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COMPETITIVE ABILITY OF THE BANKING SYSTEM IN THE PROCESS CONTEXT OF GLOBALIZED DEVELOPMENT

In this article analyzed modern state of international competitive ability of the banking system in Ukraine on the basis of rating studies, which characterizes its quality. It is suggested the approach to the estimation of international competitive ability of national banking system. It is substantiated the role of the presence level of foreign capital and bank capitalization in the forming of competitive ability of the country banking system in conditions of globalization.

Key words: globalization, international competitiveness, banking system, the level of competitiveness, foreign capital, capitalization.

Introduction. One of the ways within modern globalized development of world economy is globalization of financial markets. It foresees the intensification of integration interaction between separate country markets and their associations, and the development the connections between separate segments of financial market for account of creating new financial instruments. In this case it exists the necessity of providing stable development and competitive ability of inner elements of national financial and economic systems. Together with that important aspect of globalized tendencies there is a creation of appropriate conditions for effective integration of Ukraine to European Economic Area that foresees all-around development of country financial system, in particular, banking system reforming, its international competition intensification.

Resolution of the last researches and publications. Intensification the actuality of problems research, connected with providing competitive ability of the banking system, causes the interest raise of many native and foreign scientists and makers. In particular the questions dedicated to separate aspects of raising competitive ability of the banking system, are looked upon in the works of such authors: T.D. Hirchenko [3], A.O. Epifanov [4, 9], V.V. Zrazhevckiy [5], A.I. Kuznietsova [3], V.V. Maslennikov [6], V.I. Mishenko [7], I.V. Salo [4], V.S. Stelmah [4], L.M. Strelbitska [8], M.P. Strelbitskiy [8], I.O. Shkolnyk [10].

In spite of scientific and practical value of pointed out researches, unsettled is remained a question of search of the effective ways of saving financial stability and intensification competitive ability of national banking system of Ukraine in the process of financial globalization. It doesn't allow to look upon these works as a system theoretic framework and value methodology of international competitive ability of the country banking system.

Problem definition. The aim of given article is the research of international competitive ability of the banking system of Ukraine and definition of the main factors of its forming in the conditions of globalized processes of modernity.

Results. Economic content of competitive ability lies in the internal existence, which create advantages for the subject in particular competitive struggle. Competitive ability is peculiar to all elements of economic system, as well as to banking sphere.

To our opinion, competitive ability is advisably consider as a dynamic notion, that is characterized with the change of factors of its forming in time.

In the banking system all competitive relations can be grouped due to three principal directions: on micro-, meso- and macrolevels.

Table 1

The levels of competitive ability in the banking system [5]

Level	Object	Factors which determines competitive ability
Microlevel	Type of banking products and services	Quality of the banking product, services, prices
	Bank in whole	Bank stability and safety

Mesolevel	Bank merger (associations, holdings, groups)	Stable improvement indexes of effectiveness of usage of the present financial resources
Macrolevel	National banking system in whole	Overall financial standing of the banking system, its balance, investing climate, credit policy, and others

International competitive ability of the banking system – is an ability to save their bargaining positions in the conditions of active influence on the banking sector of financial and economic politics of other countries and foreign capital.

The solution of a problem of providing competitive ability of the banking system differs by special complexity in connection with multivectority of its influence on the processes of socio-economic development.

The importance keeping confirmation of the proper competitive ability level of the banking system is the list of indexes, that characterizes it, in the costing rating of competitive ability of world countries.

Table 2

Positions of Ukraine according to the international rating in 2009

Index	Rating place of Ukraine	Total quantity of the countries	Relative position of Ukraine, %
Rating of competitive ability of the country	82	133	62
Index of financial development	53	55	96
Including:			
Index of financial stability	55	55	100
Index of bank financial services	52	55	95
Average relative position	x	x	79

Based on: [1, 2]

International competitive ability is advisably estimated with the help of generalization of indexes relative position of the country banking system, that is determined in the way of dividing the rating place of the countries to total quantity of the countries, data which were generalized in the rating. Such approach lets group evaluation objects according to the levels of competitive ability, separating: high, middle and low levels.

With equal division the evaluation scale of competitive ability level is shown on the table 3.

Table 3

The evaluation scale of competitive ability level of the country banking system

Competitive ability level	Position Relative, %
top	to 25
middle	from 25 to 50
satisfied	from 50 to 75
low	more then 75

According to the rating of competitive ability, Ukraine has adequate standard of competitive ability, and according to the indexes of financial development, financial stability and banking financial service – is low. Taking into account that fact that indexes of financial stability and banking financial service are considered during determining the index of financial development, the average relative position of Ukraine in the estimation of competitive ability is 79 %, which responses its low quality level.

The positioning analysis of Ukraine in the given ratings testifies about low readiness of native banking system and economic in the whole to the active participation in the globalization processes. Ukraine can't be equal partner, as there are absent obvious competitive advantages for financial system stability and socio-economic development in the conditions of environmental intensive influence.

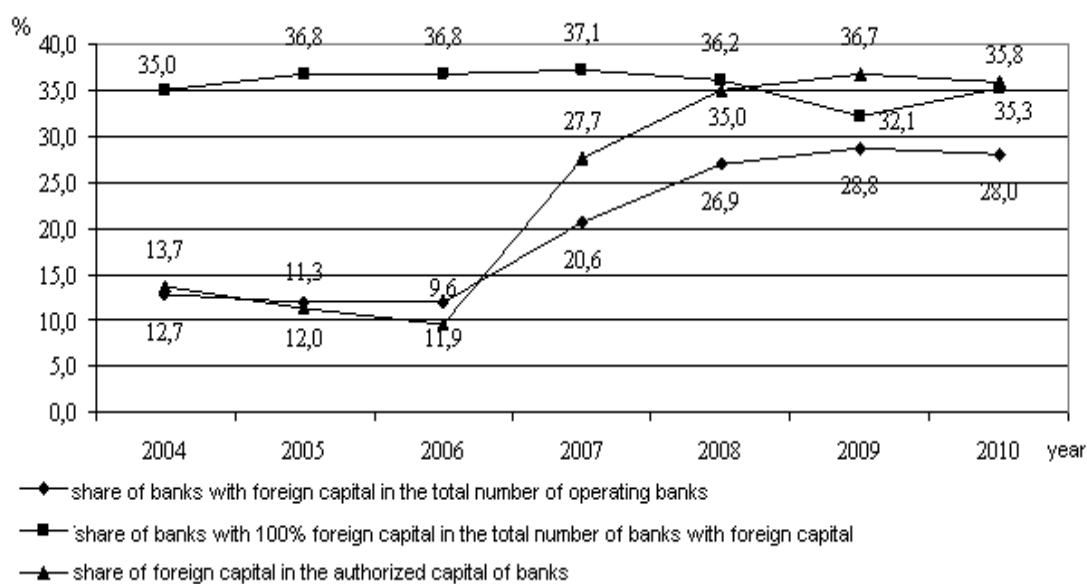
Notice, that the main danger of globalization influence on the competitive ability of the banking system of Ukraine is the intensification of “dependent development” risks and the loss of economic sovereignty as a result of widening attraction of foreign capital.

Financial sector of Ukraine accumulate almost 19% of all cumulative foreign capital, involved in the process of direct foreign investing to the country. In this case directly in the banking system the part of foreign capital in general size of core capital of banks as of 01.01.2010 is 35,8 % (pic. 1), that overbalances rating value, which is safe for the functioning of national economic on 5,8 %. It is to be noted that danger of financial security of Ukraine because of redundant presence of foreign investments in the banking sector existed at the beginning of 2008. It was a result of capital inflow from the main foreign companies for the liquidity support of their affiliates situated on the territory of Ukraine.

Notice, that intensification of investment activity of foreign banks forms additional competitive advantage of their affiliates upon native banking institutions, which financial risk are higher in the conditions of insufficient capitalization level. The problem of insufficient capitalization is connected with the loss of general financial stability and autonomy of the banking system.

Equity capital of Ukrainian banks in 2009 is 123200 million hrn that composes 13,8 % in GDP of the country. The given index grew in the comparing with 2007, when it was at the level of 11,4 % in GDP of the state (pic. 2).

According the diagram 2 we can conclude, that quantum of the equity capital of banks of Ukraine have a tendency to growing, but as a result of world financial crisis the movements of this growth has slowed down. If at the beginning of 2009 equity capital of banks grew in 1,71 times, so that at the beginning of 2010 the growth was only 5,82 % (or 1,06 times). In this case slowing down the dynamic growth of equity capital was lower, than relative diminution of GDP of the country, it was a result of saving and raising the part of this capital in GDP. As of the beginning of 2010 equity capital of the banks was 126200 million hrn, that responses to 13,8 % in GDP. It is quite low level, as on the average for the Central Europe this index is almost 40 %.



Pic. 1. Key figure of presence part of foreign capital in the banking system of Ukraine as of the beginning of the year for the period 2004-2010

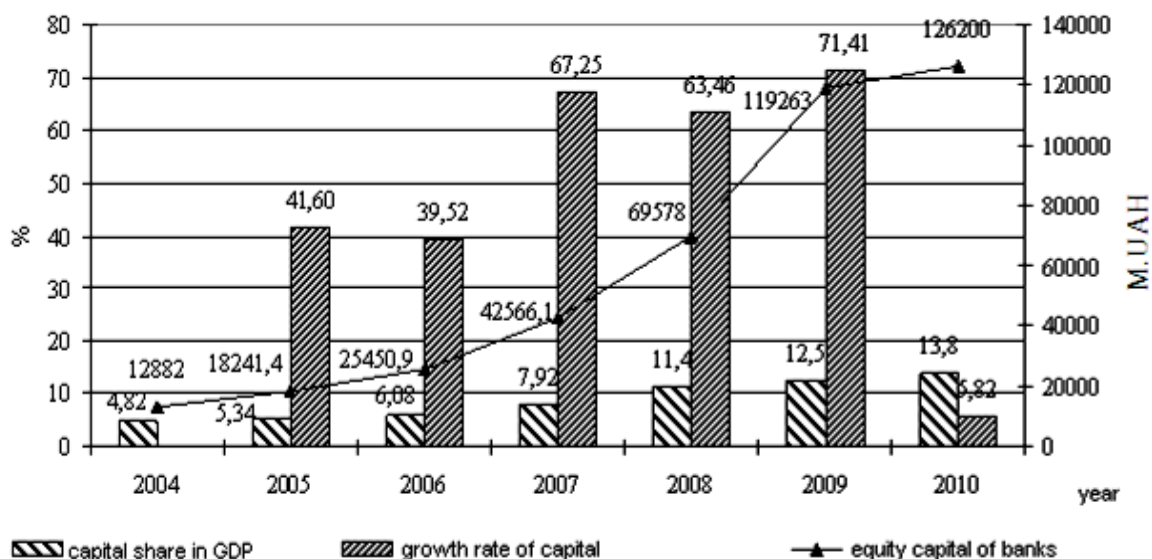


Fig. 2. Key figure of banking system capitalization of Ukraine as of the beginning of the year for the period 20 years

So, taking into account above said we can confirm that the main factors of raising competitive ability of the banking system of Ukraine are the raise of banks capitalization level at the expense of inner national financial resources. It can cause the formation of such money-credit policy of Ukrainian National bank, which would ensure optimization of the presence of foreign capital in the banking system and aiming at the mobilization of free financial resources for investment in socio-economic development of the country through the system of banking institutions.

Summaries. In such a way, globalization processes cause the necessity of working-out the long-term strategy development of national banking system, which have been founded on defense principles of national interests and raise of its competitive ability. Important component of such strategy is the raise of capitalization banking sector and solving the problem of capital lack. Solving of these tasks can be achieved at the expense of raising transparency of bank business and accordant sequential actions of controllers of money-credit policy.

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Анотація

У статті досліджено сучасний стан міжнародної конкурентоспроможності банківської системи України на основі вивчення рейтингів, що характеризують її якість. Запропоновано підхід до оцінки міжнародної конкурентоспроможності національної банківської системи. Обґрунтовано роль рівня присутності іноземного капіталу та капіталізації банків у формуванні конкурентоспроможності банківської системи країни в умовах глобалізації.

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