ECONOMIC ESSENCE OF BANKING CRISES: FACTOR ANALYSIS

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In this article the author considers the economic preconditions of bank crises in various countries. Internal and external factors affecting financial markets are analyzed. The research objective is the improvement of management by the financial institutions in the conditions of the crisis.

Analyzing principal causes of bank inconsistency, many experts come to a conclusion that the versatile analysis of external and internal factors that affect them is necessary. We will consider the elements of this multiple factor analysis representing the greatest interest.

The experience of the countries with transitive economy shows that the scale of macroeconomic losses in Russia resulting from the banking crisis of 1998 were rather insignificant. In the countries of Eastern Europe similar losses, such as the cost of re-structuring the banking system, reach 8 - 10 % of the gross national product, and in some countries of Latin America (Argentina, Chile) they are over 40% of the GNP.

On the contrary, in 2008 gross national product decrease in Russia in the second quarter was the most significant among the eleven leading economically developed countries. As the estimates of Rosstat testify, Russian economy was reduced to 10,9 % in comparison with the similar period of the previous year. Gross national product decrease in Japan following the results of the second quarter of 2009 constituted 6,5 %, in Italy - 6 %, in Germany - 5,9%, in Great Britain - 5,6 %, in the USA - 3,9%, in France - 2,6 %. Besides, in Russia in June there was the highest annual inflation of 11,9 %. In India annual inflation constituted 9,3%, in Brazil - 4,8%, in Great Britain - 1,8%, in Italy - 0,5%, in Germany - 0,1 %.

The situation on the financial markets in 1st quarter 2009 remained stable. The decrease in the prices of financial assets, real estate and exchange goods continued. It was connected, on the one hand, with still significant potential risks in the financial sector of economy of foreign countries and the uncertainty caused by the absence of sufficient information for a convincing risk assessment. On the other hand, the ongoing recession was reflected in the economy of the leading developed countries which led to the sharp aggravation of economic conditions all over the world through the reduction of volumes of international sales, the reduction of prices on the primary goods and the reduction of the international financial streams.

The countries with a developed market economy faced the deficit of resources for bank crediting of the real sector and financing the investment activity due to private capital flow reduction. Because of it, and also because of the reduction of net earning of commercial loans in the foreign trade, reduction in the demand for export production and the deteriorations in the terms of trade such countries experienced difficulties connected with the maintenance of the stable balance of payments.

In a number of the countries, including Ukraine (in IV quarter 2008), Belarus and Kazakhstan (in I quarter 2009), there were scale updates of the exchange rate policy. And a number of other countries obtained credits of the International monetary fund for sake of monetary position stabilization and the restoration of stability of the balance of payments during the crisis period.

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