019. We have analysed this data using thematic analysis, to determine: who participated at the conference with the intention of realizing an investment project, and descriptive statistics, to show how many investment opportunities were available, what industries they targeted and which investment and business policies were discussed and addressed at the conferences.

Based on the secondary data, primary data collection has been conducted. This entailed surveying participants of the Sarajevo Business Forum conferences, who attended and participated primarily as investors or investment project owners, to determine whether their investments were realized and to investigate the role BBI Bank and SBF played in the realization of their investment.

The data collection instrument which was used was an online questionnaire. The questionnaire has been sent to the target population and has been formulated so that the defined hypotheses can be tested. Questions focused on the experiences of the investors, investment project owners and other SBF participants, whether networking opportunities and other activities helped them secure support for the realization of their investment.

Data collected has been further analysed using statistical methods, including descriptive and inferential statistics, to determine the profile of the respondents, the characteristics of their investment and the respondents' experiences with SBF and Islamic banking. This analysis has been conducted in line with the questionnaire structure, which allowed for the testing of hypotheses.

Finally, semi-structured interviews were conducted with identified SBF success stories, that is to say with investors who claimed to have successfully invested as a result of their participation at Sarajevo Business Forum.

6.2. Data Collection

The data collection has been conducted in the period between November 2021 and January 2022. It is important to once again note that SBF, due to the Covid-19 pandemic, has not been held in 2020 and 2021 and the data collection was limited to the Forum events organized with its 10th jubilee edition held in 2019.

Relevant institutions in Bosnia and Herzegovina which provide adequate data for this research are: the Foreign Investment Promotion Agency (FIPA) of Bosnia and Herzegovina (B&H), government agency established with the mission to “*attract and maximize the flow of foreign direct investment into Bosnia and Herzegovina, and encourage existing foreign investors to further expand and develop their businesses in B&H*”, among its other activities.

The Council of Ministers of Bosnia and Herzegovina has tasked the Foreign Investment Promotion Agency (FIPA) with the responsibility of facilitating and supporting foreign direct investment. FIPA actively provides practical assistance in navigating interactions with government institutions, directly engaging with investors, and collaborating with various government levels and institutions to enhance the legal framework for foreign investments. FIPA also plays a pivotal role in connecting investors with both the public and the private sector.

FIPA's experts and independent consultants create informative fact-sheets containing investment-related indicators, organize matchmaking opportunities, and conduct sector studies to ensure that investors have a comprehensive understanding of the opportunities available in Bosnia and Herzegovina. Additionally, FIPA collaborates with embassies and diplomatic missions, offering valuable support to individuals interested in exploring investment prospects within B&H. The Agency, as detailed on its official website, furnishes data, information, analytical insights, and advisory services pertaining to the business and investment landscape, while also identifying and presenting the array of investment opportunities for both prospective and existing investors in the country.

Another relevant institution within the scope of our research is the Foreign Investors Council (FIC) in Bosnia and Herzegovina, serving as an autonomous, nonprofit business association dedicated to representing the interests of investors operating in Bosnia and Herzegovina. The primary objective of FIC is to enhance the investment climate in the country, fostering a more conducive business environment for both foreign and domestic investors, while also striving to improve the overall investment and business landscape within Bosnia and Herzegovina. Additionally, FIC promotes effective communication and collaboration between the business community and government authorities in the nation.

FIC, as a representative body for foreign investors who have already invested and engaged in business activities in Bosnia and Herzegovina, is widely regarded as a highly credible source of information concerning the impact, positive or negative, of the Sarajevo Business

Forum. Over time, the Foreign Investors Council has published six editions of the “White Book”, which hold significant importance as reform documents. These publications highlight current critical issues and challenges faced by investors in Bosnia and Herzegovina, accompanied by specific recommendations aimed at enhancing existing legal frameworks and administrative processes. These recommendations serve as a reference for line ministries and other competent institutions, with the shared goal of contributing to an overall business environment in Bosnia and Herzegovina that is as supportive and accommodating as possible. The primary objective of the White Book is to promote the adoption of efficient, cost-effective laws and regulations that remove legal and procedural barriers to conducting business.

Foreign Investors Council also undertakes the noteworthy initiative known as the “Business Barometer”, implemented in collaboration with various partners. The inaugural “FIC Business Barometer” report was published in 2015, with support from the Local Growth-Oriented Local Development (GOLD) Project, jointly funded by the U.S. Agency for International Development (USAID) and the Swedish International Development Cooperation Agency (Sida). The second edition of this report was released in 2018, with assistance from the MarketMakers Project, a component of the Swiss Government's commitment to aiding Bosnia and Herzegovina's transition toward a socially inclusive market economy. The “Business Barometer” represents the outcome of surveys conducted among foreign investors in Bosnia and Herzegovina, primarily FIC members. These surveys aim to provide a deeper understanding of the satisfaction levels of their members with B&H's business environment, the challenges encountered by investors, their intentions regarding reinvestments, as well as their efforts to create additional employment opportunities within Bosnia and Herzegovina. The outcomes of FIC's Business Barometer surveys yield valuable analysis results that hold the potential to influence the development of a more favourable and business-friendly climate for existing foreign investors in Bosnia and Herzegovina. This, in turn, encourages reinvestment, business expansion, the hiring of new staff, and contributes to a reduction in unemployment (FIC, 2021).

Established in early 2017, the Tourism Association of Canton Sarajevo is effectively addressing the requirements for the advancement, safeguarding, and preservation of the cultural and tourist assets within Sarajevo Canton. Given that tourism represents one of the most rapidly expanding sectors, the Association is committed to enhancing the tourist offerings of the Canton, with the aim of positioning Sarajevo as one of Europe's premier tourist destinations. This information, along with data on tourist visits, airport statistics, and related details, holds relevance to the activities and advantages associated with the Sarajevo Business Forum since 2010, and is integrated into this research paper.

One of the key sources for secondary data collection are the official Sarajevo Business Forum (SBF) Post-Forum Reports, which presented the statistics on the number of investors, project owners, participants, investment projects and their values, as well as media representatives and other data relevant for the research. Furthermore, these reports contain key messages and discussion points of participants and experts on various topics,

which are used as guidelines for strategic decisions and planning by the various B&H government levels.

Following up on the secondary data, a primary data collection has been realised which is elaborated later in the paper.

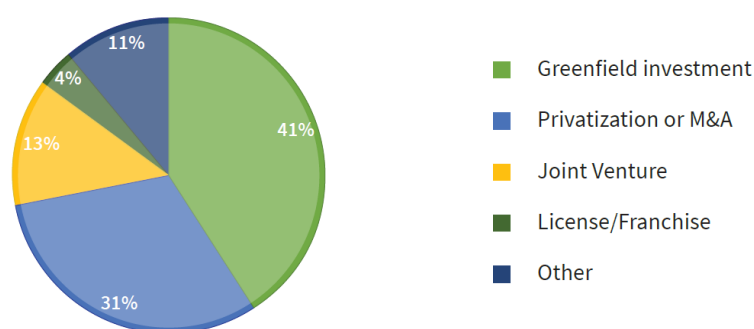
6.2.1. Secondary data – FIC Business Barometer

In the FIC Business Barometer 2020 report, the Bosnia and Herzegovina’s FIC members identified main barriers they are facing in doing business, but also recognized the benefits of investing in B&H. More than half (52%) of the FIC members is moderately dissatisfied with the business climate and believe that the business environment is unpredictable which has a very negative effect on attracting new investments. Despite the perceived obstacles that FIC members indicated in the survey, 92% of the current investors are willing to recommend B&H as a country to invest in, and an impressive 65% intend to reinvest in Bosnia and Herzegovina over the next three years (ibid).

In addition to the fact that due to the COVID-19 pandemic, the number of employees decreased in 2020, almost 74% of companies plan to hire additional labour force in the next three years. Investors have identified highly educated personnel, mostly in technical and economic professions, as the most desirable employee profiles. However, the investors are also looking for other types of skilled labour force.

The FIC members also stated that skilled labour force, proximity to the European Union and low labour costs are the most important competitive advantages of B&H, which local authorities can and must use to attract new investments.

Figure 9. Type of investments, FIC Members

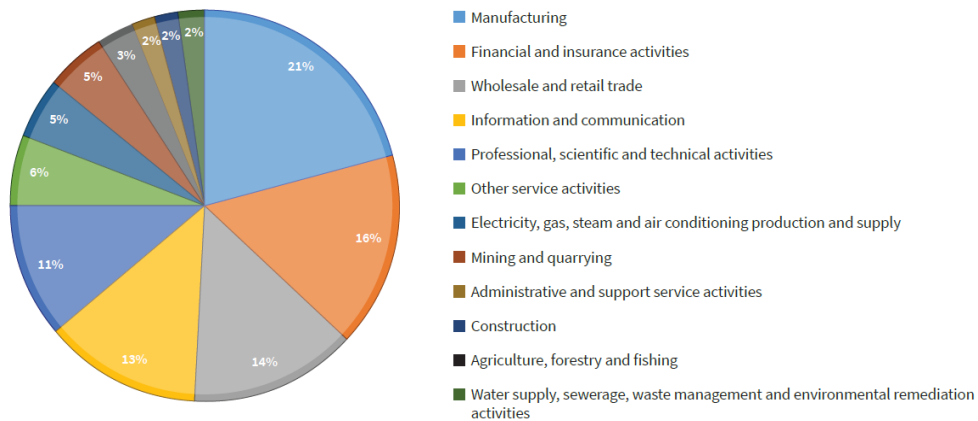


Source: FIC Business Barometer 2020

Most of the FIC members, 41% of them, carried out their investment as a greenfield investment, followed by privatization or acquisition of domestic companies (31%) while 13% of the FIC members made their investment by joint ventures. A total of 4% of the FIC members invested in the business by acquiring a foreign franchise or license, while 11% of members used other models to implement their investment.

Members of the FIC have invested in numerous business activities and sectors. Most investments have been made in the manufacturing industry (21%) and financial activities (16%). A total of 14% of the FIC members invested in wholesale and retail trade, and 13% in information and communication sector. Professional, scientific and technical activities account for 11% while other service-oriented activities account for 6%.

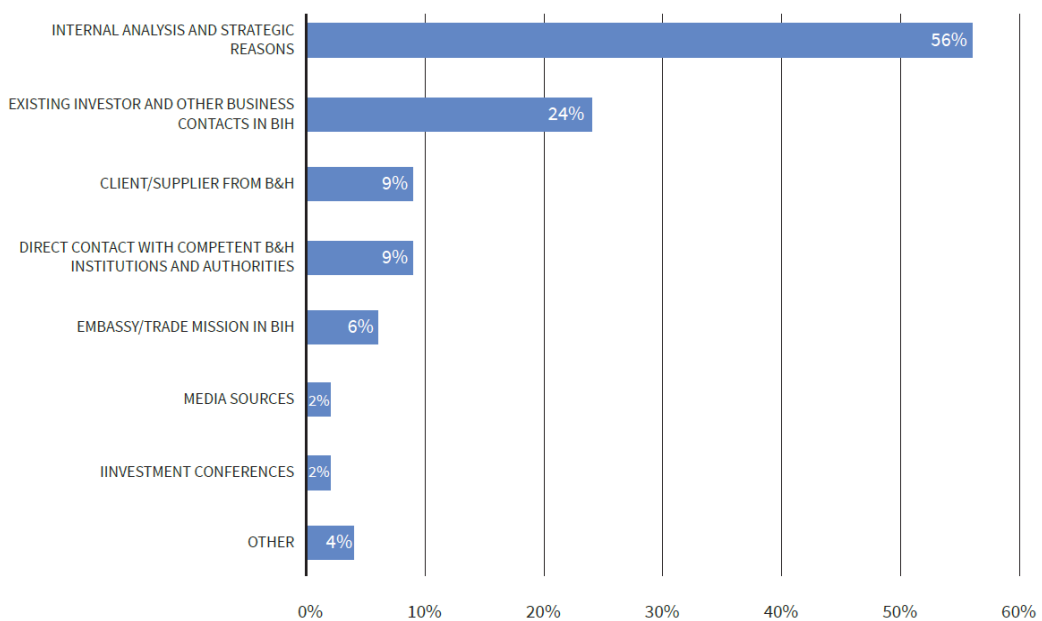
Figure 10. Type of business, FIC Members



Source: FIC Business Barometer 2020

A smaller percentage of the FIC members are engaged in the following activities: production and supply of electricity, gas, steam and air conditioning (5%), mining and quarrying (5%), then administrative and support service activities (3%), construction (2%), agriculture, forestry and fishing (2%), water supply, sewerage, waste management and environmental remediation activities (2%).

Figure 11. Source of information on investment opportunities, FIC Members



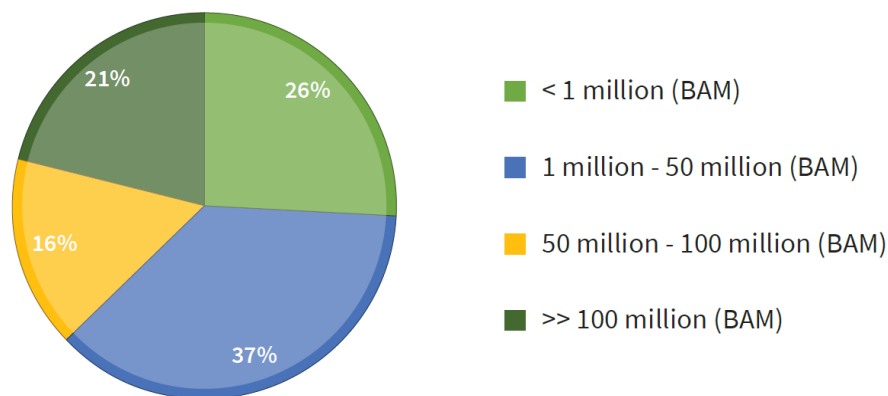
Source: FIC Business Barometer 2020

Among the companies included in the survey, it was found that 56% became aware of investment opportunities in Bosnia and Herzegovina through internal analysis. Additionally, 24% of the respondents obtained this information from existing investors who had prior experience in B&H or from other business connections.

In contrast, 9% of investors acquired information from their current clients, suppliers, or through direct interactions with relevant institutions and authorities in Bosnia and Herzegovina. A smaller proportion, only 6% of investors, received investment information via embassies or trade missions, while 4% utilized alternative sources.

A mere 2% of investors reported obtaining information through media sources and investment conferences.

Figure 12. Value of total investments of FIC members in B&H



Source: FIC Business Barometer 2020

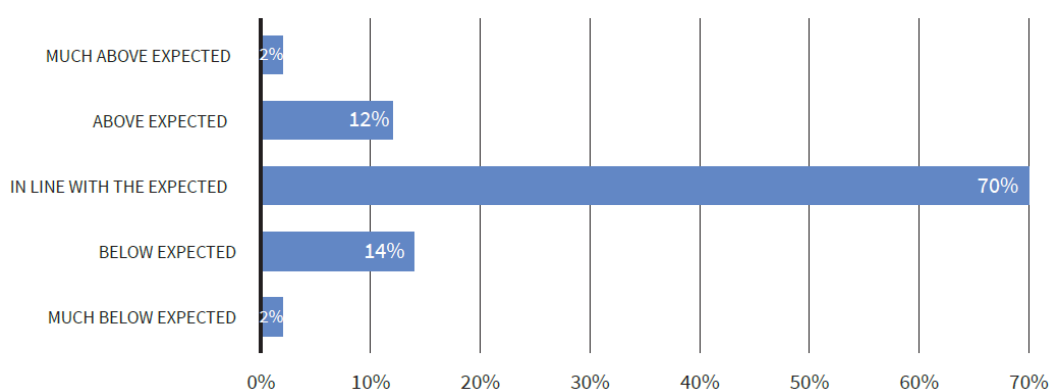
Since the start of their business operations in Bosnia and Herzegovina, 37% of the surveyed FIC members invested between 1 and 50 million BAM, 26% invested less than 1 million BAM, while 21% of the FIC members invested over 100 million BAM. Only 16% of the FIC members have invested between 50 and 100 million BAM in total.

The findings indicate that 65% have chosen to reinvest in Bosnia and Herzegovina within the coming three years, whereas 35% have decided not to pursue reinvestment. It is noteworthy that none of the companies expressed intentions to withdraw their existing investments.

The reasons cited for the decision not to reinvest include uncertainties stemming from the COVID-19 pandemic, a focus on attaining returns on their current investments, and a commitment to enhancing their workforce.

Some companies identified factors such as political instability in the country, limited support from local authorities, and bureaucratic complexities as contributing to their choice of not reinvesting.

Figure 13. Financial business results, FIC members in B&H



Source: FIC Business Barometer 2020

A total of 70% of the FIC members have achieved financial results that corresponded to the expected business projections and targets. The business results achieved by 14% of the companies were below the expected ones, while 12% of them achieved the results above the expected. Only 2% of companies had business results well above expectations, the same percentage of companies had results well below expected business projections and set goals.

Among the companies planning to reinvest over the next three years, 80% intend to invest between 1 and 50 million BAM, while 12% plan to invest less than 1 million BAM. Only 4% have plans to make an investment amounting between 50 and 100 million BAM. The same percentage of companies (4%) plan to make investments worth more than 100 million BAM.

6.2.2. Secondary data – Tourism in Bosnia and Herzegovina and the Canton Sarajevo

The tourism industry in Bosnia and Herzegovina was one of the fastest growing sectors over the last 10 years. According to the UNWTO World Tourism Barometer (January 2021), Bosnia and Herzegovina's International Tourism Receipts in 2017 amounted to 920 million USD.

Table 2. UNWTO World Tourism Barometer - International Tourism Receipts

Bosnia and Herzegovina	USD million			Change %	
	2017	2018	2019	18/17	19/18
	920	1,101	1,176	14.3%	12.6%

Source: UNWTO World Tourism Barometer and Statistical Annex, January 2021

In 2018, the amount grew to 1.101 million USD; 14.3% increase in comparison to 2017. In 2019, International Tourism Receipts amounted to 1,176 million USD; 12.6% increase in comparison to 2018.

COVID-19 pandemic brought havoc to the tourism industry all around the world, and Bosnia and Herzegovina was not different. According to the latest UNWTO World Tourism Barometer, Bosnia and Herzegovina recorded a decrease in International Tourism Receipts by 72,4% in the first three quarters of 2020, compared to the same period of 2019. Decrease in Q1 2020 was 21,7%, 85,2% in Q2, while the decrease in Q3 2020 was 80.1%.

Table 3. Tourist visitors in Bosnia and Herzegovina (2018-2020)

Visitor Numbers			Change %		
Year	2018	2019	2020	19/18	19/20
Domestic tourists	412,514	442,658	302,033	7.31%	-31.77%
Foreign tourists	1,052,898	1,198,059	196,057	13.79%	-83.64%
Total	1,465,412	1,640,717	498,090	11.96%	-69.64

Source: Bosnia and Herzegovina Agency for Statistics, February 2021

In 2019, Bosnia and Herzegovina received the highest number of arrivals from Croatia, followed by China, Serbia, Turkey, Slovenia, and Saudi Arabia. Markets from China and Saudi Arabia grew significantly in comparison to 2018 because the Council of Ministers of Bosnia and Herzegovina adopted visa liberalization for those countries. Arrivals from Turkey decreased by 16,9% in comparison to 2018, mainly because of the economic crisis in Turkey and the devaluation of Turkish Lira currency against Euro.

Table 4. Overnight stays of tourists in Bosnia and Herzegovina

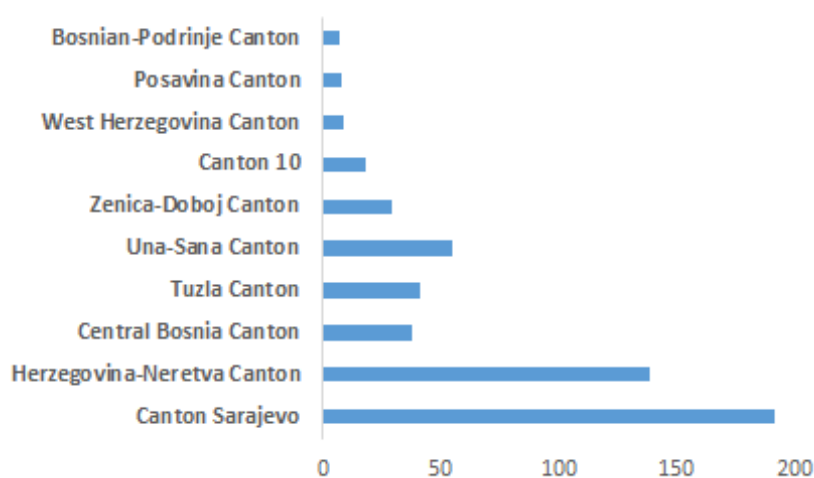
Overnight Stays			Change %		
Year	2018	2019	2020	19/18	19/20
Domestic nights	874,786	952,217	748,370	8.85%	-21.41%
Foreign nights	2,165,404	2,419,105	487,601	11.72%	-79.84%
Total	3,040,190	3,371,322	1,235,971	10.89%	-63.34%

Source: Bosnia and Herzegovina Agency for Statistics, February 2021

In 2020, Bosnia and Herzegovina received the highest number of arrivals from Serbia, Croatia, United Arab Emirates, Slovenia, Turkey, and Montenegro, with numbers plummeting over 50% from these markets compared to 2019.

In 2019, according to the Institute for Statistics of the Federation of Bosnia and Herzegovina, highest number of accommodation facilities in FB&H was in Canton Sarajevo, 35.82% out of the total number, followed by Herzegovina – Neretva Canton with 25.93%, Una – Sana Canton with 10.26%, Tuzla Canton with 7.65%, and Central Bosnia Canton with 7.09%.

Figure 14. Accommodation facilities by Canton in F B&H



Source: Institute for Statistics of the Federation of Bosnia and Herzegovina

6.2.3. Secondary data – Airports statistics

Bosnia and Herzegovina has four international airports. Three airports are located in the Federation of Bosnia and Herzegovina (FB&H), and one airport in Republika Srpska (RS).

Table 5. Airport passengers in Bosnia and Herzegovina

Airport	Total passengers (2018)	Total passengers (2019)
Sarajevo	1,046,635	1,143,680
Tuzla	584,589	593,053
Banja Luka	36,180	149,693
Mostar	28,463	32,866
Total	1,695,867	1,919,292

Source: Bosnia and Herzegovina Directorate of Civil Aviation, January 2021

In 2019, a record number of passengers passed through four B&H airports. Sarajevo recorded 1,143,680 passengers, an increase of 9.27% compared to 2018.

Tuzla Airport was the second busiest airport with 593,083 passengers, an increase of 1.45% compared to 2018, while Banja Luka Airport recorded the largest increase in passengers reaching 113,513, or an increase of 313.75% over 2018.

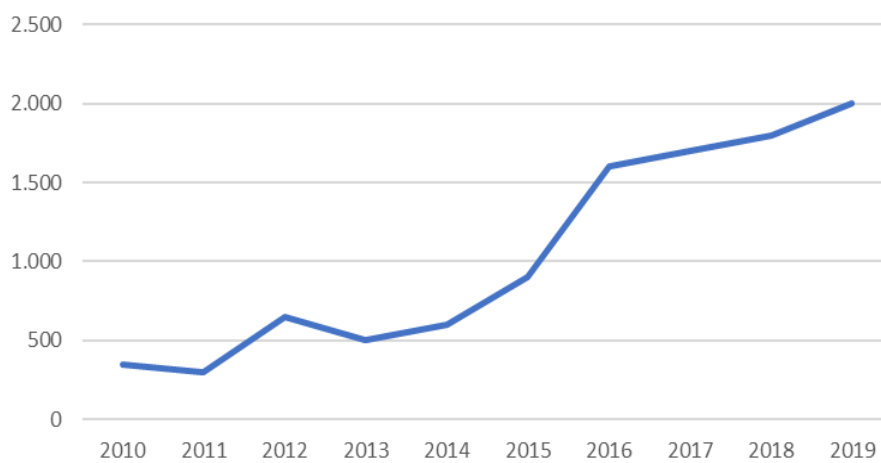
Mostar Airport recorded only a small increase in passenger numbers, reaching a total of 32,866 passengers, or an increase of 15.47% compared to 2018.

Together, all airports recorded a combined increase of 223,455 passengers, or an average increase of 13.18% compared to 2018.

6.2.4. Secondary data – Sarajevo Business Forum (SBF) Post-Forum Reports

Over the years, Sarajevo Business Forum saw a steady increase in the number of attendees, which ranged from 350 participants, including 170 media representatives at the 1st Sarajevo Business Forum (SBF) 2010, to a record-high 2,000+ participants, including 350 media representatives at the jubilee 10th Sarajevo Business Forum held in 2019.

Figure 15. Sarajevo Business Forum (SBF) in numbers (2010-2019): Number of attendees

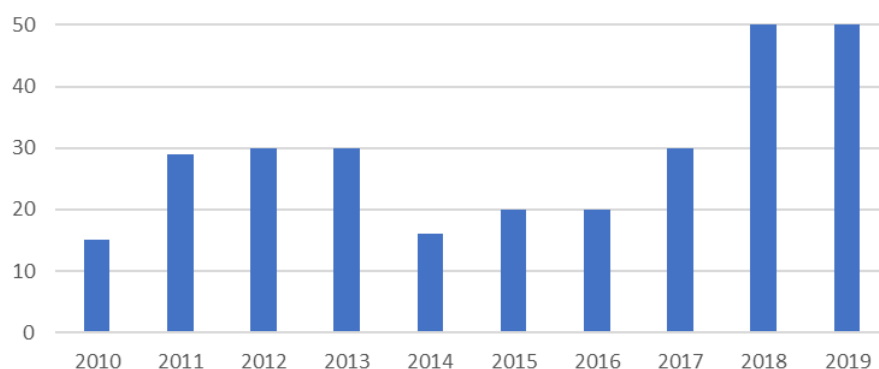


Source: Sarajevo Business Forum (SBF) Post-Forum Reports (2010-2019)

Total number of people coming from different countries amounted to more than 50 over the first 10 editions of Sarajevo Business Forum.

This increase can be attributed to the growing interest from various countries to invest in Bosnia and Herzegovina, as well as to the image of the Sarajevo Business Forum, built over the years, at the regional and international level.

Figure 16. Sarajevo Business Forum (SBF) in numbers (2010-2019): Attendees countries

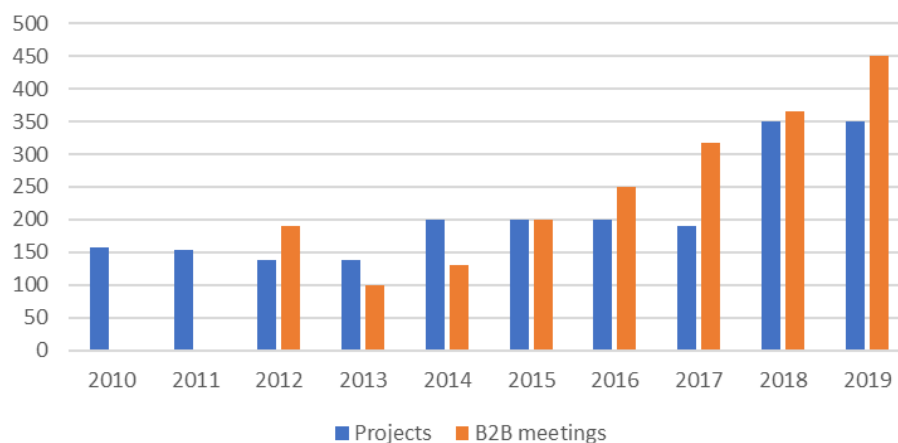


Source: Sarajevo Business Forum (SBF) Post-Forum Reports (2010-2019)

Following the increasing trend of people attending and participating at the Sarajevo Business Forum events over the years, the conference experienced a continuous increase in projects presented, as well as number of recorded B2B meetings.

This ongoing surge in attendance and active engagement at the Sarajevo Business Forum signifies its growing influence and effectiveness in fostering business connections and investment opportunities.

Figure 17. SBF in numbers (2010-2019): Investment projects and B2B meetings



Source: Sarajevo Business Forum Post-Forum Reports (2010-2019)

As a result, the conference has consistently expanded both the range of showcased projects and the volume of successful B2B meetings, underscoring its pivotal role in promoting economic growth and collaboration in the region.

Among the prominent foreign investors in Bosnia and Herzegovina, noteworthy entities include globally recognized corporations and financial institutions like ArcelorMittal, Asamer Baustoffe, Coca-Cola, Gazprom, Heidelberg Cement, Henkel, Intesa Sanpaolo, Lactalis, MANN+HUMMEL, Meggle, Natron-Hayat, PepsiCo, Raiffeisen, Sberbank, UniCredit, Veritas, Volkswagen, and many others (Deloitte, 2019).

Table 6. Sarajevo Business Forum in numbers (2010-2019)

Event	Investment projects	Total value of projects	Investors / participants	Media / Journalists	B2B meetings
1 st SBF 2010	157	EUR 11.5 billion	350	170	N/A
2 nd SBF 2011	153	EUR 14.7 billion	300	230	N/A
3 rd SBF 2012	138	EUR 8.5 billion	650	250	190
4 th SBF 2013	N/A	N/A	750	227	100
5 th SBF 2014	200	N/A	600	253	130
6 th SBF 2015	N/A	N/A	900	320	200
7 th SBF 2016	N/A	N/A	1,600	350	250
8 th SBF 2017	190	N/A	1,700	333	317
9 th SBF 2018	N/A	N/A	1,800	371	365
10 th SBF 2019	350	N/A	2,000	350	450

Source: Sarajevo Business Forum Post-Forum Reports (2010-2022)

6.2.5. Primary data - Survey

Primary data was collected through an online survey prepared in *Constant Contact*, online e-mail marketing tool, which was distributed to registered participants and attendees of the 8th, 9th and 10th Sarajevo Business Forum (2017-2019), as well as members of the Foreign Investors Council (FIC) in Bosnia and Herzegovina, representatives of companies which have already invested in Bosnia and Herzegovina.

The survey was, among others, distributed to the members of BBI's VIP Business Club, an initiative which operated within Bosna Bank International. This business club served as a platform for entrepreneurs, facilitating interactions among local and international business entities, including both retail and corporate clients, trade chambers, associations, and more.

Its primary objectives encompassed the promotion of networking, fostering business connections, executing specific business transactions, attracting foreign investments, and promoting the growth of goods and services originating from Bosnia and Herzegovina. All these efforts are geared towards fortifying the local economy, enhancing its integration with global economies, and nurturing international business relationships.

In addition to above mentioned, survey was handed out and sent to foreign embassies, diplomatic missions and international organizations in B&H, as well as major international organisations and special missions, international and foreign government related agencies operating in B&H.

List of diplomatic and consular corps and international organizations has been retrieved from the official website of the Ministry of foreign affairs of B&H.

A separate, shortened version of the online survey was distributed among the leading media and press representatives and journalists, registered for the Sarajevo Business Forum (2017-2019), and these results have been presented separately.

6.3. Data Analysis

More than 2,000 e-mail contacts were included in this research, conducted in the period from January to April 2022, in both Bosnian and English, which generated a total of 291 responses which were used in the data analysis, empirical findings and conclusions of this research.

The response rate has amounted to a total of 14.55%.

Table 7. Types of participants

Type	Number
Attendees / participants	232
Media / press representatives	59
Total	291

Source: Online survey

6.3.1. Attendees / participants' responses

We have received 232 responses from attendees / participants of the Sarajevo Business Forum events. Majority of the responses was received from domestic / local participants from Bosnia and Herzegovina (75%).

Other respondents came from Austria, China, Croatia, Germany, Great Britain, Montenegro, Netherlands, Northern Macedonia, Saudi Arabia, Serbia, Slovenia, Switzerland, Turkey and United Arab Emirates.

In the survey, when presented with a selection of countries, 10% of the respondents opted for the "other" category, indicating their choice.

Table 8. Countries of participants

Country	Response Count	Response Percentage
Bosnia and Herzegovina	173	75%
Austria	2	1%
China	1	0%
Croatia	5	2%
Germany	2	1%
Great Britain	4	2%
Montenegro	1	0%
Netherlands	1	0%
Northern Macedonia	5	2%
Saudi Arabia	1	0%
Serbia	3	1%
Slovenia	1	0%
Switzerland	2	1%
Turkey	5	2%
United Arab Emirates	3	1%
Other	23	10%

Source: Online survey

A breakdown of the survey participants reveals that various sectors were represented, showcasing the diversity of backgrounds and interests among respondents. Specifically, 17% of the respondents had affiliations with government entities, while another 17% hailed from the finance industry, underscoring their significance in the study's context. Furthermore, 9% of the participants belonged to a range of sectors, including infrastructure, construction, real estate, IT, digital economy, education, sports, and culture, illustrating the interdisciplinary nature of the survey's reach.

Table 9. Business and sectors of participants

Business sector / Industry	Response count	Response percentage
Government	40	17%
Finance	40	17%
Tourism and Services	12	5%
Agriculture and Food	12	5%
Metal and Wood	7	3%
Infrastructure, Construction and Real Estate	20	9%
IT Industry and Digital Economy	20	9%
Education, Sports and Culture	20	9%
Other	61	26%

Source: Online survey

The remaining percentages were distributed across different sectors, with 5% from the tourism and services industry, 5% related to agriculture and food, and 3% associated with the metal and wood industry. Additionally, a noteworthy 26% of respondents selected “other”, denoting a spectrum of backgrounds and professions beyond the predefined categories, highlighting the broad spectrum of interests and perspectives within the survey.

Table 10. Annual turnover

Annual Turnover	Response Count	Response Percentage
Up to 1 million EUR	50	22%
1-5 million EUR	36	16%
5-10 million EUR	21	9%
Over 10 million EUR	49	21%
Rather not say	76	33%

Source: Online survey

22% of surveyed participants answered that their organization generates an annual turnover of up to 1 mil. EUR, 16% said annual turnover is between 1 and 5 mil. EUR, 9% said their turnover ranges from 5 to 10 mil. EUR. 21% answered that the annual turnover of their organization exceeds 10 mil. EUR, and 33% of the respondents chose rather not to say on the annual turnover.

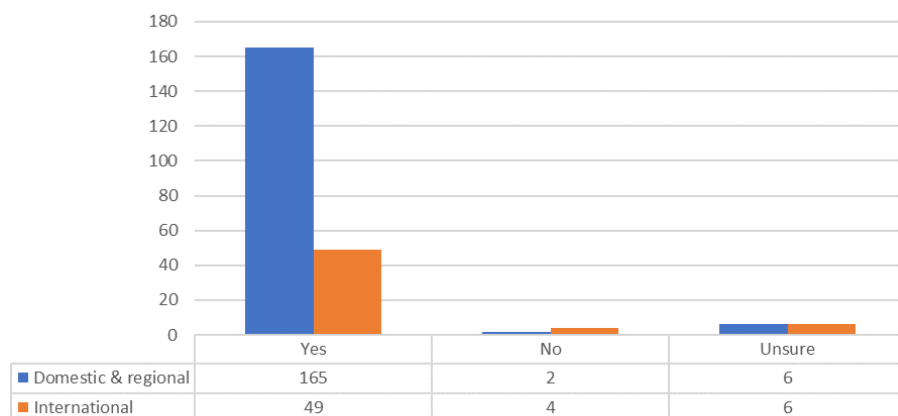
Table 11. Number of employees

Number of Employees	Response Count	Response Percentage
Less than 50	111	48%
51-250	41	18%
251-500	32	14%
500+	33	14%
Rather not say	15	6%

Source: Online survey

48% of respondents come from small organizations with less than 50 employees, 18% come from organizations with 51-250 employees, 14% from organizations which employ 251 to 500 people, and another 14% are affiliated with organizations with more 500 employees. 6% of respondents chose not to answer to this question.

Figure 18. Are you aware that BBI operates under the Islamic banking principles?

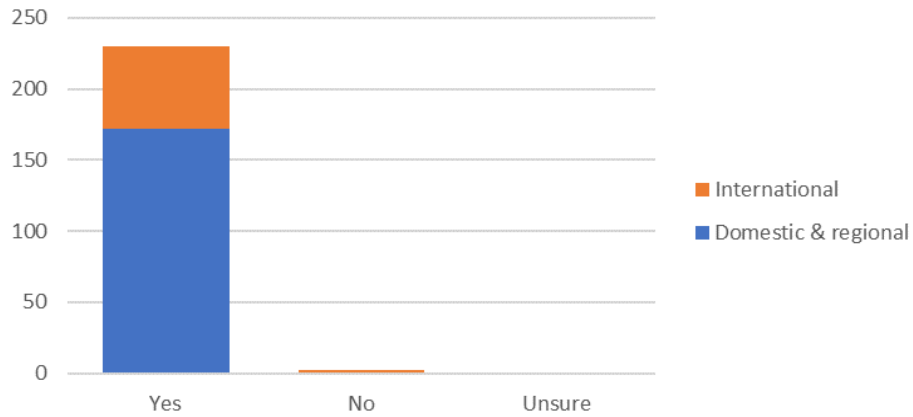


Source: Online survey

99% of respondents, both domestic & regional, have heard of Bosna Bank International. Only 2 international participants answered that they have not heard of BBI and 1 answered “unsure”. When it comes to the respondents’ awareness of the fact that BBI operates under

the Islamic banking principles, 92% of both domestic and international participants were aware of that fact, 3% were not and 5% said they were unsure.

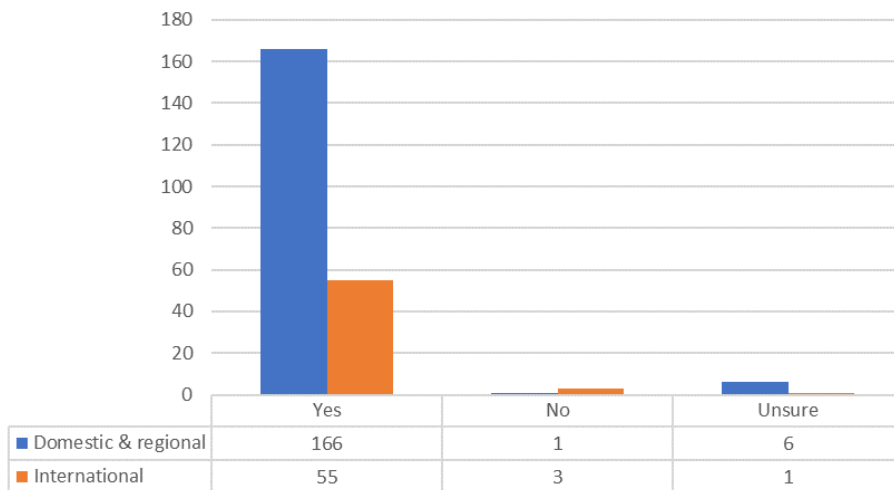
Figure 19. Have you heard of Sarajevo Business Forum?



Source: Online survey

99% respondents confirmed that they have heard of the Sarajevo Business Forum, with 1% answering they have not heard of the event.

Figure 20. Are you aware that BBI is the organizer of the Sarajevo Business Forum?



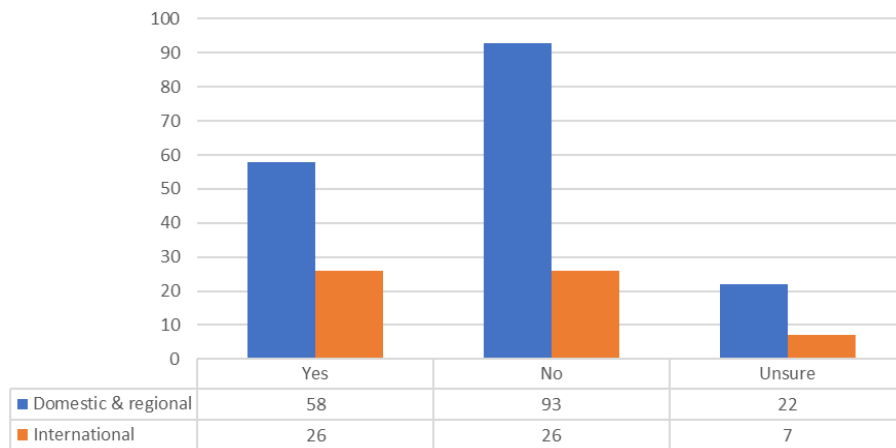
Source: Online survey

95% of the respondents were also aware that Bosna Bank International is the (main) organizer of the Sarajevo Business Forum event, 2% answered no and 3% were unsure.

The fact that BBI operates under principles of Islamic banking has not impacted the majority of the Sarajevo Business Forum participants to take part at the event; 36% of respondents said it has, 51% said it has not, and 13% were unsure.

Breaking the answers down furthermore, 54% of domestic and regional participants said that this fact has not impacted their decision to attend the Sarajevo Business Forum, while 34% said it has, and 13% said they were unsure.

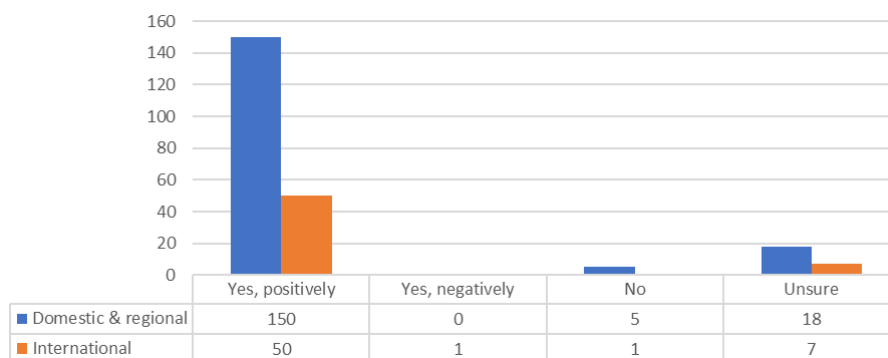
Figure 21. Has the fact that Bosna Bank International operates under principles of Islamic banking impacted your decision to participate at the Sarajevo Business Forum?



Source: Online survey

However, 44% international participants answered that this fact has impacted their decision, 44% said it did not and 12% of the respondents were unsure.

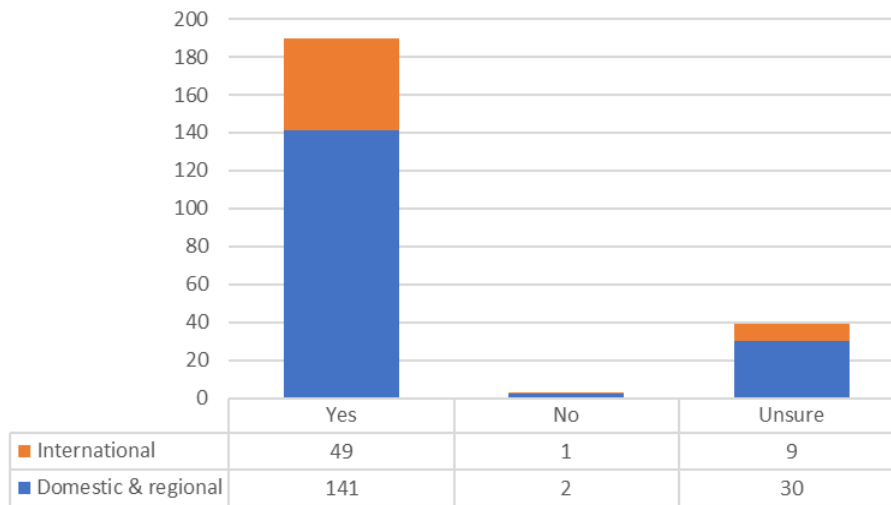
Figure 22. Do you think that Sarajevo Business Forum helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business?



Source: Online survey

86% of the respondents, both domestic, regional, and international, said that they think Sarajevo Business Forum, an activity of Bosna Bank International, helped positively in changing the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business, 3% answered no, while 11% were unsure. Based on the nonparametric Mann-Whitney U test, we find no statistical difference ($p=0.699$) between domestic and foreign respondents' opinion (mean (domestic) = 3.8382, mean (foreign) = 3.7966).

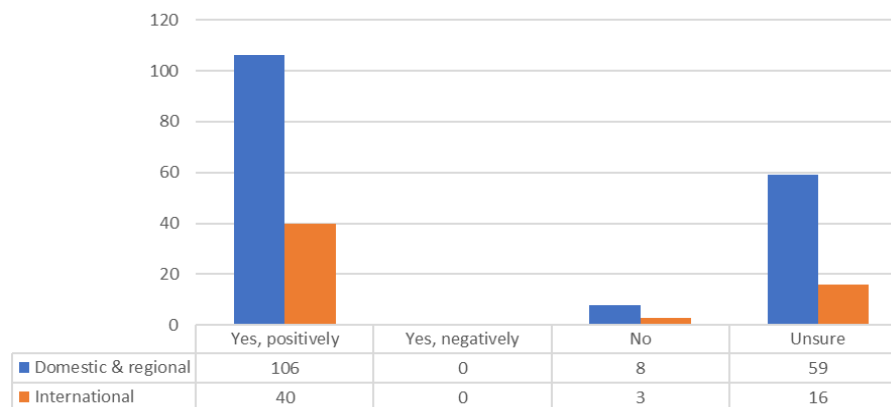
Figure 23. Do you think that Sarajevo Business Forum helped attract investments, both domestic and regional, to Bosnia and Herzegovina and the Western Balkans?



Source: Online survey

Furthermore, 82% of the respondents think that Sarajevo Business Forum helped attract investments, both domestic and foreign, to Bosnia and Herzegovina and the Western Balkans region; 17% were unsure and only 1% think it did not help. Based on the Mann-Whitney U test, we find no statistical difference ($p=0.806$) between domestic and foreign respondents' opinion (mean (domestic) = 2.8035, mean (foreign) = 2.8136).

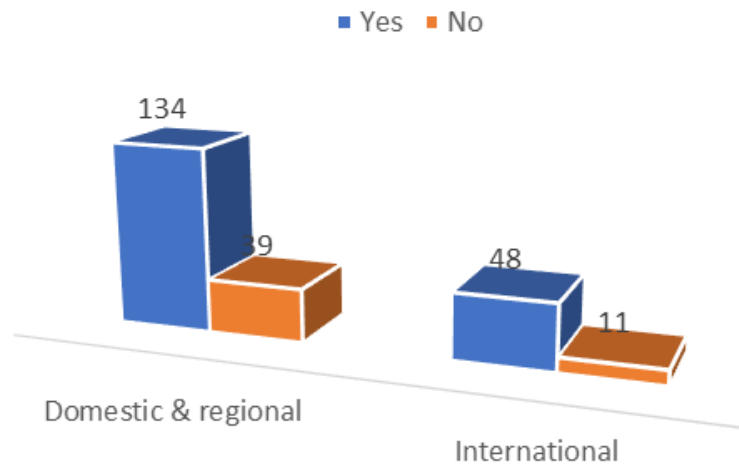
Figure 24. Do you think that SBF helped domestic institutions and domestic policy regulators to ease investing in Bosnia and Herzegovina and the Western Balkans region?



Source: Online survey

In the opinion of the respondents, 63% think that Sarajevo Business Forum helped domestic institutions and domestic policy regulators to ease investing in Bosnia and Herzegovina and the Western Balkans region, while 32% are unsure if it did, and 5% answered that they think it did not. Based on the Mann-Whitney U test, we find no statistical difference ($p=0.413$) between domestic and foreign respondents' opinion (mean (domestic) = 3.5665, mean (foreign) = 3.6271).

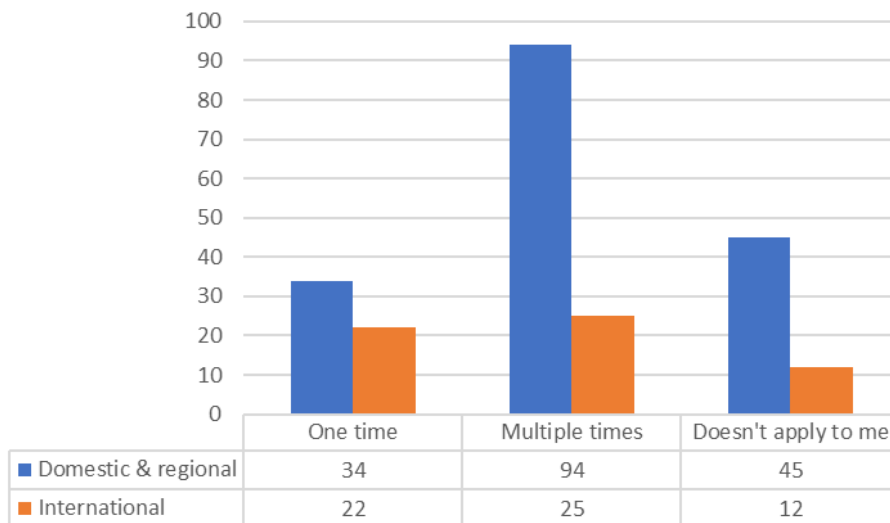
Figure 25. Have you ever attended the Sarajevo Business Forum event, organized by Bosna Bank International in the past (2010-2019)?



Source: Online survey

78% of the respondents have confirmed that they have attended the Sarajevo Business Forum event in the period from 2010 to 2019, while 22% said they did not.

Figure 26. How many times have you participated at the Sarajevo Business Forum?

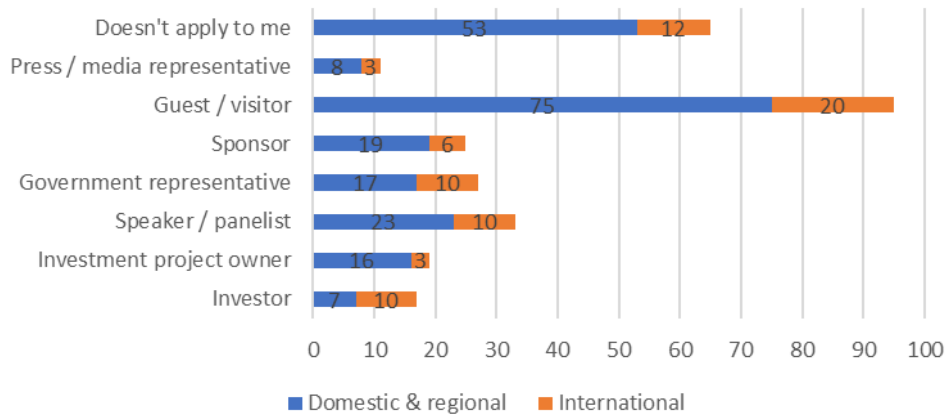


Source: Online survey

24% attended the Sarajevo Business Forum one time, 51% more than once, while 25% of the respondents' answerer how the question does not apply to them.

Given the multiple-choice options, where respondents could have chosen more than one answer, 7% of the respondents said they have attended the Sarajevo Business Forum events as an investor, 8% were in the capacity of an investment project owner, 14% participated as a speaker / panellist and 12% as government representative.

Figure 27. In what capacity have you participated at the Sarajevo Business Forum?

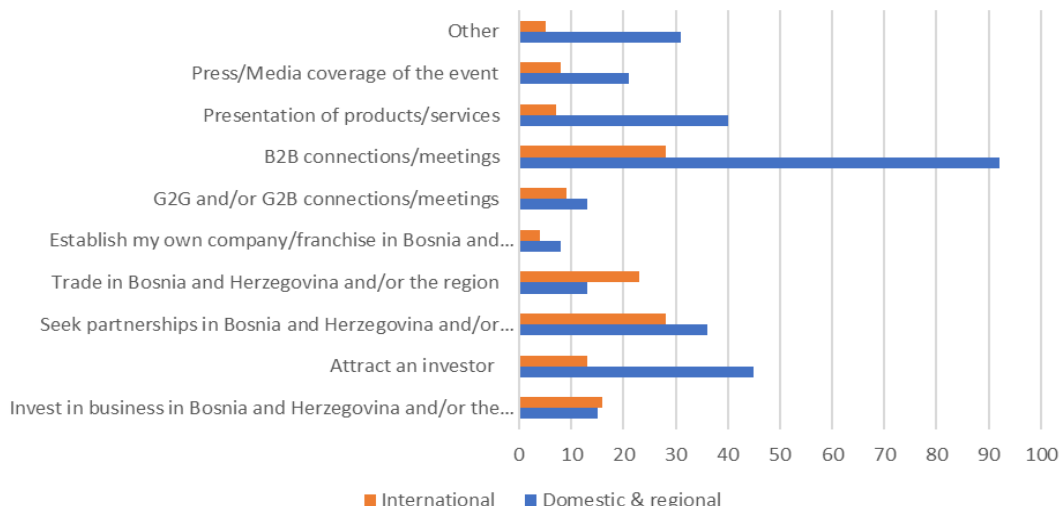


Source: Online survey

11% of the respondents were representing sponsors, 41% came as guests / visitors, 5% stated that they attended the Sarajevo Business Forum as a press / media representative and 28% answered that the question does not apply to them.

Given the multiple-choice options, where respondents could have chosen more than one answer, 13% said they have attended the Sarajevo Business Forum with the goal to invest in a business in Bosnia and Herzegovina and / or the region, 25% wanted to attract an investor and 28% were seeking partnerships in Bosnia and Herzegovina and/or the region.

Figure 28. What was your primary goal of participation at the Sarajevo Business Forum event, organized by Bosna Bank International?



Source: Online survey

16% attended Sarajevo Business Forum because their goal was to trade in Bosnia and Herzegovina and / or the region, 5% wanted to establish their own company / franchise in Bosnia and Herzegovina and/or the region. G2G and/or G2B connections/meetings was the

primary goal of 9% of the respondents, while more than half (52%) came with the goal to hold and organize B2B connections/meetings. 20% wanted to present products/services, 13% said they were at Sarajevo Business Forum for the press coverage of the event and 16% stated other reasons.

Given the multiple-choice options, where respondents could have chosen more than one answer, 13% confirmed that they have met potential investors for their business at the Sarajevo Business Forum, while 13% of the respondents said that they have found interesting and feasible investment opportunities.

Figure 29. What were you able to achieve during your attendance at the Sarajevo Business Forum, organized by Bosna Bank International?



Source: Online survey

26% have participated in B2B/G2G/G2B meetings with domestic and international business representatives, 21% said how they met potential partners for their business and 11% confirmed that they have met potential trading partners.

9% said how they have met potential partners for buying/selling their products/services, 34% confirmed that they have established useful domestic business connections and 32% said that they have established useful international business connections. 6% of the respondents said that they have not made any worthy business contacts at the Sarajevo Business Forum, and 32% said the question does not apply to them.

In additional remarks and comments, the surveyed participants emphasized how *“FIPA representatives have been partners of the SBF from the beginning and participated in inviting companies to participate in the Forum, panel participants and presentations”*.

Some suggestions included *“improvement of communication with friendly countries, potential investors from those countries, with the aim of the participation of those who have real intentions to invest in B&H and the region, while recognizing and working to*

remove obstacles encountered by investors in B&H” and how it is “necessary to work much more focused on the networking of interest groups”.

Participants also noted how *“it would be good if more work was done on investments in the fields of education, science and culture”.*

Remarks included comments how *“the organizer offered the possibility of organizing online B2B meetings between participants, a possibility that was cancelled a year later, which is a step back”.*

One of the participants commented how *“the forum is a great story”* but noted how *“unfortunately, the institutions do not follow the enthusiasm of the organizers or participants”* while another surveyed participant said that SBF is a *“very well-organized group of business people and people from politics, and we should continue with that and expand the business community that should participate in this forum”.*

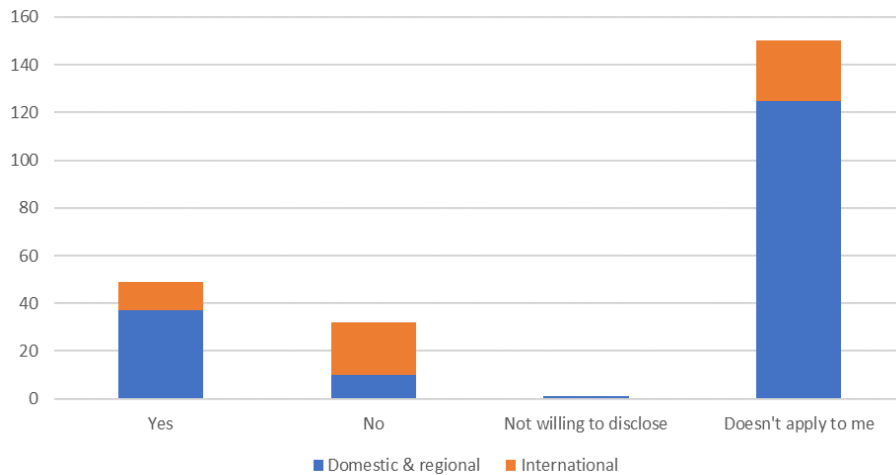
Participated at the Sarajevo Business Forum as a representative of the investor, as representative of investment project owner and a guest, in all of his encounters, one of the respondents commented how *“there were no connections made that were favourable to the projects represented. The people I was interested in connecting with were unreachable, while those with whom I interacted did not have the capacity for the size of the offered projects. Due to the sensitivity of projects and the nature of work exhibition of the same was not possible.”*

“The overall event is great. I believe separate panels and B2B's for youth and support of youth entrepreneurship should be organized, where young people would be given a direct opportunity to meet potential investors.” one of the surveyed participants commented, while another one suggested how the *“Sarajevo Business Forum should upgrade their activities in terms of youth entrepreneurship, organizing a Junior Sarajevo Business Forum, to strengthen and empower youth to establish their own business and find potential funds for start-up businesses.”*

One of the participants *“achieved a high motivation and faith in my own country in the context of creating and starting a business”.*

Some participants believe how *“the forum that contributed to hearing about Bosnia a little further, but from year to year, achieves less and fewer results”* and that *“SBF organizers should promote positive stories and projects realized through the SBF platform, that could help further planning and development”* also emphasizing that *“local authorities need to have a more serious approach to support SBF”.*

Figure 30. Have you invested in B&H in the past 10 years (since 2010)?



Source: Online survey

Out of the surveyed participants, 21% said they have invested in Bosnia and Herzegovina since 2010, 14% said no and 65% selected that the question does not apply to them.

When comparing attitudes among respondent groups defined in this question (*Have you invested in B&H in the past 10 years (since 2010)?*) defined in the questions:

- *Q1: Do you think that Sarajevo Business Forum helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business?*
- *Q2: Do you think that Sarajevo Business Forum helped attract investments, both domestic and regional, to Bosnia and Herzegovina and the Western Balkans?*

we have used Kruskal – Wallis and Dunn's post hoc test, given that we have 3 independent groups in this case (1 – Yes; 2 – No; 3 – Doesn't apply to me). Test results are presented in the table below.

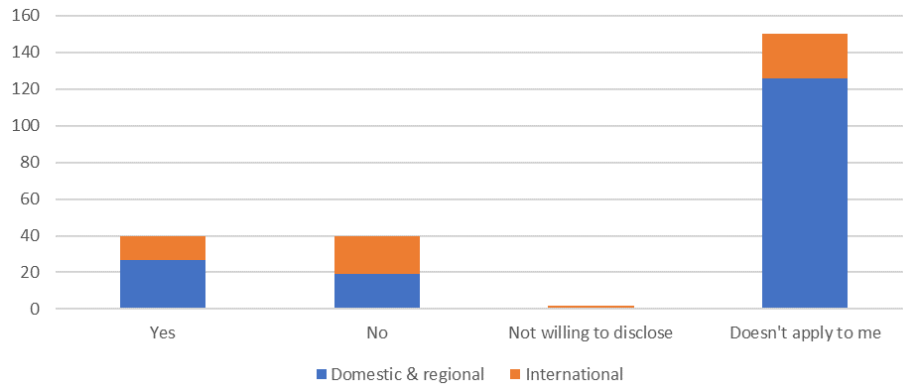
Table 12. Sarajevo Business Forum role in investment attraction in B&H: Results of Kruskal – Wallis test and means

Mean				
	Significance	Yes	No	Doesn't apply to me
Q12	0.318	3.7551	3.7813	3.8609
Q13	0.627	2.7551	2.7813	2.8278

Source: Online survey

As per the results, we can conclude that there is no statistically significant difference between groups of participants defined in this question when comparing their attitudes defined in questions Q1 and Q2. The same conclusion can be reached if we compare mean values of their responses, with almost no difference.

Figure 31. Have you invested in the Western Balkans in the past 10 years (since 2010)?

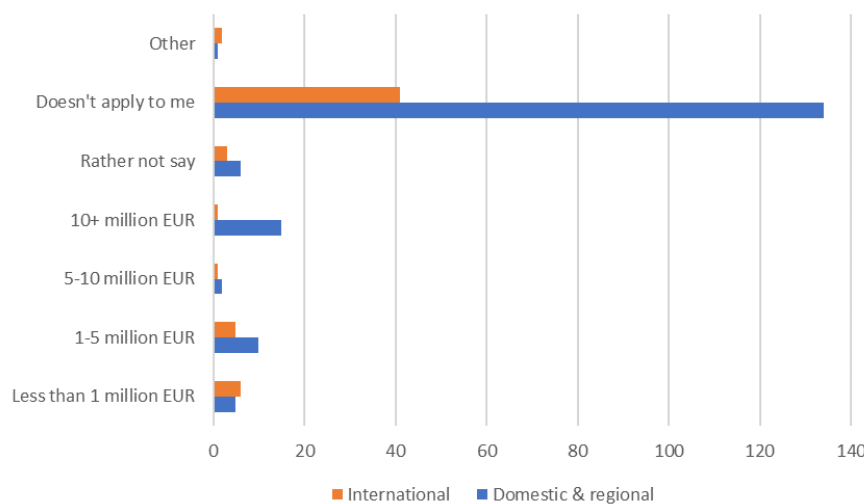


Source: Online survey

17% of the surveyed participants said that they have invested in the Western Balkans region since 2010, 17% answered they have not, 65% said the question does not apply to them. 1% of surveyed participants were not willing to disclose this information.

5% of the surveyed respondents said that their investments in Bosnia and Herzegovina in the past 10 years (since 2010) amounted to less than 1 million EUR, 6% answered with 1 to 5 million EUR, 1% answered 5 to 10 million EUR, and 7% said investments amounted to more than 10 million EUR. 4% chose rather not to say, while 75% said the question does not apply to them and 1% answered “other”.

Figure 32. What is the total amount you have invested in Bosnia and Herzegovina in the past 10 years (since 2010)?



Source: Online survey

2% of the surveyed participants said they have invested in Bosnia and Herzegovina in the past 10 years (since 2010) in the government related business industries and sectors, 2% in the finance sector, 7% in tourism and services, 6% in agriculture and food, and 3% invested in the metal and wood industries.

When comparing attitudes among respondent groups defined in this question (*Have you invested in Western Balkans in the past 10 years (since 2010)?*) defined in the questions:

- *Q1: Do you think that Sarajevo Business Forum helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business?*
- *Q2: Do you think that Sarajevo Business Forum helped attract investments, both domestic and regional, to Bosnia and Herzegovina and the Western Balkans?*

we have used Kruskal – Wallis and Dunn's post hoc test. Test results are presented in the table below.

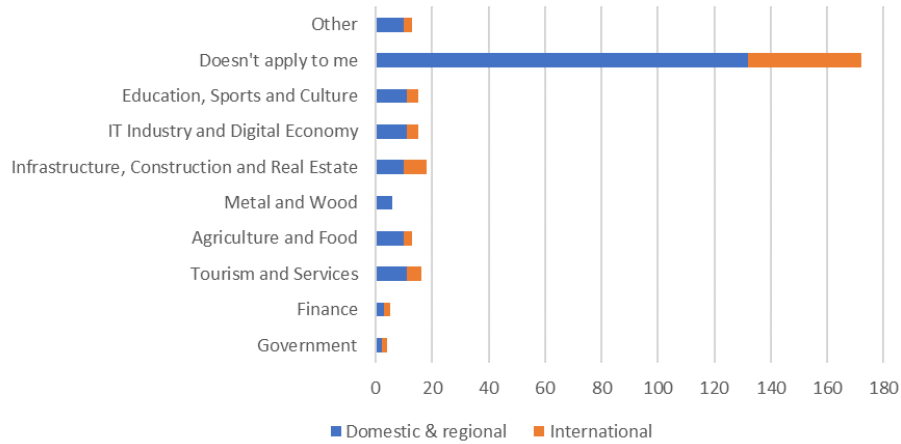
*Table 13. Sarajevo Business Forum role in investment attraction in Western Balkan:
Results of Kruskal – Wallis test and means*

Mean				
	Significance	Yes	No	Doesn't apply to me
Q12	0.271	3.7250	3.8000	3.8618
Q13	0.363	2.7750	2.7250	2.8355

Source: Online survey

We can conclude that there is no statistically significant difference between groups of participants defined in this question when comparing their attitudes defined in questions Q1 and Q2. The same conclusion can be reached if we compare mean values of their responses, with almost no difference.

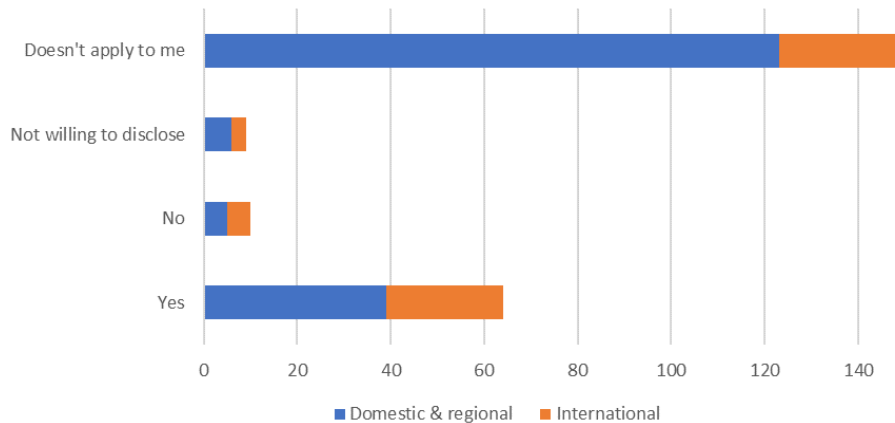
Figure 33. Please select the business industries and sectors in which you have invested in Bosnia and Herzegovina in the past 10 years (since 2010)?



Source: Online survey

8% answered their investments were made in infrastructure, construction, and real estate, 6% in the IT industry and digital economy and 6% said they have invested in education, sports and culture since 2010 in Bosnia and Herzegovina. 74% answered that the question doesn't apply to them and 6% answered "other industries".

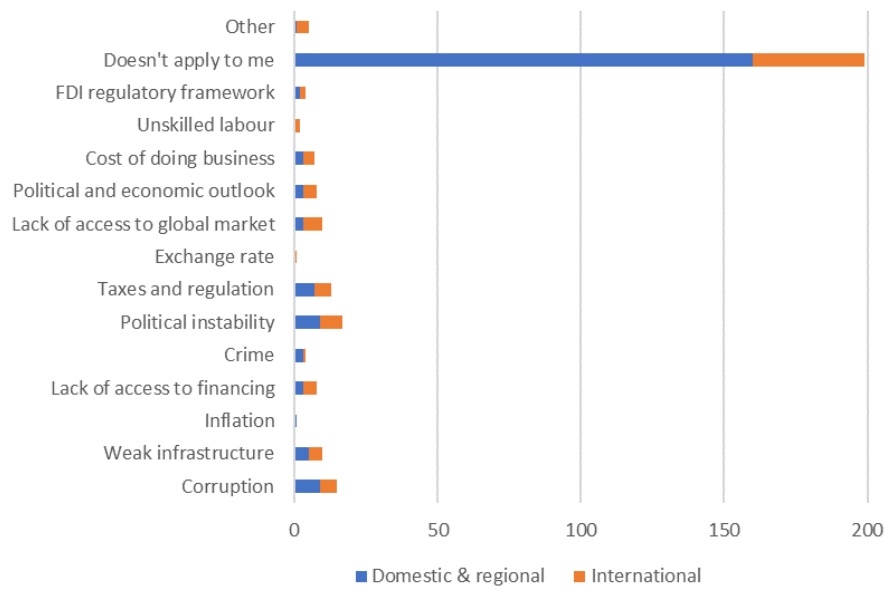
Figure 34. Do you plan to invest in Bosnia and Herzegovina in the upcoming years?



Source: Online survey

28% of surveyed participants said that they do plan to invest in Bosnia and Herzegovina in the upcoming years, 4% said they do not have these plans, 4% were not willing to disclose and 64% said the question does not apply to them.

Figure 35. If you have not invested in B&H, can you please state the reasons why not?



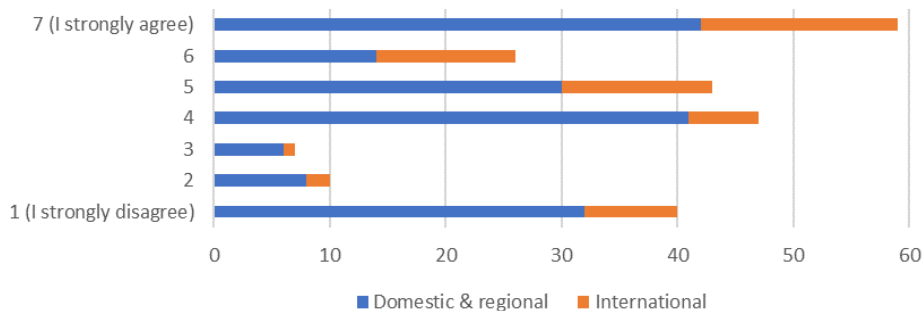
Source: Online survey

Naming some of the top reasons for not investing in Bosnia and Herzegovina, 7% said it was due to political instability, 6% named corruption, 6% said it was due to taxes and regulation, 4% named weak infrastructure, and 4% said it was because of lack of access to global markets.

Lack of access to financing was answered by 3% of surveyed participants, political and economic outlook by 3%, and 3% said it was due to cost of doing business.

Crime was answered by 2% as a reason why the respondents did not invest in Bosnia and Herzegovina, FDI regulatory framework was answered by another 2%, and 2% chose “other”. 1% said it was due to unskilled labour, and less than 1% said it was due to inflation. 86% of surveyed participants said the question does not apply to them.

Figure 36. To what extent would you say that the Sarajevo Business Forum event, as an activity of BBI, helped you in making the decision to invest in Bosnia and Herzegovina?



Source: Online survey

25% of the surveyed participants strongly agree that the Sarajevo Business Forum event, as an activity of Bosna Bank International, helped them in making the decision to invest in Bosnia and Herzegovina, while 17% strongly disagreed with that statement. 20% were indifferent to the question, with an average mean of 4,54 and a median of 5.

We have also observed groups defined in the question (*Have you managed to attract (receive) an investment for your business in the past 10 years (since 2010)?*) and tested whether there is a statistically significant difference in attitudes among these groups of respondents. In this case, we had 5 independent groups (Yes, domestic; Yes, both domestic and foreign; Yes, foreign; No; Doesn't apply to me) and used nonparametric Kruskal – Wallis test together with Dunn's post hoc test, to test if these differences are significant. In the table below we present results of the Dunn's post hoc test together with mean values for each group.

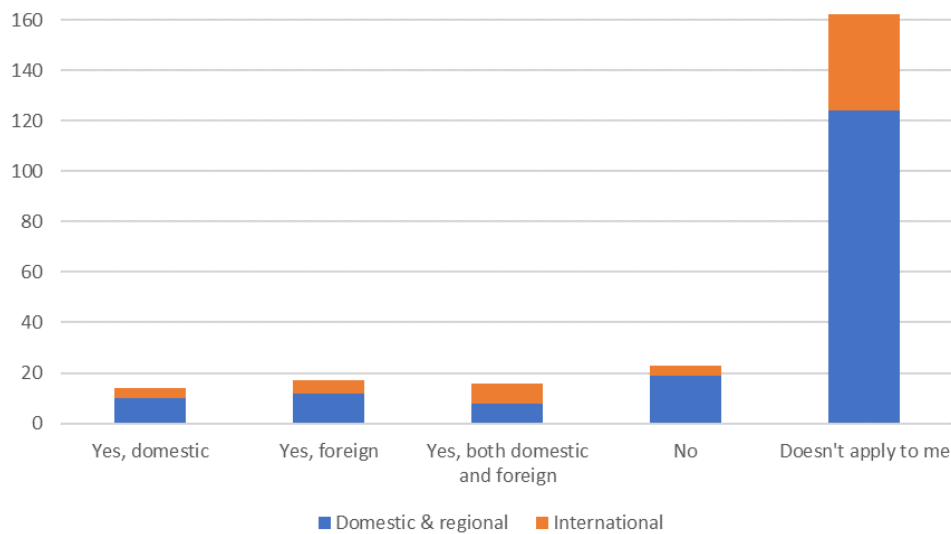
Table 14. Sarajevo Business Forum role in investment decision process in B&H: Results of Dunn's test and means

	Yes, domestic	Yes, both domestic and foreign	Yes, foreign	No	Doesn't apply to me
Yes, both domestic and foreign	p = 0.066*				
Yes, foreign	p = 0.010**	p = 0.450			
No	p = 0.075*	p = 0.833	p = 0.300		
Doesn't apply to me	p = 0.285	p = 0.153	p = 0.012**	p = 0.170	
Mean	5.3571	3.9375	3.2353	4.1304	4.7222
* Significant with $\alpha=10\%$ level of significance					
** Significant with $\alpha=5\%$ level of significance					

Source: Online survey

We can conclude that there is a statistically significant difference in attitudes among respondents who have managed to attract domestic and foreign investments in the past 10 years ($p = 0.010$), as well as among those who have managed to attract foreign investments and claimed that this does not apply to them ($p = 0.012$). Participants who have managed to attract domestic investments for their business were more aware of the importance of the Sarajevo Business Forum in attracting investments in Bosnia and Herzegovina.

Figure 37. Have you attracted (received) an investment to your business in the past 10 years (since 2010)?



Source: Online survey

A total of 20% of the surveyed participants have confirmed that they attracted (received) an investment to their business in the past 10 years (since 2010); 6% stated it was a domestic investment, 7% said it was a foreign investment and 7% said they have attracted (received) both domestic and foreign investment to their business since 2010.

10% of the surveyed participants said they have not received either a foreign or a domestic investment since 2010, and 70% answered that the question does not apply to them.

When comparing attitudes among respondent groups defined in this question (*Have you managed to attract (receive) an investment for your business in the past 10 years (since 2010)?*) defined in the questions:

- *Q1: Do you think that Sarajevo Business Forum helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business?*
- *Q2: Do you think that Sarajevo Business Forum helped attract investments, both domestic and regional, to Bosnia and Herzegovina and the Western Balkans?*

we have used Kruskal – Wallis and Dunn's post hoc test, given that we have 5 independent groups in this case (1 – Yes, domestic; 2 – Yes, both domestic and foreign; 3 – Yes, foreign; 4 – No, 5 – Does not relate to me). Results are presented in the table below.

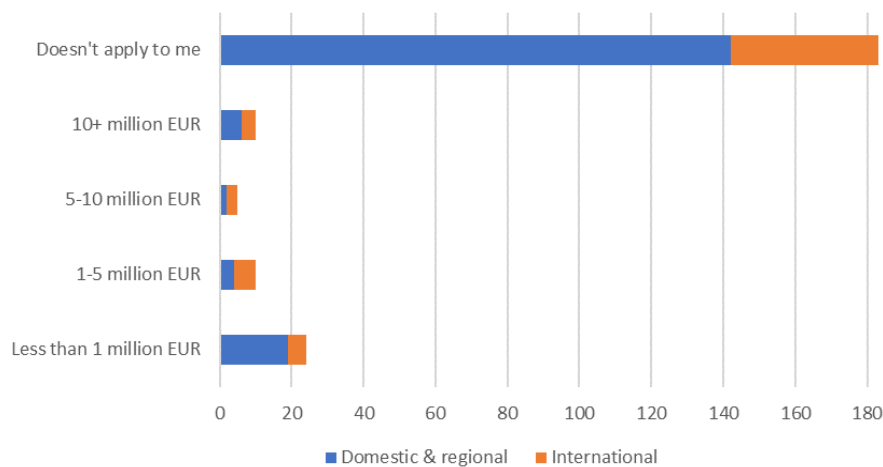
Table 15. Sarajevo Business Forum role in investment decisions from recipient's perspective: Results of Kruskal – Wallis test and means

Mean						
	Sig.	Yes, domestic	Yes, both domestic and foreign	Yes, foreign	No	Doesn't apply to me
Q12	0.246	3.8571	3.5625	3.8235	3.7826	3.8580
Q13	0.637	2.9286	2.7500	2.7059	2.7826	2.8146

Source: Online survey

As per the results, we can conclude that there is no statistically significant difference between groups of participants defined in this question when comparing their attitudes defined in questions Q1 and Q2. The same conclusion can be reached if we compare mean values of their responses, with almost no difference.

Figure 38. What is the total amount of investments you have attracted (received) in the past 10 years (since 2010)?



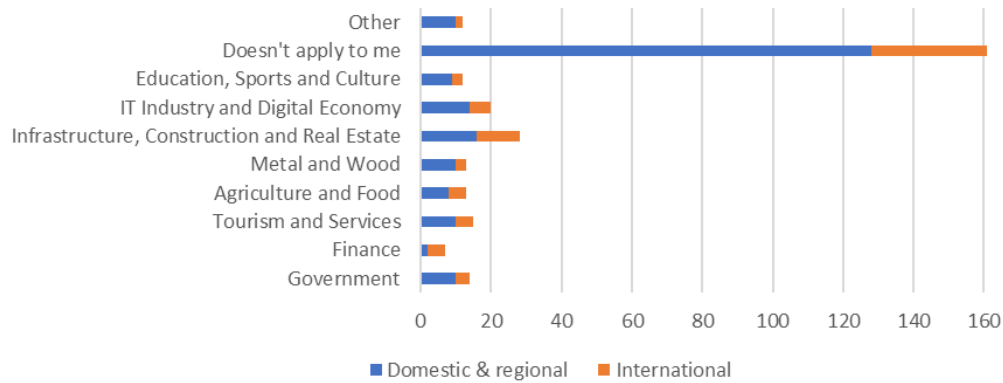
Source: Online survey

10% of the surveyed participants said they have attracted (received) less than 1 million EUR worth of investments since 2010, 4% said that amounted between 1-5 million EUR, 2% said it amounted to 5-10 million EUR and 4% said the amount of attracted investments exceeded 10 million EUR. 79% answered that the question does not apply to them.

Given a multiple-choice option, surveyed participants answered that the business industries and sectors in which they have presented their investment projects and business ideas/opportunities in Bosnia and Herzegovina and/or the region in the past 10 years were:

government (6%), finance (3%), agriculture and food (6%), metal and wood industry (6%), infrastructure, construction, and real estate (12%).

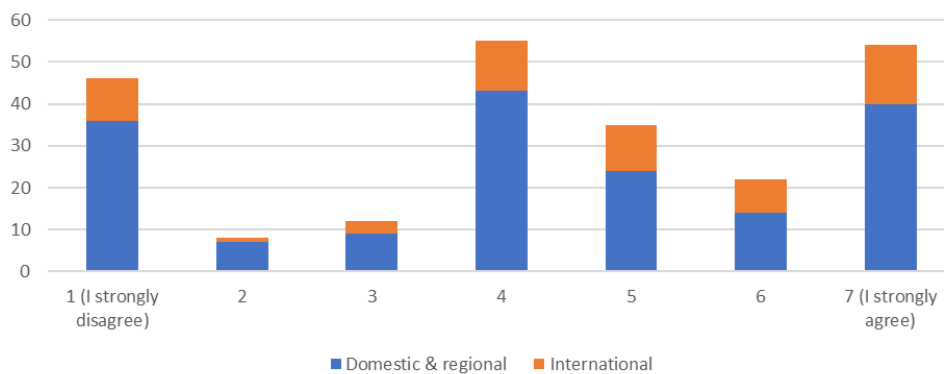
Figure 39. Please select the business industries and sectors in which you have presented your investment projects and business ideas/opportunities in Bosnia and Herzegovina and/or the region in the past 10 years (since 2010)?



Source: Online survey

Others included IT industry and digital economy (9%), education, sports and culture (5%) and other industries (5%), while 69% of surveyed participants answered that the question does not apply to them.

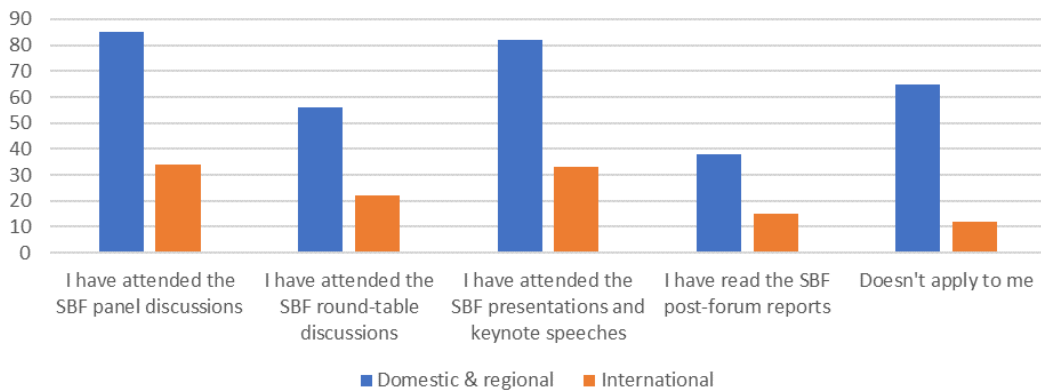
Figure 40. If you have attracted (received) an investment in the past 10 years (since 2010), to what extent would you agree and say that the Sarajevo Business Forum event as an activity of Bosna Bank International, helped you and your business?



Source: Online survey

With an average mean of 4,34 and an average median of 4, a total of 23% of surveyed participants who have attracted (received) an investment in the past 10 years (since 2010) strongly agree that the Sarajevo Business Forum event as an activity of Bosna Bank International (BBI), helped them and their business. Additional 24% agreed, while 24% neither agreeing or disagreeing with that statement. 20% of surveyed participants strongly disagreed with that statement, with additional 8% disagreed.

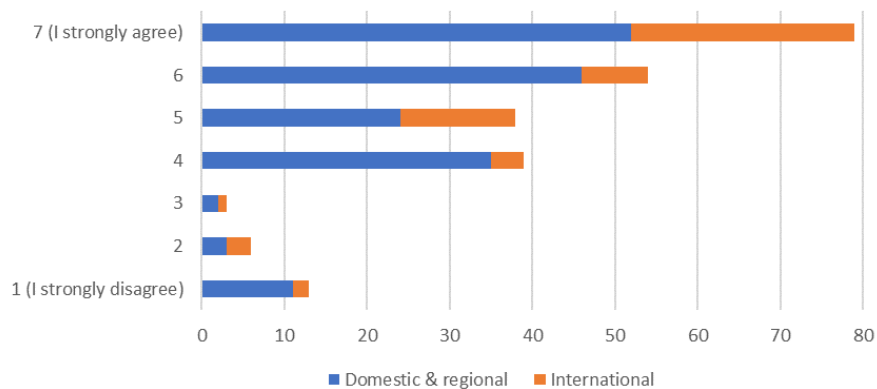
Figure 41. Have you attended any of the panels and/or round-tables during the SBF?



Source: Online survey

Commenting on the Sarajevo Business Forum contents and programme, 51% of the surveyed participants said that they have attended the SBF panel discussions, 34% said they have attended the SBF round-table discussions and 50% have attended the SBF presentations and keynote speeches. 23% said how they have read the SBF post-forum reports, while 33% said the question did not apply to them.

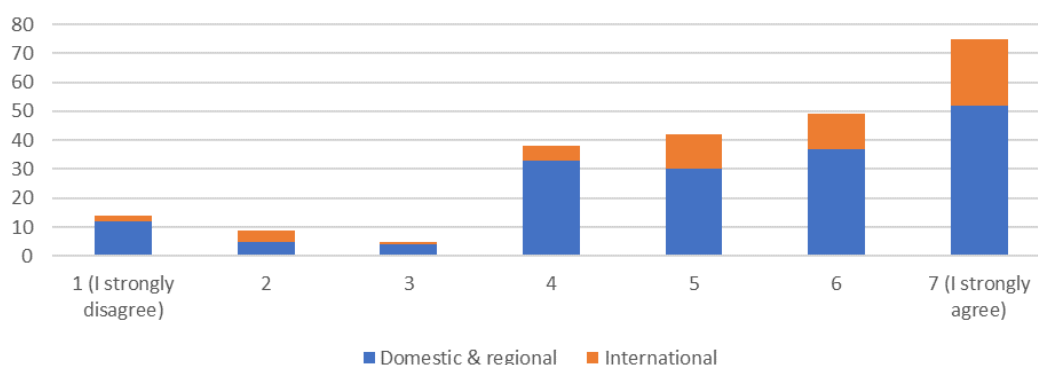
Figure 42. The panel discussions organized at the Sarajevo Business Forum events were helpful in gaining knowledge about business and investment potentials of Bosnia and Herzegovina and the Western Balkans region?



Source: Online survey

34% of the surveyed participants strongly agree that panel discussions organized at Sarajevo Business Forum (SBF) events were helpful in gaining knowledge about business and investment potentials of Bosnia and Herzegovina and the Western Balkan region, while 6% strongly disagreed with that statement. Additional 39% agreed, 4% disagreed and 17% of the surveyed participants neither agreed or disagreed with that claim, with a 5,42 average mean and a median of 6.

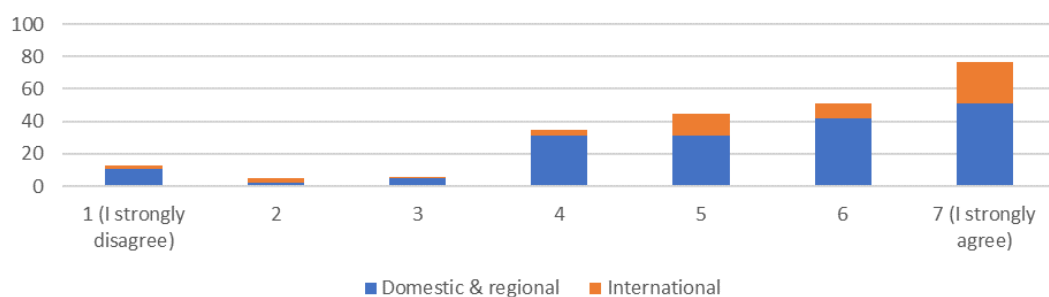
Figure 43. The round-table discussions organized at the Sarajevo Business Forum events were helpful in connecting with relevant business representatives from Bosnia and Herzegovina and the Western Balkans region with their counterparts from abroad?



Source: Online survey

With an average mean of 5,29 and a median of 6, a total of 32% surveyed participants strongly agreed that the round-table discussions organized at Sarajevo Business Forum events were helpful in connecting with relevant business representatives from Bosnia and Herzegovina and the Western Balkans region with their counterparts from abroad. Additional 39% agreed, while 16% of the surveyed participants neither agreed or disagreed. 6% strongly disagreed with that claim, and additional 6% disagreed as well.

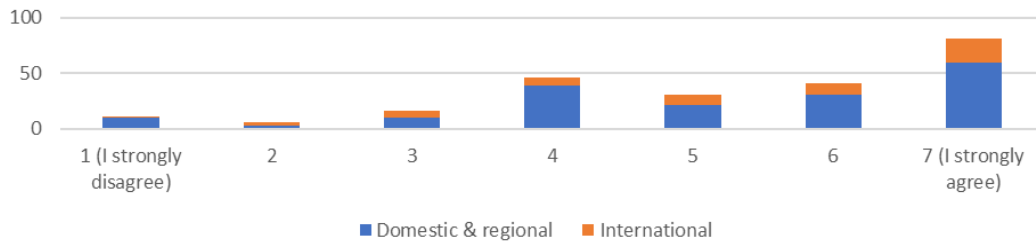
Figure 44. Keynote speeches and presentations were insightful and helped me better understand the current and future opportunities and activities in doing business and investing in Bosnia and Herzegovina and the Western Balkans region?



Source: Online survey

33% of the surveyed participants strongly agreed that the keynote speeches and presentations were insightful and helped them better understand the current and future opportunities and activities in doing business and investing in Bosnia and Herzegovina and the Western Balkans region. Additional 41% agreed with that claim, while 15% neither agreed or disagreed. 5% of the surveyed participants disagreed with that statement, and 6% strongly disagreed with an average mean of 5,39 and a median score at 6.

Figure 45. Sarajevo Business Forum post-forum reports were made available to me and summarized well all the keynote conclusions and conveyed well all the key messages discussed and presented at the event organized by Bosna Bank International?

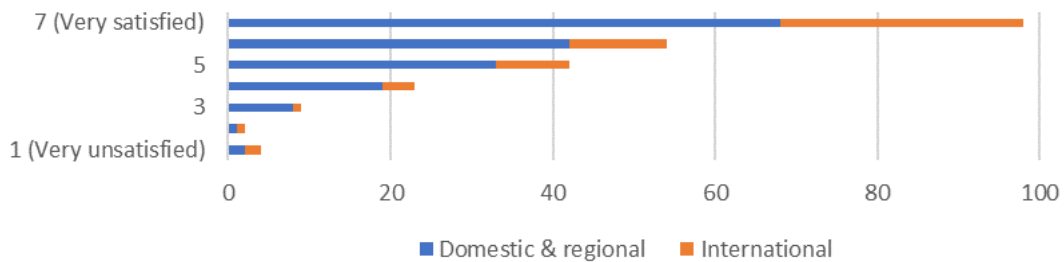


Source: Online survey

35% of surveyed participants strongly agreed that the Sarajevo Business Forum post-forum reports were made available to them and summarized well all the keynote conclusions and conveyed well all the key messages discussed and presented at the event organized by Bosna Bank International (BBI).

Additional 31% of surveyed participants agreed, while 20% neither agreed or disagreed with that claim. Only 5% strongly disagreed with the statement, and additional 10% disagreed, with an average mean at 5,81 and median at 6.

Figure 46. To what extend would you rate your overall satisfaction with Sarajevo Business Forum?

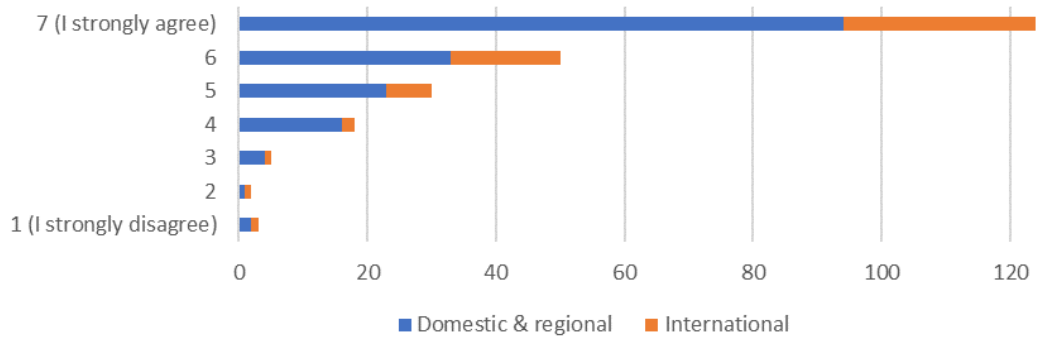


Source: Online survey

A total 84% of the surveyed participants said that they were satisfied with Sarajevo Business Forum (42% said to be very satisfied).

10% were neither satisfied or unsatisfied, while only 7% said they were unsatisfied (2% very unsatisfied) rating their overall satisfaction with the SBF, with an average mean score at 5,81 and median of 6.

Figure 47. Sarajevo Business Forum has the potential for attracting investments to Bosnia and Herzegovina and the Western Balkans region?

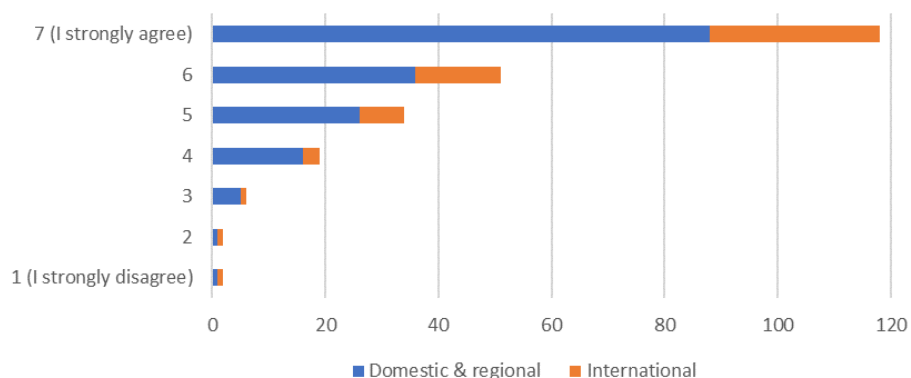


Source: Online survey

53% of surveyed participants strongly agreed that the Sarajevo Business Forum has the potential for attracting investment to Bosnia and Herzegovina and the Western Balkans region, with additional 35% agreeing. 8% neither agree or disagree, while 4% disagree (1% strongly disagree). Mean amounted to a 6.04 average and a median at 7.

51% of surveyed participants strongly agree that Sarajevo Business Forum (SBF) has the potential to improve business relations between Bosnia and Herzegovina with other countries and other parts of the world, with additional 37% agreeing to that statement. 8% are neutral – neither agree or disagree – and 5% disagreeing (1% strongly disagree), with an average mean at 6.04 and median at 7.

Figure 48. Sarajevo Business Forum has the potential to improve business relations between Bosnia and Herzegovina with other countries and other parts of the world?



Source: Online survey

A total of 88% of surveyed participants are likely to recommend attending and participating at the Sarajevo Business Forum (SBF) – out of which 5% strongly likely to make that recommendation. 8% answered neutral, and only 3% are unlikely to recommend attending Sarajevo Business Forum. Mean averaged at 6,13 with a median at 7.

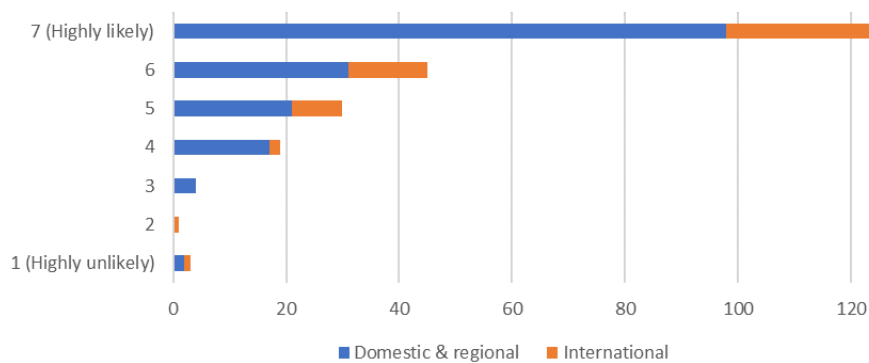
Table 16. Potential of the Sarajevo Business Forum in improving business relations:
Results of Dunn's- test and means

	Yes, domestic	Yes, both domestic and foreign	Yes, foreign	No	Doesn't apply to me
Yes, both domestic and foreign	p = 0.267				
Yes, foreign	p = 0.032*	p = 0.289			
No	p = 0.047*	p = 0.411	p = 0.750		
Doesn't apply to me	p = 0.423	p = 0.485	p = 0.030*	p = 0.043*	
Mean	6.1857	6.0000	5.4706	5.5217	6.1605
* Significant with $\alpha=5\%$ level of significance					

Source: Online survey

When comparing attitudes among groups defined in question (*Have you managed to attract (receive) an investment for your business in the past 10 years (since 2010)?*) with regards of improving business relations between Bosnia and Herzegovina with other countries, we can conclude that there is a statistically significant difference among investors who have managed to attract domestic and foreign investments ($p = 0.032$), among those who have managed to attract domestic investments and haven't managed to do so ($p = 0.047$). Participants who have managed to attract domestic investments were more aware of the potential of the Sarajevo Business Forum in improving business relations between Bosnia and Herzegovina with other countries and other parts of the world.

Figure 49. How likely is that you would recommend attending and participating at SBF?



Source: Online survey

Table 17. Recommending participation at the Sarajevo Business Forum: Results of Dunn's- test and means

	Yes, domestic	Yes, both domestic and foreign	Yes, foreign	No	Doesn't apply to me
Yes, both domestic and foreign	p = 0.089*				
Yes, foreign	p = 0.374	p = 0.388			
No	p = 0.054*	p = 0.922	p = 0.298		
Doesn't apply to me	p = 0.531	p = 0.088*	p = 0.567	p = 0.032**	
Mean	6.5000	5.8750	5.8824	5.6522	6.2222
* Significant with $\alpha=10\%$ level of significance					
** Significant with $\alpha=5\%$ level of significance					

Source: Online survey

Respondents who have managed to attract domestic investments were more likely to recommend attending and participating at the Sarajevo Business Forum in comparison to those who have not managed to attract investments for their business in the past 10 years ($p = 0.054$).

In order to test differences in attitudes among respondents who have (not) invested in Bosnia and Herzegovina in the past 10 years we have used question (*Have you invested in the Western Balkans in the past 10 years (since 2010)?*) and created 3 independent groups (*Yes, No, Doesn't apply to me*). We have used Kruskal – Wallis and Dunn's post hoc test whether these differences are significant, and results are presented in the table below.

Table 18. *Recommending participation at the Sarajevo Business Forum and previous investment decisions in the Western Balkan: Results of Dunn's- test and means*

<i>How likely is that you would recommend attending and participating at the Sarajevo Business Forum?</i>			
	Yes	No	Doesn't apply to me
No	p = 0.041*		
Doesn't apply to me	p = 0.786	p = 0.022*	
Mean	6.1260	5.8000	6.2237
* Significant with $\alpha=5\%$ level of significance			

Source: Online survey

On the other side, respondents who have invested in Western Balkans in the past 10 years were more likely to recommend attending and participating at the Sarajevo Business Forum in comparison to those who have not invested in Western Balkans ($p = 0.041$).

To analyse differences in attitudes for domestic and foreign participants in the following questions:

- *Q1: To what extent would you say that the Sarajevo Business Forum event, as an activity of BBI, helped you in making the decision to invest in Bosnia and Herzegovina?*
- *Q2: Sarajevo Business Forum has the potential for attracting investments to Bosnia and Herzegovina and the Western Balkans region?*
- *Q3: Sarajevo Business Forum has the potential to improve business relations between Bosnia and Herzegovina with other countries and other parts of the world?*
- *Q4: How likely is that you would recommend attending and participating at the Sarajevo Business Forum?*

we have used nonparametric Mann – Whitney U test, given that our values are defined on Likert scale. Test results are presented in the table below together with mean values for each group.

Table 19. The overall role of Sarajevo Business Forum in attracting and supporting investments among domestic and foreign participants: Results of the Mann – Whitney U test and means

<i>How likely is that you would recommend attending and participating at the Sarajevo Business Forum?</i>			
	Domestic	Foreign	Significance
Question 1 (Figure 36)	4.3815	5.0000	0.032*
Question 2 (Figure 47)	6.0751	6.1186	0.963
Question 3 (Figure 48)	6.0347	6.0678	0.787
Question 4 (Figure 49)	6.1214	6.1695	0.938
* Significant with $\alpha=5\%$ level of significance			

Source: Online survey

As per the results of the test, we can conclude that foreign participants were more aware of the importance of Sarajevo Business Forum event in investment decision making in Bosnia and Herzegovina in comparison to domestic participants ($p = 0.032$). There was no statistically significant difference between domestic and foreign investors in their options and decisions when it comes to other three questions.

Participants were also given an option to provide a personal reflection of their experience with Sarajevo Business Forum (SBF) and to share any additional remarks or comments they might had or the organizers.

Some of the respondents said that Sarajevo Business Forum has had “*professional organization with determined teams that were always at everyone’s disposal*” and that the participant “*gained business contacts*”. Others said that Sarajevo Business Forum has had “*professional organization with determined teams that were always at everyone’s disposal*” and that the participant “*gained business contacts*”.

Participants also commented how “*the impressions are positive*” but at the same time “*unfortunately, that state investments and the public sector in general, as well as local entrepreneurs, did not fully understand the potential of SBF*”.

In addition, participants noted that Sarajevo Business Forum is *“a very important event for the city of Sarajevo and Bosnia and Herzegovina, that it gathers significant figures from the world of business and politics, and it gives Sarajevo the opportunity to position itself as a regional business centre.”*

Remarks pointed out by one of the surveyed participants is how *“more work should be done on the attraction and participation of companies from the region, which can be potential partners within the region for improving the production and marketing of their products, as well as creating the basis for joint performance in other markets”*. Some participants feel how *“all SBF events held so far had positive comments and effects in B&H and the region”*.

One surveyed participant noted how *“although they are important and without their support in the legislative framework, infrastructure and communications it is difficult to talk about serious progress, the feeling is that the politicians get too much attention and promotion compared to investors and entrepreneurs”*. One of the opportunities noted by one of the participants is how Sarajevo Business Forum is a good platform to present socially useful projects.

Other has an opinion that *“SBF events is set too broadly, with too few targeted B2B meetings or panels”* but also how *“SBF contributes to the improvement of the business environment in B&H and the region”*.

Commenting on the Sarajevo Business Forum contents, one of the surveyed participants said how *“it would be good if more work was done on investments in the fields of education, science and culture”* and that it is *“an excellent event with opportunities to expand acquaintances, both political and business, economic and all others”*.

One participant portrayed SBF as *“an extremely large event for the whole of Bosnia and Herzegovina and all spheres of business with lots of great opportunities for all business communities both in B&H and beyond”*. One found it interesting *“to see domestic entrepreneurs residing abroad (diaspora) who came only for SBF”*.

One of the participants said that Sarajevo Business Forum has an *“outstanding organization in general with solid presentation of projects for cooperation and possible investments”* but noted that *“there is room for even greater participation of companies from Scandinavia as well as England”*.

Surveyed participant said how *“the idea is great, the organization is great, and I would even say that the program is also good”* but what has been seen as a shortcoming is that *“despite the fact that I signed a contract on business cooperation with BBI, I did not get a single meeting worth mentioning to sell my goods”*. Other remark from one of the participants noted how there is *“too many people involved with little responsibility and one person exclusively makes decisions, who is not always available”* suggesting *“it is*

necessary that the decisions for the SBF should be made by experts in the field of event management and not by directors from BBI”.

Others shared their positive experiences with Sarajevo Business Forum, saying it is “*a positive business event, very well organized and presented in terms of marketing*” with future expectations that the organization “*should be raised to the next level*”.

Agreements between investors and the recipient of the investment is “*an excellent example of the importance of SBF and its results*” who attended the contract signing ceremony at one of the SBF events. SBF has been seen to “*contribute the strengthening of the positive image of Bosnia and Herzegovina and is definitely the most recognizable forum / summit in Bosnia and Herzegovina*”.

A comment from one of the junior attendees said SBF is “*great opportunity for young people*” suggesting that it would be useful to organize “*SBF junior, which would be intended and adapted exclusively for the employability of young people and starting a business, but also to support existing ones*”.

A participants said that it is “*highly important for the event to continue with its work*” recommending to “*implement an IT application with the possibility of contacting all participants of the event including high representatives as well*”.

In a general overview, one of the surveyed participants concluded that SBF “*can make a huge impact on B&H Economy*” and how it was “*a pleasure to attend the SBF*” and that the organization was “*great with compliments to all involved*”. In addition to positive sides, participants said that “*SBF has been improving over the period of 10 years in all elements*”, but also how “*the forum is of a promotional nature*” and how it should “*focus on results and serious meetings*”.

6.3.2. Press & Media Representatives’ responses

A total of 59 press and media representatives (journalists) answered to the shorter version of the online survey intended for them.

Most of the journalist respondents come from media companies with less than 50 employees (67%), 13 come from media companies with 51-250 employees (22%), with 1 respondent coming from companies with 251-500 and over 500 employees. 4 people (6%) chose not to say.

All of the journalists (100%) who responded to the survey confirmed that they have heard of Bosna Bank International, and 94% were aware that BBI operates under the Islamic banking principles.

Table 20. Press & Media: Number of employees

Press & Media: Number of employees		
Less than 50	40	67%
51-250	13	22%
251-500	1	1%
500+	1	1%
Rather not say	4	6%

Source: Online survey

Everyone heard of the Sarajevo Business Forum (100%) and most of them (98%) knew that BBI was the main organizer of the event.

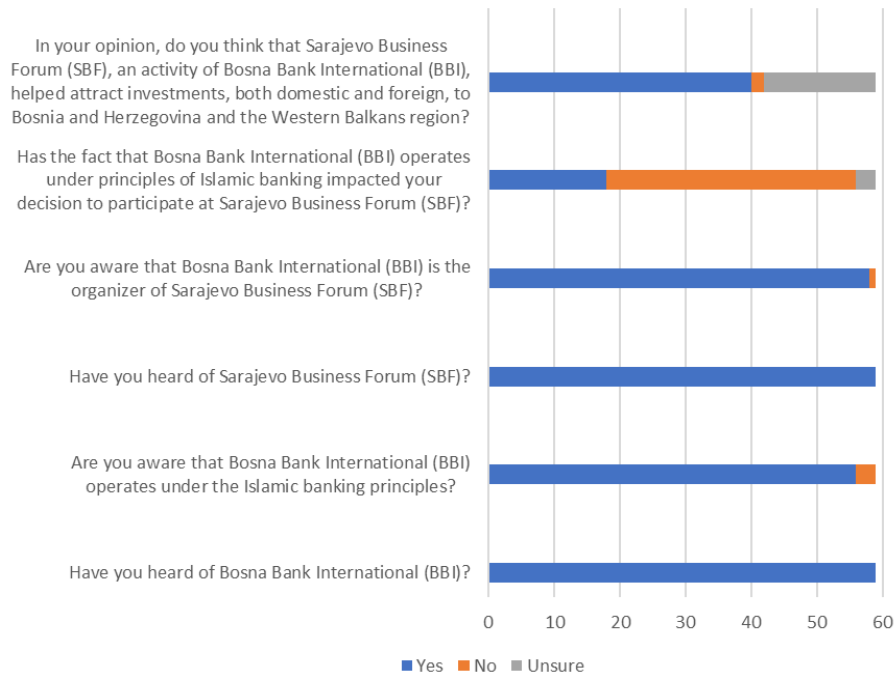
Table 21. Press & Media Questions

Press & Media	Yes	No	Unsure
Have you heard of Bosna Bank International?	59 (100%)	0	0
Are you aware that Bosna Bank International operates under the Islamic banking principles?	56 (94%)	3 (6%)	0
Have you heard of Sarajevo Business Forum?	59 (100%)	0	0
Are you aware that Bosna Bank International is the organizer of Sarajevo Business Forum?	58 (98%)	1 (2%)	0
Has the fact that Bosna Bank International operates under principles of Islamic banking impacted your decision to participate at Sarajevo Business Forum?	18 (31%)	38 (64%)	3 (5%)
In your opinion, do you think that Sarajevo Business Forum, an activity of Bosna Bank International, helped attract investments, both domestic and foreign, to Bosnia and Herzegovina and the Western Balkans region?	40 (67%)	2 (3%)	17 (30%)

Source: Online survey

However, the fact that Bosna Bank International (BBI) operates under principles of Islamic did not impact the press/media decisions to follow and participate at the Sarajevo Business Forum (SBF); 64% answered no, 31% answered yes and 5% were unsure.

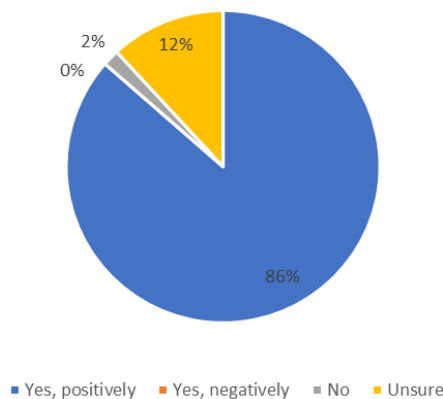
Figure 50. Press & Media: Questions and Answers



Source: Online survey

67% of the press and media representatives believe that the organization of the Sarajevo Business Forum (SBF), an activity of Bosna Bank International (BBI), helped attract investments, both domestic and foreign, to Bosnia and Herzegovina and the Western Balkans region, 30% are unsure and only 3% answered negatively.

Figure 51. Press & Media: In your opinion, do you think that Sarajevo Business Forum, an activity of Bosna Bank International, helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and/or do business?



Source: Online survey

86% of the press and media representatives had an opinion that Sarajevo Business Forum (SBF), an activity of Bosna Bank International (BBI), helped change the image of Bosnia and Herzegovina and the Western Balkans region as a place to invest and / or do business in a positive manner only 2% answered “no” and 12% were unsure.

39% of the surveyed journalists believe that Sarajevo Business Forum (SBF), an activity of Bosna Bank International (BBI), helped domestic institutions and domestic policy regulators to ease investing in Bosnia and Herzegovina and the Western Balkans region. 14% answered no with 47% being unsure on the impact of SBF to this.

Table 22. Press & Media: Have you ever attended the Sarajevo Business Forum event organized by Bosna Bank International in the past (2010-2019)?

Press & Media	Yes	No
Have you ever attended the Sarajevo Business Forum event organized by Bosna Bank International in the past (2010-2019)?	40 (67%)	19 (33%)

Source: Online survey

67% of the surveyed press & media representatives attended and / or followed the Sarajevo Business Forum events, out of which 10% attended the event one time, 31% multiple times, while 59% answered that this question does not apply to them.

Figure 52. Press & Media: What were you able to achieve during your attendance at the Sarajevo Business Forum organized by Bosna Bank International?



Source: Online survey

For the 64% of the press and media representatives the business side of the Sarajevo Business Forum was not primary goal and they answered that the question does not apply

to them; however, even among the journalists 10% said they have met potential investors for their business, 18% said they have found interesting and feasible investment opportunities, 8% participated in B2B / G2G / G2B meetings with domestic and international business representatives.

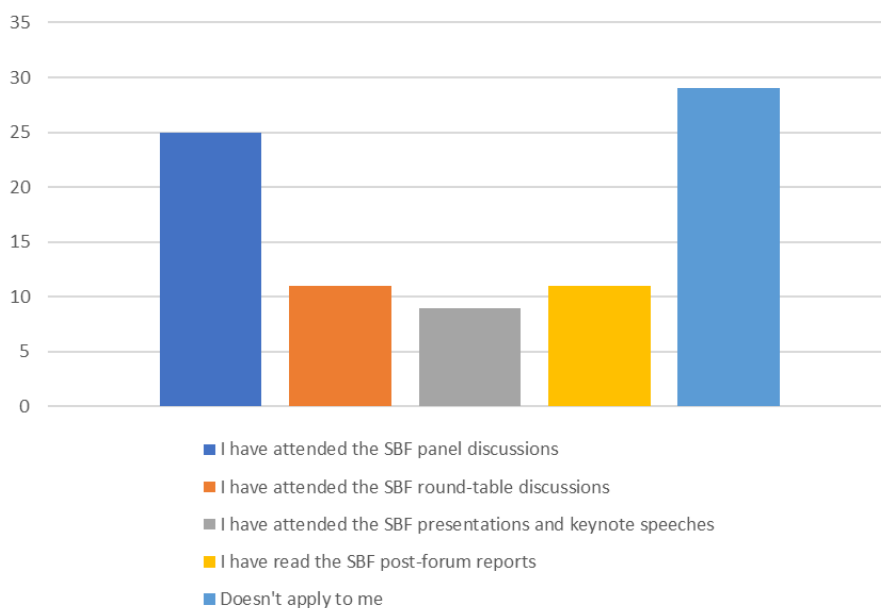
11% of press and media representatives have met potential partners for their business, 5% met potential trading partners, 6% said they have met potential partners for buying / selling their products / services and 16% established useful international business connections. Only 3% said that they have not made any worthy business contacts.

Some of the additional comments of the media representatives stated that, from the journalist perspective, *“the organization is on a world class level and that representatives of the organizers were always, without exception, very kind and professional.”* Also, *“SBF is identified as a well-known and high-quality business event, with awareness of tremendous efforts put in place in order to make it happen.”*

Press & Media: Questions on the SBF programme

Sarajevo Business Forum strives to bring both business and government representatives to Bosnia and Herzegovina and facilitate the potential for networking and business diplomacy as well. Essential part of Sarajevo Business Forum is to provide an academic and expert platform through which knowledge and best practices are exchanged. In this regard, the surveyed press & media representatives were asked to provide answers related to the panel discussions, round-table discussions, keynote speeches and presentations.

Figure 53. Press & Media: Have you attended any of the panels and/or round-tables during the Sarajevo Business Forum?

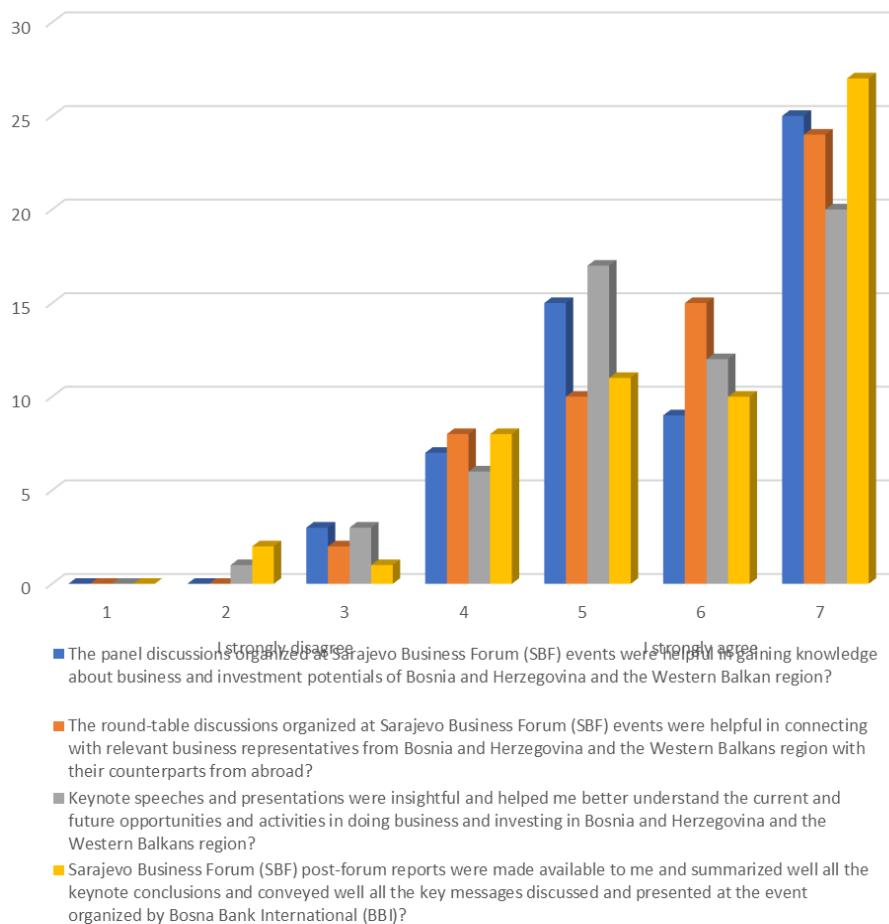


Source: Online survey

42% of the press and media representatives attended the SBF panel discussions, 18% attended the SBF round-table discussions, 15% attended the SBF presentations and keynote speech and 18% have read the SBF post forum reports. However, almost half (49%) answered that this set of questions does not apply to them.

On the numeric scale from 1 (I strongly disagree) to 7 (I strongly agree), most of the surveyed media and press representatives (strongly) agreed that the panel discussions organized at Sarajevo Business Forum (SBF) events were helpful in gaining knowledge about business and investment potentials of Bosnia and Herzegovina and the Western Balkan region, and majority (strongly) agreed that the round-table discussions organized at Sarajevo Business Forum (SBF) events were helpful in connecting with relevant business representatives from Bosnia and Herzegovina and the Western Balkans region with their counterparts from abroad.

Figure 54. Press & Media: Questions and answers (2)

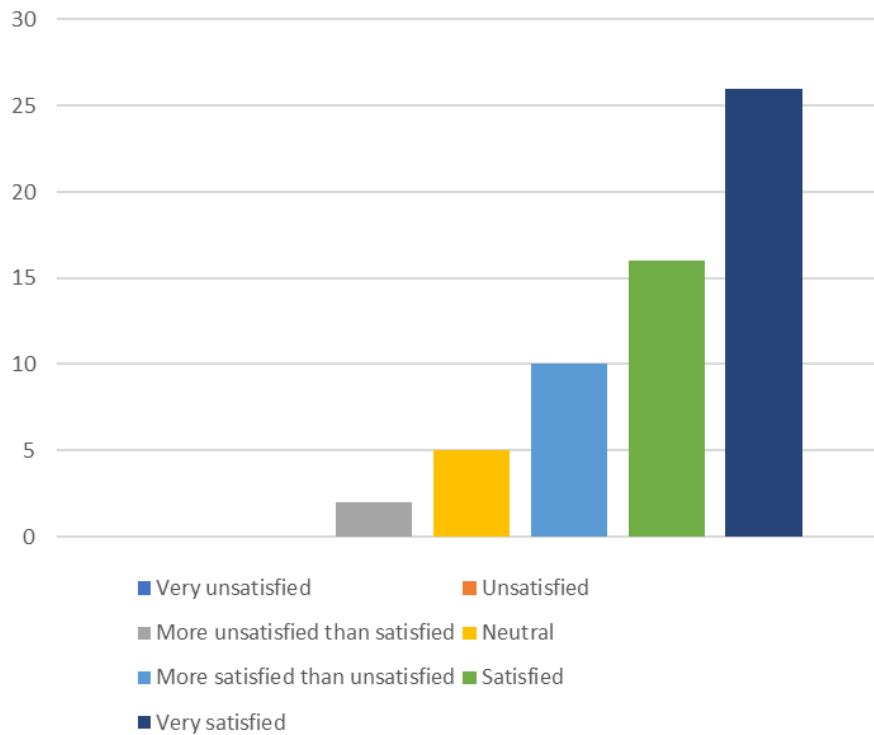


Source: Online survey

Journalists, press and media representatives also agreed that keynote speeches and presentations were insightful and helped them better understand the current and future opportunities and activities in doing business and investing in Bosnia and Herzegovina and the Western Balkans region.

Most (strongly) agreed that Sarajevo Business Forum (SBF) post-forum reports were made available to them and summarized well all the keynote conclusions and conveyed well all the key messages discussed and presented at the events.

Figure 55. Press & Media: To what extent would you rate your overall satisfaction with the Sarajevo Business Forum?

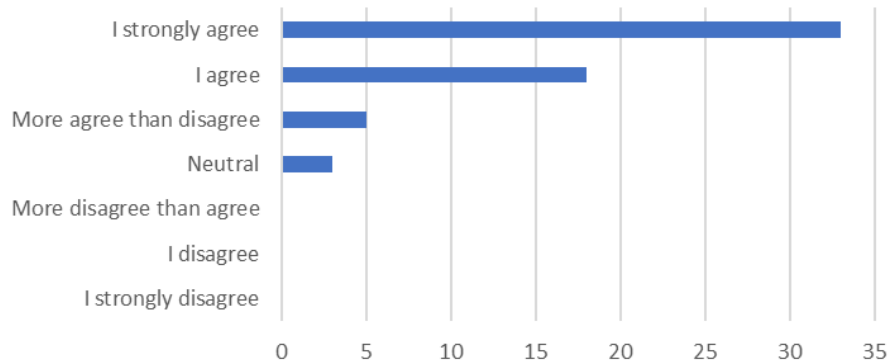


Source: Online survey

44% of the press and media representatives answered that they were very satisfied with their overall satisfaction with Sarajevo Business Forum (SBF), 27% answered they were satisfied, 16% that they were more satisfied than unsatisfied. 8% of press and media respondents remained neutral, and 3% said they were more unsatisfied than satisfied.

More than half of the surveyed media and press representatives (55%) strongly agreed that Sarajevo Business Forum (SBF) has the potential for attracting investment to Bosnia and Herzegovina and the Western Balkans region, with additional 27% agreeing to that statement, 8% more agreed than disagreed, and only 8% remained neutral.

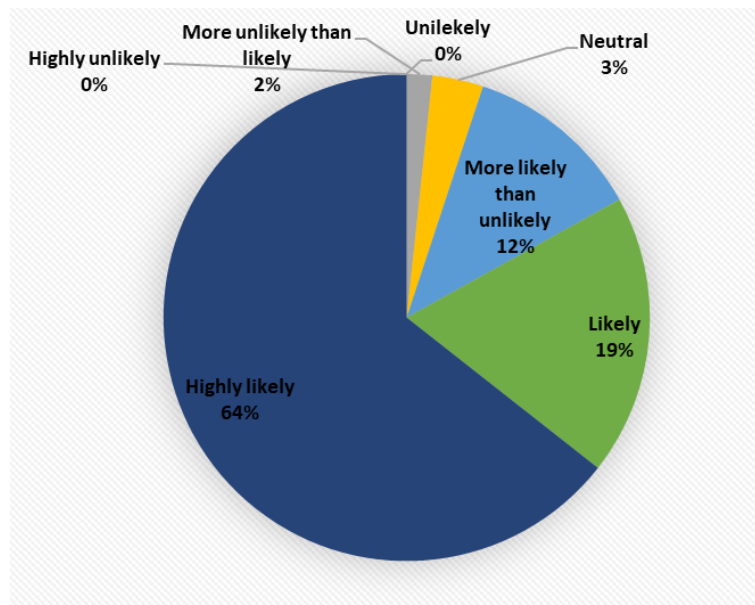
Figure 56. Press & Media: Sarajevo Business Forum has the potential to improve business relations between B&H with other countries and other parts of the World?



Source: Online survey

55% of press and media representatives said that they highly agree how Sarajevo Business Forum (SBF) has the potential to improve business relations between Bosnia and Herzegovina with other countries and other parts of the world, 30% agreed with that claim, 8% more agree than disagree and 5% neither agree or disagree.

Figure 57. Press & Media: How likely is it that you would recommend attending and participating at the Sarajevo Business Forum?



Source: Online survey

64% of the surveyed journalists said that it is highly likely that they would recommend attending and participating at the Sarajevo Business Forum, with additional 19% answering that it is likely and another 12% that is more likely than unlikely. 3% answered it is neither likely or unlikely, with 2% answering it is more unlikely than likely.

Press & Media representatives' additional comments and remarks

Analysing some of the additional remarks, one of the more experienced journalists stated how, *“after attending 10 SBF events, progress and improvement in every aspect of the organization is visible.”*

Furthermore, journalists said how *“their experience was very positive and would recommend attendance and participation.”* The Sarajevo Business Forum events have also been described as *“professional with excellent organization and also an event with excellent organization, useful panel discussions and an event which promotes Bosnia and Herzegovina.”*

One of the journalists commented how he believes that *“Sarajevo Business Forum positively impacted and improved the business image of Sarajevo and Bosnia and Herzegovina in the Western Balkans region.”*

Sarajevo Business Forum was described as *“a great place for investors; however, because of overwhelming amount of information, the event is sometimes difficult to follow by the media, so it is needed to focus on some of its key participants, and also to understand why investors come to visit Bosnia and Herzegovina.”*

Some of the journalists *“supported and recommended more talks and meetings with investors”*, but also noted how *“various expectations differ for various types of participants, so it is needed to follow up on the results, that the Sarajevo Business Forum events are a good opportunity for businesses but is fully optimized and the potential is only 50% used.”*

Sarajevo Business Forum has been described by the journalists as *“well organized, where many guests come and leave, many panel discussions are organized on different locations with various industries presented, but there is a sense and a lack of effects later.”* The event *“has proven to be useful, personally but also for my business and also well-organized with quick access to information.”*

Journalists also commented how *“Bosnia and Herzegovina needs Sarajevo Business Forum”*, and how *“Sarajevo Business Forum is a very nice experience, where one can meet new business clients in a relaxed atmosphere with nice promo stands and booths and friendly hosts.”*

One of the comments emphasised how *“Sarajevo Business Forum positioned Sarajevo highly on the ranks of business events and makes everyone very proud”*, that *“SBF is the main business event in Bosnia and Herzegovina which brings the Region, East and West together, adding to the prestige of Sarajevo as the capital of Bosnia and Herzegovina.”*

6.4. Sarajevo Business Forum Success Stories

During the course of this research, several interviews were conducted with representatives of various investment projects, institutions and companies which are favourable to the list set thesis that BBI's activities did help and enhance both domestic and international/foreign investments to Bosnia and Herzegovina and the Western Balkans region through its unique organization of the international investments and business conference – Sarajevo Business Forum – since 2010 in Sarajevo.

One of the main limitations on retrieving the feedback from successful stories that could be tied up and connected to the Sarajevo Business Forum is lack of interest from many of the project owners and investors alike to share details of their business projects through the proposed interview sessions.

Case: Turkish Financial Line

The Government of the Republic of Türkiye, through Ziraat Bankası Ankara bank launched the “Turkish Financial Line” – a ten-year project valued to the amount of 100 million EUR, to support and strengthen the economy in Bosnia and Herzegovina. The implementers of this project were ZiraatBank BH d.d. Sarajevo and Bosna Bank International (BBI) d.d. Sarajevo. BBI Bank placed a total of 251 million BAM within this line. The funds were placed for the development of agriculture, tourism, industrial production, trade, construction and sustainable return in both B&H entities as well as the Brčko District.

The Turkish Financial Line is a development project agreed in 2012 at the level of two countries. The agreement was established by the President of the Republic of Türkiye Recep Tayyip Erdoğan and (at the time) member of the Presidency of Bosnia and Herzegovina Bakir Izetbegović, with the aim of supporting the development of the domestic manufacturing industry and employment and self-employment programs for returnees. The project was presented and officially signed at the 3rd Sarajevo Business Forum in 2012, when funds in the amount of 100 million Euros (195,583,000 BAM) were approved.

Analysing the data provided at BBI, in an interview conducted in February and March 2022 with Mrs. Mirsada Čengiđ, Director of the Treasury and Financial Institutions Division at Bosna Bank International, the Turkish financial line that BBI implemented on a revolving basis in the amount of 251 million BAM resulted in the employment of 2,899 workers and the employment of 1,481 subcontractors. A total of 6,423 placements were realized in 105 municipalities throughout Bosnia and Herzegovina. Thanks to the Turkish financial line, 9,277 families were economically supported, i.e., a direct or indirect economic effect was achieved for more than 27,800 people, as published by Bosna Bank International at its official website in August 2021.

Through this project, B&H citizens, returnees, in both entities and the Brčko District have gained access to the necessary financial resources to start their own businesses. All individual placements up to 50.000 EUR were allocated at an interest-free rate of zero percent. The total amount placed at zero percent is over 60 million BAM. This was a way to build a favourable environment for companies, reduce business costs, as well as open opportunities for new employment and implementation of new projects, which is an economic priority in Bosnia and Herzegovina. This financial line has contributed to the creation of a better business environment in our country and lowered the interests on the market, as stated in the 2021 interview with (at the time) BBI's CEO Mr. Amer Bukvić in the film documentary “20 years of Bosna Bank International: A model for Islamic banking”.

Due to the several management changes at the Ziraat Bank BiH d.d. Sarajevo in 2021 and 2022, we were not able to receive precise data from their side. It is important to emphasize that the project value was increase in 2014, when another agreement has been signed between T.C. Ziraat Bankasi AS from Turkey i Ziraat Bank BiH d.d. from Bosnia and Herzegovina for additional 50 million EUR, which totals the Turkish Financial Line investment project at 150 million EUR.

Case: Zeraa Agriculture Investment Management

In an interview conducted with Mr. Benjamin Vukotić, CEO of Bosnaplod and Zeraa Agriculture Investment Management and Mrs. Eldina Muftić, Executive director at Zeraa Agriculture Investment Management, it was stated that thanks to the Sarajevo Business Forum initiative and activities of Bosna Bank International, Investment Corporation of Dubai (ICD) from the UAE invested a total of 35.865.000,34 EUR in Bosnia and Herzegovina in agriculture and fruit processing. ICD invested in the companies of Bosnaplod d.o.o. Brčko and Hepok d.o.o. Mostar.

This investment coming from Dubai, United Arab Emirates (UAE) resulted in a total of 150 full-time employees and additional 250 seasonal workers, providing around 400 job opportunities in Bosnia and Herzegovina.

The success of their investment can be seen in their increase in exports and production volume increase, with a total turnover at group level in 2017 amounting to EUR 3.500.000,00 and rising to an impressive EUR 9.203.253,00 in 2021. The company plans to further develop its business and plans additional investments in further growth in production and processing facilities.

Available quality land for cultivation and general food security were the main reasons why ICD decided to invest in the food industry in Bosnia and Herzegovina. Additionally, quality labour workforce, food production as generally a good investment and closeness and proximity of Bosnia and Herzegovina to the large European Union (EU) market were also additional reasons why they decided to invest in Bosnia and Herzegovina.

When asked about the obstacles and difficulties they have encountered during the implementation of their investment(s) in Bosnia and Herzegovina, the investors stated: corruption, (bad) agricultural policy and (bad) political environment.

The investor stated that Sarajevo Business Forum was a meeting place for potential investors and a presentation of B&H potentials, and that Bosna Bank International invited and brought one of the world's largest investors - ICD Dubai - and connected these companies.

Case: Homework Hub Sarajevo

Starting as a student idea, the Hub Homework project was pitched at the SBF Start-up Challenge youth competition, organized by Bosna Bank International and TV Hayat with partners. The competition was aimed towards young people who presented their business ideas in order to receive start-up funds and support to establish their own company. Homework Hub project – the first university hub – won the first episode of this 3-season competition and won a chance to present their business idea at the jubilee 10th Sarajevo Business Forum in 2019 where they met a domestic investor and started with the realization of their project. Accept the investors offer to establish a jointly owned company, domestic investments activities were encouraged.

Hub Homework was established in 2019 in Sarajevo as a limited liabilities company in the education sector with a total of 50.000 EUR investment, creating 3 (three) new steady jobs for young people. After initial establishment, the proof that Homework Hub Sarajevo operates very-well and is a true SBF success story is its third financial report, which showed positive balance and generated a small profit for the owners. Company founders have plans to further establish Homework hubs in each B&H university-centre across the country.

The owners, being freshly graduated university students, decided to stay and start a business in Bosnia and Herzegovina because it is their motherland and place where they want to live, work and develop themselves. However, during the process of establishing a company and working they realized that it is a very hard and complicated process, understanding that B&H is still a transitional country that seeks for changes, economic development and youth to drive country in new modern era.

When asked about the major difficulties and obstacles they have encountered during the implementation of their investment, the founders emphasized complicated and slow government administration, lack of sources of financing and support funding as well as a general non-understanding of their ideas and principles presented during their pitch. Nevertheless, they would invest again in B&H.

Hub Homework Sarajevo owners and founders suggested that administration processes in Bosnia and Herzegovina should be much faster and digitalized. Also, young entrepreneurs

should have more open-fund chances to get additional finance or support for the beginning of their business projects.

Company co-founder Mr. Mirza Rastoder did emphasize the positive role of Bosna Bank International and their participation at the 10th Sarajevo Business Forum in 2019 and also stated that the fact that BBI operates in accordance with Islamic banking principles influenced their decision to invest in Bosnia and Herzegovina and start a business.

Case: MFC

MFC is a limited liabilities company founded in Sarajevo in 2015 primarily providing consultancy services, but also investing its own funds in the local Bosnian market. So far MFC has implemented several projects with investors coming from the Middle East in the construction and real estate market as well as the HoReCa industry.

In an interview conducted in April 2022, Dr. Mussa Fattah, founder and CEO of MFC Sarajevo said that the company has invested over 1 million EUR of their own funds in the Bosnian market, which maintained 30 and created 30 new jobs (Poslovne Novine, 2020). MFC and other companies who started their operations under the MFC consultancy and operational support have trade over 500 million BAM with BBI bank accounts over the past years.

MFC is continually promoting economic potentials of Bosnia and Herzegovina abroad. One of their most representative projects is the opening of the “Kilim” restaurant which enhanced the restaurant and culinary offer in Ilidža, a well know tourist municipality in Sarajevo Canton. As stated by its owner Dr. Mussa Fattah, MFC plans to further continue promoting B&H as a desirable and potent destination for foreign investments, emphasizing that well though projects in the areas and segments of the economy which have a good potential need help and support from experts who can help realize these investments with a success.

As one of the reasons why they chose to invest in Bosnia and Herzegovina, MFC stated that Bosnia and Herzegovina has great human and natural resources. Their strategic development and presentation to investors from strong and liquid markets can lead to new jobs and economic growth and development of Bosnia and Herzegovina.

Top 3 reasons why they have invested in Bosnia and Herzegovina are: natural resources (for tourism and production), human resources and underdeveloped market which allows new projects and different type of approach to create new ambient and set new standards.

Some of the difficulties and obstacles they encounter during the implementation of their investments in Bosnia and Herzegovina are reciprocity for real-estate acquisition. MFC owners believe that it would be very beneficial for Bosnia and Herzegovina to allow Middle Eastern nationals to buy and own real estate in B&H, seeing how for example

Türkiye has an excellent inflow of investments as they sell a lot of new real estate projects and properties to the Middle Eastern investors.

Legal insecurity was mentioned also, especially when it comes to solving legal disputes and court cases, long procedures for projects realization such as permits and other, and last, but not least – political instability which does not compliment the efforts to bring and attract foreign investments to Bosnia and Herzegovina. When asked would they re-invest again in Bosnia and Herzegovina they stated that MFC and partners already have an intention and plans to further invest in B&H, believing that the country has an excellent potential and that Bosnia's geographical position to the European market is very favourable and should be seen as a great advantage for foreign investments.

MFC representatives believe that Sarajevo Business Forum, organized by Bosna Bank International is an excellent platform for attracting foreign investments to Bosnia and Herzegovina, as they have participated several times from 2010. Also, they believe that for a significant number of their investors the fact that there is a bank operating in accordance with the principles of Islamic banking and economy is very important. Visiting and attending the Sarajevo Business Forum allows domestic entrepreneurs and businesses to present potentials and project and investors to confirm and assure investing in Bosnia.

The fact that Bosna Bank International (BBI) operates in accordance with Islamic banking principles has indirectly helped MFC projects and their investors and partners to invest in Bosnia and Herzegovina because a large number of these investors wish to work and partner up with an Islamic bank.

MFC feels that BBI needs to improve quality of its services and to create special products and services for a specific group of investors coming to invest in Bosnia and Herzegovina, as many of investors who have invested in Bosnia and Herzegovina with MFC faced unexplainable bureaucratic and other obstacles and difficulties.

6.5. Discussion of the results

This section discusses the results of the research, emphasizing the importance of this research and its results, contribution of this thesis to academy, regulators and policy makers, etc. We will also discuss implications, limitations and future research suggestions.

The primary objective of this research was to explore the potential influence of Islamic banking activities on investments, particularly in a transition economy like Bosnia and Herzegovina. The findings and methodologies employed in this study contribute to the academic and practical realms in several significant ways.

6.5.1. Discussion of Results in Relation to Hypotheses

The core of this research revolves around the influence of Islamic banking on investments in Bosnia and Herzegovina, with a particular emphasis on the activities spearheaded by

Bosna Bank International, notably the international events it organizes: the Sarajevo Business Forum and the Sarajevo Halal Fair. The hypotheses formulated at the outset of this master thesis are:

1. Islamic banking plays an active role in attracting investments in B&H.
2. The Sarajevo Business Forum, an initiative of an Islamic bank, bolsters the realization of domestic investments.
3. The Sarajevo Business Forum also serves as a magnet for attracting and facilitating foreign investments.

Delving into the results, the empirical evidence, derived from both quantitative and qualitative analyses, underscores the positive impact of Islamic banking in Bosnia and Herzegovina. The activities of Bosna Bank International, in collaboration with its projects and with the backing and support of other Islamic banking institutions, notably its shareholders: the Islamic Development Bank (IsDB) Group, Dubai Islamic Bank (DIB), and Abu Dhabi Islamic Bank (ADIB), have been instrumental in this regard.

1. Regarding the Main Hypothesis (H):

- The research underscores the distinct role of Islamic banking in Bosnia and Herzegovina, especially within the framework of a transition economy. The spotlight on the Sarajevo Business Forum offers compelling evidence of Islamic banking's proactive role in magnetizing investments.

2. Regarding Hypothesis (H1):

- The Sarajevo Business Forum, orchestrated by a prominent Islamic bank – Bosna Bank International, stands as a testament to the positive ripple effects of Islamic banking on domestic investments. The case study methodology, which delves deep into the intricacies of the Sarajevo Business Forum, furnishes empirical backing in favour of this hypothesis.

3. Regarding Hypothesis (H2):

- The narrative woven around the Sarajevo Business Forum suggests its pivotal role in not just galvanizing domestic investments, but also in beckoning foreign investments. This narrative aligns seamlessly with the overarching theme of the research, accentuating the potential of Islamic banking as a beacon for both domestic and international investments.

The Sarajevo Business Forum stands out as a pivotal initiative, not only fostering domestic investments but also drawing in foreign investments to the country. This aligns with the second and third hypotheses, reinforcing the idea that Islamic banking, through initiatives

like the Sarajevo Business Forum, serves as a catalyst for investment to the country of Bosnia and Herzegovina, and the entire region.

6.5.2. Contributions

This research, centred on the influence of Islamic banking on investments in Bosnia and Herzegovina, offers a fresh academic perspective. The study stands out by delving into the role of Islamic banking in a transition economy, specifically Bosnia and Herzegovina, with a unique focus on the Sarajevo Business Forum. The mixed-method approach, combining both quantitative and qualitative data with a case study methodology, enriches the academic literature by offering a comprehensive understanding of the subject. Furthermore, the research addresses a significant gap in the literature, contributing to fields such as Islamic banking, finance and economics, and economic development.

From a policy perspective, the findings offer insights that can guide the development of regulatory frameworks supportive of Islamic banking principles. The research underscores the potential for governments to collaborate with Islamic banks and Islamic financial institutions, leveraging their influence to attract both domestic and foreign investments. For Islamic banks and other Islamic financial institutions, the insights derived can guide their strategies, emphasizing their role in economic development.

Next to the quantitative results obtained from both secondary and primary sources of data, it is significant to mention that a great number of responses included real opinions and free comments on the Sarajevo Business Forum, enriching the overall picture and conclusions of the success of these events in the past.

On a societal level, the research promotes a holistic understanding of the investment landscape, ensuring its relevance to a broad audience. While the primary focus is on Bosnia and Herzegovina, the insights and methodologies can potentially benefit other transition economies, promoting a broader societal understanding of the role of Islamic banking.

6.5.3. Implications

The findings of this research have profound implications across various domains. Academically, the study provides a foundation for future research endeavours in the realm of Islamic banking in transition economies, such as Bosnia and Herzegovina. The diverse findings encourage collaboration between scholars in finance, economics, and social sciences, fostering a multidisciplinary understanding of the subject.

For policymakers, the insights can be utilized to develop or refine regulatory frameworks that support and promote Islamic banking principles. The potential positive impact of Islamic banking on investments can translate to job retention and creation, infrastructure development, and overall community upliftment, especially in transition economies.

From a practical standpoint, the research offers a roadmap for Islamic banks and other Islamic financial institutions to enhance their operational strategies. Investors, both domestic and foreign, can glean insights into the potential opportunities and benefits of investing in regions influenced by Islamic banking principles, leading to diversified investment portfolios.

In essence, the research emphasizes the multifaceted impact of Islamic banking, underscoring its potential as a catalyst for economic and social development.

6.5.4. Limitations

One of the obstacles that presented themselves during the course of this research was that, due to the pandemic of the Covid-19, Sarajevo Business Forum was postponed and not held in 2022 and 2021.

With the overwhelming changes in the World, many of the contacts from previous SBF events were no longer available, as many people changed jobs and were not reachable with the same e-mail addresses. Similar to that, many of the press / media contacts were changed and not available, especially in the foreign media, as many journalists switched jobs and were not available for comments and answers to the survey, which resulted in answers of mostly Bosnia and Herzegovina media and press representatives. Out of the 2,000+ contacts reached, we have managed to gather a total 291 responses, which sums up to a 15% response rate.

In addition, the recent world crisis caused by the Russia-Ukraine war, impacted the investment trends and caused unseen disruptions in the world economies, Bosnia and Herzegovina included. This is to be seen as a reason for reduced investments, both domestic and international, hence influencing the success of the Sarajevo Business Forum events in previous years.

6.5.5. Future Research Suggestions

The exploration of Islamic banking's influence on investments in Bosnia and Herzegovina has unveiled a new insight and raised several intriguing questions. As with all pioneering studies, this research has also identified avenues that warrant further exploration.

One promising direction is the comparative analysis of Islamic banking's impact across various transition economies. While this study focused on Bosnia and Herzegovina, similar research in other regions could provide a broader understanding of the universal principles and localized nuances of Islamic banking.

Additionally, a deeper dive into the socio-cultural factors that influence the acceptance and growth of Islamic banking in predominantly non-Muslim regions could be enlightening. This could involve qualitative studies, such as ethnographic research or in-depth interviews, to capture the nuances of public perception and cultural dynamics.

The role of technology in shaping the future of Islamic banking is another area ripe for exploration. With the rise of fintech and digital banking solutions, understanding how these innovations align with or challenge Islamic banking principles could provide valuable insights for both academia and industry.

Furthermore, longitudinal studies tracking the long-term impact of Islamic banking on economic indicators, such as employment rates, GDP growth, and business startups, could offer a more comprehensive view of its sustained influence. Such studies could also monitor the evolving relationship between traditional and Islamic banking systems over time.

Focusing on the economic growth and development of Bosnia and Herzegovina, future researchers could analyse the FDI's coming to the country from the OIC member states, discussing the direct and indirect impact of Bosna Bank International, Sarajevo Business Forum, Sarajevo Halal Fair and Islamic banking in general in those results.

Lastly, given the global shifts towards sustainable and ethical financing, with sustainability being the core of modern business guidelines worldwide, research could delve into the intersections between Islamic banking and sustainable finance. Exploring how Islamic banking principles align with global sustainability goals could position it as a leading model for ethical finance in the 21st century.

7. CONCLUSION

The field of Islamic banking, with its unique principles and practices, has long intrigued scholars and practitioners alike. This master thesis embarked on an exploratory journey to understand the influence of Islamic banking on investments, specifically in the context of Bosnia and Herzegovina.

Through a meticulous blend of quantitative and qualitative analyses, the research shed light on the multifaceted impact of Islamic banking in a transition economy.

The master thesis embarked on its journey with an introduction that set the stage by elucidating the global significance of Islamic banking. This section highlighted the ethical foundations of Islamic finance and its growing influence in both Muslim-majority and non-Muslim countries.

The subsequent literature review served as a bridge between past research and the current study. It synthesized existing knowledge, drawing from a myriad of sources to provide a holistic understanding of Islamic banking's historical evolution, principles, and its impact on investments. This section also spotlighted the research gaps, emphasizing the need for a focused study on Bosnia and Herzegovina.

Analysis of foreign direct investments in Bosnia and Herzegovina was provided through the FDI investments and industry overview, as well as the B&H banking sector and limitations to investing in the country.

The role of Sarajevo Business Forum in attracting investments has been presented as part of the major development and CSR activities of Bosna Bank International, alongside the Sarajevo Halal Fair event which was not in the focus of this research.

The methodology chapter detailed the research's backbone. It meticulously outlined the research design, data collection techniques, both quantitative and qualitative, and the analytical tools employed. This rigorous approach ensured the study's credibility and robustness.

The results chapter presented the empirical findings, offering a granular view of the data collected. It provided quantitative insights into investment trends influenced by Islamic banking and qualitative narratives capturing stakeholders' perceptions and experiences.

The discussion section wove the empirical findings into the tapestry of existing knowledge. It juxtaposed the results against the initial hypotheses and research questions, offering interpretations and insights.

7.1. Research Aim and Questions Revisited

The overarching aim of this research was to investigate the influence of Islamic banking on the investment landscape of Bosnia and Herzegovina. Central to this exploration was the Sarajevo Business Forum, an initiative of Bosna Bank International.

The research sought answers to the following questions:

- How has Islamic banking shaped domestic investments in Bosnia and Herzegovina?
- What role does it play in attracting foreign investments?
- What are the perceptions and acceptance levels of Islamic banking in the region?

Three hypotheses were posited:

- Islamic banking significantly influences investments in Bosnia and Herzegovina.
- The Sarajevo Business Forum plays a pivotal role in domestic investments.
- The Sarajevo Business Forum attracts and facilitates foreign investments.

The empirical findings resonated affirmatively with these hypotheses. The Sarajevo Business Forum, supported by collaborations with institutions like the Islamic Development Bank Group, Dubai Islamic Bank, and Abu Dhabi Islamic Bank, emerged as a transformative force in the investment landscape.

86% of the surveyed respondents said that Sarajevo Business Forum, an activity of Bosna Bank International, helped positively in changing the image of Bosnia and Herzegovina as a place to invest and do business. Furthermore, 82% of the respondents said that Sarajevo Business Forum helped attract investments, both domestic and foreign, to Bosnia and Herzegovina and the Western Balkans.

The implications section extrapolated the findings, discussing their relevance to academia, policymakers, and industry practitioners. It underscored Islamic banking's potential as a sustainable and ethical financial model.

The research aimed to prove how Islamic banking has an active role in attracting both domestic and foreign direct investments in Bosnia and Herzegovina.

Based on a quantitative and qualitative analysis of primary and secondary data obtained during the work on this research, it can be concluded that the presence and activities of Islamic banking contributed to attracting and supporting domestic and foreign investments in Bosnia and Herzegovina through the work of Bosna Bank International and its projects – Sarajevo Business Forum and Sarajevo Halal Fair – with the support of other Islamic

banking institutions – primarily BBI’s shareholders – the Islamic Development Bank Group, Dubai Islamic Bank and Abu Dhabi Islamic Bank.

The results of this research indicate that Sarajevo Business Forum, an activity of an Islamic bank, has supported the realization of domestic investments, and also has attracted and supported the realization of foreign investments.

Therefore, Islamic banking has had an active role in attracting investments in Bosnia and Herzegovina.

Theoretical research provided a theoretical background and literature review pertaining to the area being studied and the research problem, where the research made use of secondary and tertiary sources of data (such as research papers, articles, and other forms of published or unpublished research).

Empirical data was collected through a case study, but also through all the materials available on the event in focus – the Sarajevo Business Forum, since 2010, with investment and business projects and ideas presented at SBF events in order to determine who participated at the conference with the intention of realizing an investment project, showing how many investment opportunities were available, what industries were targeted and other.

Primary data collection has been conducted surveying participants of Sarajevo Business Forum, determining whether their investments were realized and researching the role BBI and SBF played in the realization of their investment. The questionnaire (online survey) has been sent out to the target population and the questions have been formulated so that the defined hypotheses of this research can be tested.

The collected data was then analysed using statistical methods, including descriptive and inferential statistics, to determine the profile of the respondents, the characteristics of their investment and the respondents’ experiences with SBF and Islamic banking. The analysis has been conducted in line with the questionnaire structure, which allowed the testing of hypotheses. In addition, interviews were conducted with some of the success story cases tied to the SBF events, in order to put to the test, the selected hypothesis questions.

To sum up, this research took the form of a Case Study. The case refers to the Sarajevo Business Forum (SBF), an international investment conference hosted and organized by Bosna Bank International (BBI), an Islamic bank founded in Bosnia and Herzegovina (B&H). By considering this case, the research explored how the presence of an Islamic bank, whose main shareholders are foreign Islamic banks, and its activities (organization of the Sarajevo Business Forum), influenced investments in a transition economy, that is B&H. It is our belief that the chosen methodology has been effective and helped answering the research questions. We believe that these results can be transferable to any other transition economy sharing similar characteristics with B&H, who has or wishes to introduce Islamic banking as a tool for increasing domestic and foreign investments.

The organization of the Sarajevo Business Forum played a pivotal role in driving economic development in Bosnia and Herzegovina and the region by attracting local and international investors. BBI's continued support and organization of the event reinforced its commitment to promote economic growth and stability in Bosnia and Herzegovina. This, in turn, enhances investor confidence in the region and fosters a positive investment climate, positively impacting the economic development and investor confidence.

The Sarajevo Business Forum serves as a platform for presenting and showcasing investment opportunities and facilitating deal flow. By organizing the event, BBI brings together potential investors and businesses seeking funding, creating an environment conducive to deal-making and driving economic growth. The bank leverages these opportunities to expand its client base, offer financing solutions, and contribute to the success of businesses.

The conference serves as a hub for networking and relationship building among industry experts, entrepreneurs, and potential clients. BBI's active involvement in organizing the event allows the bank to cultivate strong connections with key players in various sectors, opening doors to potential business collaborations, partnerships, and client acquisition opportunities. Through the Sarajevo Business Forum, BBI has established itself as a thought leader in the field of finance and investment. By hosting panel discussions, keynote speeches, and workshops, BBI showcased its expertise, market insights, and innovative financial solutions, positioning itself as a go-to institution for investment advice and financial services.

The event provides a unique platform for BBI to showcase its commitment to fostering economic growth and investment in Bosnia and Herzegovina (and the Western Balkans region). By organizing this prestigious event, BBI solidifies its position as a leading financial institution and gains valuable brand exposure among potential investors, business leaders, and stakeholders.

The conference generates extensive media coverage, domestically, regionally, and internationally, resulting in a very positive public relations operation for BBI. By continuing to organize the Sarajevo Business Forum, the bank gains valuable exposure and demonstrates its commitment to the economic development of Bosnia and Herzegovina. This positively impacts stakeholder perception, including customers, shareholders, and regulatory bodies. The Forum every year brings together industry experts, policymakers, and prominent business leaders, providing BBI with access to valuable market insights and intelligence.

By being actively involved in the organization of the event, the bank gains a deep understanding of market trends, emerging opportunities, and regulatory developments, which can inform its strategic decision-making and product/service offerings.

The Sarajevo Business Forum can be seen as a catalyst for foreign direct investment (FDI) by attracting international investors. As BBI continues to organize this event, it plays a pivotal role in attracting FDI, stimulating economic growth, and contributing to the overall development of B&H. The conference's prominence and BBI's active involvement make the bank an attractive employer for top talent in the financial and investment sectors. By organizing this prestigious event, BBI enhances its reputation as an employer of choice, attracting skilled professionals who can contribute to the bank's growth and success.

The Sarajevo Business Forum can be aligned with BBI's commitment to sustainable development goals (SDGs). By focusing on responsible and sustainable investments during the conference, BBI showcases its dedication to environmental, social, and governance (ESG) principles. This strengthens the bank's reputation as a socially responsible institution and attracts clients.

This research clearly illustrates that BBI's activities over the past year, as the first and so far, the only Islamic bank in B&H, have helped attract and foster both domestic and international investments, and help the B&H economy in its transition, but also raises the question of readiness of the local and national government to provide domestic and foreign investors with adequate incentives and business climate in order to reach desired results.

Based on these conclusions, Islamic banking practitioners worldwide should consider going a step further from basic conventional banking activities, and given the circumstances and legislation in their respected countries, also pursue opportunities to identify business and investment potentials and partner up with various stakeholders to help and support sustainable development of their communities. In this sense, the case of Sarajevo Business Forum and work and activities of Bosna Bank International could and should be studied further.

To better understand the implications of these results, future studies could address and compare similar activities of other Islamic banks in the world to our research results and compare the provided know-how and underline positive outcomes. Being seen as one of the successful public-private-partnerships (PPP), the model of a private financial institution teaming up with government and public institutions and bodies to attract and support the investments in a country – executed as an annual, international event such is the Sarajevo Business Forum – could be multiplied in other countries as well.

There has been no previous works researching to what extent the presence and activities of Islamic banking contributes to attracting and / or supporting domestic and foreign investments, neither worldwide nor in Bosnia and Herzegovina, this research can be treated as a pioneer work in that field.

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