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THE IMPACT OF GLOBAL PROCESSES ON THE WORLD FINANCIAL SYSTEM

This study provides theoretical basis for the research of globalization processes. The main features of financial globalization are considered as well as the impact of globalization processes on the banking sector. The research also highlights the current state and trends of the development of banking services market in Ukraine and analyses the share of foreign capital in the development of Ukrainian banking system. Based on the study results, guidelines for ensuring the efficient development of banking activities in the context of globalization are defined.

Globalization is the main trend of modern world system. It is the one of the key features in the development of the whole world. It has significant impact on the development of national economies through strengthening their interaction and interdependence, integration of national political and social systems, national cultures, and deepening the processes of international integration of financial markets.

Globalization is an irreversible process that any state cannot resist. Considering the formation of a single global market, the study of the impact of globalization on the global financial system is crucial due to necessity to counter the problems that expand the field of potential conflicts and financial instability. The above mentioned problems become especially critical in the context of the deepened instability in the world economy. They form the ground for manipulating with huge investment and financial resources, which poses a real threat to the countries with low and average profits.

In terms of the level of globalization, the financial sphere today outstrips all spheres of real economy. The core of financial globalization displays itself through the processes of global financial and economic integration and formation of a global financial market. The main driving force there is migration of financial capital across the planet, while the unification of legislation, economic processes and the application of advanced technologies allows to mobilize more financial capital with lower costs. The total amount of world financial assets in 2008 exceeded $120 trillion. For comparison, in 1980 this indicator stood at $12 trillion and in 1993 – at $53 trillion [1, p.27]. Global volumes of financial transactions now exceed $1.5 trillion per day. Volumes of foreign investment have trippled, while portfolio investment volumes have grown by 5.5 times in the last 10 years. Over the past 20 years, the ratio of the global stock market capitalization to world GDP has increased almost 10 times and now exceeds 100% [2, p.26]. The sales of bonds reache $4 trillion per annum, for financial derivatives these fifures stand at $20-30 trillion annually [3, p.466].

The situation in the modern world is changing dynamically and significantly. This leads to radical modernization of the market system, which is accompanied by reinforcement of financial and economic integration between countries. The changes affect almost all spheres of public life, including economy, politics, social sphere, ecology, security, etc., in all countries of the world. These changes also influence the development of Ukraine and its financial system which is relatively weak compared to similar financial institutions of the developed countries.

Rapid changes in the global economic system, in particular in the financial sector, cause not only positive, but also negative consequences. The formation of the global financial market is based on erosion of the boundaries of national currency systems, the deregulation and informatization of financial activities, the moves of financial flows into fictitious speculative capital and appearance of secondary securities market, loss of representative function of money and transformation into separate goods [4, p. 102]. Globalization of the financial market leads to a breach of stability and predictability. The abolition of the fixed exchange rates results in the "erosion" of state borders and closed national spaces. It also stimulates the expansion of foreign capital in the national financial markets.

One of these negative consequences is violation of financial stability, which causes global threats such as powerful financial crises, whose scale of potential magnitude increases with deepening of globalization processes.

The study of origins and causes of the global financial and economic crisis of 2007-2008 shows that world economy is a multilevel, hierarchical system which is characterized by a certain organic integrity, interconnectedness of its components and structural unity. Therefore, the crisis in one big country or group causes "the effect of falling dominoes". At the same time, financial globalization makes mechanism for preventing global financial crises more effective. The current global financial crisis has clearly demonstrated the existing methods for regulating the financial sector and the newly developed ones [5, p.315].

Inefficiencies and inconsistencies in the actions of national regulatory and supervisory institutions in the countries, differences in the financial and economic practices of individual countries did not allow countries to act concertedly and take urgent measures of anti-crisis policy in order to curb crisis processes at an early stage. The ineffectiveness of international mechanisms for controlling and overseeing operations in the world financial markets, helplessness of international financial institutions, severe conditionality of loans granted by the IMF to member states, and the inhibition of time in solving complex problems caused an increase in devastating imbalances in financial sector. Under the influence of changes in macroeconomic conditions, banks face the need to restructure their business models, expand the range of services, strengthen the market principles of activity, as well as adjust policies in the area of risk management and create a network structure.

Nowadays, the main trend is the formation of economic models of national economies based on general civilizational determinants. The following factors are also taken into account: the combination of internal and external conditions, economic conditions in the main partner countries, application of new financial instruments to solve complex problems of world economic development and financial sector in particular.

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