

FOREIGN CAPITAL BANK OF UKRAINE: RISKS AND OPPORTUNITIES

The strengthening of economic integration in the current period and aggravation of the financial crisis in Ukraine there is a question of lack of financial resources, which can cause a number of negative aspects, such as stability in the monetary sphere, reducing the competitiveness of Ukrainian banks while increasing foreign capital. This creates conditions for the development of new banking foreign banks, requires the definition of risk assessment of foreign capital in the domestic banking market.

Theoretical and practical aspects of foreign capital in the banking system are reflected in the economic literature. In particular, the study of problems and prospects of the banking system and the feasibility of attracting foreign capital devoted to the work of domestic and foreign scientists as Kozoriz M. A., M. D. Alekseyenko, V. M. Heyets, T.S. Smovzhenko, V.M. Kochetkov, A. Vernikov, John. Bonin etc.

The purpose of this paper is to assess the risk of foreign capital in the domestic banking sector.

Analysis of the domestic banking market has shown that the number of banks with foreign capital in 2013 decreased by 4 banks, and on January 1, 2014 was 49 %, the number of banks with 100% foreign capital decreased by 3 banks to 19 banks. As UNIAN reported earlier, the share of foreign capital in the stately capital of banks has changed and he was on 01.08.2014. 31.7% compared with 41.9% in 2012 [3].

Expansion of foreign banks in the financial market of Ukraine should be considered as position detection of positive outcomes of this process, and in terms of risk to the safety of the domestic banking system.

The activities of any bank inevitably accompanied by various external and internal risks. We estimate the size of total bank risk for banks with Ukrainian capital and the participation of foreign capital. The level of total bank risk calculated as:

$$L = \frac{A}{Ca} \quad (1)$$

where A - the bank's assets;

Ca - amount of share capital .

Given the conventional approach, based on risk assessment based on the following criteria:

L - 0 to 5 - low risk;

L - from 5,1 to 10 - average risk;

L - 10 and above - critical level of risk .

According to the financial statements of banks in Ukraine calculate the total amount of risk banks .

Based on the calculations for banks with medium risk include Rodovidbank, UKREXIMBank and Savingsbank - banks owned by the state. By the banks of high risk included the rest banks with Ukrainian capital and foreign capital. As you can see, due to the significant influence of internal factors on the activities of foreign banks, a high amount of total bank risk banks with foreign capital is high, which characterizes the critical level of risk. This suggests the need to reduce risk of banks in Ukraine.

Among the negative consequences may be an imbalance and cause pressure on the domestic banking system strong international players, increasing dependence and vulnerability to external shocks, fluctuations in global financial markets, the likely transfer their risks and trends in the domestic banking sector, entry of foreign banks that have high international rankings and sufficient capital, reducing confidence in the banks and the loss of national identity inside. banking system.

Thus, in determining whether the growth of foreign capital in the banking system of Ukraine should be guided by strategic priorities, the implementation of which will help ensure the integrity and stability of the domestic banking system.

References

1. Zabchuk, H. (2008), «Foreign capital in the banking system of Ukraine as an incentive to economic development», *Visnyk Ternopil'skoho natsionalnoho ekonomichnoho universytetu*, no. 2, pp. 23-28.
2. Kozoriz, M.A. (2007), «Methodological principles study of the influence of foreign capital in banking system Ukrainy», *Finansy Ukrainy*, no. 11, pp.95-102.
3. Nitsenko, V. (2011), «The role of foreign capital in the banking sector of Ukraine», available at :http://sophus.at.ua/publ/2011_11_15_16_kampodilsk/section_4_2011_11_15_16/rol_inozemnogo_kapitalu_u_rozvitok_ba_knivskogo_sektoru_ukrajini/6-1-0-113 (access date September 15, 2014)
4. Economy UNIAN (2014), The latest news in Ukraine and worldwide, available at: <http://economics.unian.net/>

5. Kochetkov, V., Kamarytskyi, S. (2011), *Mizhnarodni banky: analiz diialnosti ta otsinka rynkovoï vartosti*: [International Bank: analysis of activity and the market value], Yevropeyskyi universytet, Kyiv, Ukraine, 248 p.
6. Ihosheva, O. V. (2013), «Foreign investment in the banking sector divide in Ukraine and the mechanism of their admission», available at: <http://www.economy.nayka.com.ua/?op=1&z=2058> (access date December 16, 2014).
7. National bank of Ukraine (2013-2014), These financial statements of banks in Ukraine available at: http://bank.gov.ua/control/uk/publish/category?cat_id=64097
8. Chyhrynets, O.A. (2011), «The impact of foreign capital into the banking system of Ukraine», *Zbirnyk naukovykh prats*, no. 17, pp. 75-85.
9. Dziubliuk, O., Vladymyr, O. (2014), «Foreign capital in the banking system of Ukraine: the impact on the foreign exchange market and banking activities», *Visnyk NBU*, no. 5, pp. 26-33.