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Предназначено для расширения и углубления системных знаний студентов о содержании, формах и тенденциях развития банков, банковских систем и банковской деятельности в международной практике, для формирования у них представления об основных направлениях развития мировых банковских систем, характере операций, особенностях взаимоотношений банков разных стран с юридическими и физическими лицами. Пособие поможет студентам усовершенствовать свои профессиональные навыки, научиться анализировать, сравнивать, делать выводы, представлять свои идеи в систематизированном порядке.

Для студентов, обучающихся по программам двойного дипломирования («Международный менеджмент», «Банковское дело и финансы»), занимающихся изучением экономики, банковского дела и управления.

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INTERNATIONAL BANKING
Banks, Banking and World Banking Systems

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International Banking: Banks, Banking and World Banking Systems /
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The book is intended for the deepening and expansion of systematic knowledge of students about the content, methods and trends of development of banks, banking systems and banking in the international practice, the formation of ideas about the main trends in the development of the world's banking systems, their characteristics and the nature of the operation, about the features of the banks in different countries with legal entities and individuals.

It helps the Double Diploma Program students (International Management, Banking and Finance) who study Economics, Banking and Management to muster and to improve their professional skills and make them to be able to analyze, to compare, to make conclusions, to present their ideas in a systematic order.

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INTRODUCTION

International Banking: Banks, Banking and World Banking System is intended for the students who study Economics, Banking and Management for their professional needs.

The purpose of the book – the deepening and expansion of systematic knowledge of students about the content, methods and trends of development of banking in the international practice, the formation of ideas about the main trends in the development of the world's banking systems, their characteristics and the nature of the operation, about the features of the banks different countries with legal entities and individuals.

The book presents the main aspects of the world's banking systems – from the history of the origin, formation and development of the banking systems of the countries of Western and Eastern Europe, North America, the Middle and Far East to study the financial flows of different countries and the role of the world's banking systems in the world economy. In particular the students' attention should be paid on the laws of the bank; functioning of the various banking groups, such as the grand banks, raiffeisen banks, deposit banks, credit institutions with special tasks, private bankers; issues of state regulation of banking systems' performance during the global financial crisis and in the post-crisis period.

The book contains 6 chapters. Each chapter is devoted to a particular theme:

Chapter 1 – Modern Trends in Banking.

Chapter 2 – The Central Bank.

Chapter 3 – Organizational Form of the Banking Industry.

Chapter 4 – Bank Business Models.

Chapter 5 – Specialty Banks (Community Banks).

Chapter 6 – World Banking System.

Each chapter begins with a glossary of terms, than it contains the main text of the unit, questions on the texts and may include different topics related to the subject of the unit or the suggestion to make presentations on the topic.

There is practicum at the end of the book. It contains questions for self-control, tests and sample for the presentation on the topic «World Banking System» where the Banking System of Singapore is presented.

International Banking: Banks, Banking and World Banking System helps the students to muster and improve their professional skills and make them to be able to analyze, to compare, to make conclusions, to present their ideas in a systematic order.

The book is complied in compliance with the requirements of curriculum of the course International Banking for the students of Finance and it is also complied in compliance with the requirements of curriculum of the course World Banking System for the students of Management.

Chapter 1. MODERN TRENDS IN BANKING

Unit 1

Task A. Input test. Explain the following terms:

Term	Explanation
bank	
transnational bank (could you make a sample?)	
banking system of a country	
world banking system	
global banking systems	
loan	
deposit	
assets	
liabilities	
ALM	
Basel I, Basel II, Basel III	
ATM services	

Task B. Translate the following key terms (glossary) into Russian:

Term	Translation
advances in technology	
bill	
securitization	
disintermediation	
financial innovation	
Saving and Loan (association) S & L	
brokerage	
credit union	

Term	Translation
deregulation	
discount	
discount broker	
discount house	
discount market	
discount rate	
diversification	
financial revolution	
globalization	
Mutual saving banks	
mutual funds	
nonfinancial firms	
product line	
product innovation	
virtual bank	

Task C. Read the text and answer the questions:

MODERN TRENDS IN BANKING

Deregulation, financial innovation, securitization, globalization, and advances in technology are quickly changing the nature of commercial banking. Consumers who want to open a checking account can go to a local commercial bank, savings and loan, mutual saving bank, credit union, brokerage house such as Merrill Lynch was, or deal with discount broker like Charles Schwab. They can also contact with Intuit, a software company that provides bill payment services through the use of its Quicken software, or simply open a checking account at a virtual bank, which exist only on the Internet. Consumers who want a credit card can get one from any depository institutions, gas company, department store, or national finance company. They can also get cosponsored cards from General Electric, General Motors, Ford Motor, Prudential, Merrill Lynch, Charles Schwab, IBM, and many other nonfinancial firms. Consumers simply have more choices now than ever before when purchasing financial services.

Not surprisingly, firms compete aggressively for consumers' business. Competition, in turn, puts a premium on innovation and precision in delivering service and personalizing it for individuals. In some case, however, the opportunities are not the same for all service providers. Even though commercial banks have gained greater flexibility in diversifying their asset base across geographical boundaries and into new product lines in recent years, federal and state regulation often put them at a competitive disadvantage.

Recent competitive trends, affecting the bank industry, are manifested by the greater number of suppliers of banking and financial services, as well as the greater variety of products and services offered. The banking industry is somewhat unique because it is simultaneously consolidating and diversifying. Five fundamental forces of change are market-driven competitive factors, product innovation and deregulation, securitization, globalization, and technological advances. These forces will lead to even more competition, greater consolidation, increased diversification, and worldwide restructuring of financial institutions and markets.

Questions for answering (in writing):

1. What processes are changing commercial banking?
2. To what commercial institutions can consumers go to open a checking account?
3. Where can consumer get a credit card?
4. Why do firms compete for consumers?
5. What does competition lead to?
6. What financial service providers are more limited in their activities? Why?
7. What are the recent trends in the banking industry?
8. In what way is the banking industry special?
9. What are the five fundamental forces are special?
10. What does the action of these result in?

Task D. Make a list of:

- a) financial institutions;
- b) nonfinancial firms.

Task E. Find in the text the names of the world-known companies and discuss with your partner what do you know about them and their products. Present the result of your discussion to your classmates.

Task F. Fill in a missing word. Choose from the parentheses (скобках: product, structure, advances, diversification, instruments, competition, innovation, deregulation):

Five fundamental forces have transformed the (...) markets and institutions and reflect intense (...): deregulation/reregulation, financial (...), securitization, globalization, and (...) technology. The latter factors actually represent responses to (...) and regulation. These combined forces have altered corporate balance sheets by inducing firms to compete in new (...) and geographical markets and use new financial (...) to facilitate transactions and adjust their risk profile. Although consumers have benefited from these changes, the long-term trend for financial institutions entails consolidation, realignment of corporate objectives, and (...) of product offered, as firms attempt to develop a market niche. Firms can expect regulators to closely monitor changes in risk and continually increase capital requirements, particularly against new lines of business.

Task G. Read the text and find the information about different strategies of small and big banks. List the services the average consumer needs.

Even though banks can now offer a wide range of services, individual firms are moving into these new areas. While the largest banks are growing in size, many smaller banks are continuing to specialize in services catering to small business customers. The average consumer needs a checking account, ATM services, small saving account, some brokerage services, an auto loan, insurance, and a home mortgage. Almost any financial firm can offer most of these services and the competition is strong. Banks are finding it difficult to compete in the market for these products because the intense competition is driving the price for services to the bare minimums. As a result, smaller banks have continued to specialize in servicing the small business customer where personal service and customized product are essential. Larger banks, in contrast, are trying to operate as part of financial service companies, competing directly with investment banks, insurance companies, and smaller banks specializing in the products and service needs of the small business customer.

Unit 2

Task H. Translate the following key terms (glossary) into English:

Term	Explanation
Bank credit card	Кредитная карта, эмитированная банком, которая позволяет клиенту банка покупать товары и услуги в кредит
Bank deposit card	Кредитная карта, эмитированная банком, которая позволяет клиенту банка ...

Task I. Translate the following text into English. Write a small essay on the offered theme, using this text and Internet materials.

MODERN TRENDS IN BANKING

Use the following words combinations:

- deregulation of financial markets and liberalization of banking legislation;
- the invasion of large non-financial corporations in banking;
- the appearance of virtual banks;
- internationalization and globalization in banking;
- disintermediation;
- increased competition from banks and non-Bank credit institutions;
- financial innovation (futures, swaps, options, securitization, multiproduct);
- universalization and diversification in banking.

Use references: Оношко О.Ю. Мировые банковские системы. Иркутск : Изд-во БГУЭП, 2005. С. 5–7.

Task K. Write a small essay on the offered theme, using the text and Internet materials. Pay your attention on transnational banks and transnational banking. Use references: Логинов Б.Б. Международный банковский бизнес. М., 2016. С. 10–32.

Task L. Translate the following text into English. Write a small essay on the offered theme («New models of banking»), using the text and Internet materials. Use references: Новые модели банковской деятельности в современной экономике / под ред. О.И. Лаврушина. М. : КНОРУС, 2017. 168 с.

Task M. Make a presentation on the topic «The USA Banking System», use the theme:

- basic country information (name, area, population, main branches of industry, GDP, etc.);
- draw the Scheme of the banking system;
- describe the First level of the banking system: name of the Central Bank, its functions, banking legislation;
- describe the Second level of the banking system: the principle of construction, the composition of banks, the largest credit institution of the country, their functions and features. A comparative analysis of their published balance sheets.

Chapter 2. THE CENTRAL BANK

Unit 3

Task A. Check glossary of key terms:

Terms	Definition	Correction (your answer)
Federal Reserve	System of federal government control of the USA banks, where the Federal Reserve Board regulates money supply, prints money, fixes the discount rate and issues government bonds	
Federal Reserve Bank US	One of the twelve central banks in the USA which are owned by the state and directed by the Federal Reserve Board	
Federal Reserve Board US	Committee which runs the central banks in the USA	
bank	Business which holds money for its clients, which lends money at interest, and trades generally in money	
central bank	Main government-controlled bank in a country, which controls the financial affairs of the country by fixing main interest rates, using currency and controlling the foreign exchange rate	
US national bank	Bank which is chartered by the federal government and is part of the Federal Reserve System (as opposed to a «state bank»)	
state bank	Commercial bank licensed by the authorities of a state, and not necessarily a member of the Federal Reserve System (as opposed to a «national bank»)	
credit	Allowing a customer time before he has to pay for goods and services\$ to give someone six months credit; to sell on good credit terms	

Terms	Definition	Correction (your answer)
bank credit	Loans or overdraft from a bank to a customer	
money supply	Amount of money which exist in circulation in a country	
open market operation	Sale or purchase of government stock by ordinary investors, as a means of influencing money supply	
bank reserves	Cash and securities held by a bank to over deposits	
liquidity	Having cash or assets which can be changed into cash	
balance	Amount to be put in one of the columns of an account to make the total debit and credit equal	
deposit	Money placed in a bank for safe keeping or to earn interest	
securities	Investment in stocks and shares; certificates to show that someone owns stocks or shares	
borrow	To take money from someone for a time, possibly paying interest for it, and repaying it at the end of the period; he borrowed \$ 1,000 from the bank; the company had to borrow heavily to repay its debts; they borrowed \$ 25,000 against the security of the factory; to borrow short or long = to borrow for a short or long period	
asset	Thing which belongs to company or person and which has a value; he has an excess of assets over liabilities; her assets are only \$ 640 as against liabilities of \$ 24,000	
liquid assets	Cash or bills which can be quickly converted into cash	

Terms	Definition	Correction (your answer)
liability	Responsibility for a payment (such as the payment of a loan)	
liabilities	Debts of a business, including dividends owed to shareholders; the balance sheet shows the company's assets and liabilities	
current liabilities	Debts which a company has to pay within the next accounting period (in a company's annual accounts, these would be debts which must be paid within the year and are usually payments for goods or services received)	
outstanding	Not yet paid or completed; what is the amount outstanding? = how much money is still owed?	
fund	Money set aside for a special purpose	
lend	To allow someone to use something for a period; to lend something to someone or to lend someone something; he lent the company money or he lent money to the company; tj lend money against security; the bank lent him \$ 50,000 to start his business	
Give definitions of the following words and word combinations		
Income		
Income statement		
profit		
reserve requirements		
bank lending capacity		
payment system		
implementation of a national monetary policy		
Federal Open Market Committee (FOMC)		
interest rate		

Task B. Read the following text and answer the questions:

THE CENTRAL BANK

Congress created the Federal Reserve System (Fed) in 1913 to serve as the central bank of the United States of America and to provide the nation with a safe, flexible, and more stable monetary and financial system. The Fed's three fundamental functions are: conduct the nation's monetary policy, provide and maintain an effective and efficient payment system, and supervise and regulate banking operations.

All three roles have a similar purpose, that of maintaining monetary and economic stability and prosperity. The Federal Reserve System is a decentralized central bank, with Reserve Banks and branches in 12 districts across the country. The Fed is coordinated by a Board of Governors in Washington, D.C., whose members are appointed by the President of the United States and confirmed by the Senate for staggered 14-year terms. The seven members of the Board of Governors are the main governing body of the Fed charged with overseeing the 12 District Reserve Banks and with helping implement national monetary policy.

The Fed conducts monetary policy through actions designed to influence the supply of money and credit in order to promote price stability and long-term sustainable economic growth. There are three district monetary policy tools: open market operations, changes in the discount rate, and changes in the required reserve ratio. Open market operations are conducted by the Federal Reserve Bank of New York under the direction of the Federal Open Market Committee (FOMC). The sale or purchase of U.S. government securities in the «open market» or secondary market is the Federal Reserve's most flexible means of carrying out its objectives. Fed open market purchases of securities increase liquidity, hence reserves in the banking system, by increasing bank deposit balances at the Fed. Fed open market sales of securities decrease bank reserves and liquidity by lowering deposit balances at the Fed.

Banks can borrow deposit balance, or required reserves, directly from Federal Reserve Banks with the discount rate representing the interest rate that the bank pay. The Fed directly controls the discount rate, which remains fixed until the Fed formally announces a change. Changes in the discount rate directly affect the cost of reserve borrowing. When the Fed raises the discount rate, it discourages borrowing by making it more expensive. Fed decreases in the discount rate make borrowing less expensive.

Changes in reserve requirements directly affect the amount of legal required reserves that banks are required to hold as an asset and thus change the amount of funds a bank can lend out. For example, a required reserve ratio of 10 percent means that a bank with \$ 100 in demand deposit liabilities outstanding must hold \$ 10 in legal required reserves in support of these deposits. The bank can thus lend only 90 percent of

its demand deposit liabilities (DDAs). When the Fed increases (decreases) reserve requirements, it formally increases (decreases) the required reserve ratio, which directly reduces (raises) the amount of money a bank can lend per dollar of DDAS. Thus, lower reserve requirements increase bank liquidity and lending capacity while higher reserve requirements decrease bank liquidity and lending capacity.

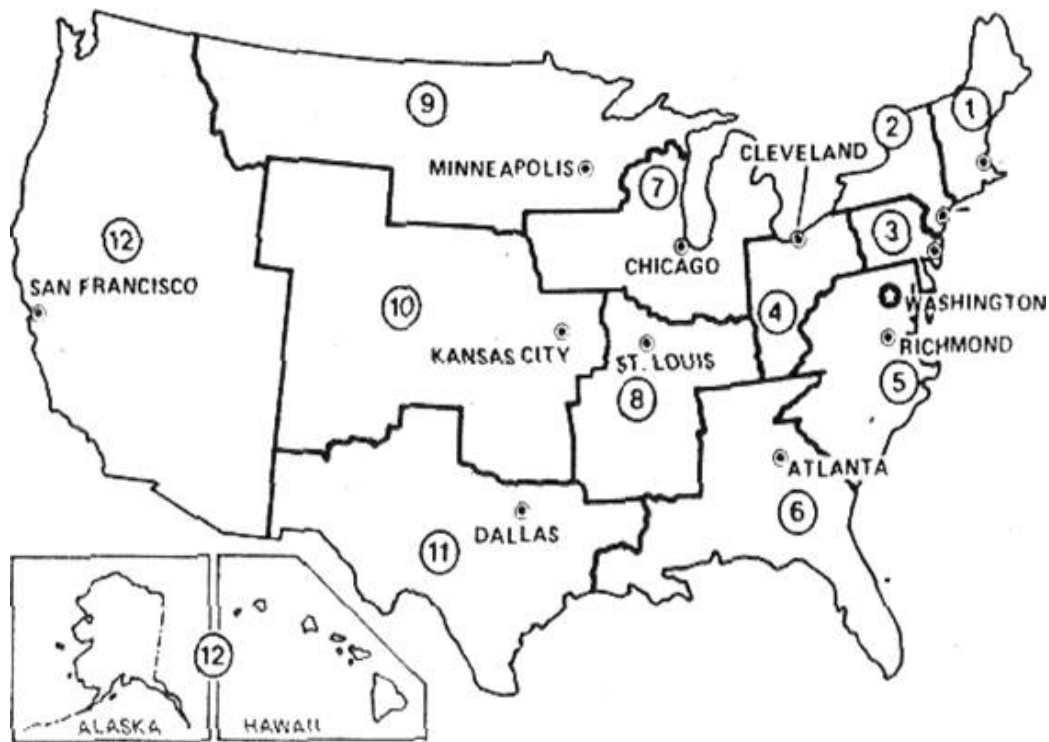
Questions for answering (in writing):

1. When was the Federal Reserve System created?
2. Why was the Federal Reserve System created?
3. What are the main functions of the Federal Reserve System?
4. What is the ultimate goal of the Federal Reserve System?
5. What is the Federal Reserve System?
6. What is the governing body of the Federal Reserve System?
7. Who appoints the Federal Reserve System?
8. For how many year does the Federal Reserve board serve?
9. How does the Fed conduct monetary policy?
10. What are the policy instruments of the Fed?
11. What is «open market operations»?
12. What institutions are in charge of open market operations?
13. What effect do open market operations produce?
14. How does the change of discount rate tell on borrowing?
15. How do changes in reserve requirements affect banking?
16. What happens when the Fed increases (decreases) reserve requirements?
17. What raises bank liquidity and lending capacity?
18. Where the Fed is situated?

Task C. Find in the text what these abbreviations stands for:

US, DDA, FOMC DC, Fed.

Task D. Study the map of the USA. List the cities in which Federal Reserve situated:



Task E. Make a presentation on the topic «The Banking System of the Euro zone».

Compare the structure of the Central Bank of the USA and EECB (Euro zone).

Unit 4

Task A. Give definitions of the following words and word combinations:

- Advisory Committee of Fed
- monetary policy;
- bank liquidity.

Task B. Fill in a missing word. Choose from the parentheses (скобках: innovative, represent, play, policy, growth, banks, money, level, supply, financial):

ROLE OF COMMERCIAL BANKS IN THE ECONOMY

Commercial banks (...) an important role in facilitating economic (...). On a macroeconomic level, they represent the primary conduit of Federal Reserve monetary (...). Bank deposits represent the most liquid form of (...) such that the Federal Reserve System's efforts to control the nation's money (...) and level of aggregate economic activity in accomplished by changing the availability of credit at (...). On a microeconomic (...), commercial banks (...) the primary source of credit to most small businesses and many individuals. A community's vitality typically reflects the strength of its major (...) institutions and the (...) character of its business leaders.

Task C. Make a presentation on the topic «The Banking System of the UK».

Chapter 3. ORGANIZATIONAL FORM OF THE BANKING INDUSTRY

Unit 5

Task A. Check glossary of key terms:

Terms	Definition	Correction (your answer)
Control	<p>power: being able to direct something; the company is under control of three shareholders; the family lost control of its business; to gain control of a company = to buy more than 50 % of the shares so that you can direct the business;</p> <p>to control a company = to be able to direct the business of a company, because you own more than 50% of the shares\$ the business is controlled by a company based in Luxembourg; the company is controlled by the majority of shareholders</p>	
board of directors	<p>GB group of directors elected by the shareholders to run a company; the bank has two representatives on the board; he sits on the board as a representatives of the bank; two directors were removed from the board at the AGM;</p> <p>US group of people elected by the shareholders to draw up company policy and to appoint the president and other executive officers who are responsible for managing the company;</p> <p>COMMENT: directors are elected by the shareholders at the AGM, though they are usually chosen by the chairman or chief executive. A board will consist of a chairman (who may be non-executive), a chief executive or managing director, and a series of specialist directors in charge of various activities of the company (such as production director or sales</p>	

Terms	Definition	Correction (your answer)
	director). The company secretary will attend board meeting, but may not be a director. Apart from the executive directors, who are in fact employees of a company, there may be several non-executive directors, appointed either for their expertise and contact, or as representatives of important shareholders such as banks. The board of an American company may be made up of a large number of non-executive directors and only one or two executive officers; a British board has more executive directors	
officer	person who has an official position; the company officers; the officers of a company = the main executives or directors of a company	
expenses	money paid for doing something in the course of business, but not for manufacturing a product or for purchasing stock	
operating expenses	Money spent on running business, not on stock or assets; costs of the day-to-day organization of a company; (business expenses, overhead expenses or general expenses, running expenses, operating costs)	
holding company	company which owns more than 50 percents of the shares in another company; company which exists only to own shares in subsidiary companies	
a ran on a bank	rush by customers to take deposits out of a bank which they think may close down	
failure	breaking down or stopping; the failure of negotiations; failure to pay a bill = not having pay the bill; commercial failure = financial collapse or bankruptcy: he lost all his money in the bank failure	
subsidiary company	company which is owned by parent company	

Terms	Definition	Correction (your answer)
stock-holder	person who hold shares in a company	
stock	ownership of a company, divided into shares; stock and shares – shares in ordinary components	
creditor	person or company that is owed money (a company's creditors are its current liabilities)	
loan	money which has been lent	
securities	Investments in stocks and shares; certificates to show that someone owns stocks or shares	
underwriting	Action of guaranteeing to purchase shares in a new issue if no one purchase them COMMENT: when a major company flotation or share issue or loan is prepared, a group of companies (such as banks) will form a syndicate to underwrite the action: the syndicate will be organized by the «lead underwriter» together with a group of main underwriters; these in turn will ask others («sub-underwriters») to share in the underwriting	
underwriting fee	fee paid by a company to the underwriters for guaranteeing the purchase of new shares in that company	
agency	office or job of representing another company in an area; they signed an agency agreement or an agency contract	
merchant bank	bank which arranges loans to companies and deals in international finance, buys and sells shares, launches new companies on the Stock Exchange but does not provide normal banking services to the general public; US bank which operates a credit card system (accepting payment on credit card from retailers)	
portfolio investments	investments in shares and government stocks (as opposed to investments in property)	

Terms	Definition	Correction (your answer)
thrift	US private local bank, saving and loan associations or credit union, which accepts and pays interest on deposits from small investors	
proceeds	the proceeds of a sale = money received from a sale after deducting expenses	
Give definitions of the following words and word combinations		
deducting		
thrift		
to arrange		
fee		
to broaden the scope of products		
to own controlling interest		
via		
the power to vote		
the voting shares		

Task B. Read the following text and answer the questions:

ORGANIZATIONAL FORM OF THE BANKING INDUSTRY

The organizational structure of banking has changed significantly in later half of the 1990s.

Legally, commercial banks are classified either as unit banks with all operations housed in a single office or branch banks with multiple offices.

Any organization that owns controlling interest in one or more commercial banks is a bank holding company (BHC). Control is defined as ownership or indirect control via the power to vote more than 25 percent of the voting shares in a bank.

The primary motivation behind forming a bank holding company was to broaden the scope of products the bank can offer.

Unit banks each have their own board of directors, a complete staff of officers, and separate documents and technology for conducting business. Clearly, operating expenses are higher for the parent company that owns and operate multiple independent banks than they would be if the parent chose to operate these banks as branches of a single «lead» bank.

Branching generally reduces the number of competitors, lowers expenses, allows greater assets diversification, and expands each bank's consumer deposit base reducing the likelihood of a run on deposits. Each of these factors decreases the chances of failure, everything else being equal.

A bank holding company is essentially a shell organization that owns and manages subsidiary firms. The holding company obtains financing from stockholders and creditors and uses the proceeds to buy stock in other companies, make loans, and purchase securities. The holding company is labeled by parent organization and the operating entities are the subsidiaries. If the parent owns at least 80 percent of a subsidiary's stock, it files a consolidated tax return.

One bank holding company (OBHC) control only one bank and typically arise when the owners of an existing bank exchange their shares for stock in the holding company. The holding company then acquires the original bank stock. Multibank holding companies (MBHC) control at least two commercial banks. Large organizations generally form OBHCs or group a number of independent banks in a MBHC because they want to control a bank and be able to provide traditional banking services. More importantly, many of these organizations want to combine bank's capabilities with their financial activities in order to better compete nationwide.

Bank holding companies (BHCs) can acquire nonbank subsidiaries that offer products and services closely related to banking.

Financial holding companies (FHC) are distinct entities from bank holding companies (BHC). A company can form a BHC, an FHC, or both. The primary advantage to forming an FHC is that the entity can engage in a wide range of financial activities not permitted in the bank or in a BHC. Some of these activities include: insurance and securities underwriting and agency activities, merchant banking, and insurance company portfolio investment activities. Activities that are «complimentary» to financial activities also are authorized.

An FHC can own a bank or BHC or a thrift or thrift holding company. Each of these companies own subsidiaries, while the parent financial holding company also owns other subsidiaries directly. The structure is similar to that of a

bank holding company's relationship to its subsidiaries but there is one more layer of management and thus control. As commercial banks consolidate with other financial institutions, both domestically and abroad, this type of organization is expected to become more prevalent. Alternatively, we may see nonfinancial companies affiliate with banks in this type of structure.

Questions for answering (in writing):

1. What is a unit bank?

2. What is a branch bank?
3. How are commercial banks classified?
4. What is a BHC?
5. How is control in BHC defined?
6. Why were BHCs formed?
7. What is characteristic of unit banks?
8. What are the advantages of branching?
9. What are the activities of a BHC?
10. What types of a BHC are there?
11. What is OBHC?
12. Why do large organizations want to form a bank?
13. What is an FHC?
14. What are the advantages of FHC?
15. What financial activities are authorized for FHC?
16. What are modern tendencies in banking?

Task C. Find in the text what these abbreviations stand for:
BHC, OBHC, MBHC, FHC.

Task D. Read Chapter 2 from the book of B. Loginov and write an essay on the topic «Legal forms of banking institutions and their international activities».

Unit 6

Task E. List:

- the services that banks can offer;
- financial activities authorized only in an FHC;
- all types of financial organizations.

Task F. Give definitions of the following words and word combinations:

Words and word combinations	Definitions
holding company	
legal entity	
legal person	
underwriter	
underwriting	

Task G. Make a presentation on the topic «The Banking System of the Asian- Pacific Ocean Region Countries» (use the sample, given at the end of the book).

Task H. List the names of all the Central banks in the Asia-Pacific region, you know.

Task I. List the names of all large commercial banks in the Asia-Pacific region, you know.

Task J. Tell about the organizational structure of OBHC and MBHC using the following prompts: at the top, controlling interest, all lines of business, responsibilities, to operate, like independent bank, common objectives, senior bank officers, senior non-bank officers, on the board, joint business decisions.

Chapter 4. BANKING BUSINESS MODELS

Unit 7

Task A. Check glossary of key terms:

Terms	Definition	Correction (your answer)
Asset	thing which belong to company or person, and which has a value; he has an excess of assets over liabilities; her assets are only \$ 640 as against liabilities of \$ 24,000 \$ capital assets or fixed assets + property or machinery which a company	
current assets	are balance sheet accounts that represent the value of all assets that can reasonably expect to be converted into cash within one year	
frozen assets	assets that for one reason or another cannot be used or realized. This may happen when a government refuses to allow certain assets to be exported	

Task B. Read the following text and answer the questions:

BANKING BUSINESS MODELS

When people think of banks, many think of the largest U.S. institutions, such as Bank of America, Citigroup, J.P. Morgan Chase, Wells Fargo, Wachovia, Fleet National Bank. What do many realize is that of the approximate 8,100 commercial banks operating in the U.S., only 80 have more than \$10 billion in assets. The vast majority, approximately 5,000 have less than \$ 100 million in assets with a legal landing limit of less than \$ 1 million. In fact, more than 96 percent of U.S. banks have total assets less than \$ 1 billion. Still, the largest banks (over \$ 10 billion) hold almost 70 percent of total bank assets and follow business models far different than those of smallest banks. Banks with less than \$ 1 billion in assets are generally called community banks, while larger banks are labeled large holding company banks, multibank holding companies, or even money center banks. Banks of the same size, however, often pursue substantially different strategies competing in different geographic markets with different products and services.

Today, we separate the business model structure of banks into five categories determined by size and geographical market penetration: global banks, nationwide banks, super regional banks, regional banks, specialty or community banks (limited region or limited product line).

The business model of global banks is to have a large international presence. The United States has few global banks. Those that have extensive global activities include Bank of America, Citigroup, J.P. Morgan Chase, State Street Bank and Trust Company, and Bank of New York. Their activities range far beyond traditional lending and deposit gathering.

The 1998 merger between Nation Bank and Bank of America, now Bank of America, created the first true nationwide bank with a coast-to-coast presence. Wells Fargo and Washington Mutual are also considered nationwide banks.

Super regional banks have extensive operations in a limited geographical region of the U.S. Super regional banks continue to expand their activities by entering businesses such as investment banking and insurance by acquiring regional firms. These banks include firms such as AmSouth, Wachovia, Fleet Financial, South Trust, Regional Bank, and U.S. Trust, among others.

Regional banks are similar to super regional banks except that their scope is more limited geographically and in terms of products or services. BB&T is such an example. they typically operate banks in a few contiguous states.

Finally, specialty banks are generally independent or community banks that specialized in a limited region or limited product line. Smaller specialty banks are often part of a one-bank holding company and may operate branches, but are most often linked closely with a single community in which the bank is located or they offer a limited range of products. Many bankers view community banks a synonymous with independent banks. The vast majority of banks in the United States would be considered specialty (community or independent) banks.

Questions for answering (in writing):

1. What largest US banks do you remember?
2. What assets does the vast majority of US banks hold?
3. What is a community bank?
4. What are the business model structures of banks?
5. What are the other labels for specialty banks?
6. Which of five categories of banks is the most typical in the USA?
7. What banks, large or small, determine the financial situation in the USA?
8. When did the first nationwide bank appear in the USA?
9. What is wrong in the text? Do Wachovia, Fleet National Bank, and Bank One are still exist in U.S.? How many commercial banks operating in the U.S. now?

Task C. List the types of banks and characterize each type. Give the examples.

Unit 8

Task D. Explain the meaning of the word and word combinations:

Words and word combinations	Definitions
machinery	
insurance	
merger	
legal landing limit	
large holding company banks	
contiguous states	
global banks	
super-regional banks	
community banks	
mortgage	
real-estate	
subprime	

Task E. Read the following text and answer the questions:

HOW DO BANKS DIFFER?

For many years, the U.S. has had a multitiered commercial banking system including global banks, super-regional banks, and community banks. The biggest firms, such as Bank of America, Citigroup, and J.P. Morgan Chase, represented global institutions with a wide array of products and services for government, business, and individual customers. They effectively combined commercial and investment banking and often offered a wide range of insurance and other financial services as well. Super-regional banks are smaller in size and market penetration, but have extensive operations in specific regions of the country. These banks generally have limited global operations and offer fewer nontraditional banking services. While they may do some investment banking, they typically target niche markets. Within this group, Wells Fargo, PNC, U.S.

Bancorp, and Wachovia were among the dominant players. The final tier consists of community banks that operate in limited geographic markets. The typical community bank competes in a smaller trade area, often the same state or county, and has less than \$ 1 billion in total assets. In general, community banks focus on lending to small commercial businesses, individuals, and firms involved in agriculture. They

grow at modest rates such that the bulk of their funding comes from deposits held by the same businesses and individuals.

The recent credit crisis (2008–2009) has sharply altered the banking landscape. The number of independent banking organizations fall sharply given the loan problems associated with subprime and other mortgages and commercial real estate. Among the largest institutions, the U.S. no longer has, in actuality, any «pure» (large) investment banks. Bear Stearns and Lehman Brothers effectively failed, Merrill Lynch was sold to Bank of America, and both Goldman Sachs and Morgan Stanley converted to bank holding companies. The similar events occurred globally as foreign governments bought stock in (bailed out) the largest banks in their home countries and saw others merge. Clearly, banking assets are increasingly concentrated in fewer distinct organizations.

Questions for answering (in writing):

1. How many levels are there in the banking system of the United States?
2. Which three levels can be identified among commercial banks in the US?
3. List the biggest banks represented global institutions with a wide array of products and services for government, business, and individual customers in the US (three banks).
4. List the largest banks of the super-regional level (three banks).
5. Is it possible to compare the work principles of community banks in the United States with work principles of the Raiffeisen banks in Austria? Why?
6. List the operations that the global banks can carry out.
7. List the operations that the super-regional banks can carry out.
8. List the operations that community banks focus on.
9. How has the banking landscape in the US altered after the credit crisis of 2008–2009?
10. What happened to banks such as Bear Stearns and Lehman Brothers?
11. What happened to Merrill Lynch?
12. What happened to banks such as Goldman Sachs and Morgan Stanley?
13. What events took place in other countries after the credit crisis of 2008–2009?
14. What is the main trend in the formation of the banking assets in the world?

Chapter 5. SPECIALTY BANKS (COMMUNITY BANKS)

Unit 9

Task A. Check glossary of key terms:

Terms	Definition	Correction (your answer)
report	official document from the government committee	
line personnel lock box	the body of employees system where checks sent to a Post Office box are picked up and deposited in a bank account	
check proceeding	dealing with checks in usual routing way	
teller	person who takes money from or who pays cash to customer at a bank	
portfolio portfolio investments portfolio management portfolio theory	a portfolio of shares = all the shares owned by a single investor; investments in shares and government stocks (as opposed to investments in property, etc.); buying and selling shares to make profits to a single investor; basis for managing a portfolio of investments (a mix of safe stocks and more risky ones); deals with the problem of constructing for a given collection of assets an investment with desirable features	
cashier	is a person who handles the cash register at various locations such as the point of sale in a retail store	
Chief financial officer (CFO)	is a corporate officer primarily responsible for managing the financial risks of the corporation	
budgeting	is the process of setting financial goals, forecasting future financial resources and needs, monitoring and controlling income and expenditures	

Terms	Definition	Correction (your answer)
<p>accounting</p> <p>accounting period</p> <p>Accounting Standards Board</p>	<p>is the measurement, processing and communication of financial information about economic entities such as businesses and corporation;</p> <p>in bookkeeping, is the period with reference to which accounting books of any entity are prepared. It is the period for which books are balanced and the financial statements are prepared;</p> <p>the International Accounting Standards Board (IASB) is the independent, accounting standard-setting body of the IFRS Foundation. The IASB was founded on April 1, 2001, as the successor to the International Accounting Standards Committee (IASC)</p>	
trust	<p>property that is held by one party, the trustee, for the benefit of another, the beneficiary. The one who supplied the property or consideration for the trust is the settlor</p>	
to keep the record straight	<p>it may mean to stick to the, but in this and most other contexts I suggest it means that the speaker is trying to set the record straight before anything is misunderstood</p>	
Financial regulation	<p>is a form of regulation or supervision, which subjects financial institutions to certain requirements, restrictions and guidelines, aiming to maintain the integrity of the financial system</p>	
tier of management	<p>level of management</p>	
estate	<p>property (land or building)</p>	
<p>audit</p> <p>external audit or independent audit</p> <p>internal audit</p>	<p>Examination of the books and accounts of a company; to carry out the annual audit;</p> <p>audit carried out by an independent auditor;</p> <p>audit carried out by a department inside the company; he is the manager of the internal audit</p>	

Terms	Definition	Correction (your answer)
performance	way in which a share increases in value; company's performance is a way of judging if the company's results are good or shares can dividends	

Task B. Read the following text and answer the questions:

SPECIALTY BANKS (COMMUNITY BANKS)

The term independent bank normally refers to a bank that is not controlled by a multibank holding company or any other outside interest. A community bank is generally a bank that operates primarily in one community. Most stock analysts designate community banks as those with less than \$1 billion in assets. In the banking industry, the term independent bank and community bank are often used interchangeably.

The structure typically consists of five levels of responsibilities and reporting. At the bottom are the line personnel who have primary responsibility in customer contact and handling back room operations such as check processing and teller services.

Most independent banks separate activities into four or five functional areas listed above the line personnel. A senior credit officer is responsible for implementing a bank's credit policy. The president and chief executive officer (CEO) also manage loan portfolios because they deal directly with borrows. A bank's cashier or chief financial officer is responsible for financial management in the areas of budgeting, accounting and record keeping. This individual verifies that financial information conforms to regulatory guidelines and is conveyed correctly to stockholders and regulators. Each bank should also have an internal auditor who monitors financial reporting. The senior operations officer is responsible for backroom operations involving data processing, lock box services, and check processing.

An independent bank may also have a senior investment officer who buys and sells securities for the investment portfolio, and also handles trust business if the bank has a trust department. Again in small banks the president or CEO may handle these responsibilities. Finally, a bank with branches will typically designate a branch area executive who reports directly to the president. If the bank is large enough, it may also separate the human resources function and designate a senior officer who report to the president.

The next tier of management is that of the bank's chief operations officer (COO), who often carries the title of president. Senior officers in each of the functional areas normally report to this individual who then conveys the information to the CEO. At

most independent banks, the CEO is in charge of the bank's entire operation. He or she often makes loans, reviews key loan and investment decisions made by others, and handles much of the bank's marketing and public relations efforts. In this case, the president is the chief operating officer only when the CEO is out of town. At the top is the bank's board of directors, which oversees the entire operation of the bank.

Outside members of the board of directors are generally key business leaders in the community and often they are significant bank customers and even bank stockholders. Inside members consist of the bank's CEO, president, and senior lending officer. The primary role of directors is to represent and serve stockholders who are the owners of the bank. A secondary role is to represent customers and employees. Directors oversee the board direction of the bank, solve problems, and make decisions regarding bank policy. The board is ultimately responsible for the bank's performance.

Most banks establish director's committees that set guidelines in the major functional areas and regulatory monitor performance.

A loan committee oversees the lending function to ensure loan quality and verify that regulatory guidelines are met. This committee must typically approve all loans over some base amount and thus serves as a final review board. By law, any bank with a trust department must have a directors' trust committee. Trust departments handle estates, guardianships, and related services under legal trust agreements. A trust committee monitors the legal aspects of the trust business and whether trust business contributes to the bank's overall profitability. The third committee is the audit committee. The committee selects the bank's auditors, reviews the audit report, and makes recommendations to management.

Questions for answering (in writing):

1. What is an independent bank?
2. What is the community bank?
3. How is independent bank organized?
4. What is the first level in the bank structure?
5. How many departments are there in the bank?
6. What is the senior credit officer responsible for?
7. What does the CEO do?
8. What are the responsibilities of the CEO?
9. What is the senior operations officer in charge of?
10. What is the senior investment officer accountable for?
11. What position is COO?
12. What are the CEO responsibilities?
13. What does the board of directors do?
14. What members are there on the board?
15. What is the role of the board?

16. What are directors' committees?
17. What other communities does a bank have?
18. What are their functions?

Unit 10

Task B. Read the following text and answer the questions (in English):

БАНКОВСКАЯ СИСТЕМА РОССИЙСКОЙ ФЕДЕРАЦИИ: СОВРЕМЕННОЕ СОСТОЯНИЕ И ПЕРСПЕКТИВЫ РАЗВИТИЯ

В современных условиях нестабильности финансовых рынков и возрастающей неопределенности в экономической сфере, требования к надежности российской банковской системы значительно возрастают. На развитие банковской системы Российской Федерации оказывают влияние мировые тенденции, характерные для современного банковского дела. В настоящее время они настолько значительны, что многие европейские специалисты называют происходящее банковской революцией. Среди наиболее важных тенденций называют возрастающую конкуренцию с небанковскими кредитными учреждениями, дерегулирование, технологическую и техническую революцию, интернационализацию и глобализацию. В статье представлен анализ современной банковской системы России, исследуется динамика действующих коммерческих банков и небанковских кредитных организаций Российской Федерации в разрезе Федеральных округов за кризисные и посткризисный период; рассмотрено влияние на эти процессы ключевой ставки и ресурсной базы кредитных организаций, систематизируются проблемы, характерные для исследуемого периода и приводятся меры, необходимые к принятию на российском финансовом рынке для преодоления современных трудностей и дальнейшего эффективного развития. В основу анализа положены статистические данные Банка России и Агентства по страхованию вкладов.

Глобальные тенденции в экономике последних лет доказали тесную взаимосвязь процессов развития реального и финансового сектора. Одной из причин разрастания кризиса в мировой экономике явилась дестабилизация финансового сектора в целом. В настоящее время эксперты стали говорить о возможном преодолении острой фазы кризиса, однако, признавая наличие первых признаков образования рецессии (в том числе и в России). Так, председатель ЦБ РФ Эльвира Набиуллина считает, что по основным показателям, характеризующим банковскую систему, ее «можно назвать устойчивой, она находится в безопасной зоне»¹. Анатолий Аксаков, председатель комитета Госдумы по экономической

¹ URL: <http://vz.ru/news/2015/8/10/760442.html>.

политике, президент Ассоциации «Россия», также считает, что российская банковская система уже прошла нижние значения в своем развитии [1]. В этой связи исследование направлений развития банковской системы как основного звена кредитно-финансовой системы нашей страны является актуальным. Поскольку стабильность и эффективность банковского сектора – это основное условие стабильного развития российской экономики.

Количественно характеризуя тенденции в развитии банковской системы России, нужно констатировать общее сокращение числа банковских и небанковских кредитных организаций в ее составе. В настоящее время Центральный Банк Российской Федерации осуществляет «чистку» (санацию) банковской системы, сокращая численность действующих кредитных организаций и отзывая лицензии у тех банков, которые не отвечают требованиям регулятора [2]. В январе – октябре 2015 года Банк России отозвал лицензии у 64 банков. Как показывает практика, наиболее часто встречаются следующие причины отзыва лицензии:

- несоблюдение положений федерального законодательства, касающегося противодействия отмыванию (легализации) доходов, полученных преступным путем, и финансирования терроризма;
- утрата значительной части капитала;
- проведение разного рода сомнительных операций;
- высокорискованная кредитная политика, отсутствие резервов на возможные потери соразмерно принятым рискам;
- финансовая неустойчивость кредитной организации;
- представление в контролирующий орган недостоверной отчетности, невыполнение предписаний надзорного органа;
- нарушение норм банковского законодательства и др. [3].

Динамика количества действующих коммерческих банков и небанковских кредитных организаций (КО) Российской Федерации в разрезе Федеральных округов за 2008–2015 годы представлена в табл. 1.

Таблица 1

Динамика количества действующих коммерческих банков
и небанковских кредитных организаций Российской Федерации
в разрезе Федеральных округов за 2008–2015 годы

Количество действующих банков и небанковских КО РФ	2008	2009	2010	2011	2012	2013	2014	2015	Прирост, +; –
Крымский федеральный округ	–	–	–	–	–	–	–	2	2

Уральский федеральный округ	63	58	54	51	45	44	42	35	-28
Центральный федеральный округ	632	621	598	585	572	564	547	504	-128
Сибирский федеральный округ	68	68	62	56	54	53	51	44	-24
Приволжский федеральный округ	134	131	125	118	111	106	102	92	-42
Дальневосточный федеральный округ	40	36	31	27	26	23	22	22	-18
Южный федеральный округ	118	115	113	47	45	46	46	43	-75
По РФ	1136	1108	1058	1012	978	956	923	834	-302

Составлена по данным Центрального банка Российской Федерации. Режим доступа: <http://www.cbr.ru>.

Анализируя табл. 1, можно сделать вывод, что основное количество коммерческих банков и небанковских кредитных организаций сосредоточено в центральной части России, на долю обширных земель за Уралом приходится менее 10 % кредитных учреждений. Их сокращение за исследуемый период идет более быстрыми темпами, чем в целом по банковской системе России (на 8,71 %). Если по РФ в 2015 году банков в среднем стало на 26,58 % меньше, то в СФО – на 35,90 %. Заметим, что доля кредитных учреждений СФО стабильно составляет в банковской системе РФ 6 % [13].

На 1 февраля 2016 года в России действует 676 коммерческих банков. По прогнозам аналитиков в ближайшем будущем их должно остаться 300.

В 2014 году крупные российские банки начали сокращать собственные филиалы. В 2015 году эта тенденция ускорилась и продолжается в настоящее время.

Очищение банковской системы закончится к 2018 году. Это повысит доверие ЦБ к кредитным организациям, а это значит следует ожидать более смелого рефинансирования банков для кредитования различных проектов.

В табл. 2 приведены основные показатели развития банковской системы Российской Федерации в 2014–2015 годах.

Таблица 2

Основные показатели развития банковской системы Российской Федерации в 2010–2015 годах, млрд рублей

Показатель	2010	2011	2012	2013	2014	2015
Активы						
Активы (пассивы)	33 803	41 628	49 510	57 423	77 653	83 000

Показатель	2010	2011	2012	2013	2014	2015
<i>Прирост за 12 месяцев, %</i>	14,88	23,14	18,93	15,98	35,2	6,9
Кредиты экономике (нефинансовым организациям и физическим лицам)	18 515	23 952	28 654	33 635	40 866	43 985
<i>Прирост за 12 месяцев, %</i>	12,5	29,4	19,6	21,5	25,9	7,6
Кредиты нефинансовым организациям	14 530	18 401	20 917	23 678	29 536	33 301
<i>Прирост за 12 месяцев, %</i>	12,8	26,6	13,7	13,2	31,3	12,7
Кредиты физическим лицам	4 085	5 551	7 737	9 957	11 330	10 684
<i>Прирост за 12 месяцев, %</i>	14,3	35,9	39,4	28,7	13,8	-5,7
Кредиты финансовым организациям-резидентам (кроме КО)	–	609,5	828,6	–	1 306	1 659
<i>Прирост за 12 месяцев, %</i>	–	–	36,0	–	10,8	27,0
Финансовый результат						
<i>Прибыль текущего года</i>	581	848,2	1 013	994	589	192
Обязательства						
<i>Вклады физических лиц</i>	9 818	11 871	14 251	16 953	18 553	23 219
<i>Прирост за 12 месяцев, %</i>	63,6	20,9	20,0	19,0	9,4	25,2
Депозиты и средства организаций на счетах (кроме КО)	11 126,9	13 995,7	15 648	17 947	23 419	27 064
<i>Прирост за 12 месяцев, %</i>	16,42	25,8	11,8	14,7	38,6	15,6
Кредиты, полученные от банка России	1 706,8	1 212,1	2 690,9	3 808,8	9 287	5 363
<i>Доля в пассивах</i>	5,0	2,91	5,44	7,7	12,0	6,5

Составлена по данным Центрального банка Российской Федерации. Режим доступа: <http://www.cbr.ru>.

Ресурсная база коммерческих банков из-за сокращения инвестиций и потребительских расходов в 2015 году развивалась достаточно хорошо. В отчетном году вклады физических лиц существенно увеличились [4]. Ключевыми факторами роста стали повышенная сберегательная активность населения, капитализация высоких процентных ставок и валютная переоценка (увеличение курсов иностранных валют по отношению к рублю). В большей степени важным стабилизирующим фактором стало повышение в конце 2014 г. максимального размера страхового возмещения с 700 тыс. до 1,4 млн рублей [5].

В 2015 году объем вкладов населения в банках увеличился на 4 666,4 млрд рублей (в 2014 г. – на 1 595,2 млрд рублей) до 23 219,1 млрд рублей. В относительном выражении рост составил 25,2 % (в 2014 г. – 9,4 %)².

² Годовой отчет государственной корпорации «Агентство по страхованию вкладов» за 2015 год. URL: <https://www.asv.org.ru>.

Объём вкладов индивидуальных предпринимателей на 31 декабря 2015 г. составил 266,1 млрд рублей (1,2 % общей суммы вкладов физических лиц), увеличившись с начала года на 16,9 % (рис. 1).



Рис. 1. Приросты вкладов населения в 2004–2016 гг., млрд рублей, %

В отчётный период наиболее активно росли средние и крупные вклады. По итогам года вклады от 700 тыс. до 1 млн рублей увеличили свою долю с 8 до 8,5 %, а вклады свыше 1 млн рублей – с 42,8 до 52,4 % общей суммы депозитов. Доля вкладов размером от 100 тыс. до 700 тыс. рублей уменьшилась с 37,4 до 29,2 % (рис. 2).

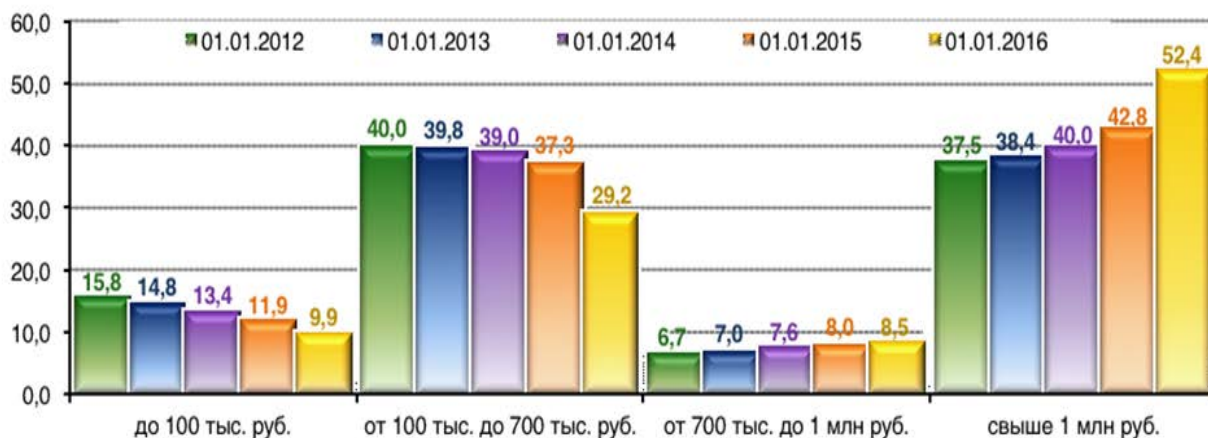


Рис. 2. Структура депозитов в зависимости от размера вкладов, %

Доля депозитов в иностранной валюте за год выросла с 26,1 до 29,4 %, при этом основной рост наблюдался в III квартале – на 3,3 п.п.

Доля 30 крупнейших по объёму вкладов банков в 2015 году увеличилась с 79,2 до 81,7 %, в том числе доля Сбербанка России выросла на 1 п.п. – с 44,9 до 45,9 %³.

Что касается средств ЦБ РФ в кредитных организациях, то они сократились в 2 раза (с 12 до 6,5 %). Таким образом, средства клиентов заменили средства ЦБ РФ.

Активы банковского сектора за 2015 год выросли на 6,9 % против 35 % в 2014 году. Это самый плохой результат за постсоветскую историю России. Сама структура активов претерпела мало изменений. Увеличилась доля ценных бумаг за счет других видов ликвидных активов. Это — следствие роста доходности по ценным бумагам, а также превращения операций РЕПО в полноценный инструмент рефинансирования [4].

В 2015 году прибыль банковского сектора составила 192 млрд рублей (в 2,5 раза меньше, чем в 2014 году и в 5 раз меньше, чем в 2013-м). Причем 300 млрд рублей заработал ПАО Сбербанк России и 108 млрд рублей составили убытки кредитных организаций. К основным причинам можно отнести:

1. Процентные ножницы (в конце 2014 года Банком России была резко повышена ставка рефинансирования, приведшая к росту процентов по вкладам, которая в 2015 году начала снижаться, а за ней стали снижаться и проценты по кредиту).

2. Резкий рост резервов, связанный с увеличением проблемных кредитов. Резервы на возможные потери по ссудам на 01.01.2016 г. составили 1 352 млрд рублей, то есть они выросли более, чем на 30 % в 2015 году, чему способствовали требования Банка России. В 2016 году ожидается прибыль российских банков в размере 400 млрд рублей⁴.

Говоря о тенденциях развития банковской системы, нельзя обойти вопрос о ключевой ставке – процентной ставке по основным операциям Банка России по регулированию ликвидности банковского сектора, которая в настоящее время составляет 11 % (то есть это ставка ЦБ РФ, по которой он предоставляет кредиты коммерческим банкам и принимает от них депозиты сроком на одну неделю).

³ Годовой отчет государственной корпорации «Агентство по страхованию вкладов» за 2015 год. URL: <https://www.asv.org.ru>.

⁴ URL: http://riarating.ru/banks_study/20151225/630005336.html.

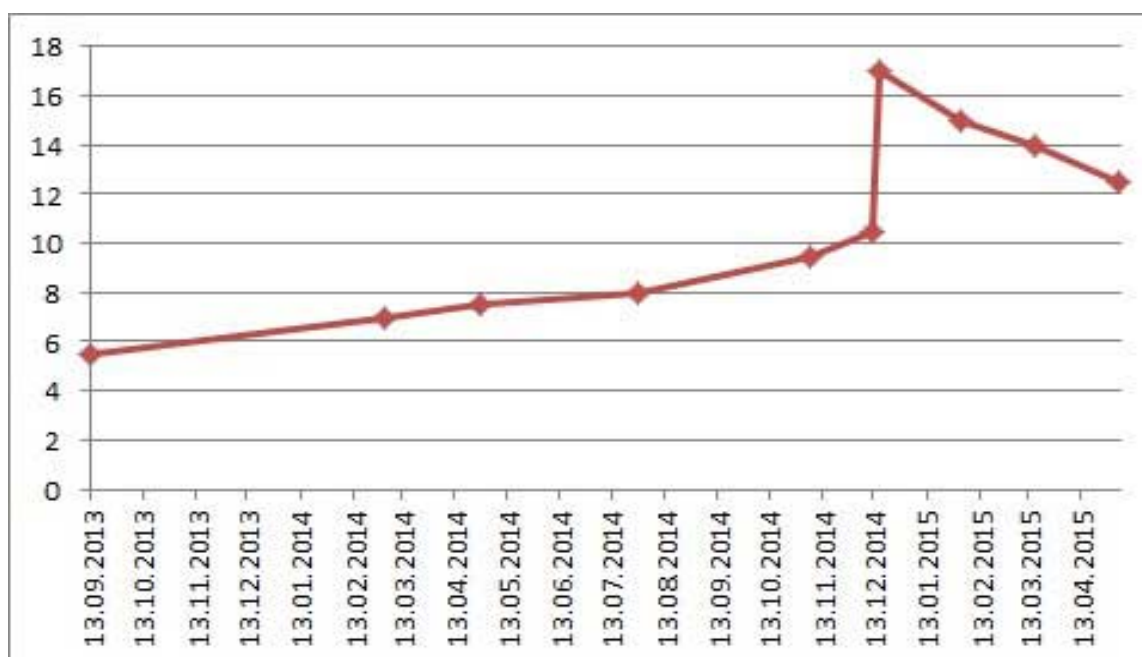


Рис. 3. Динамика ключевой ставки Центрального банка Российской Федерации за 2013–2015 годы

С 16.06.2015 по 02.08.2015 год ключевая процентная ставка составила 11,50 %, с 03.08.2015 год по сегодня – 11 %.

Средняя ставка по рублевым депозитам сейчас достаточно активно меняется вслед за снижением ключевой ставки и составляет около 10–11 % годовых⁵. Ставки по кредитам варьируются по коммерческим банкам очень широко.

Собственный капитал банковской системы РФ в 2015 года вырос на 13,6 % или более, чем на 1 трлн рублей – до 9,01 трлн рублей. Благодаря уже накопленным ресурсам, банки России не будут испытывать в 2016 году проблем с капиталом. Рост капитала был вдвое выше прироста активов. Это стало следствием докапитализации через механизм ОФЗ (то есть в виде облигаций федерального займа банки получили от Агентства по страхованию вкладов более 800 млрд рублей, что обеспечило 80 % роста собственного капитала банковской системы), а также относительно высокой прибыльности у ряда крупных банков (Сбербанка, Альфа-банка и банков с иностранным участием). По оценке экспертов, собственный капитал банков вырастет на 4–7 % по итогам 2016 года, а средний норматив достаточности капитала снизится на 1,3–1,8 процентного пункта⁶.

Рост капитала и прибыли дают возможность наращивать кредитование.

Общие объемы кредитных вложений российских банков в 2015 году выросли более, чем на 7 трлн рублей. Однако, темпы роста кредитования существенно замедлились (в 2–3 раза). Кредитный портфель отечественных банков

⁵ URL: <http://vz.ru/news/2015/8/10/760442.html>.

⁶ URL: <http://ria.ru/economy/20160218/1376642714.html#ixzz41vrPiW17>.

показывает отрицательную динамику [6, с. 3]. Прирост кредитования физических лиц и вовсе составил отрицательную величину (–5,7 %). Также заметно снизилось качество кредитных портфелей российских коммерческих банков. Рост просроченной задолженности по данным РИА Рейтинг составил с 3,8 до 5,5 %. Снижение качества кредитного портфеля объясняется во многом снижением темпов роста кредитования при относительно умеренном снижении платежной дисциплины заемщиков⁷.

Ведущие экономисты страны настоятельно рекомендуют обновить банковские модели деятельности, констатируя тот факт, что ведущее место в этой работе должно занять повышение качества управления банковскими рисками и развитие правового и нормативного обеспечения их нейтрализации [7, с. 140]. Среди мер, направленных на регулирование рисков и повышение устойчивости банковского сектора, называют увеличение размера капитала банков, улучшение его качества и обеспечение достаточного уровня покрытия капиталом принимаемых кредитными организациями рисков; совершенствование банковского регулирования и банковского надзора, направленного на повышение качества банковского капитала и активов, повышение прозрачности кредитных организаций, повышение доверия к российским рейтинговым агентствам, необходимость реального учета этических принципов в практике функционирования отечественной банковской системы [8–11].

В настоящее время российский финансовый рынок занимает 95 место из 140 возможных. В сложившейся ситуации Центральный банк РФ предлагает до 2018 года развивать финансовый рынок России по следующим десяти направлениям:

- рост финансовой грамотности населения;
- повышение доступности финансовых услуг для населения и малого и среднего бизнеса (МСБ);
- рост доверия к банковской системе: пресечение появления недобросовестных участников и практик на финансовом рынке;
- расширение долевого финансирования инвесторами публичных компаний (эта задача, привлечение АО капитала через открытые дополнительной эмиссии, ставится и ЦБ, и правительством с 1991 года с минимальными успехами);
- развитие рынка облигаций и синдицированного кредитования;
- развитие макропруденциального надзора и оценки стабильности финансовых групп;
- повышение уровня квалификации работников на финансовом рынке;
- цифровизация финансового рынка (применение новых технологий электронного взаимодействия на финансовом рынке);

⁷ URL: http://riarating.ru/banks_study/20151225/630005336.html.

- разработка и внедрение признанных международных стандартов;
- обеспечение финансовой стабильности⁸.

В 2015–2016 годах центральной идеей стратегии ЦБ в силу закрытия внешнего финансового рынка стали развитие внутреннего рынка облигаций и переориентация по крайней мере части корпоративных заемщиков с банковских кредитов на fixed assets (основные фонды) [13]. Эльвира Набиуллина и ранее констатировала эту необходимость, теперь подкрепленную санкционным режимом и потерей РФ инвестиционного рейтинга.

В целом, несмотря на все не простые процессы, проистекающие в банковской системе Российской Федерации в настоящее время, ее деятельность характеризуется непрерывностью развития, равновесием в динамике основных направлений ее деятельности, которые считаются признаками устойчивости в работе системы. Следовательно, ее работу можно характеризовать как стабильную и уверенную, нацеленную на рост показателей ее развития и преодоление вызовов, брошенных ей временем.

В настоящее время особая роль национальной банковской системы состоит в обеспечении стабильного экономического роста, в расширении возможностей предприятий по привлечению финансовых ресурсов, в сохранении и приумножении сбережений граждан. Для активного участия банковского сектора России в модернизации экономики, расширения инвестиционного кредитования необходим значительный финансовый капитал. Именно поэтому капитализация российских банков является стратегическим направлением развития отечественного банковского сектора.

Task C. Continue an essay on the topic «The Banking System of the Russian Federation: Current Situation and Future Development».

THE BANKING SYSTEM OF THE RUSSIAN FEDERATION: CURRENT SITUATION AND FUTURE DEVELOPMENT

In modern conditions of instability of financial markets and growing uncertainty in the economic sphere, the requirements for reliability of the Russian banking system increase significantly. Global tendencies that modern banking is characterized affect on the banking system of the Russian Federation. Currently they are so significant that many European experts called them as Bank revolution. Among the most important trends referred to as increasing competition from non-Bank credit institutions, deregulation, technological revolution, internationalization and globalization. The article presents the analysis of the modern banking system of Russia, investigates the dynamics

⁸ Основные направления развития и обеспечения стабильности функционирования финансового рынка Российской Федерации на период 2016–2018 годов. URL: http://www.cbr.ru/finmarkets/files/development/opr_1618.pdf.

of existing commercial banks and non-Bank credit institutions of the Russian Federation in the Federal districts in crisis and post-crisis period; shows how the key rate affects these processes; classifies problems, which are typical for the studied period and describes measures to be adopted in the Russian financial market to overcome today's challenges and to help to its further effective development. The analysis is based on statistical data of Bank of Russia and Agency on insurance of contributions.

Chapter 6. WORLD BANKING SYSTEM

Unit 11

Task A. Explain the next terms:

Terms	Definition
musaraka	
mudaraba	
mubarakha	
kard-ul-khasan	

Task B. Read the following text and answer the questions: «National requirements for internationally operating banks» (Логинов Б.Б. Международный банковский бизнес. М., 2016. С. 73–115).

Questions for answering (in writing):

1. What are the main models of national banking systems development? Specify their distinctive features.
2. What is the scheme of the US banking system? What organs are involved in the regulation of banks?
3. What is the scope of international banking activities in the United States, the EU, Switzerland, Japan and China? What indicators it is possible to make this assessment for?
4. Are there similarities in the development of the banking systems of countries in the Asia-Pacific region (compare the banking system of Japan, China, South Korea, Mongolia).
5. What is fundamentally different Islamic banking? What are the main products of banks operating under the laws of shariah?
6. Can you talk about the expansion of Islamic banks in Western countries? Explain your answer.
7. Tell us about any international Bank, based in Asian countries, please.

Task C. Make the test № 1: THE BANKING SYSTEM OF THE EUROPEAN COUNTRIES.

Task D. Make the test № 2: THE US BANKING SYSTEM: STRUCTURE, FEATURES OF DEVELOPMENT AND MODERNIZATION IN THE POST-CRISIS PERIOD.

Task E. Make the test № 3: THE BANKING SYSTEM OF GERMANY: INNOVATION IN CRISIS.

Unit 12

Task F. Check glossary of key terms or translate into English:

Terms	Definition	Correction (your answer)
LIBOR	The London Interbank Offered Rate is the average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks	
PARSER	person, amount, repayment, security, expediency, remuneration	
CAMPARI	character, ability, mean, purpose, amount, repayment, insurance	
contract bond	условная гарантия, когда платежу предшествует предъявление гаранту сертификата неисполнения обязательств	
certificate of default	сертификат неисполнения обязательств	
term deposit agreement	срочное депозитное соглашение	
checking account saving account	чековый счет сберегательный счет	

Task G. Read the following text and answer the questions: Types of services and operations of international banks. Practical aspects of interaction with them (Логинов Б.Б. Международный банковский бизнес. – М., 2016. – С. 118–134).

Questions for answering (in writing):

1. What are the most common types of transactions are there in international banking? Describe them briefly.

2. What are the risks typical of international banks?
3. What are the volumes, the geography, the specificity of international Bank loans?
4. What types of fees are paid by the borrowers, attracting credit resources from the banking syndicate?
5. What is «the operation of international banks in the Forex»?
6. Give recommendations on how to best enter into a loan agreement with a foreign Bank?

Task J. Make the test № 4: The UK banking system: modern trends in banking.

Task I. Make the test № 5: The banking systems of the Asia-Pacific region (APR) countries.

Task K. Make the test № 6: Problems of modernization of the world financial and credit system management.

Task L. Make a presentation on the topic «What is fundamentally different Islamic banking?»

PRACTICUM

Questions for self-control

1. Modern Trends in Banking.
2. The Central Bank.
3. Organizational Forms of the banking Industry.
4. Banking Business Models.
5. Specialty Banks (Community Banks).

Tests

Test № 1. THE BANKING SYSTEM OF THE EUROPEAN COUNTRIES

1

The main tasks of the General Council include the following:

- a) providing consultative functions of the ESCB;
- b) collection and processing of statistical information;
- c) preparation of quarterly and annual reports on the activities of the ECB;
- d) the development and adoption of the necessary rules for standardization of accounting and reporting operations of the national central banks;
- e) the adoption of measures relating to the payment of the authorized capital of the ECB in the part not regulated by the General Agreement EEC;
- f) development of job descriptions and rules of employment in the ECB;
- g) organizational preparation for the procedure of establishing the final fixed exchange rate of national currencies to the Euro;
- h) identifying the key elements of monetary policy of the EMU, such as interest rates, the amount of minimum reserves of the National Central banks.

2

Do the National Central banks of the member countries of the EU not included in the «Euro zone», have the rights to receive a share of the distributed profits of the ECB?

- a) yes;
- b) no.

3

The share of the National Bank in the equity of the ECB is based on the next indicators:

- a) population;
- b) GDP;
- c) the number of banks located on the territory of the given country.

4

Is the Euro the currency in some countries of Europe, which do not belong to the EU?

- a) yes;
- b) no.

5

Was the creation of the European Payments Union assumed the limitation of the sovereignty of the countries included in it?

- a) yes;
- b) no.

6

Does Norway belong to the European Union?

- a) yes;
- b) no.

7

The minting of coins and printing of Euro banknotes is carried out by:

- a) the European Central Bank;
- b) the National Central banks of the countries participating in the EU;
- c) the National Central banks that are in the «Euro zone».

8

What restriction was removed for institutional investors in the European financial markets after the introduction of the Euro?

- a) liabilities in foreign currency must be 80 % covered by the assets in the same currency;
- b) assets in foreign currency were to be no more than 25 % of its Own capital.

9

Such a monetary policy instrument of the European system of Central banks as Deposit operations:

- a) reduces the liquidity of commercial banks;
- b) increases their liquidity.

10

What are the mandatory criteria for the execution for a country wishing to enter the «Euro zone»? They are the following:

- a) the state budget deficit should not exceed 3 % of GDP;
- b) the public debt should be less than 60 % of GDP;
- c) the inflation should not exceed more than 1,5 % the average inflation rate in 3 EU countries the most successful in this respect;
- d) for at least 2 years the limit of the exchange rate fluctuation stipulated by the exchange rate mechanism should be observed, without devaluation against the currency of other member countries of the EEC (+/- 15 %);
- e) the average size of the long-term interest rates must not exceed more than 2 % of the average level of these rates in the same 3 countries.

11

What is the amount of money the National Central banks of member countries of the EU, not included in the «Euro zone», are obliged to invest as the payment of their Own capital of the ECB?

- a) 7 % of their subscribed capital;
- b) 10 % of their subscribed capital;
- c) 5 % of their subscribed capital.

12

What happened to the currency diversification in the financial markets of the Euro zone after the introduction of the Euro?

- a) it disappeared;
- b) it increased;
- c) no changes occurred.

13

To the governing bodies of the ECB are:

- a) the General Board;
- b) the Board of Governors;
- c) the General Council;
- d) the European banking Committee.

14

What was the main purpose of the European Monetary Institute?

- a) it was the preparation for the creation of the European system of Central banks
and
b) control over the activities of the ECB.

15

The main objective of the European Central Bank is:

- a) maintaining price stability;
b) storing and managing the official foreign reserves of the member countries;
c) ensuring the proper functioning of the payment and settlement systems.

16

What countries joined the European Union in 2007?

- a) Sweden, Denmark, the UK;
b) Switzerland, Belgium, the UK;
c) Bulgaria, Romania did.

17

The anti-crisis policy stage from August to September 2007 was characterized by:

- a) a lack of liquidity;
b) excess liquidity.

18

The main direction of the anti-crisis policy of the ECB was:

- a) the regulation of the banking sector liquidity level by purchasing the bonds;
b) the regulation of the banking sector liquidity level by increasing the net loan
debt.

19

From what period of time did the ECB cease to hold temporary swaps to maintain currency liquidity?

- a) from October 2007;
b) from January 31, 2009;
c) from January 31, 2010.

20

What is the size of the ECB refinancing rate currently?

- a) 3,75 %;
b) 0,5 %;

- c) 1 %;
- d) 3,25 %;
- e) 0,75 %;
- f) is expected to decrease to 0,5 %.

Test № 2. THE US BANKING SYSTEM: STRUCTURE, FEATURES OF DEVELOPMENT AND MODERNIZATION IN THE POST-CRISIS PERIOD

1

Do the national banks of the United States under the

- a) the Federal banking laws, and rules and regulations;
- b) states (or regular) banking laws, and rules and regulations;
- c) either Federal banking laws or states (or regular) rules and regulations.

2

Which of the following bodies are included in the structure of the FED?

- a) the Board of governors, 12 reserve banks, Federal open market Committee, the Comptroller of the currency;
- b) the Board of governors, 12 reserve banks, the Comptroller of the currency, the Federal Advisory Council;
- c) the Board of governors, 12 reserve banks, Federal open market Committee, the Federal Advisory Council.

3

Are the non-Bank financial intermediaries of the U.S. financial market belong to the banking system of the United States?

- a) no (not included);
- b) yes (included).

4

Which two governmental boards of the United States do regulate the activities of U.S. commercial banks iIn addition to the FED?

- a) the U.S. Congress;
- b) the Federal Deposit insurance Corporation;
- c) national Association of credit production;
- d) the Comptroller of the currency.

5

What form of ownership is the Federal Reserve Bank organized by?

- a) public property;
- b) joint-stock company of the closed type;
- c) joint stock company of open type.

6

How does the US government control the FED activity?

- a) a Government Agency annually shall audit the activities of the fed and she prescribe a requirement for execution;
- b) twice a year the fed is Congress's official report on its activities.

7

What or who does regulate the commercial banks activities on a state level?

- a) Executive power at the state level;
- b) the legislature at the state level.

8

Which of the following functions are performed by the Federal Reserve Bank?

- a) clearing checks;
- b) the issue of new banknotes;
- c) replacement of old notes;
- d) the granting of loans to commercial banks;
- e) ensure close relationships between businessmen and the Federal Reserve System;
- f) analysis of monetary policy.

9

What body carries out the operations related to the purchase and sale of government securities owned by the FED?

- a) Federal Open Market Committee;
- b) the Federal Agency for the market of foam securities.

10

What trend is observed in the last decades in the banking system of the United States?

- a) the increasing member banks number of the FED;
- b) the reducing member banks number of the FED;
- c) trends are not pronounced.

11

Which of the following organs does organize FRS functioning?

- a) the U.S. Congress;
- b) the Board of Governors;
- c) Federal Board of Directors.

12

Which banks are required to be the FED members?

- a) national banks;
- b) member banks of the fed;
- c) savings Association;
- d) the national banks and scheduled banks.

13

Are the commercial banks activity regulated at a state level?

- a) yes;
- b) no.

14

What is the amount of guaranteed payments to depositors of the failed Bank, which was insured by the Federal Deposit insurance Corporation?

- a) up to 50 thousand dollars;
- b) up to 100 thousand dollars;
- c) in to 200 thousand dollars.

15

Is the money supply reduced or increased in the country if the FED purchases the government securities?

- a) reduces the money supply;
- b) increases the money supply.

16

What the first event was undertaken by the U.S. Congress to regulate the monetary circulation in the country?

- a) established the First Bank of the United States with the right to issue bank-notes;
- b) adopted the law on the national Bank activities and created under the Ministry of Finance of the U.S. Comptroller of the currency.

Test № 3. THE UK BANKING SYSTEM: MODERN TRENDS IN BANKING

1

Is the UK banking system one of the oldest and most developed banking systems in the world?

- a) Yes, it is;
- b) It is the oldest, but not most developed banking system in the world;
- c) It belongs to the developed, but is not the oldest banking system in the world.

2

What is the name of the Central Bank in the UK?

- a) The Central Bank of the UK;
- b) The Bank of England
- c) The Bank of England, Scotland, Northern Ireland and Wales.

3

When did first inflation processes appear in the UK and why?

- a) War with France (1793–1815) demanded from England the huge costs that led to the first inflation processes in the country;
- b) In 1844 Parliament of the UK adopted the law (the Charter Act of Robert Peel), whereby the Bank of England was legislated the function of the exclusive issuer of banknotes, which led to the first inflation processes in the UK.

4

Which document currently regulates the activities of commercial banks in the UK?

- a) There are no special laws regulating the work of banks and control over them is hidden and informal. Banks in the country are regulated by the General Law on joint-stock companies. Due to the absence of antitrust legislation and strict control over bank mergers a high degree of banking capital concentration has been achieved in the UK. Large banking enterprises with an extensive network of offices around the country and abroad were formed;
- b) The law of 1979 introduced mandatory licensing of commercial banks and established the National Deposit Insurance Fund. The Banking Act of 1987 established rules of issuing large loans, bank mergers, audits, etc.;
- c) In 2003, the UK adopted the new legislation that strictly regulates the operations of commercial banks in the country, established subordination of all levels of the complex and extensive banking system of the state and abolished the previously existing formal headship of the Treasury over the Central Bank of the UK.

5

Does the Central Bank of the UK depend on the government?

- a) The Bank of England has formal independence from the government;
- b) Yes. It has to carry out all their orders.
- c) It has a dual position. The specific character of the relationship between the state, its Central Bank and private banks allows to characterize both as «the right hand in City» and as «a representative of City in the government».

6

Which banking institutions play the role of a middleman between The Bank of England and commercial banks?

- a) house account;
- b) Clearing centers;
- c) Depositary banks.

7

What is the «method of credit ceilings»?

- a) This is the limitation (quantitative restriction) of credit investments by establishing the upper limits of the loan total amount or its growth (these parameters are set for each commercial Bank individually);
- b) It is the limitation of the volume and number of loans provided to a single the customer by the Bank.

8

What are the three basic forms of government loans in the UK?

- a) Treasury bills;
- b) Government securities (known as highly reliable securities);
- c) Borrowings on the currency market;
- g) Federal loan bonds.

9

What factors determine the size of the issue?

- a) The borrowing needs of the government;
- b) The needs of the monetary circulation;
- c) The ability of the Bank of England to meet the commercial banks demand for banknotes.

10

What are the weaknesses of the UK Central Bank's work in oversight?

- a) The Supervisory authorities lack the resources to monitor an extensive network of major banks;
- b) Modern financial conglomerates include deposit-taking banks, and firms which provide transactions with securities. These firms are exposed to risks;
- c) Regulators do not always clearly understand what risks the banks are exposed to;
- d) Until recently, the regulatory bodies relied on the summation indices in their work.

11

Name the largest English Deposit banks:

- a) «Barclays Bank»;
- b) «National Westminster Bank»;
- c) «Midland Bank»;
- d) «Lloyds Bank»;
- e) «Bank of Scotland»;
- f) «Clydesdale Bank»;
- g) «Royal Bank of Scotland».

12

What are the functions of clearing banks?

- a) True banking transactions (acceptance and credit transactions, receiving and issuing loans in pounds, export financing);
- b) Providing services for entrepreneurs (consultations on company mergers, identifying most favorable financial options; consultations on stock purchase, launching the new forms on the securities market);
- c) Securities management (custody of securities, monitoring of joint-stock companies in industry and trade, investment companies, private funds). To maintain exclusivity in fund management, the largest banks do not accept the value below 100 thousand pounds in their portfolios;
- d) Credit card transactions;
- d) There is a strong universalization trend and many non-banking services: preparatory work for individual construction, providing industrial operation services, export financing, leasing computers for payroll to businesses, banks act as middlemen in life insurance and travel fields.

13

What are the functions of Financial Houses?

- a) Consumer lending;
- b) Calculation services.

14

Which services does postal service «National Giro» provide?

- a) Loans to consumers;
- b) Calculation services.

15

«National Giro» is a part of ... group:

- a) Other financial institutions;
- b) Clearing banks;
- c) British banks.

16

What is the scope of account bank activities?

- a) The formation of short-term financial tools market and market funding by borrowing on demand or borrowing at short notice from other banks or financial institutions;
- b) Borrowing from the Bank of England.

**Test № 4. THE BANKING SYSTEM OF GERMANY:
INNOVATION IN CRISIS**

1

What is the form of governance in Germany?

2

How many levels are there in the German banking system?

- a) Two;
- b) One.

3

How is the Central Bank of Germany called?

- a) Raiffeisen Bank;

- b) The Deutsche Bundesbank;
- c) The European Central Bank;
- d) The Dresdner Bank.

4

What are the governing bodies of the Bundesbank?

- a) The Board of the Central Bank
- b) The Board of Directors;
- c) The Board of the Central Banks of the lands;
- d) The Board of Founders.

5

Which banks form the second level of the German banking system?

- a) Specialized;
- b) Private;
- c) Universal;
- d) Private commercial.

6

Where is the Central Bank of Germany («Deutsche Bundesbank») situated?

- a) Berlin;
- b) Frankfurt-on-Main;
- c) Hamburg;
- d) Munich.

7

Who is the President of the Bundesbank now?

- a) Axel Weber;
- b) Christian Noyer;
- c) Guy Quaden;
- d) Jean-Claude Trichet.

8

What are the main operations of the Bundesbank?

- a) Credit transactions;
- b) Transactions with government authorities;
- c) Operations in the open market.

9

Which banks occupy a special place among the banks with special tasks?

10

What is the purpose of credit association creation in Germany?

11

What are the top three largest banks in Germany?

12

What does the competence of the German Bank Board of Directors refer to?

- a) Operations with Federal authorities and special funds;
- b) Operations with credit institutions that implement Federal tasks;
- c) International payments and transactions with non-residents;
- d) Operations in the open market.

13

Which banks make up the group of «universal banks»?

- a) Private commercial banks;
- b) Private banks;
- c) Cooperative credit institutions;
- g) Public-legal institutions.

14

What types of specialized banks refer to banking institutions?

15

Which organization is engaged in the insurance of deposits in Germany:

- a) The Deposit Insurance Fund of private banks;
- b) The Deposit Insurance Fund of savings banks;
- c) The Insurance Fund of cooperative banks.

16

Does the Deutsche Bundesbank participate in the Deposit Insurance system?

- a) Yes;
- b) No.

17

What types of deposits are not insured in Germany?

- a) The liabilities of the Bank in respect to their leaders and founders as individuals;
- b) The Bank's liabilities in respect to the members of the Supervisory Board;
- c) Bank requirements for direct relatives of the above persons.

18

What is the size of insurance compensation on deposits in Germany in case of bankruptcy?

- a) 100 thousand Euros;
- b) 700 thousand Euro;
- c) 100 % of the deposit amount.

19

What are the main anti-crisis measures carried out in Germany?

- a) The recapitalization of the private sector (Pension Fund);
- b) The acquisition of 100 % shares of the Hypo Real Estate Bank;
- c) Creation of the Fund for government guarantees with the amount of 420 billion Euros.

20

What is the size of the refinancing rate in Germany?

- a) 0,5 %;
- b) 10 %;
- c) of 3,75.

Test № 5. THE BANKING SYSTEMS OF THE ASIA-PACIFIC REGION (APR) COUNTRIES

Part 1

1

To call monetary unit of Japan:

- a) Ian;
- b) the Yuan;
- c) Won.

2

What branches of economy do commercial banks serve in Japan?

- a) automotive industry;

- b) high technology;
- c) meat and dairy products manufacturing.

3

What is the name of the Central Bank of Japan?

- a) the Bank of Japan;
- b) the Japanese people's Bank;
- c) The National Bank of Japan.

4

What is the ownership of the Japanese Bank?

- a) private (joint stock company);
- b) public;
- c) combined.

5

What are the main functions of the Bank of Japan?

- a) regulation of unemployment level in the country;
- b) cash service of the Treasury;
- C) the monopoly for banknote issue;
- g) monetary regulation of the economy;
- d) providing banking services for other banks.

6

Is the Bank of Japan controlled by the government?

- a) yes;
- b) no, it is independent of the government.

7

Does the Ministry of Finance influence the policies of the Bank of Japan?

- a) yes;
- b) no, it is independent of the government.

8

Do the management practices of the Bank of Japan provide the minimum amount of authorized capital for banks?

- a) yes;

b) no.

9

Does the Bank of Japan have such an indicator of banking liquidity as restrictions on the issuance of large loans?

a) yes;

b) no.

10

List the national banks of the Japanese banking system:

a) city banks;

b) regional banks;

c) long-term lending banks;

d) trusts;

e) regional second-tier banks;

f) regional banks of the third level;

g) specialized holding company;

h) Internet banking.

11

Which banks are the largest in terms of capital and volume of transactions?

a) city banks;

b) regional banks;

c) banks for long-term lending;

g) trusts;

d) regional second-tier banks;

e) regional banks of the third level;

g) specialized holding companies;

h) Internet banking.

12

Name the largest Japanese commercial bank:

a) Mizuho;

b) Sanwa;

c) Fuji;

d) Asahi;

f) Mitsubishi.

13

Does the Japanese government let the participation of foreign capital in the banking sector?

- a) yes;
- b) no.

14

Are there cooperative banks in Japan?

- a) yes, there are about 400;
- b) no, cooperative banks in Japan did not stick;
- c) there are cooperative banks.

15

Is there mortgage in Japan?

- a) yes;
- b) no.

16

Is there deposit insurance in Japan?

- a) yes;
- b) no.

17

Are there any acceptance credits in Japan?

- a) yes;
- b) no.

18

Is there overdraft in Japanese banking?

- a) yes;
- b) no.

19

What type of consumer lending plays the leading role in Japan?

- a) housing loans;
- b) loans of securities;
- c) the loans;

- d) education loans;
- e) «revolving» loans;
- f) medical loans.

Part 2

20

What is the monetary unit of South Korea?

- a) Ian;
- b) the Yuan;
- c) Won.

21

Name the Central Bank of South Korea?

- a) the Bank of Korea;
- b) the National Bank of Korea;
- c) the Reserve Bank of Korea.

22

Which country influenced the formation of the South Korea modern banking system?

- a) the United States;
- b) Japan;
- c) China;
- d) Russia.

23

What are the main functions of the Bank of Korea?

- a) regulation of unemployment level in the country;
- b) cash service of the Treasury;
- c) monopoly for banknote issue,
- d) monetary regulation of the economy;
- e) providing banking services to other banks;
- f) formulation and implementation of monetary policy;
- g) it is the Bank of the government.

24

Under whose influence the formation of the modern banking system of Japan began?

- a) the United States;
- b) Japan;
- c) China;
- d) Russia.

25

Does South Korea let the participation of foreign capital in the banking sector?

- a) yes;
- b) no.

26

Which category does National Federation of fishery cooperatives belong to?

- a) specialized banks;
- b) commercial banks.

27

Which banks does the National Federation of fishery cooperatives refer to?

- a) Japanese banks;
- b) Korean banks.

28

Name the currency of China:

- a) Ian;
- b) the Yuan;
- c) Won.

29

Name the Central Bank of China?

- a) Bank of China;
- b) The People's Bank of China;
- c) Reserve Bank of China.

30

Under which influence did the formation of the modern banking system of China begin?

- a) the United States;
- b) Japan;
- c) China;
- g) Russia;
- d) Korea.

31

In what countries of Asia-Pacific Region do "political" banks exist as credit institutions?

- a) Japan;
- b) China;
- c) Korea.

32

Does China let foreign capital participate in the formation of banking sector?

- a) yes;
- b) no.

**Test № 6. PROBLEMS OF MODERNIZATION
OF THE WORLD FINANCIAL AND CREDIT SYSTEM MANAGEMENT**

1

What does the Bank of England management declare as the main goal of macro-prudential regulation?

- a) providing conditions for normal functioning of financial services: payment system, credit intermediation and insurance risks;
- b) reducing the likelihood of systemic risks.

2

What are the main directions of financial system modernization?

- a) establishment of mechanisms able to increase the transparency of financial structures;
- b) changes in speculative sentiment in the procedures of arbitration;
- c) management of credit and liquidity risks.

3

When was the European Systemic Risk Board (ESRB) created?

- a) in January 2010;

- b) in February 2009;
- C) in February 2010

4

What are the main tasks of the ESRB?

- a) identification of systemic crisis basic premises;
- b) prevention of risks and working out the recommendations to correct negative situations;
- c) warning and informing the Council of Ministers on the likelihood of systemic risks.

5

What are the main forms of systemic risk?

- a) the risks of widespread imbalances that have been growing for a long time;
- b) risks of infections;
- in) framework risk;
- g) risks of macroeconomic shocks.

6

On the basis of which approaches does the ESRB conduct macro-prudential policy?

- a) identification of systemic risk sources;
- b) the level of risk monitoring;
- c) evaluation of systemic risk sources;
- d) the degree of risk assessment.

7

What are the main components of macroprudential policy in G-30?

- a) consideration of the financial system as a whole;
- b) increasing of the financial system elasticity;
- c) systemic risk limitations;
- g) determining tool types;
- d) establishment of guidelines for institutions.

8

What point of view must capital adequacy be adjusted with?

- a) clarification of the factors reflecting the growth of loans, disparity in terms of assets and liabilities;
- b) specification of factors, reflecting the decrease of credits, compliance of assets and liabilities by maturity;

c) increase capital requirements for trading balance sheet to reduce liquidity risks;

g) reduction of capital requirements to the trading balance sheet to increase the risk of liquidity.

9

What does «the net funding» ratio evaluate?

a) the product of stable long-term funding sources depending on the level of funded assets liquidity and the likelihood of finding additional liquidity sources in connection with the performance of off-balance sheet liabilities.

b) the amount of stable long-term funding sources depending on the level of funded assets liquidity and the likelihood of finding additional liquidity sources in connection with the performance of off-balance sheet liabilities;

c) the difference between stable long-term funding sources depending on the level of funded assets liquidity and the likelihood of finding additional liquidity sources in connection with the performance of off-balance sheet liabilities.

10

What are the macroeconomic risk characteristics of developing countries?

a) the risk of overflows and infections from international markets;

b) internal credit and market risks;

c) the law risks;

d) system risks;

e) risk of internal infection.

11

What are risks of overflows and infections?

a) the cessation of capital inflows;

b) the inflow of foreign exchange earnings;

c) stoppage of foreign currency inflow;

d) financial difficulties of local budgets.

12

What forms of Government intervention in macroprudential supervision of developing countries do you know?

a) measures to control capital flows;

b) intervention in the currency market and the policy of foreign exchange reserves accumulation;

c) measures directed at strengthening bank balance sheets and capital base of banks;

d) measures aimed at improving the quality of the loans intended to control lending growth and directions of loan placement.

13

What are the main measures of macro-prudential impact?

- a) reduced requirements for collateral for granted loans.
- b) setting of limits to net open positions of financial institutions;
- c) reducing requirements for lending in foreign currency;
- g) more stringent requirements for lending in foreign currency;
- d) liquidity risk management;
- e) reduction of capital requirements for banks;
- g) the regulation mismatch of assets and liabilities by maturity and currency;
- h) increase of capital requirements of banks;
- i) increase of demands on collateral for granted loans.

14

What is the minimum amount of shareholders' equity for Saudi banks?

- a) 11 %;
- b) 8 %;
- c) of 9,5 %;
- d) 16 %;
- e) 20 %.

15

What is the size of the required reserve ratio for the banks in China?

- a) 10 %;
- b) 9,5 % of
- c) 17,5 %;
- d) of 2,5 %.

16

What are the basic elements of macro-prudential supervision?

- a) the overcoming of cyclicality;
- b) increasing demands for equity;
- c) the linkages between financial institutions;

d) the international spillovers of capital.

17

What are the basic elements of micro-prudential supervision?

- a) the overcoming of cyclicality;
- b) increasing demands for private capital;
- c) accounting balance-sheet and off-balance sheet risks;
- d) improving the operations of the securitization;
- d) international spillovers of capital;
- e) maintaining liquidity.

18

What are the elements including prudential supervision?

- a) monetary policy;
- b) macroprudential supervision;
- C) microprudential supervision;
- d) a fiscal unit;
- d) market discipline;
- e) institutional structure;
- g) international cooperation.

19

What is a «channel risk»?

- a) the short liberal monetary policy creates imbalances and contributes to excessive extension risk to provide liquidity to the economy;
- b) long-term accommodative monetary policy generates reduction of disparities and contributes to excessive extension risk to provide liquidity to the economy;
- c) prolonged accommodative monetary policy creates imbalances and contributes to excessive extension risk to provide liquidity to the economy.

20

What are the main components of market discipline?

- a) transparency;
- b) factors of financial stability;
- c) market integrity interests;
- d) improving accounting standards;
- d) consumer protection.

Sample for the presentation on the topic «World banking System» banking system of Singapore



SINGAPORE

Work done by:
Bayanov Egor
MBD-13

A little about Singapore

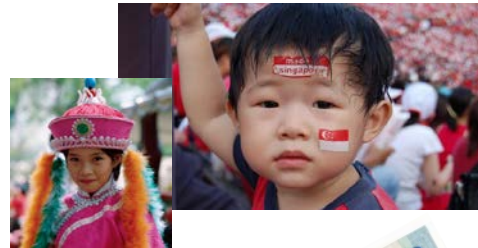
Independence date:

August 9, 1965

Official languages: English,
Mandarin, Malay and Tamil

Currency:

Singapore dollar (SGD)



Total area of
Singapore is
714,3 km²



Modernization of 1959–1990

- Fighting corruption
- Supremacy of the statute law
- Reforming the education system



"We welcomed every investor ... We just leaned over backwards to help the production to be started," – wrote Lee Kuan Yew

Four Asian Tigers

- South Korea
- Singapore
- Hong Kong
- Taiwan



Statistics

- **GDP - per capita (PPP):**

\$ 52 200 (2009)

Place in the world: 8th

- **Work force:**

3030 thousand (2009)

Place in the world:: 102nd

- **Unemployment rate:**

3% (2009)

Place in the world: 23rd

- **Budget :**

receipts: \$ 21290 mln.

expenditures: \$ 24140 mln.

- **State debt:**

113,1% of GDP (2009)

Place in the world: 8th

- **HDI = 0,895 (+7 positions)
for 2012**

19th place in the world

Industry and Agriculture



ucheba.ru - novostey.com

Industry- products:

electronics, chemicals, financial services, equipment for oil drilling, oil refining, natural rubber and rubber products, the production of food and beverages, ship repair, construction of offshore platforms, trade terminal point



Agriculture – products:

orchids, vegetables, poultry, eggs, fish, ornamental fish

Transport

Singapore port is one of the largest ports in the world (6th place in the world), and upon many indicators holds the first place



The largest airport in Singapore is the Changi International Airport.

Highways:

Total: 3356 km

Place in the world: 163

Tourism



Business in Singapore

Economists of many countries consider Singapore as an ideal place to do business. This country has an excellent financial infrastructure, political stability and the legal system of international standard.



More than 3500 leading companies in the world and more than 120 multinational corporations have their offices here

Banking system of Singapore

Singapore is a major financial center. By the number of banks, international financial institutions and representative offices, it takes the third place in the world



Monetary Authority of Singapore

The Central Bank of the country is the Monetary Authority of Singapore (MAS), which determines the monetary policy, controls the activity of banking and financial institutions and issues currency.



Commercial banks of Singapore

Three local banks which are in top-10 largest commercial banks in the world are:

1. DBS Bank
2. OCBC
3. UOB

Index	DBS	OCBC	UOB
Net profit	\$3,809m	\$3,993m	\$2,803m
Earning per share	\$1.39 +	\$0.79	\$1.72
Return of equity	11.2% +	12.5%	12.4%
Return on total assets	0.97% +	1.19%	1.18%
Dividends	56 cents	33 cents	70 cents
Average price of a share – 2012	\$13.98	\$9.00	\$17.69
Dividend yield	4.00%	3.67%	3.96%

Foreign trade

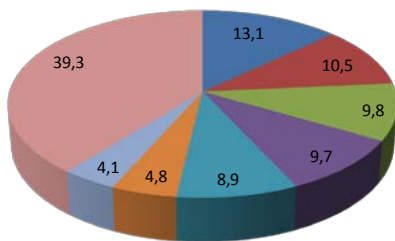
Singapore is the largest trading power in the region. The volume of foreign trade (2008) is about 455.3 billion USD.



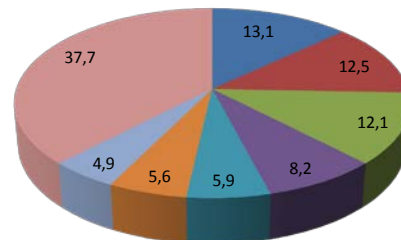
Foreign trade

Export – 235,8 billion dollars

Import – 219,5 billion dollars



- Malaysia
- Hong Kong
- Indonesia
- China
- United States
- Japan
- Thailand
- Other



- Malaysia
- USA
- China
- Japan
- Taiwan
- Indonesia
- South Korea
- Other

International organizations

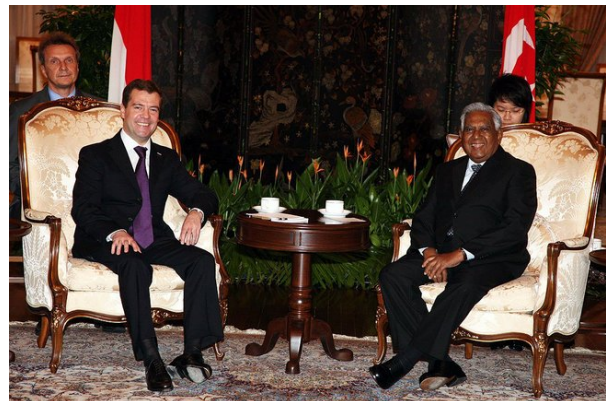
- Commonwealth of Nations
- UN
- Association of Southeast Asian Nations (ASEAN)
- Asia-Pacific Economic Cooperation (APEC)



Russia and Singapore



Diplomatic relations between Russia (USSR) and Singapore were established in 1968.



Summary

- **Strong points of the Singapore's economy are:** favorable investment climate, highly competitive environment, leading places in the rankings of economic freedom, highly educated and disciplined population, raised level of wealth.
- **Weak points of the economy are:** dependence on water supplies from Malaysia, import of almost all food and energy, lack of specialists, lack of space.
- **Smart governmental policy of Singapore** for the last three decades has led the state from the category of third -world countries to the leader of the region. The island has become a real "pearl" of Southeast Asia, a true "paradise" for typical and innovative business.



THANK YOU FOR ATTENTION!

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Учебное пособие

МЕЖДУНАРОДНЫЙ БАНКИНГ
Банки, банковское дело
и мировые банковские системы

Учебное пособие

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