

UKRAINE'S INTEGRATION INTO THE GLOBAL FINANCIAL SPACE IN INTERNATIONAL COMPARISONS AND MACROECONOMIC DYNAMICS

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Summary. In this article theoretical and practical aspects of Ukraine's integration into the global financial market are analyzed, the basic factors determining this process in the post-crisis period and global key trends are specified.

The level of economic development of Ukraine by international rating systems and its prospects are investigated. The strategic objectives of the development of the financial market of Ukraine are determined.

Key words: *international financial space, financial globalization, emerging economies, integration, financial markets.*

Statement of the problem. With the acceleration of financial globalization, its influence on the markets of developing countries and emerging economies is substantially changing and increasing; the processes of integration into the global financial space become irreversible and are accompanied by the growing amount of restrictions of the national economic development.

The objective of the article is the generalization of the development features of financial market of Ukraine in the structure of global financial space in the conditions of strengthening the globalization, and also the formulation of strategic directions of economic policy of the country with taking into account the modern tendencies of the development of the international financial market.

Justification of scientific results. Generalization of reasons for global crisis allows to support an important conclusion: the growing interdependence of national and international markets, the liberalization of international economic relations, the accelerated increase of financial sector stipulate the necessity of the global adjusting.

Strengthening of instability of world financial markets is the natural consequence of the financial globalization. The intensity of its positive or negative influence on the national economies is determined by the level of their economic development, by the degree of integrating to the international markets, by a geopolitical role, etc. On the whole, financial globalization activates a range of essential threats: firstly, it is the origin of the global economic crises; secondly, the danger of erosion of sovereignty of the countries with not high level of development because of their debt and other financial dependence; thirdly, deepening of differentiation of levels of financial and, on the whole, economic development of the developing countries.

The use as priority external economic factors of increase, accelerated liberalization of foreign economic activity of the developing countries stipulate their attractiveness to the world financial capital, first of all, speculative one.

The countries with emerging markets and their financial subsystems, first of all, suffer from mass outflow of foreign capital during cyclic narrowing (Fig. 1).

The research of actual range of problems of modern market of capital development in countries with a growing and maximum economy allows to determine key tendencies:

1. The necessary condition of the effective monitoring of capital markets for determination of orientation of their co-operating with national economies are the issues of transparency and authenticity of financial information on the activities of its economic subjects.

2. The main reason of possible falling of markets is a lack of liquidity; however, instability can be provoked also by going off the liquidity beyond institutional limits. If institutional terms are more loyal concerning the liquidity suppliers more than the investors, market will get features of instability and frighten off business (issuers) and investors. Increase of liquidity on financial markets through attracting large participants (for example, foreign investors, pension funds) is also contradictory enough, so far as depending on their amount and economic motivation there are possible complications as to the effectiveness of market adjustment.

3. The additional necessary condition of profitable activity of capital markets is their positive reputation forming the trust of participants and their optimistic prognoses. Basic imaginary factor in this

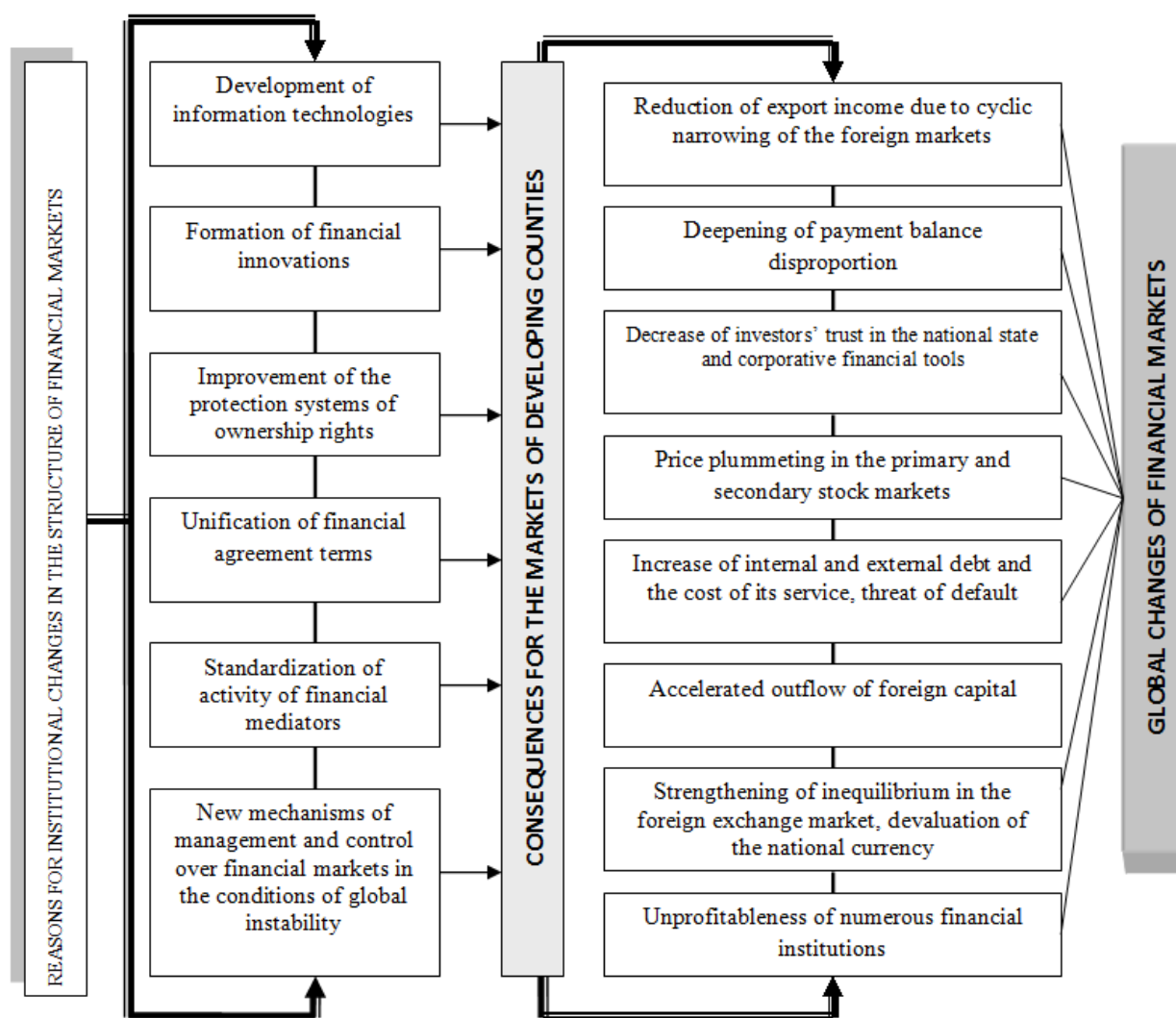


Fig. 1. The impact of global factors on the financial markets of developing countries

context is clear conforming to norms of legislation as regards to functioning of financial markets, their material and non-material infrastructure.

4. Development of capital markets takes place at georegional level that envisages development of effective intergovernmental co-operation. Rapprochement of financial markets of nearby countries with emerging markets or participants of integration units is a fully appropriate process. Mutual benefit is achieved due to the increase of financial markets potential, application of advanced technologies and exchange of experience.

5. Institutional peculiarity of capital markets of the developing countries substantially differs from practice of the developed markets. Thus, prevailing the domestic firms and privatized state objects is a norm for them.

6. Development of markets of the developed countries appropriately requires time and

accumulation of experience of both the effective functioning and adjusting. Unlike the markets of the developed countries where depending on their specificity accent in adjusting is put on relations between clients and financial mediators, in the developing countries parallel control systems of services management are widely spread. It is explained by fixing in management practice of the financial markets the informal relations when financial mediators being able to control shareholders based on majority, auditors, and other service providers are attracted. Success of their further development, obviously, will be determined by possibility to enter the approved experience of adjusting of the financial markets of the developed countries.

7. Taking into account aspiration of the developing countries to the increase of investment attractiveness, acceleration of the development of financial markets as pre-condition and result of

action of modern tendencies of the growing economy, the necessary task is the maximally possible opening of information important for investors.

Despite the ambiguous action of factors of global character, national specificity, the dynamics of financial markets of the developing countries represents the growing trend. Thus, a model one is value of fund index of MSCI Emerging Markets Index, that unites over 2,7 thousand securities from 26 countries with growing markets. During 2012 the index represented income of investments – 15 %, for the last 10 years – 232 %. For comparison, increase of index of MSCI World Index reflecting the situation in the world market on the whole amounted 11,9 % and 32 %; indexes of market of the USA of S&P 500 9,8 % and 21,5 % respectively.

The impact of globalization on the economy and financial sector of Ukraine can be traced through interstate comparisons and dynamics of country's place in the world economic rankings. Thus, in 2012–2013 Ukraine holds the following positions: as to index globalization – it takes the 47th position among 207 countries, according to the Global Competitiveness Index – 73rd among 144 positions, as to the Business WB index – Ukraine takes the 137th position among 185 participants; according to Corruption Perception Index – the 182th position among 144 countries, as to the Index of Economic Freedom Ukraine takes the last place in Europe among 179 countries – it takes the 163rd position, Ukraine is included into group of «Repressed Countries». Thus, accelerated integration into the world markets, a high level of foreign trade openness are not the pledge of rapid economic development, increasing in international competitiveness. Necessary conditions for sustainable long-term economic growth and social progress are the matters of internal economic policy, and especially of institutional character being able to stimulate factors of self-sustaining development focused on innovative use of advanced technologies, highly qualified human potential.

During the whole period of independence, USD 54,5 billion (as of 01.01.2013) was invested in Ukraine's economy. In this case, the gross external debt has reached USD 135,0 billion, that is 2,5 times more than foreign direct investment. Significantly, in

2012, for the first time during the research period the so-called «migration capital», the amount of money transferred from migrants exceeded the net balance of foreign direct investment into the country (USD 7,5 billion and 6,6 billion) which is the evidence of poor quality of the investment climate in Ukraine and non-confidence of foreign investors in the economic prospects of the country.

Conclusions. The main results of changes in the financial market of Ukraine's integration into the global economic and financial area are:

- to increase the Ukrainian financial market dependence on the global capital flows with corresponding deterioration of national security indexes and weakening of position in the geopolitical environment;
- to strengthen debt dependence of the economy on external funding sources, both in public finances and the business sector that under significant restrictions of endogenous economic growth factors leads to decrease in real living standards and prevents prospects from sustainable long-term development;
- to increase the danger of a chain reaction of financial and economic crisis spreading with further losses in the real economy and limitation of external factors activities for subsequent recovery;
- impact of international financial institutions on the implementation of domestic economic policy, including its socially vulnerable components, etc.

In view of the key trends of global development in order to enhance the level and quality of the financial market of Ukraine it should solve the following problems: to direct economic reforms as to improving the level and quality of living standards, encouraging savings and as a result, improving the capacity of financial sector development; to enhance the structural stability of the budget due to the diversification of domestic production and exports based on the criteria of innovation, competitiveness; in order to strengthen the quality of financial infrastructure one should follow successive terms of pricing on credit, foreign exchange and other risks by other financial intermediaries, distribution of information transparency of business activities.