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**THE TOURISM AND HOSPITALITY COMPANIES AND THE  
CREDIT ACTIVITY OF THE BANKS IN THE REPUBLIC OF  
MACEDONIA<sup>1</sup>**

**Risto Gogoski**

Faculty of tourism and hospitality, Ohrid, ristogogoski@gmail.com

**Bratislav Milosevic**

Faculty of tourism and hospitality, Ohrid; bratislavmilosevic@yahoo.com

**Kliment Naumov**

Faculty of tourism and hospitality, Ohrid, kliment.naumov@gmail.com

**ABSTRACT**

The tourism industry is a growing industry with great potentials. However, the accumulation of companies from the activity accommodation and food service activities is relatively small, as is the case in the Republic of Macedonia. This also limits the possibilities for investing in the enterprises from this activity, primarily because of the seasonal and campaign character that is a feature of these companies. Therefore, the thesis is about the possibility of dynamising their activity through the credit support from the commercial banks. The purpose of this paper is to determine the treatment of the activity of accommodation and food service activities in the activities of the liabilities and assets of the commercial banks and their participation in the creation of the banks' profitability. The paper aims to present the recognition of the banks as a partner by the management of companies from the hotels and restaurants sector as a subject for support of their developing business policies in terms of improvement of their profitability.

**KEY WORDS:** accommodation and food service activities, banks, investment, credit exposure, risk of credit exposure.

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<sup>1</sup>Review paper

## INTRODUCTION

After more than two decades, the economy in R Macedonia has failed to noticeably improve the capital equipment, accumulation, savings and economic growth rates. This applies in particular to the activities of tourism and hospitality, that is, the activity - accommodation and food service activities, as they are officially kept in the system of national accounts in the Republic of Macedonia after 2010. Within this frames, and after more than two decades of independence, tourism and hospitality activities have a small share in the creation of GDP in R Macedonia, inefficient models of capacity transformation (the privatization process), as well as inefficient business policies and strategies of management in firms.

The predictions didn't come true that after 2007, there would be a new intensive wave of investment in the companies from the activities of tourism and hospitality, primarily in the form of foreign direct investments from famous world brands.[1] In contrast, in recent years we have a slow growth in investments, investors and creditors. In a word, there are no noticeable qualitative changes and improvements.

Financial intermediation, credit support and reallocation of the accumulation by banks towards the real sector in economy

The quantity, quality, intensity and complexity of financial intermediation is measured through several indicators - assets / GDP; credits / GDP; deposits / GDP. The level of financial intermediation in the Republic of Macedonia in the period 2010-2017 is stable and has the following values: assets / GDP on average 72%; deposits / GDP average 53%; loans / GDP average 46%.[2] Compared to the average of the countries of the European Union, R Macedonia has a low level of development of financial intermediation. Thus, the EU average is: asset / GDP of 350%; deposits / GDP 140%; credits / GDP 140%. [3]

Banks are institutional financial intermediaries in the economy. Empirical data about R Macedonia show that the dominant intermediaries are the commercial banks, with relatively poorly developed financial market, with poor turnover and structure of securities. In that sense, the tourism and hospitality companies are

forced to demand their financial resources for business cooperation with the commercial banks in R Macedonia.

#### Investments in tourism and hospitality companies

In accordance with the microeconomic theory, in determining the factors of the amount of investment firms follow a certain procedure in determining the level of capital (investment) they desire. Similar to other factors of production (land and labor), the capital demand of tourism and catering firms will depend on the marginal capital productivity of that company and the revenue of the marginal product. Managers determine the level of maximizing capital gains by comparing the costs and revenues from the use of supplementary capital, in any form - buildings, equipment, and the like.[4]

On the market of borrowing capital, interest is the price at which the supply and demand for this resource is determined, as well as the other elements for the profitability and cost effective of the increase of the capital equipment of the companies. Also, all this is true for the companies from the activity - accommodation and food service activities. [5]

Table 1 Stock of Direct Investment in R of Macedonia by the activity

In millions of euros

| Year | Total   |     | activity<br>"accommodation<br>and food service<br>activities |     | Total service |      | Insurance,<br>reinsurance<br>and pension<br>funding |     | Production |      |
|------|---------|-----|--|-----|---------------|------|---|-----|------------|------|
|      | Value   | %   | Value  | %   | Value         | %    | Value   | %   | Value      | %    |
| 2009 | 3.141,4 | 100 | 47,7   | 1,5 | 1.722,4       | 54,8 | 62,8  | 2,0 | 953,4      | 30,3 |
| 2010 | 3.256   | 100 | 55,9   | 1,7 | 1.678         | 51,5 | 64,9  | 2,0 | 1.053      | 32,3 |
| 2011 | 3.615,1 | 100 | 54,9   | 1,5 | 1.726,3       | 47,8 | 71,8  | 2,0 | 1.308,8    | 36,2 |
| 2012 | 3.685,5 | 100 | 41,5   | 1,1 | 1.722,2       | 48,1 | 68  | 1,8 | 1.281,5    | 34,8 |
| 2013 | 3.980   | 100 | 35,4   | 0,9 | 1885,5        | 47,4 | 73,6  | 1,9 | 1.388,9    | 34,9 |
| 2014 | 4.023,6 | 100 | 32,8   | 0,8 | 1.830,6       | 45,5 | 80,6  | 2,0 | 1.435,8    | 35,7 |
| 2015 | 4.400,1 | 100 | 43,9   | 1,0 | 2.109,3       | 47,9 | 86,2  | 2,0 | 1.563,7    | 35,5 |
| 2016 | 4.657,3 | 100 | 42   | 0,9 | 2.100,3       | 45,1 | 88,2  | 1,9 | 1.685,6    | 36,2 |

Source:(NBRM).[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makiedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makiedonija7b8cb632.nsp)

Table no. 1 gives a comparative overview of the direct investments in R Macedonia for some of the activities in the service sector. The data show that the share of accommodation and food service activities have relatively small participation in the total investments in R Macedonia, as well as in the services sector in R Macedonia. The data show that the service sector, which includes more service activities, as a whole has a higher percentage share in the investments from the participation of the activities in the production sector. This trend is positive and confirms the structural changes in the economy of Macedonia from the secondary to the tertiary sector.

However there is no noticeable increase in the relative participation of the activity of accommodation and food service activities within the service sector. It says that the investments haven't contributed towards more intensive improvement of the capital equipment of the tourism and hospitality companies and with that acceleration of their development related to the other service activities.

In the case of R Macedonia, it is positive that the service sector is dominant in the investments, but within that, the companies from the tourism and hospitality activities are marginalized. This means that the technological capability of other service activities is increasing, and potentially in the future it will have a greater significance for the development of these companies as well as in the GDP growth in R Macedonia. This will also affect the direction of the already limited financial resources available to the financial intermediaries in the economy of the Republic of Macedonia to other service activities, and not to the activity of tourism and hospitality.

Table 2 Direct investment in RM for activity “accommodation and food service activities”

In millions of euros

|      | Total direct investment | Equity | Debt instruments | Portfolio investments |
|------|-------------------------|--------|------------------|-----------------------|
|      | 1 = 2 + 3               | 2      | 3                | 4                     |
| 2010 | 55,93                   | 23,04  | 32,89            | 1,59                  |
| 2011 | 54,90                   | 22,48  | 32,42            | 0,75                  |
| 2012 | 41,53                   | 15,28  | 26,25            | 1,74                  |

|      |       |       |       |      |
|------|-------|-------|-------|------|
| 2013 | 35,45 | 9,59  | 25,86 | 1,40 |
| 2014 | 32,80 | 8,60  | 24,20 | 1,50 |
| 2015 | 43,90 | 20,40 | 23,50 | 1,6  |
| 2016 | 42,00 | 18,2  | 23,8  | -    |

Source: NBRM, [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonija7b8cb632.nsp)

It is important to have an idea of the origin of the capital in the activity of accommodation and food service activities, and this is shown in table no. 2.

With the amount of equity, debt instruments and portfolio investments reflect the structure of the liabilities of the companies i.e. that are the sources of the assets of the companies from the field of tourism and hospitality. In that sense, it is concluded that the share of capital in the form of portfolio investments in the companies from the tourism and hospitality is relatively small, which implicitly states that such companies are not directed towards the capital market, that is, they rarely use own issues of securities in the form of shares to increase own capital. On the other hand, the share of debt instruments (mainly credit) in the total liabilities of the companies in the tourism and hospitality activities are with larger share of the own (equity) capital. This means that the companies in the activity of accommodation and food service activities dominantly finance with liabilities to (financial) creditors, i.e. they are interest burdened. All this negatively affects their solvency and profitability, and as we shall see in the following, it weakens the positions in determining the creditworthiness in front of banks' organs.

#### Credit exposure to the banks of the tourism and hospitality companies

In table no. 3 is given a comparative presentation of the credit indebtedness of the activity of accommodation and food service activities with the commercial banks, compared with some of the other service activities. The data show that credit exposure to tourism and hospitality firms is insignificant and does not exceed 1 percent of the total banks' exposure. The volume of crediting of the activity of accommodation and food service activities is increasing absolutely, but the dynamics of the increase in loans from other service activities is more pronounced.

Below, we will see that this marginal value of loans approved in the tourism and hospitality industry contributed to the NBRM (National Bank of the Republic of Macedonia) to give up the special monitoring of the banks' credit assets related to this activity, i.e. it is omitted from the officially published statistics. Thus, the latest official data for the sector structure for companies in this field is for 2014.

Table 3 Banks' Credit exposure by activity

In millions of denars

|   | 31.12.2013    |       | 31.12.2014 |       | 31.12.2015 |       | 31.12.2016 |       |
|---|---------------|-------|------------|-------|------------|-------|------------|-------|
|   | Value (state) | %     | value      | %     | value      | %     | value      | %     |
| Total credit exposure                     | 389.953       | 100   | 423.575    | 100   | 459.658    | 100   | 469.675    | 100   |
| Accommodation and food service activities | 3.210         | 0,82  | 3.480      | 0,82  | 4.288      | 0,93  | 3.922      | 0,84  |
| Financial activities and insurance        | 74.753        | 19,17 | 88.258     | 20,84 | 88.798     | 19,32 | 97.106     | 20,68 |
| Information and communication             | 2.349         | 0,60  | 2.786      | 0,66  | 2.797      | 0,61  | 2.573      | 0,55  |

Source: NBRM [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistem_na_riepublika_makedonija7b8cb632.nsp)

The indicators for the currency structure of the credit portfolio with the banks of the activity of accommodation and food service activities are given in table no. 4. The data show that there is an even distribution of credits in national currency and loans in foreign currencies or in denars with FX clause. Deeper researches should confirm this, but the impression is that the credits in denars are long-term loans that are approved in the initial period of monetary independence, from certain development funds, i.e. in the privatization process in R Macedonia. Foreign currency loans are most likely from certain credit lines of foreign institutions destined for the economy of R Macedonia.

We can conclude that future research is needed to confirm the thesis that the currency structure of the loans only confirms the marginal importance of the activity of tourism and hospitality in the banks' credit portfolio. The thesis is about the use of the banks in R Macedonia mainly as a service administrator of financial resources received from the companies in the tourism and hospitality on the basis of ad hoc specific loan arrangements, within certain campaigns of

the Government of the Republic of Macedonia or grants and assistance from certain international institutions.

Table 4 Currency structure of banks' credit exposure to activity "accommodation and food service activities"

In millions of denars (at the end of year)

|  | 2014  | 2015  | 2016  |
|--|-------|-------|-------|
| Credit in denars   | 1.647 | 2.119 | 2.151 |
| % share in total credit in denars by the banks                         | 0,72  | 0,82  | 0,81  |
| Credit in denars with FX clause  | 688   | 912   | 896   |
| % in total credits in denars with FX clause                            | 0,93  | 1,17  | 1,07  |
| Credits in foreign currency  | 1.145 | 1.257 | 875   |
| % in total credits in foreign currency                                 | 0,95  | 1,01  | 0,73  |
| Total credits for activity "accommodation and food service activities" | 3.480 | 4.288 | 3.922 |
| % in total credits by the banks  | 0,82  | 0,93  | 0,83  |

Source: NBRM [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonija7b8cb632.nsp)

Table 5 Components of banks' credit exposure to activity "accommodation and food service activities"

In millions of denars

|                       | 31.12.2013 |      | 31.12.2014 |      | 31.12.2015 |      | 31.12.2016 |      |
|-----------------------|------------|------|------------|------|------------|------|------------|------|
|                       | value      | %    | value      | %    | value      | %    | value      | %    |
| Total credit exposure | 3.210      | 100  | 3.480      | 100  | 4.288      | 100  | 3.922      | 100  |
| Regular loans         | 2.707      | 84,3 | 2.370      | 68,1 | 3.037      | 70,8 | 3.386      | 86,3 |
| Regular interest      | 19         | 0,6  | 19         | 0,5  | 19         | 0,4  | 21         | 0,5  |
| Non-functional        | 885        | 27,6 | 876        | 25,2 | 990        | 23,1 | 284        | 7,2  |

|                            |     |     |     |     |     |      |     |     |
|----------------------------|-----|-----|-----|-----|-----|------|-----|-----|
| loans                      |     |     |     |     |     |      |     |     |
| Non-functional interest    | 281 | 8,7 | 320 | 9,2 | 372 | 8,67 | 47  | 1,2 |
| Other claims               | 53  | 1,6 | 84  | 2,4 | 38  | 0,9  | 23  | 0,6 |
| Off-balance sheet exposure | 182 | 5,7 | 131 | 3,8 | 203 | 4,7  | 209 | 5,3 |

Source: NBRM [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonija7b8cb632.nsp)

In table no. 5 is given the situation with the credit exposure to the banks of the activity of accommodation and food service activities, according to the components of the credit obligations.

The data from table no. 5 show that in the activity accommodation and food service activities there are no internal structural disruptions of the borrowing obligations with the banks. The relative shares of the regular loans, interest, non-functional loans and non-functional interest structure have no significant negative changes. Companies from tourism and hospitality have risky placements with banks but they stagnate. The mild increase in the total credit exposure is not related to a drastic increase in the non-functional loans and non-functional interest. On the contrary, the companies from the activity accommodation and food service activities managed to improve their credit rating by reducing the share of non-functional loans from 27.6% in 2013 to 7.2% in 2016. There is a similar tendency for non-functional interest, with a decrease is from 8.7% in 2013 to only 1.2% in 2016. Whether this trend will continue should be seen in the future, it remains to be concluded that tourism and hospitality firms reduce the share of unpayable debts in terms of loans and interest to the commercial banks.

Such conditions can be interpreted as a contribution to the reduction of the credit risk of the activity of tourism and hospitality to the banks in R Macedonia. The benefits of this for the future may be more attention to tourism and catering firms in outlining the credit policy of banks. Finally, it should end with the

provision of larger and cheaper loans to companies in the field of tourism and hospitality.

The risk of the credit exposure of the banks to the tourism and hospitality companies

Table no. 6 shows the state of the participation in the credit risk exposure of the banks in the sector of the real sector of the economy. The decrease in non-functional loans and non-functional interest also has a positive impact on the risk of credit exposure. Within the real sector of the economy, the activity of accommodation and food service activities has slightly declining participation in the total banks' risk exposure. For banks, other sectors of the economy are more risky than the activity of accommodation and food service activities. The data show that credit placements with tourism and hospitality companies have a small impact on the credit risk exposure of banks with an amount ranging between 3 and 2 percent.

The small share in the total exposure to credit risk is in a state of small share in the banks' loan portfolio. It turns out that banks have a relatively small credit risk for clients that are relatively low in the loan portfolio. This leads towards the need of a greater allocation of placements from the assets of the banks in the activity of accommodation and food service activities. The increased volume of crediting by banks in the Republic of Macedonia to companies in the business of accommodation and food service activities should not bring seriously higher credit risk to this activity.

Table 6 Indicators of the banks' risk level of the credit exposure to the "non-financial companies and other clients" sector

At the end of year in %

|   | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       |
|---|------------|------------|------------|------------|------------|------------|
| Total exposure to non-financial companies and other clients | 100        | 100        | 100        | 100        | 100        | 100        |
| <b>accommodation and food service</b>                       | <b>2,9</b> | <b>2,6</b> | <b>2,3</b> | <b>1,9</b> | <b>1,9</b> | <b>1,9</b> |

| <b>activities</b>                 |      |      |      |      |      |      |
|-----------------------------------|------|------|------|------|------|------|
| Industry                          | 32,7 | 35,4 | 28,1 | 28,4 | 28,5 | 27,3 |
| Agriculture, forestry and fishing | 3,3  | 3,1  | 3,0  | 2,8  | 2,8  | 2,8  |
| Construction                      | 10,9 | 10,9 | 11,0 | 12,1 | 12,0 | 13,5 |
| Wholesale and retail trade        | 31,5 | 31,7 | 32,7 | 32,3 | 32,6 | 31,4 |
| Transport and storage             | 6,1  | 7,7  | 6,1  | 6,1  | 6,0  | 6,2  |
| real estate activities            | 5,5  | 5,8  | 3,4  | 3,5  | 3,4  | 3,0  |

Source: *Banking system Reports, annex, different years*

[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistem\\_na\\_riepublika\\_makedonija7b8cb632.nspix](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistem_na_riepublika_makedonija7b8cb632.nspix)

The data from the analysis of the National Bank of R Macedonia on the delay in the payment of loans taken from the commercial banks in the Republic of Macedonia are also useful, which are given in the table no. 7.

The figures given in table no. 7 indicate that the activity of accommodation and food service activities has the highest participation in the delays of return both on the equity and on the interest calculated. This trend of delay is in collision with the decrease in the non-functional loans and the interest we presented in the table no. 5. This can be interpreted as a situation where banks have already cleared the balance sheet from claims to firms from tourism and hospitality from an earlier date (the period of independence, privatization in the period after independence). But the pressure on active loans remains, in particular, those that are from worse categories "D" and "E", which in the future will increase the credit risk.

From the banks 'point of view, this situation shows that there is a high the credit risk of the activity of accommodation and food service activities, but for banks the risk is relativized with the small share of loans granted to tourism and hospitality companies in banks' credit assets. On the other hand, this situation of relatively large delays in settling liabilities towards banks can be considered as a manifestation of the poor financial situation of the companies from the tourism and hospitality, their low profitability, weak cash flows and illiquidity. Altogether it acts destimulating to companies from the activity accommodation

and food service activities in terms of creation of a more aggressive performance in front of the banks' credit organs to improve the delay - either through reprogramming of debts or through new banks' placements to tourism and hospitality firms.

Backed up by appropriate collateral instruments, the loans of the banks to the tourism and hospitality companies would improve their financial situation; reduce the cost of financing the assets, thereby increasing their accumulation. The question is how many banks are interested in tracking tourism and hospitality firms in such business plans.

Table 7 Duration of average delay of the amount repayable irregularly, by type of credit exposure and activity, as of 31 December 2016

in years

|   | Type of credit exposure |          |              |                       |
|---|-------------------------|----------|--------------|-----------------------|
|   | loan                    | interest | Other claims | Total credit exposure |
| Total for all activities                  | 1,5                     | 1,8      | 1,1          | 1,5                   |
| Accommodation and food service activities | 2,0                     | 1,7      | 2,4          | 2,0                   |
| Financial and insurance activities        | 0,9                     | 0,8      | 1,1          | 1,1                   |
| Information and communication             | 1,2                     | 0,7      | 1,6          | 1,2                   |
| construction                              | 1,8                     | 1,0      | 1,2          | 1,7                   |
| Transport and storage                     | 1,6                     | 1,5      | 2,4          | 1,6                   |

Source: NBRM annex, 2016

[http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makiedonija7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makiedonija7b8cb632.nsp)

In table no. 8 is given the structure of risk-weighted placements of the activity accommodation and food service activities of the banks. Worrying is the increase in the average level of risk, which over a period of half a decade grew from 12.8% in 2009 to 29.9% in 2014. Even more pronounced is the increase in the worst category E, which rose from 3% in 2009 to 25.3% in 2014.

The fact that despite the significant share of the placements of C, D and E category in the total credit exposure, despite the large share of placements E, especially in recent times, the coverage of bad placements in impairment and special reserves is improving, and also non-functional loans, although weakened, continue to have a large percentage of coverage in the impairment and special reserves. Such conditions lead to the fact that tourism and hospitality companies need to improve their balance sheets, i.e. that as future loan applicants they will be subject to more detailed analyzes when approving credit claims. In other words, access to credit with banks would be difficult.

Table 8 Indicators of the banks' risk level of the credit exposure to the "accommodation and food service activities"

At end of the year in %

|   | 2009  | 2010 | 2011 | 2012  | 2013  | 2014  |
|---|-------|------|------|-------|-------|-------|
| Average risk level  | 12,8  | 11,8 | 24,7 | 29,9  | 30,6  | 29,9  |
| Share of "C", "D" and "E" in the total credit exposure  | 26,9  | 23,7 | 31,1 | 35,8  | 33,4  | 36,7  |
| Share of "E" in the total credit exposure   | 3,0   | 3,5  | 23,7 | 29,0  | 28,3  | 25,3  |
| Share of non-performing loans in total loans  | -     | 15,3 | 27,5 | 31,0  | 29,9  | 27,0  |
| Coverage of non-performing loans with total impairment and special reserve                    | 47,6  | 49,7 | 79,6 | 83,4  | 91,7  | 81,4  |
| Coverage of non-performing loans with impairment and special reserve for non-performing loans | 238,8 | 81,2 | 94,4 | 103,5 | 111,2 | 118,7 |

Source: NBRM annex, different

years [http://www.nbrm.mk/izvieshtai\\_za\\_bankarskiot\\_sistiem\\_na\\_riepublika\\_makedonij\\_a7b8cb632.nsp](http://www.nbrm.mk/izvieshtai_za_bankarskiot_sistiem_na_riepublika_makedonij_a7b8cb632.nsp)

### Conclusion

The paper showed us that the enterprises from the activity of accommodation and food service activities are not companies of business interest for the banks in R Macedonia. Thus, there is a very bad combination of the mutual indifference of both parties in the process of financial intermediation in providing resources for capital investment. So neither tourism and hospitality companies have anything to offer, nor banks are interested in risking. The end result is the slowdown in the growth of the tourist industry in the economy of R Macedonia.

Enterprises from the tourism and catering activities due to the bad balance sheets, although relatively small in the banks' credits, are among the most risky

entities. Bad performances remove the activities of tourism and hospitality from the focus of interest in foreign private or institutional investors.

The accommodation and food service activities are of marginal importance for the operation of the banks. After 2014, the NBRM has even stopped publishing and collecting special data on the participation of these companies in the banks exposure, and decided to include them synthetically in the part of other services.

The low level of credit exposure to the banks, the share of the credit risk exposure to the banks of the activity accommodation and food service activities, should be analyzed and more broadly related to the inclusion of related entities from other activities, and not only the statistically evidenced units of hotels and restaurants. Participation of entities that have other main activity, indirect participants in the (equity) ownership through ownership of shares, can significantly change the image of the equity participation of hotels and restaurants in the total capital equipment at the level of R Macedonia. This would noticeably increase the performance in the balance sheets of the tourism and hospitality companies. Banks should make efforts to involve related entities in their credit analyzes. It is a challenge for future more sophisticated professional and academic researches and analysis.

The small share in the total exposure to credit risk is in a state of small share in the banks' loan portfolio. It turns out that banks have a relatively small credit risk for clients that are relatively low in the loan portfolio. This point to the need for a further bold direction of allocation of placements from the assets of the banks in the activity of accommodation and food service activities. The increased volume of lending by banks in the Republic of Macedonia to companies in the business of accommodation and food service activities should not bring seriously higher credit risk to this activity.

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