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Croatia: leading the capital markets development in the region for 30 years

Croatian capital market has been leading the development of the capital markets in the region for almost 30 years and represents a bridge between the European Union and the rest of the region.

Croatia joined the EU in 2013, and it can be said that long before that, the financial sector was completely ready for this step and harmonized with the EU regulation. And for a long time before that, we followed all EU and global trends and working on developing the capital market in line with the best European and global practices. From this standpoint, it proved to be quite beneficial for Croatian capital market, and many Zagreb Stock Exchange's (ZSE) project were supported by the EBRD.

ZSE's strategy is to ensure the highest level of transparency and open up some new investment opportunities as well as create the conditions to provide growth capital to companies in all stages of their development, fostering a positive environment for entrepreneurs that also will be conducive to economic growth and employment.

In order to achieve these goals, ZSE has developed several solutions as a part of its integrative strategy. Young innovative companies will be the main driver in the years to come, and therefore it is extremely important to keep them operating in an environment in which they were established and enable them to access the capital for growth and development. ZSE has a 20% interest in the Funderbeam South-East Europe Company, a part of the Estonian Funderbeam Group, which operates a start-up financing facility and runs an innovative trading platform for start-ups based on blockchain technology. To date, Funderbeam SEE has enabled Croatian start-ups and SMEs to raise more than EUR 5 million in capital via 10 campaigns.

Progress Market was registered as one of the first and very few SME growth markets in Europe. It is a multilateral trading facility which may be used by small and medium-sized enterprises as a vehicle for the implementation of their investment plans.

Cooperation between markets is a necessity. As owners of the Ljubljana Stock Exchange, ZSE sees many positive effects for both exchanges and both capital markets. At the very close of the year 2019, the ZSE acquired a 5,3% share in the Macedonian Stock Exchange (MSE) as a step towards active participation in its development.

Together with Bulgarian and Macedonian stock exchanges, the SEE LINK Company was established in 2014 with the objective of creating a regional infrastructure for trading securities listed on those three markets. SEE Link order-routing system now supports trading for a total of seven markets, with over 1500 securities eligible for trading. A total of 26 investment companies are licensed to trade via SEE Link. There are still many challenges ahead of obtaining full potentials of this project, primarily regarding the solution for settling cross-border trades.

ZSE's goal is to continue to lead the development of the capital market in the region while providing transparent, secure, cost-effective and efficient marketplace as well as obtaining the highest quality of capital market services in order to meet the needs of investors, issuers and all stakeholders. ●