



Zeszyty Naukowe  
Wydziału Zamiejscowego w Chorzowie  
Wyższej Szkoły Bankowej w Poznaniu  
Nr 14 2012 r.

---

**Kateryna Cherkashina**  
**Rimma Mylenkova**

## **Attracting Foreign Capital to Ukraine's Banking Sector – Present Situation and Future Prospects**

**Summary.** The processes of integration and globalization have reached every corner of the world. Ukraine intends to integrate with the world financial community. Its banking system is among the first sectors experiencing the intensity of the integration process through the expansion of foreign capital. That is why the paper is focused primarily on examining the activities of banks with foreign participation.

Banks with foreign capital that are present in Ukraine are helping develop the national financial system, attract foreign investments and increase the existing resources. There are, however, a number of risks involved in the process. Ukraine's banks are not ready to face competition, because they cannot match the potential of foreign banks in terms of capital, assets and other resources. The presence of foreign capital is usually the strongest when the level of concentration in the banking sector is low. The positive and negative aspects of the presence of foreign bank capital in Ukraine are discussed in the paper. That is why Ukraine has to apply active measures aimed at increasing the concentration of domestic bank capital.

**Keywords:** foreign capital, financial system, foreign investments

Integration and globalization processes, being two distinctive features of today's world economy, are also engulfing Ukraine, owing to the openness of its economy. As a result of foreign capital inflow, the country's banking system is among the first economy sectors to experience the intensity of the integration process. The World Trade Organization, while examining the issue of Ukraine's membership, put forward certain demands, one of which was permitting foreign banks to establish subsidiaries in Ukraine. It seems to be a logical step on the part of the WTO,



because if Ukraine joins the organization, large transnational corporations (TNCs) will want to enter, bringing their cooperating banks with them, since Ukrainian banks would not be able to satisfy their requirements for banking services.

The paper is concerned with the presence of foreign capital in Ukraine and the future prospects for attracting foreign investments. The discussion is focused on Ukraine's banking services sector.

It is clear that the presence of banks with foreign capital within the Ukrainian banking sector responds to the need to develop the national financial system, helps attract foreign investments and extend the resource base, hence supporting social and economic growth. At the same time, there are some serious economic and financial risks relating to rapid expansion of foreign bank capital. It might cause instabilities, sudden fluctuations in bank liquidity, and speculative demand and supply volatilities in the money-credit market. Therefore, the decision on the form and extent of foreign capital presence in the bank services market should be coordinated with the strategic goals of social and economic development, and it should address concerns about the competitiveness of domestic financial institutions, economic safety, and the stabilization of the Ukrainian money-credit system.

Table 1. The number of banks with foreign capital in 2001-2006

Index	1 Jan 2001	1 Jan 2002	1 Jan 2003	1 Jan 2004	1 Jan 2005	1 Jan 2006	1 Apr 2006
Total number of operating banks	153	152	157	158	160	165	165
Banks with foreign capital	22	21	20	19	19	23	27
Banks with 100% foreign capital	7	6	7	7	7	9	11
Foreign participation in banks' registered capital in %	13.3	12.5	13.7	11.3	9.6	19.5	21.3

Source: own based on data from [www.bank.gov.ua](http://www.bank.gov.ua), retrieved on: 15 March 2011.

Let us focus on specific characteristics of foreign capital presence in Ukraine. Table 1 demonstrates that over the past several years the number of banks with foreign capital remained stable. However, foreign participation in the banks' registered capital rose more than twice in 2006 compared with the previous year (from 9.6% in 2005 to 19.5% in 2006). The number of banks with foreign capital also rose significantly in that year<sup>1</sup>.

<sup>1</sup> Based on statistics available from: [www.bank.gov.ua](http://www.bank.gov.ua) [online], retrieved on March 15, 2011.

On April 1, 2006 there were 27 banks with foreign capital in Ukraine (17% of all operating banks). In 11 of them (6.7% of all operating banks), the foreign stake is 100%. These are: Raiffaisenbank Ukraine (Austria), Citibank Ukraine (the USA), Calyon Bank Ukraine (France), Pekao Ukraine (Poland), ING Bank Ukraine (the Netherlands), HFB Bank Ukraine (Germany), ProCredit Bank Ukraine (Germany, the USA, the UK), the International Mortgage Bank (USA), Vneshtorgbank [Foreign Trade Bank] (Russia), Renaissance Capital (the Netherlands), and BM Bank (Russia and Switzerland)<sup>2</sup>.

Overall, foreign participation in the registered capital of all operating Ukrainian banks increased in 2006 from 19.5% to 21.3%. Foreign capital in Ukraine is represented by 16 countries. The largest proportions have been contributed by such countries as Austria (53.3%), Russia (18.7%), the Netherlands (4.7%), Poland and Germany (in 3.8%). Among capital providers, there are 2 international financial organizations, 39 companies, 19 banks and 3 individuals<sup>3</sup>.

In 2006, mergers and acquisitions in the Ukrainian market accounted for 110 contracts worth 4.9 billion US dollars in total, approximating 5.5% of the gross domestic product. The finance sector of Ukraine was the leader in the number of transactions – there were 17 contracts totaling 2.88 billion US dollars, whereby European finance groups took over the ownership of 12 banks, while Russians became the owners of 2 banks. Thus, it could be concluded that 2006 was characterized by heightened interest of foreign investors in the Ukrainian bank sector, unlike the mergers and acquisitions that took place in 1999-2005 and involved mostly consolidations among domestic banks. Following is an overview of the best known<sup>4</sup>.

In February 2006, a contract for the purchase of 85.42% stock of AKB Ukrsocbank by the Italian Banka Intesa was made. The contract price was 1.16 billion US dollars, the price to capital ratio was 5.8.

March 2006 was marked by two events:

- The French Credit Agricole bought about 98% shares in the Ukrainian AT Industrial-Export Bank at the contract price of 260 million US dollars; the price to capital ratio was 6.45;
- The merger of the Ukrainian bank Mria with the Russian Vneshtorgbank was completed through the acquisition of Mria at the price of 70 million US dollars.

On April 18, the French BNP Paribas, a European financial services market leader, completed a transaction to purchase 51% of shares in Ukrsibbank at the price of 150 million US dollars.

<sup>2</sup> Based on information sourced from [www.uabanker.net](http://www.uabanker.net), retrieved on March 15, 2011.

<sup>3</sup> Based on information sourced from [www.uabanker.net](http://www.uabanker.net), retrieved on March 15, 2011.

<sup>4</sup> Based on information from [www.uabankir.net](http://www.uabankir.net), retrieved on March 15, 2011.

In May 2006, the Czech finance holding PPF Group acquired (100%) a small Ukrainian bank Privatinvest, ranked in the 135th place in terms of asset value and a member of the Privat group. Experts estimate the contract at approximately 10 million US dollars.

In May, Iceland's New Progress Holding Ltd paid 5 million US dollars for a 95% stake in AKB Lviv Bank.

Following the unsuccessful merger between Reiffeisenbank Ukraine and the Aval bank, in June a contract was signed to sell Reiffeisenbank Ukraine (100%) to the Hungarian OTP Bank. The price is supposed to have been 812 million US dollars.

In July 2006, a 99.34% shareholding in Bank Universal was purchased at the price of 49 million US dollars by the Greek EFG Eurobank.

At the same time, 100% of the newly created (in January 2006) Ukrainian bank Prestige was bought by the Erste Bank of Austria.

In August 2006, the Russian Standart bank purchased the Ukrainian limited liability company AIS-bank for 12 million US dollars.

In August, too, another significant acquisition took place as the Ukrainian insurance company Alfa-Garant, owned by Ukrprombank, bought 35% of shares in the Armenian Armbusinessbank at the price of 4 million US dollars.

The Latvian Orges Komerbank first made purchases of about 20% stakes in several Ukrainian companies, which made it eligible for a simplified procedure that let it buy 65% of AKB Legbank shares in October 2006 at the price of 25 million US dollars.

And at the end of 2006, two more purchase contracts were signed:

- The Polish Getin Holding purchased a 81.8% stake in AKB Priкарпаті (estimated price – 35 million US dollars);
- The Austrian Volksbank AG bought 98% of shares in Electron Bank (the contract price was 7 million US dollars).

On February 7, 2007, the Swedish bank Swedbank negotiated a deal to buy 100% of TAS-Komerbank and TAS-Investbank and finalized it in July for the price of 135 million US dollars.

In May 2007, the Greek Piraeus Bank bought 78% of shares in the Ukrainian International Commerce Bank for around 58.56 million US dollars.

In the subsequent month, Savings Bank of Russia took over 100% of Bank NRB shares; the price is believed to have been between 100 and 140 million US dollars<sup>5</sup>.

Thus, it could be said that mergers and acquisitions have accelerated in Ukraine. Two stages can be distinguished in this process:

1. Consolidations occur, but mostly involve domestic banks (1999-2005).

---

<sup>5</sup> Based on information from [www.nbj.ru](http://www.nbj.ru), retrieved on March 15, 2011.

2. Increased foreign investors' activity focused on buying Ukrainian banks (2006-2007). In 2005, there were 23 banks with foreign capital, whereas in June 2007 – there were 42, 17 of which were wholly foreign-owned, standing for 30% of the whole Ukrainian banking sector.

These facts illustrate the ongoing of foreign capital in the Ukrainian banking sector and bring attention to the low competitiveness of Ukrainian banks. One of the possible solutions could be to enlarge the potential of domestic banks through mergers and acquisitions among them. Such processes could be stimulated by the National Bank of Ukraine (NBU), which has the requisite powers, and by the national legislature through amendments to the regulations governing consolidations.

Let us analyze the performance of banks with foreign capital against the Ukrainian bank sector as a whole (cf. Table 2)<sup>6</sup>.

Table 2. Basic indicators for banks with foreign capital

Indicator	On 1 Jan 2006		On 1 Apr 2006		Growth rate in 1 <sup>st</sup> quarter of 2006 (%)	
	hryvnia millions	% of bank sector	hryvnia millions	% of bank sector	Overall in bank system	Banks with foreign capital
Regulative capital	6,072.7	23.0	7,140.9	24.7	9.6	17.6
Total assets	53,471.1	24.0	58,037.7	24.5	6.4	8.5
Loans granted	37,988.6	24.3	44,223.9	25.4	11.4	16.4
Liabilities	46,619.0	24.7	50,083.8	25.0	6.4	7.4
Corporate deposits	14,731.0	24.1	14,779.8	24.7	(2.1)	0.3
Personal deposits	15,807.3	21.8	17,309.4	22.5	6.0	9.3
Profit	428.4	19.7	247.0	32.1	–	–

Source: based on statistics from [www.aub.com.ua](http://www.aub.com.ua), retrieved on March 15, 2011.

Table 2 permits certain conclusions. During the 1st quarter of 2006, the liabilities of banks with foreign capital rose by 3,464.8 million hryvnia to reach 50,083.8 million hryvnia on April 1, which represented 25% of all the Ukrainian banks' liabilities. They were attributable mostly to deposits from individuals, which accounted for 34.6% of these banks' liabilities (38.4% throughout the sector), while funds deposited by businesses – for 29% (29.9% being the sector average), and short-term deposits from other banks and inter-bank loans – for 18.5% (overall 15.4% in the sector).

<sup>6</sup> Based on statistics from [www.aub.com.ua](http://www.aub.com.ua), retrieved on March 15, 2011.

In the 1st quarter of 2006, banks with foreign capital increased their assets by 4,566.6 million hryvnia to 58,037.7 million reported in April 2006, which corresponded to 24.5% of assets in the whole banking sector. Banks with foreign participation were characterized by a better assets structure than the sector as a whole, boasting a lower proportion of such non-profitable assets as basic devices, intangibles, or receivables. The share of high-liquidity assets was also higher in foreign-owned banks than the sector average (14.8% compared to 13.8%)<sup>7</sup>.

On April 1, 2006, banks with foreign capital represented 16% of the total number of banks, but they, at the same time, granted 25.4% of all loans in Ukraine. Further, the quality of loans granted by banks with foreign capital was slightly better than the Ukrainian banking sector average: bad loans constituted 2.0% of their total loans (according to their balance sheets), compared to 2.2% in the whole sector. The share of non-performing or impaired loans (“negatively classified loans”) in the total volume of credit operations was on average much lower at foreign-held banks than in the sector as a whole (2.6% and 4.2%, respectively)<sup>8</sup>.

The profitability of banks with foreign capital was also higher than the sector average – they were making 32% of total income in the Ukrainian banking sector.

As can be seen, foreign capital occupies an increasingly important place in the Ukrainian banking system. Its expansion positively influences the development of the banking sector as a whole, enforcing competition among banks. Thus the main goal for Ukraine is to attract foreign capital into its banking system.

For a long time, discussions on the prospective opening of the national financial market to foreign bank branches were held at the level of national legislature. In the meantime, the structural transformation of the banking system undertaken a year and a half ago has made it possible to talk about a new reality and a new perspective – one of a banking system built around preference for foreign capital.

At the micro level it means, first of all, the amalgamation of such attractive segments as retail and mortgage lending or property development financing. At the macro level it means control over the energy, transport and communication sectors and over the development of transit systems. As a result, a system of external economic motivation focused on stimulating and satisfying demand for foreign products is emerging.

Looking at global banks’ mergers in Eastern Europe and their integration into the global financial system, it seems necessary to analyze this experience in order to define an optimal proportion of foreign capital in the Ukrainian banking system. Other countries’ experiences and the important role of banking for Ukraine’s economic growth should be taken into account.

<sup>7</sup> *Bank atlas 2001: Europeans infiltrate ranks of world’s biggest banks*, “Euromoney”, June 2001, pp. 140-170.

<sup>8</sup> The New Capital Adequacy Accord, BIS, Basel, January 2001.

Foreign banks' motivation for entry into Eastern and Central European countries has been chiefly to capture new markets and to harvest extra income. Similar strategies were pursued in the Czech Republic, Hungary and Poland. At the initial phase, their activity was concentrated on serving clients from the foreign investors' home countries. It means that foreign-owned banks supported, in the first place, foreign businesses, strengthening their presence in the host country and creating conditions for export of profits. Later on, the principal motivator for foreign banks was to exploit their competitive advantages. In Eastern and Central Europe, both the range and the use of available bank services are much lower than in developed economies. Therefore, a common consequence of a market opening is the so called "market skimming": large foreign banks, offering more sophisticated services, can easily attract the best clients and hence run lower risk, in this way making it difficult for their rivals to compete for market share.

Favorable regulations and weaker supervision, combined with liberal licensing policy and attractive privatization procedures, proved to be an enormously strong regulatory incentive for foreign banks to enter the region of Eastern and Central Europe.

Another motivator for banks to attempt expansion in East European markets is the desire to grow, as growth is the only effective protection against the loss of independence. This is true, in the first place, about middle-sized Western European banks that have not succeeded in expanding their operations in Western Europe due to tough competition and the scarcity of available resources.

Banks claiming the status of global financial intermediaries often try to establish their branches, subsidiaries, and other forms of presence, in different countries of the world, seeking to reap some of the benefits of operating in intensive business development zones.

The experiences of our neighbor Poland might be very relevant at the moment and therefore should be studied. Poland was one of the first post-communist countries to allow free access of foreign capital into its banking sector and to encourage its inflow in a variety of ways. Banking law was liberalized vis-à-vis the participation of foreign capital in the privatization of state banks. In the short-term, such a strategy had certain temporary advantages. The income from the sales of commercial banks, totaling 13.5 billion zloty in 1997-2001, was delivered to the state budget and could be used to meet public needs. Poland's financial system obtained real financial and organizational support, which helped resolve some current economic problems. But in long run, this development strategy for the banking sector has led to negative outcomes and strategic failures. As a result, a majority of banks in Poland are totally controlled by financial capital. Once this had happened, it was practically impossible to stop or reverse the process due to economic, legal and political constraints.

In Polish scientists' opinion, the main negative effects are:

1. The Polish national economy and the foreign capital entrenched in the banking sector have disparate strategic goals.
2. Diminished role of banks in boosting economic growth: in 1995-1998, bank assets went up by 111-118% relative to GDP; in 1999-2001, the ratio rose by 103-108% only; in 2002-2003, the dynamics were negative (a decrease by 0.5-7.3%)<sup>9</sup>.
3. Escalation of competitive tensions between domestic businesses and foreign capital.
4. Hampering the growth of credit activity backed by national capital.
5. No reduction in the cost of bank loans, the absence of long-term investments or significant improvement in the quality of credit portfolios.
6. While offering lower deposit rates aligned with Western European levels, banks with foreign capital have not attempted to reduce lending interest rates. As a result, their margin is much higher than in the EU.
7. Foreign banks do not engage in long-term lending, which could strengthen the competitive position of Polish companies and play a key role in the economy.

In the context of the above-mentioned negative effects of foreign banks' expansion in Poland's banking system, it should be noted that a post-crisis analysis of the financial systems of three Latin American countries (Argentina, Mexico and Brazil) indicates that the financial crisis has not really affected foreign banks' lending capacity. Being highly diversified, they are less vulnerable to shocks in the receiving country. On the contrary, they have enlarged their presence after the crisis by taking over troubled domestic banks. It seems that the stronger the foreign presence is in a country's banking sector, the less sensitive to local shocks and the less procyclical the banks become.

Thus, if the infiltration of foreign capital is regulated and controlled, the structure of the banking system improves, banks receive more stimuli to go out to international money markets, the dynamics of national money markets rise, the transmission mechanism of money-credit policy becomes more effective, and the interest rates go up.

The following considerations seem to be important for this process:

- the development of the foreign exchange market (allowing foreign banks to execute forward transactions and to trade in both directions on the same day);
- improvement of risk management at banks (use of hedging instruments, increasing lending in foreign currency to safe borrowers);

---

<sup>9</sup> Source: [www.kr-gazeta.kiev.ua](http://www.kr-gazeta.kiev.ua), retrieved on March 15, 2011.

- strengthening the role of monetary policy (development of the inter-bank market, strengthening the role of central bank interest rates, coordination of monetary and fiscal policies);
- foreign capital does not incur losses linked to a bank's informal obligations toward politicians and shadow structures;
- the expansion of foreign banks' presence is correlated with reduced margin for national banks. The fewer and lower barriers for foreign capital entry, the less margin is left to domestic banks; the greater their expenses on rising salaries, and the higher their managerial and organizational efficiency.

Western economists think that admission of foreign capital into the banking sector is more beneficial for countries where foreign capital presence is strong enough already. The influence on the national bank system unfolds in two stages, with a turning point between them, or “edge”, beyond which new banks' presence strongly reinforces the effect of foreign bank capital presence. The “edge” phenomenon is explained by the fact that in countries with low foreign bank capital presence, foreign banks are more focused on serving foreign clients than on competing with domestic banks.

Thus, considering other countries' experience, the emergence of a new economic environment in Ukraine with new opportunities, and new problems too, is to be expected.

Further stable growth of foreign capital participation in a national bank system is driven by the following objective needs:

- the future economy's monetarization and the absorption of additional money supply by the bank system. (If the current trend continues, in 2006-2010 money supply may grow more than 5 times, whereas bank regulative capital – 2.5 times only. This will lead to a twofold decrease vis-à-vis capital requirements – to 7.4%, which is far below the norm – and may result in a critical growth of credit risk throughout the economy)<sup>10</sup>;
- attracting foreign investments in an effort to catch up with neighboring Eastern European countries (today Ukraine receives less than 180 US dollars of foreign investments per capita, while the corresponding figure is more than 3,000 US dollars in the Czech Republic, 2,600 US dollars in Estonia, 2,400 US dollars in Hungary, and 1,200 US dollars in Poland);
- increasingly robust growth of financial markets;
- direct application of some modern bank technologies and bank management experience as a prerequisite for further institutionalization of the national financial system;
- strengthening competitiveness and supervised integrity in the global economic space;

<sup>10</sup> Source: [www.statsoft.ru](http://www.statsoft.ru), retrieved on March 15, 2011.

- increasing the stability of the banking system, i.e. its resilience and resistance to internal shocks;
- reducing corruption; legalization of salaries and an increase in social investments; improvement of deposit guarantee standards.

On other hand, there are some pre-conditions for the presence of banks with foreign capital and strengthening the attractiveness of a national market. These include:

- stability of national currency;
- dynamic growth of key macro-economic indicators and a corresponding improvement in the performance of banks;
- reasonable legislation on financial investments and banking activity;
- a modern system of state regulatory bodies;
- a well developed bank services market, modern bank infrastructure, and the availability of qualified personnel.

One needs to be aware of the downsides of the process, too. The threats and disadvantages of foreign banks' presence in Ukraine include:

1. As it has already been said, banks with foreign capital will pursue goals that may be inconsistent incompatible with a country's strategic social and economic objectives. The structural and institutional weakness of Ukraine's economy makes it likely for such discrepancies to arise and impinge on its growth potential. A sharp drop in the proportion of domestic capital can lead to a situation where some economy sectors might be stripped of access to credit facilities, since banks with foreign capital shareholders will always have a preference for investment in high-income and risk-free industries.

2. Admission of foreign capital into the banking sector is possible to the extent that control over the national banking system is maintained. It is a typical restriction imposed by major developed countries; some countries have even prohibited foreign capital inflow to the bank sector. This kind of move is not a violation of market rules in international cooperation, nor does it mean that that WTO's requirements are ignored. It is interesting that in 2000, when foreign banks in the USA had captured some 12% of bank assets, the US government immediately feared that foreign capital might be seizing control over the bank system<sup>11</sup>. There is some contradiction between consolidating the national banking system and attracting foreign investments. The examples of India and China, which are two of the world's three most attractive countries for investment, illustrate an approach whereby these priorities are combined: these countries are happy to receive foreign investments, but at the same time retain national ownership of all strategic infrastructural systems, including the bank system.

---

<sup>11</sup> *Bank atlas 2001: Europeans infiltrate ranks of world's biggest banks*, "Euromoney", June 2001, pp. 140-170.

3. There exists some danger of uncontrolled outflow of capital and money. The initial inflow of foreign capital through the setup of bank branches and through non-residents' purchases of stakes in domestic banks may eventually lead to an outflow of considerable resources, including profit transfers out of the host country.

4. The problem of foreign bank branches in Ukraine has a central place in the context of foreign bank capital inflow. Permission for foreign banks to open branches and enter the domestic bank services market is among the terms of the WTO membership. But the legal status of this market participant is special, because the activity of foreign bank branches is to a large degree governed by the laws of the country in which the parent bank is registered. When one realizes that the financial volume of foreign bank branches may be greater than the capital of many Ukrainian banks, and that the National Bank of Ukraine might not be able to fully control them, it becomes clear that the potential destabilizing influence of this factor could be significant. If the NBU's norms concerning mandatory reserves do not apply to foreign bank branches, then there is no way to regulate the monetary base and the money multiplier.

It is generally known that deposit safety standards are higher in foreign banks, which can lead to migration of deposits to foreign bank branches. On the other hand, the formal branch status enables unsafe banks to infiltrate into Ukraine. Branches form part of their parent banks, having no independent legal status and, as a rule, no separate balance sheet. In general, foreign bank branches are subject to supervision by their home country regulator, however, each state may create its own rules for foreign banks. A branch's solvability is regulated by the headquarters, while its liquidity – by the host country's supervisory authorities. This is done through certain regulations, additional demands imposed by receiving countries, and financial and statistical reporting requirements. Many countries around the world insist on foreign bank branches complying with national deposit security schemes.

5. Foreign banks may choose to engage in speculative activities rather than provide a complete range of quality bank services. This was observed in Ukraine in the second half of the 1990s, when the primary intent behind some of the foreign banks' entry was to invest in Inner State Loan Obligations (ISLO). When the ISLO interest rates went down, bringing down the speculative income from these operations, some of the banks reduced their activity in the Ukrainian banking services market.

It is important to realize that the risks and potential negative effects relating to foreign banks' entry may undermine not only the efficiency, but also the stability of the recipient country's banking system and its socio-economic growth in general.

It is not possible for a country and its banking sector to sustain dynamic growth, unless it defines a consistent development strategy for the banking system and

answers the question about its being a national or a mixed one, i.e. one based on assimilation of foreign capital. This cannot be done without building a model of the banking system and establishing mechanisms for its interaction with other national economy sectors.

Parallel to the definition and implementation of the banking system development strategy, a systemic decision should be made addressing the key questions concerning the optimization of foreign capital participation. Considering the situation in the Ukrainian bank sector and in other countries with significant foreign capital experience, some conclusions can be drawn.

Thus, participation of foreign bank capital in the banking system should be increased step by step, and it should be determined by favorable conditions within the bank sector, conceived as an adequate level of development, and the growing health and competitiveness of national bank capital. Emphasis should be placed on further development of state-controlled banks which are specialized in resolving strategic social, structural and economic problems (Oschadbank, Eximbank, Bank of Reconstruction and Development). A normative legal basis governing the activities of foreign banks in Ukraine should be put in place; certain rules should be laid down for the sale of banks with national capital to foreign owners.

The presence of foreign bank capital is usually the strongest in regions and environments characterized by low levels of taxation and low concentration in the banking sector. Therefore, what Ukraine needs to do today is institute active measures aimed at increasing the concentration of domestic bank capital.

The pursuit of such measures will, in our opinion, help eliminate or minimize the negative effects of the growing participation of foreign capital in the banking system of Ukraine, while at the same time making the most of the benefits of its presence with a view to continued growth of the country's economy and strengthening the national money-credit market as well as the financial system in general.

## References

- Bank atlas 2001: Europeans infiltrate ranks of world's biggest banks*, "Euromoney", June 2001, pp. 140-170.
- Honohan P., *Perverse Effects of a Ratings-Related Capital Adequacy System*, Word Bank, May 2000.
- The New Capital Adequacy Accord*, BIS, Basel, January 2001.
- [www.bank.gov.ua](http://www.bank.gov.ua)
- [www.uabanker.net](http://www.uabanker.net)
- [www.uabankir.net](http://www.uabankir.net)
- [www.nbj.ru](http://www.nbj.ru)
- [www.aub.com.ua](http://www.aub.com.ua)
- [www.kr-gazeta.kiev.ua](http://www.kr-gazeta.kiev.ua)
- [www.statsoft.ru](http://www.statsoft.ru)

## **Ocena perspektyw w zakresie przyciągania kapitału zagranicznego na Ukrainę**

**Streszczenie.** Procesy integracji i globalizacji obejmują cały świat, a Ukraina pragnie integracji ze światową społecznością finansową. Ukraiński system bankowy należy do tych sektorów, które pierwsze doświadczyły intensywności procesów integracyjnych za sprawą ekspansji kapitału zagranicznego. To właśnie zagadnienie podjęto w niniejszym artykule.

Banki z udziałem kapitału zagranicznego działające na rynku ukraińskim wspierają rozwój krajowego systemu finansowego, przyciągają zagraniczne inwestycje i przyczyniają się do powiększenia zasobów. Istnieje jednak wiele zagrożeń. Banki ukraińskie nie są zdolne sprostać konkurencji, gdyż ich kapitały, aktywa i poziom aktywności są zbyt skromne. Obecność kapitału zagranicznego przejawia się najostrzej tam, gdzie poziom koncentracji sektora bankowego jest niski. W artykule rozważono pozytywne i negatywne strony obecności zagranicznego kapitału bankowego na Ukrainie. Z uwagi na te drugie Ukraina musi wdrożyć działania zmierzające do podniesienia stopnia koncentracji krajowego kapitału bankowego.

**Słowa kluczowe:** kapitał zagraniczny, system finansowy, inwestycje zagraniczne