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CURRENT TRENDS OF TRANSNATIONAL BANKS AND THEIR INFLUENCE ON THE WORLD ECONOMY IN THE CONTEXT OF FINANCIAL GLOBALIZATION

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Financial globalization is the development of global financial markets, the growth of cross-border capital flows and increased activity of international financial organizations. At the same time, speaking of financial globalization means the free movement of capital between countries.

A key feature of international banking is the strengthening of transnationalization in the context of financial globalization. As a result of this process, at the present stage of the development of the world economy, there is no net national banking capital in any state of the world.

Transnational banks are one of the main actors in the world economy. They occupy a leading position in the international financial market and are the participants in the globalization process in the financial sphere. Thus, the international financial system has become for transnational banks the so-called arena of activity of «financial giants» as transnational banks.

The combined capital of multinational banks is easily transferred from one state to another with the most controversial consequences. On the one hand, consolidated capital becomes a driving force for the development of STP (scientific and technological progress) on the world stage, and on the other hand for severe global crises transforming into speculative capital. The importance of transnational banks both in the economic environment of an individual state and in the world economy as a whole is growing rapidly.

One of the important roles that transnational banks play is the role of an intermediary between financial means owners and investors who, in order to implement international business activities, borrow capital from TNB.

Usually, the arrival of transnational banks on the foreign market becomes a certain stimulus factor for the restructuring of the banking system of the host country. This is manifested in an increase in the concentration of bank capital or the creation of a strong competitive environment among local banking institutions. Moreover, very often host countries make a big mistake in implementing too liberal risk policies to maximize income, in which

case transnational banks can cause a crisis in the country, and thus become characteristic causers of financial fluctuations that can eventually lead to the inequality of the world's banking systems.

Keywords: transnational corporation, transnational bank, host country, country of origin, foreign branch, financial globalization.

СУЧАСНІ ТЕНДЕНЦІЇ ДІЯЛЬНОСТІ ТРАНСНАЦІОНАЛЬНИХ БАНКІВ ТА ЇХ ВПЛИВ НА СВІТОВУ ЕКОНОМІКУ В УМОВАХ ФІНАНСОВОЇ ГЛОБАЛІЗАЦІЇ

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Фінансова глобалізація – це розвиток світових фінансових ринків, зростання транскордонних потоків капіталу та активність міжнародних фінансових організацій. Водночас, мова про фінансову глобалізацію означає вільний рух капіталу між країнами.

Ключовою особливістю міжнародного банкінгу є посилення транснаціоналізації в умовах фінансової глобалізації. В результаті цього процесу на сучасному етапі розвитку світової економіки немає чистого національного банківського капіталу в жодній державі світу.

Транснаціональні банки є одним з основних суб'єктів світової економіки. Вони займають лідируючі позиції на міжнародному фінансовому ринку та є учасниками процесу глобалізації у фінансовій сфері. Таким чином, міжнародна фінансова система стала для транснаціональних банків так званою ареною діяльності «фінансових гігантів» як транснаціональних банків.

Сукупний капітал багатонаціональних банків легко переноситься з одного штату в інший з найбільш суперечливими наслідками. З одного боку, консолідований капітал стає рушійною силою для розвитку НТП (науково-технічного прогресу) на світовій арені, а з іншого – для серйозних глобальних криз, що перетворюються на спекулятивний капітал. Значення транснаціональних банків як в економічному середовищі окремої держави, так і у світовій економіці в цілому стрімко зростає.

Одна з важливих ролей, які відіграють транснаціональні банки, – це роль посередника між власниками фінансових коштів та інвесторами, які для здійснення міжнародної підприємницької діяльності позичають капітал у ТНБ.

Зазвичай прихід транснаціональних банків на зовнішній ринок стає певним стимулюючим фактором для перебудови банківської системи країни перебування. Це проявляється у збільшенні концентрації банківського капіталу або створенні сильного конкурентного середовища серед місцевих банківських установ. Більше того, дуже часто приймаючі країни роблять велику помилку, впроваджуючи занадто ліберальну політику щодо ризику, щоб максимізувати дохід, і в цьому випадку транснаціональні банки можуть спричинити кризу в країні, і таким чином стати характерними причинами фінансових коливань, які в кінцевому підсумку можуть призвести до нерівності світових банківських систем.

Ключові слова: транснаціональна корпорація, транснаціональний банк, приймаюча країна, країна походження, іноземна філія, фінансова глобалізація.

Formulation of the problem in general, and its relation to important scientific and practical tasks. At the present stage of development of international economic relations and the world economy in general, a key place is occupied by the process of globalization and transnationalization, which has penetrated into all sectors of the world economy, including the banking sector. In the context of the rapid development of globalization processes, the role of transnational banks acting as intermediaries in international financial markets and taking an active part in almost all branches of international economic relations is strengthened. In addition, transnational banks themselves act as accelerators of globalization and transnationalization processes, which actually determines the relevance of the topic under study.

The rapid development of globalization processes in the world has given impetus to the transnationalization of economic activity. Reducing obstacles to flows of international capital and entering foreign markets has helped transnational banks expand the limits of their activities [1].

Based on the definition of a transnational corporation, it can be concluded that a transnational bank is a narrower type of TNC, and is a bank that is physically present outside its country through a branch, agency, subsidiary, or bank formed by the merger of two or more banks based in different countries of the world.

The expansion of TNB's banking activities to foreign markets takes place in several ways, the most common is through the opening of its own representative offices in the form of branches and subsidiaries. The regulatory framework and the structure of obligations between departments is determined by the form of representation. A transnational bank is probably the only legal entity when the representative offices of the bank (branch) through which the parent bank carries out its commercial activities are registered as separate capitalized organizations. That is, the parent bank, which is located in the country where the TNB is based, bears joint responsibility together with its own branches for their losses, but also bears limited responsibility for losses of its subsidiary banks [1].

The purpose of the article. The purpose of this article is to determine the features of the functioning and development of transnational banks, as well as analysis of their activities in the context of globalization and transnationalization of the world economy.

Outline of the main research material with full justification of scientific results. Financial globalization is the development of global financial markets, the growth of cross-border capital flows and increased activity of international financial organizations. At the same time, speaking of financial globalization means the free movement of capital between countries[2].

A key feature of international banking is the strengthening of transnationalization in the context of financial globalization. As a result of this process, at the present stage of the development of the world economy, there is no net national banking capital in any state of the world [3].

Transnational banks are one of the main actors in the world economy. They occupy a leading position in the international financial market and are the participants in the globalization process in the financial sphere. Thus, the international financial system has become for transnational banks the so-called arena of activity of "financial giants" as transnational banks [4].

An important trend in modern international economic relations is the unification of industrial and banking capital, which in turn activates the role of transnational banks in the global financial market. International consolidated capital is personified by TNCs and transnational banks, has gone through certain stages of its development and aims to further increase economic power.

The combined capital of multinational banks is easily transferred from one state to another with the most controversial consequences. On the one hand, consolidated capital becomes a driving force for the development of STP (scientific and technological progress) on the world stage, and on the other hand for severe global crises transforming into speculative capital. The importance of transnational banks both in the economic environment of an individual state and in the world economy as a whole is growing rapidly [5]. Transnational banks play many roles in the global financial market (fig. 1.).

One of the important roles that transnational banks play is the role of an intermediary between financial means owners and investors who, in order to implement international business activities, borrow capital from TNB.

The next role of transnational banks is partnership. From the very beginning of the emergence of transnational banks, they have been the main partners of multinational corporations in the course of their international activities.

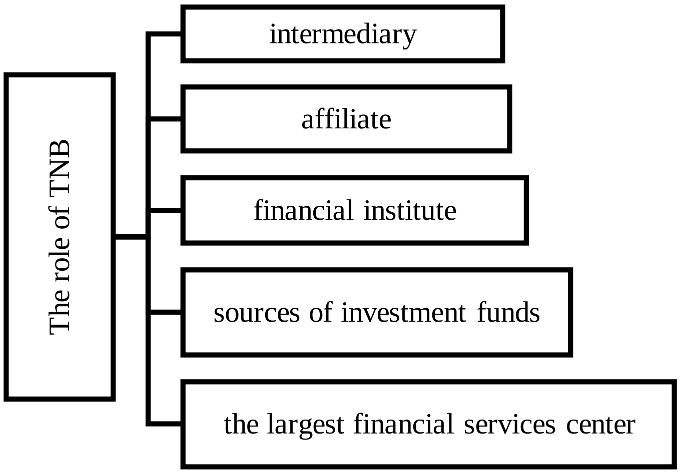

Fig. 1. The role of transnational banks in the context of financial globalization.

Transnational banks, in their activities, implement significant financial transactions to attract and distribute financial resources in the global financial market, which characterizes it as a versatile financial institution. The main feature of such activities of TNB is payment, urgency and reversibility.

In addition, transnational banks in their activities act as a reliable and responsible source of investment.

Transnational banks in the course of their development have become one of the main centers (centers) of financial services. Due to their multifunctionality, multinational banks provide commercial, insurance and investment services. TNB also plays an important role in global financial markets. They outline the forms and ways of transition of financial resources from those who own them to those who want to borrow them for a certain period [6].

Today, transnational banks play the role not only of an important source of funding, but also a major leader in the process of transnationalization of production. Thus, the influence of transnational banks has not overlooked any sphere of international business.

So, transnational banks play an important role in the global economy, as they are the central and driving force for the growth of the international business environment and the global banking sector in general. In addition, transnational banks act as agents of intensification of the international process of financial globalization.

If we talk about the impact of transnational banks on the country's economy and financial system, we cannot immediately give a unanimous positive or negative answer. In their activities in relation to the host country, transnational banks use different strategies, some TNBs try to establish friendly contacts with the government, and others invent corruption schemes to bribe civil servants for their own purposes [7].

To do this, we will conduct a comparative analysis of the positive and negative impact for the economy of both the country of base and host country. So, let's start with the consideration of the positive and negative impact for the country of origin of the transnational bank, the detailed characteristics of which are shown below in Figure 2.

However, it should not be forgotten that transnational banks, like any other institution with a commercial interest in the host country, initially take care of their own goals, which often do not coincide with the interests of one of the host countries. On the one hand, we can say that the activities of transnational banks in the middle of the host country do not always help the whole banking system to become more competitive.

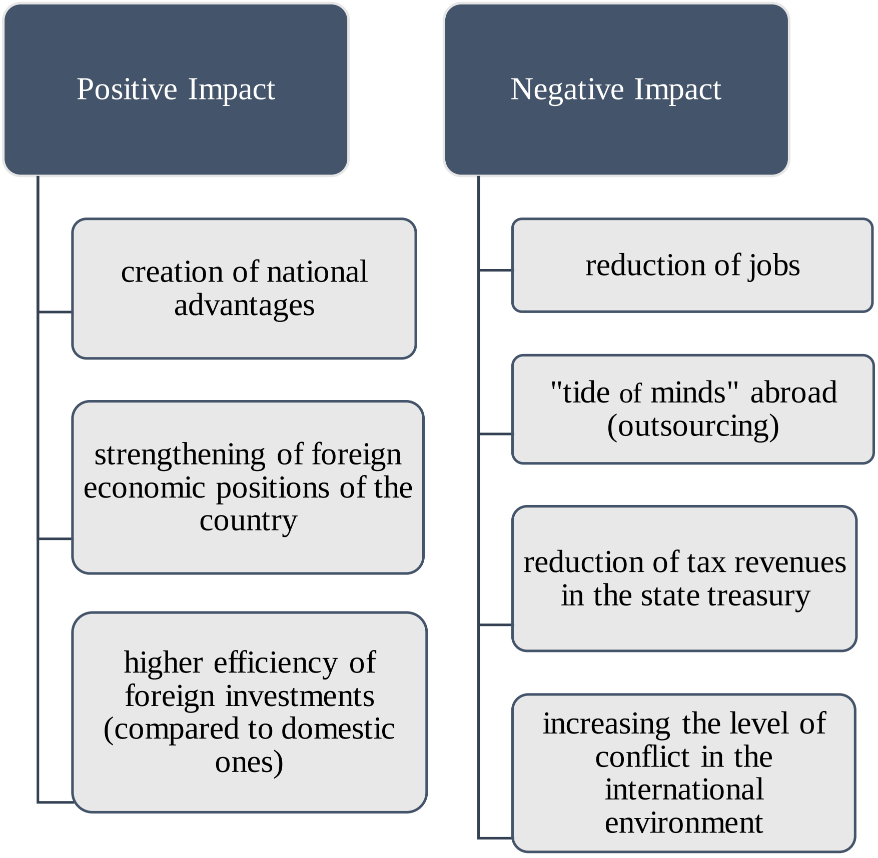

Fig. 2. Comparative analysis of the positive and negative impact of transnational banks for the home country.

This can be explained by the fact that small local banks cannot always compete with large multinational banks [8].

However, there are also cases when local banks make every effort to meet customer demand in the banking market, innovate and become worthy competitors for transnational banks. Therefore, we attribute this not to a negative but to a positive impact. A comparative analysis of the positive and negative impact on the economy of the host country is highlighted in Fig. 3.

As we see from fig.3 the activities of transnational banks have a more positive than negative impact on the economy of the host country. In order to neutralize the negative impact of foreign transnational banks, host governments should consider imposing certain restrictions on TNBs if their interests do not coincide with those of the host country. To protect the interests of the host country, it is advisable to take the following measures:

- ✓ introduction of currency restrictions;
- ✓ introduction of new tax fees (eg environmental or outflow of investments);
- ✓ introduction of penalties;
- ✓ introduce compulsory liability insurance and environmental insurance;
- ✓ restraint of income restitution [9].

Usually, the arrival of transnational banks on the foreign market becomes a certain stimulus factor for the restructuring of the banking system of the host country.

Positive Impact	Negative Impact
• accelerating economic growth of the state; • increasing the number of jobs; • "influx of minds" to the country; • incitement of competition between banks; • increasing the flow of investment from abroad; • rising living standards of the host country; • increasing the level of profits of the entire banking market; • introduction of innovations in the field of management; • expanding the variation and quality of banking services.	• frequent contempt for the national interests of the host country, in favor of their own; • pushing local banks out of the market; • the possibility of entry into industries that directly or indirectly have a connection with national security; • reduction of the state role; • change in the industry structure (mainly in the direction of raw materials); • active support of the business of the country of origin. • destabilization of the entire national banking system

Fig. 3. Comparative analysis of the positive and negative impact of TNB on the economy of the host country.

Moreover, very often host countries make a big mistake in implementing too liberal risk policies to maximize income, in which case transnational banks can cause a crisis in the country, and thus become characteristic causers of financial fluctuations that can eventually lead to the inequality of the world's banking systems.

Large foreign banks (TNBs), which have become leaders in the international banking market, are in greater demand among residents of the host country than less competitive local banks. For example, today in Ukraine there are about 35 banks with foreign capital, including well-known multinational banks around the world [10].

Thus, after assessing the role and impact of transnational banks on the world economy, we came to the conclusion that first of all each country should build its own banking system and be careful about the entry of new transnational banks into the country, especially if the goals of TNB do not coincide with the host country. It is not necessary to minimize the consequences that the flow of foreign capital carries, but nevertheless countries, if necessary, should carry out in the middle of a policy of limiting the activities of foreign banks. As a result, it will help to reduce the negative impact on the host economy and maximize the benefits of their activities in the national banking market. Many countries around the world are supporters of this strategy, including Ukraine, whose banking sector has a significant share of foreign capital.

Conclusions. When considering the peculiarities of the functioning of transnational banks in the conditions of transnationalization of the world economy, it was determined that they are expressed mainly due to the degree of concentration of economic stability of the bank and the scale of their activities. The scope of transnational banks have a direct impact not only on local economies of recipient countries, but also on the countries from which the largest infusions of foreign direct investment and as a conclusion on the global economy in general. The largest in scope of activity are transnational banks, which are monopolist banks in the country of base and have significant financial resources and capital. Transnational banks that become monopolists in the national market control the operations of the global borrowed capital market.

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