NEW TRENDS IN BANKING DUE TO THE INTERNATIONAL FINANCIAL CRISIS

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Abstract: In this paper we proposed ourselves to analyze the international macroeconomic and financial environment that has registered major negative changes since the international financial crisis. Thus, the intensity of the economic and financial crisis has been underestimated by authorities worldwide. Financial results for 2009, reported by European banks are the mirror of a new financial hierarchy on the continent. Only now, after almost three years after the first sub prime market turmoil, those banks come to light for that the crisis was the perfect opportunity to grow. According to the National Bank of Romania Report, in Romania, the main challenges posed by the external sector refer to the worsening perception of risks, including contagion effects from the adverse regional developments, the contraction of external markets, the less readily available external financing and the replacement of global liquidity risk by solvency risk.

JEL classification: G01, G21, G32

Key words: financial crisis, banking, trends, market turmoil, negative changes .

1. INTRODUCTION

Currency exchange control policy maintained in most developed countries by the end of 1970s, resulted in a separation of international banking activities conducted internal, for the most part, the markets eurocurrencies. It should also distinguish between the international banks and multinational banks. *Multinational banks* are banks that have branches and subsidiaries implanted in several countries, transnational activity exceeding a quarter of the total activity. They differ from *international banks* engaged in transactions for customers in different countries or in different currencies, the headquarters of the country.

At the beginning of the third millennium, the banking system but in all countries are facing a paradox: on the one hand, banks should be growing, more diverse and offer a growing range of services to global competition, and on Furthermore, they must be more flexible to survive in a changing market in this regard, banking systems in developed countries have undergone a process of disintermediation - that is, a major part of financial intermediation has held by securities instead of bank loans. Both financial entities and the nonfinancial ones, as depositors and investors took key roles and have benefited from this transformation.

In order to emphasize the particularities of the multinational and international banks, we took into consideration the study made by a specialist of Bank for International Settlements (BIS). According to this study, banks have removed [1] more and more financial risks (especially credit risk) balance sheet and have transferred the securities markets, for example by converting assets into securities and using interest rate swaps and other derivative transactions in response to legal incentives such as requirements and internal impulses to improve the return on investment for shareholders. Corporations and governments have also started to rely more on national and international markets to fund its activities, therefore, investors, including managing corporate part of increasingly large global finances, trying to mitigate risks by diversifying their portfolios internationally and seek the best investment opportunities from a wider range of industries, countries and currencies. National financial markets have become more a part of the global financial system. Financial centers now offer placements and services for investors of all countries and loan applicants have access to international capital markets.

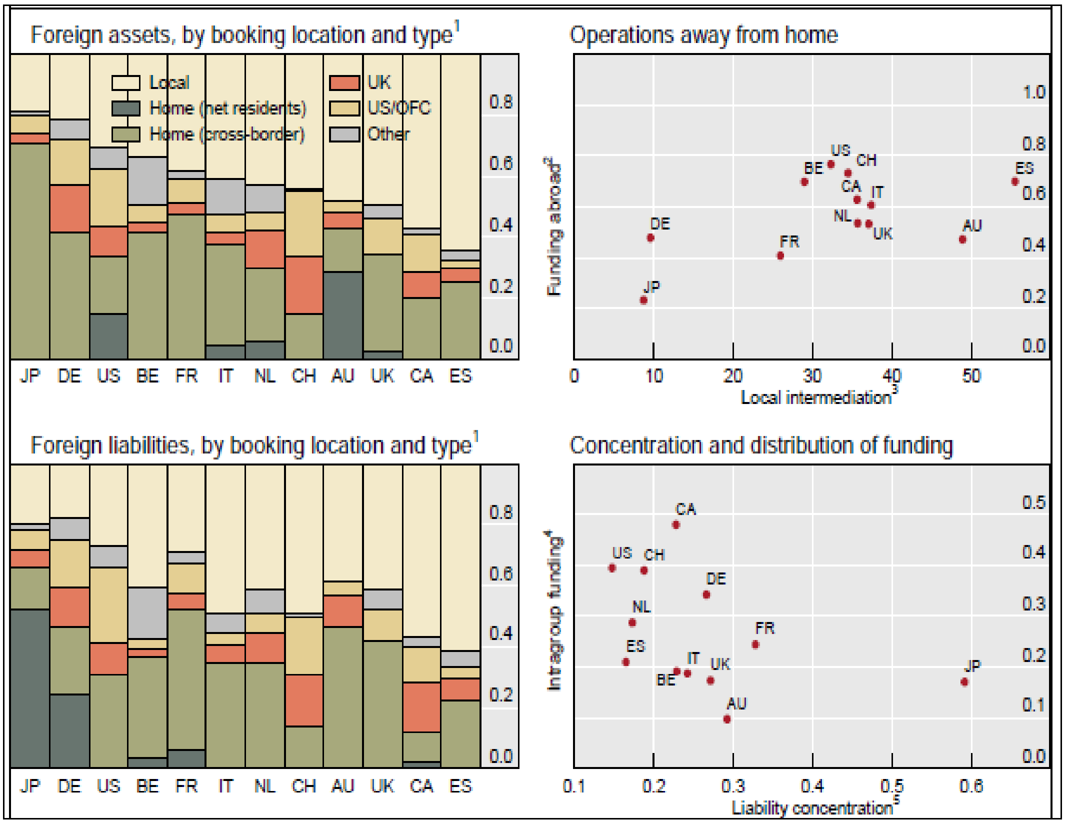
Multinational companies can access a variety of domestic and international capital markets to finance its various activities and mergers and acquisitions, while financial intermediaries can raise funds and manage risks more easily by accessing the capital accumulation of the major international financial centers. As a result, there is a tendency for banks to expand business beyond their traditional area of activity which consisted of deposits and loans, as many countries have amended legislation to allow commercial banks to engage in activity investment, asset management and even security, allowing them to diversify income sources and to reduce risks. Banks run special risks in lending abroad[2]. The term “country risk” covers the potential legal, political or economic sources of loss that are common to a jurisdiction. In particular, “transfer risk” arises when an otherwise sound borrower cannot buy the foreign currency needed for debt service. When big banks stepped up their lending to emerging market governments and firms in the 1970s, supervisors started to require systematic reporting of banks’ country exposures. Consistent with its origins as a transfer agent, the BIS compiled such statistics. Until 1999, the BIS collated only exposures to countries *outside* the group of industrial reporting countries: implicitly, debtors posed risks to creditors that needed to be aggregated in order to be managed.

Recent events have reversed this perspective. While debtor countries pose risk to the creditor, creditors can also pose a risk to the debtor of a sudden withdrawal of credit. This risk depends on the creditor’s business model. Loans may be extended in dollars or euros or in local currency. Funding may be sourced across currencies and borders, or locally. Operations may be wholesale or retail. Owing to such differences, some countries suffered a greater withdrawal of credit than others in 2008–2009. Just as bank supervisors monitor (debtor) country risk, borrowers must attend to (creditor) source risk.

[1] McCauley, R., McGuire, P., Goetz von Peter - *The architecture of global banking: from international to multinational?*, BIS Quarterly Review, March 2010, International banking and financial market developments.
[2] Cited work.

2. TRENDS IN GLOBAL BANKING

According to the BIS` specialists, despite the general trend[3], banking business models differ across banking systems. In order to highlight these differences, they characterise banking systems in two dimensions. In the first, some banking systems approximate the *multinational* model while others lie closer to the *international* model. In the second, they characterise banking systems by the degree of (de)centralisation. A *centralised* bank pools funds at major offices and redistributes them around the banking group; a *decentralised* bank lets affiliates raise funds autonomously to finance assets in each location.



Source: McCauley, R., McGuire, P., Goetz von Peter - The architecture of global banking: from international to multinational?, BIS Quarterly Review, March 2010, pp29

Figure no. 1. Multinational versus international banking

Multinational banks can stand at either end of this spectrum. By contrast, international banks by their nature tend to be more centralised. Banks headquartered in different countries have adopted a broad range of business models[4] (see Fig. 1).

When banking systems are ranked according to the share of cross-border versus local positions, the international model of Japanese banks and, to a lesser extent, German banks stands out. Japanese banks not only book 80% of foreign claims as cross-border transactions, they do so predominantly out of their home offices in Tokyo.

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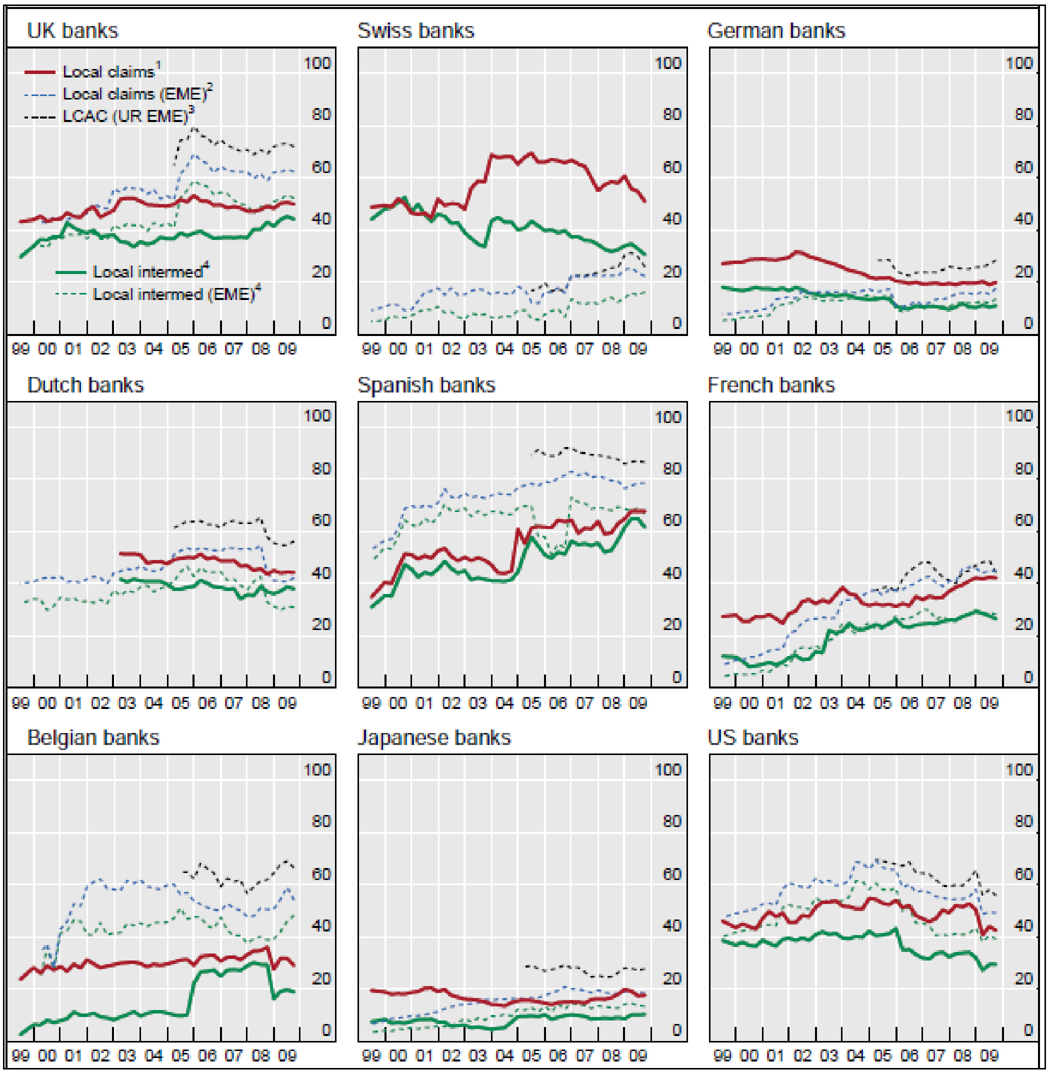
[3] Idem.
[4] Ibidem.

Two thirds of their foreign claims are also funded in Japan, in large measure through local deposits. German banks show a similar profile, though with domestic deposits used to fund claims booked in London.

At the other end of this spectrum, Spanish banks stand out with the largest share of local activity among the major banking systems. At 60% of foreign assets and liabilities (see Fig.1), their local operations are large and increasing. This trend reflects the expansion of their operations in Latin America (and in the United Kingdom) and pressure from home and host supervisors to fund that expansion locally. The share of foreign liabilities booked outside the home country also usefully distinguishes international from multinational banks. This identifies Japanese, German and French banks as more international, and US, Spanish and Swiss banks as multinational.



Source: McCauley, R., McGuire, P., Goetz von Peter - The architecture of global banking: from international to multinational?, BIS Quarterly Review, March 2010, International banking and financial market developments, pp31

Figure no. 2. Local positions as a share of foreign positions

In the second dimension, centralised banks are distinguished from decentralised multinational banks by the extent to which local assets are locally funded. We compute the minimum of local claims and local liabilities across office locations for each banking system (*local intermediation*). A high score in this dimension sets Spanish banks apart from their Swiss counterparts, which tap funds in multiple locations (global wealth management) to fund assets held in other jurisdictions. The Spanish banks are decentralized in that their foreign offices raise funds autonomously in each host country. Swiss banks are more centralized, using the home office or offices in financial centers to source liabilities and to redistribute the funds across the group; foreign affiliates thus tend to rely more on cross-border intragroup funding. Extensive intragroup funding points to an even greater centralization among Canadian and US banks. The global distribution of funding also sheds light on the degree of centralization among banks closer to the international model. A high concentration of liabilities distinguishes Japanese banks, with their reliance on home country funding, from German or French banks, with a wider spread of liabilities.

Over time, the trend from international to multinational banking is more evident in some banking systems than in others. Several banking systems have increased the extent of local intermediation abroad, including Spanish, French and UK banks (see Fig. 2). Belgian banks also show a mild uptrend from low levels of multinationalisation. For most banking systems, the tendency to extend local credit is more pronounced in emerging market countries. Therefore, the overall trend towards multinational banking in part reflects the compositional effects of rising emerging market portfolio shares and faster growth among the decentralized multinational banks, rather than a universal evolution in business models.

Therefore, to highlight the features of banking systems depending on the characteristics of international and multinational banks, we analyze the following rankings of banks in Europe but also globally.

Thus, ***at European level***, financial results for 2009, is the mirror of a new financial hierarchy on the continent. Only now, after almost three years after the first subprime market turmoil, those banks come to light for that the crisis was the perfect opportunity to grow. In a careful analysis of financial results and developments of the past three years, French bank BNP Paribas and Santander, the Spanish bank appear to be the real winners, those who only took calculated risks and that upside down so the European rankings.

French bank has such a market value twice that of rivals Deutsche Bank, Societe Generale and Credit Agricole. During the crisis, BNP Paribas has kept profitable operations. French bank reported earnings in late 2009 that reached 6.5 billion euros, with only 17% lower than that obtained in 2006, last year before the subprime blow. On these solid foundations, BNP Paribas securities have proved more resilient during the fall of stock exchange and have a more robust growth during the recovery than the average market sector represented by the Dow Jones Banks Titans Index.

This index - which reflects changes in the major 30 banks globally and from that BNP is part - fell during the crisis to a maximum of 161 points (June 2007) to a minimum of 28 points (February 2009). This means a correction of about 83%. A reduction greater than that of BNP in the same period of titles was of 77%. French bank moved better than the industry and on the wave of growth of the stock exchange. The minima of 2009 until early March of this year, BNP Paribas marked an appreciation of 174%, while the sectoral index calculated by Dow Jones had a gain of only 154%.

Furthermore, restrictions imposed by the Central Bank of Spain - so traumatized by previous financial crises - not allowed the Santander Bank to venture into speculation operations and kept it away from the toxic financial instruments. Paradoxically, but the disadvantage of competitors who were free to the whole range of speculative instruments, as profitable as it is risky, turned into an advantage to the Spanish bank. Santander has focused on traditional retail operations - which make 85% of revenues - and the geographical diversification.

Santander winning strategy is reflected in its financial results. In late 2009, Spanish bank reported profit was 9.4 billion euros, 40% higher than that reported in late 2006, before the crisis. For comparison, other large European banks have made profits last year by 8% to 357% lower than those reported before the first effects of the financial crisis.

In Santander, the evolution of profits over the three years of crisis (2007, 2008 and 2009) was accompanied by a balanced growth, but above average, of the assets. From 833 billion before the crisis, to over 1110 billion (or 1.1 trillion) euro at the end of last year, at the same time, much larger players such as Swiss bank UBS, have lost up 38% of the assets and the average growth in assets of the 20 largest European banks was about 20% (see Table 1 and Table 2).

Table no. 1. Evolution of banking assets

Position TOP 2006	BANK	Total Assets 2006 (bn. euro)
1	Deutsche Bank	1584,5
2	Barcleys	1479,5
3	UBS	1458,8
4	BNP Paribas	1440,3
5	HSBC	1409,8
6	RBS	1293,4
7	Credit Agricole	1260,5
8	IMG	1226,3
9	Societe Generale	956,8
10	Banco Santander	833,9

Position TOP 2009	BANK	Total Assets 2009 (bn. euro)
1	BNP Paribas	2057,7
2	RBS	1914,4
3	HSBC	1651,4
4	Credit Agricole	1605,4
5	Barcleys	1556,0
6	Deutsche Bank	1501,0
7	ING	1163,6
8	Lloyds	1159,2
9	Banco Santander	1110,5
10	Societe Generale	1023,7

Source: Iatagan,A., Roşoiu, L., - "The Champions of the Europe", Forbes Revue, no. 27/2010

Restrictions imposed by the Central Bank of Spain, conservative and procurement strategy was the entrance ticket of Santander among the top 13 safest banks in the world, study made by Global Finance publication in 2009. Ratings given by Fitch (AA), Standard & Poors (Aa2) and Moody's (AA) located Spanish bank in the category investment grade, ie entities with a risk of default extremely low, with the capacity to honor all obligations and which are not vulnerable to the occurrence of unforeseen events. This is the legacy that the President of Santader, Emilio Botin, leaves his daughter Ana Patricia. Of the six sons, his eldest daughter has followed most closely the footsteps of his father. Aged of 49 years old, she is now executive director of Banesto Bank, part of Santander, and she will be the one who will take the group. A move in line with the tradition of Dynasty Botin: the bank is always led by the primogeniture.

Table no. 2. Evolution of banking profits

POSITION	BANK	NET PROFIT 2009 (bn. euro)	NET PROFIT 2006 (bn. euro)	PROFITS 2009 against 2006
1	Banco Santander	9,43	6,74	40%
2	BBVA	4,60	4,97	-8%
3	BNP Paribas	6,47	7,81	-17%
4	Deutsche Bank	4,96	6,08	-18%
5	Lloyds	3,33	4,31	-23%

Source: Iatagan,A., Roşoiu, L., - "The Champions of the Europe", Forbes Revue, no. 27/2010

Regarding the ***global rankings of banks***[5], the impact on bank profits is a central element of this year. Top 1000 listing, recorded a fall in total profits from $ 780bn to $ 115bn[6]. However, as banks have written off losses, they have recourse also to the recapitalization - often with government support - so that the total Tier 1 capital increased by 9.7% to $ 4276bn. Also, assets grew by 6.8% to 96.395 billion dollars, but at a much slower rate than previous years, now clearly visible as a key contribution to the crisis.

What stands out strongly in the ranking this year is that the status quo in the banking sector remains in force. While Chinese and Spanish banks have the head table for the best profit performance, it is clear that Western institutions still dominate the upper rankings, with a greater position to strengthen crisis driven (see Table 3).

Table no. 3. Global Rankings of Banks

TOP 25 BY TOTAL ASSETS ($ M)			
Ranking	**Bank**	**Country**	**Return on Assets**
1.	Royal Bank of Scotland	UK	**3500950**
2.	Deutsche Bank	Germany	**3065307**
3.	Barclays Bank	UK	**2992682**
4.	BNP Paribas	France	**2888728**
5.	HSBC Holdings	UK	**2428033**
6.	Credit Agricole Group	France	**2239370**
7.	JP Morgan Chase & Co	US	**2175052**
8.	Mitsubishi UFJ Financial Group	Japan	**2025830**

5 Iatagan,A., Roşoiu, L. - "The Champions of the Europe", *Forbes Revue*, no. 27/2010, pp 12-14, 2010.
6 Cited work.

9.	Citigroup	US	**1938470**
10.	UBS	Switzerland	**1894423**
11.	ING Bank	Netherlands	**1853393**
12.	Bank of America Corp	US	**1817943**
13.	Societe Generale	France	**1572721**
14.	Mizuho Financial Group	Japan	**1494960**
15.	Santander Central Hispano	Spain	**1460866**
16.	Unicredit	Italy	**1455270**
17.	ICBC	China	**1427685**
18.	Wells Fargo & Co	US	**1309639**
19.	Sumitomo Mitsui Financial Group	Japan	**1229544**
20.	China Construction Bank Corporation	China	**1105471**
21.	Credit Suisse Group	Switzerland	**1100263**
22.	Agricultural Bank of China	China	**1026300**
23.	Bank of China	China	**1017718**
24.	HBOS	UK	**1005710**
25.	Dexia	Belgium	**906063**
TOP 25 BY TIER 1 CAPITAL ($ M)			
Ranking	**Bank**	**Country**	**Return on Assets**
1.	JP Morgan Chase & Co	US	**136104**
2.	Bank of America Corp	US	**120814**
3.	Citigroup	US	**118758**
4.	Royal Bank of Scotland	UK	**101818**
5.	HSBC Holdings	UK	**95336**
6.	Wells Fargo & Co	US	**86397**
7.	Mitsubishi UFJ Financial Group	Japan	**77218**
8.	ICBC	China	**74701**
9.	Credit Agricole Group	France	**71681**
10.	Santander Central Hispano	Spain	**66267**
11.	Bank of China	China	**64951**
12.	China Construction Bank Corporation	China	**63113**
13.	Goldman Sachs	US	**62637**
14.	BNP Paribas	France	**58175**
15.	Barclays Bank	UK	**54300**
16.	Mizuho Financial Group	Japan	**48752**
17.	Morgan Stanley	US	**48085**
18.	Unicredit	Italy	**47529**
19.	Sumitomo Mitsui Financial Group	Japan	**46425**
20.	ING Bank	Netherlands	**44564**
21.	Deutsche Bank	Germany	**43276**
22.	Rabobank Group	Netherlands	**42252**
23.	Societe Generale	France	**42208**
24.	Agricultural Bank of China	China	**39998**
25.	Intesa Sao Paolo	Italy	**37681**
TOP 25 BY PRE-TAX PROFIT ($ M)			
Ranking	**Bank**	**Country**	**Pre-tax profits**
1.	ICBC	China	**21260**
2.	China Construction Bank Corporation	China	**17520**
3.	Santander Central Hispano	Spain	**15825**
4.	Bank of China	China	**12620**
5.	BBVA	Spain	**9540**

6.	HSBC Holdings	UK	**9307**
7.	Barclays Bank	UK	**8859**
8.	Agricultural Bank of China	China	**7659**
9.	Unicredit	Italy	**6952**
10.	Royal Bank of Canada	Canada	**6077**
11.	Societe Generale	France	**5578**
12.	Commonwealth Bank Group	Australia	**5514**
13.	BNP Paribas	France	**5461**
14.	Dexia	Belgium	**5396**
15.	Credit Agricole Group	France	**5388**
16.	Bank of Communications	China	**5241**
17.	Mizuho Financial Group	Japan	**4956**
18.	Standard Chartered	UK	**4810**
19.	Nordea Group	Sweden	**4727**
20.	Banco Bradesco	Brazil	**4615**
21.	Westpac Banking Corporation	Australia	**4601**
22.	Bank of America Corporation	USA	**4428**
23.	Sberbank	Russia	**4422**
24.	Toronto – Dominion Bank	Canada	**4153**
25.	US Bancorp	US	**4033**

Source: Lambe, G. (2009): "Top 1000 world banks 2009", Banker Magazine, 24 June 2009.

The shocking collapse of the profit reveals the full extent of carnage in the global banking system. After four years of profit growth of 20%, 2008's figures, based on full year 2007 figures, has remained relatively flat, with a loss of 0.7%. As aggregate bank profitability (total profits before tax to total tier 1 capital) was still 20% in 2008, it was hoped that the healthy financial system could offset losses in the U.S. and Europe. In 2009, however, total return reached only 2.69%.

For the first time in history of the Top 1000, the 25 top bank[7] - which represent almost 40% of the total capital and almost 45% of its total assets - recorded a loss, which totaled $ 32.37bn (- 28.1% of Top 1000 profits). Removing lower profits reached of the Top 25 means that the top five banks fared worse. Representing 13.4% of total tier 1 capital and 12.3% of total assets, the top five banks recorded a stunning loss of $ 95.8bn (-83.3% of total profit). The biggest losses are in the United Kingdom's Royal Bank of Scotland, with $ 59.3bn (including losses attributable to minority interests), followed by U.S.'s Citigroup $ 53 billion, and Wells Fargo, which lost $ 47.7bn. The UK's HBOS produced the sixth worst losses in the world.

Therefore, at the international level, credit crisis that erupted in the U.S. in August 2007 led to the bankruptcy of some of the largest banks in the world and its effects are felt today in the European financial market. After Lehman Brothers bankruptcy, Merrill Lynch acquisition by Bank of America and the nationalization of American International Group (AIG), the U.S. government adopted the Law on economic stabilization, meant to save the U.S. financial system from collapse. Lehman Brothers banking institution established in 1980 , resisted the war of secession and the two World Wars, but in September 2008 the bank sollicited protection to the authority under the bankruptcy law, because the of the massive losses caused by mortgage crisis. After weeks of speculation, the fate of the bank was sealed, Bank of America and

[7] Idem.

British bank Barclays withdrew their takeover bids. On September 15, Lehman Brothers declared bankruptcy.

3. Trends in Romanian Banking System

With the entry of Romania into the European Union, began a new stage of evolution of the Romanian banking system. European integration is equivalent to the development of Romania to reform, taking into account the existing model of European countries.

In the race for a better market share, credit institutions in Romania continued the trend of expansion of activity in the territory, even if the end of 2008 with a much lesser extent, due to the influence of global economic crisis. Manifestation of the economic crisis began to be felt in Europe, and also in the Romanian banking system that is exposed to direct or indirect reactions of the economic crisis. From the viewpoint of the homeland of capital of credit institutions operating in Romania at end-March 2009, the novelty was the switch between the two top positions. Thus, in terms of capital contribution, Greece came in the lead, holding 30.7 percent of aggregate foreign capital reported at end-March 2009 by domestic banks, Austria came in second with 23.5 percent and third came the Netherlands with 11.9 percent.

Regarding the ***ranking of banks in Romania***, in 2010[8], we noted that the year 2009 crisis has left traces in the top spectacular first 10 Romanian banks: market share of BCR, the largest local lender, slipped below 20 %, Austrian Raiffeisen, its competitors, fell on the 7th, while BT, one of the sprinters of the years 2007-2008, rose to 8.

In a market where private credit has frozen, fall of ones meant the rise of some others: Greek Alpha Bank climbed to fourth position despite speculation about possible negative effects of the crisis in the country of origin of the parent bank and state bank CEC reached number 5, after an increase in market share by two percentage points to 6.3%. CEC assets rose by 50% on account of purchase of government securities, but also on the increase of credit balance, but the effort was reflected in the deterioration of credit portfolio, such as the share of loans classified as doubtful and loss jumped at 20%.

According to banking sources[9], most banks in top 10 remained on profit last year. The exceptions: Volksbank Austrian group controlled by the same name and having difficulties at home, and Bancpost owned by Greeks at EFG Eurobank, which was one of the toughest years in its history of 19 years.

The great surprise is the fall of Raiffeisen up to number seven, with a market share of more than 6%. Raiffeisen was the third local bank until 2008, when he was deposed by compatriots from Volksbank. In 2009, Raiffeisen balance was compressed, while Alpha Bank, CEC and UniCredit have increased substantially. Although slightly increased its market share in 2008 compared to Banca Transilvania, the largest local private lender, slipped to 8th place after in 2007 had risen to 5.

If in 2006, when it was acquired by Austria's Erste BCR has over one quarter of bank assets, in 2009 the bank's market share reached 19%. Its leading position in terms of assets is not endangered. BRD has kept the second position with 14.1% share, adjusted by 1.5 percentage points from 2008. But the French group subsidiary

[8] Voican, R. - "Top of the biggest banks in Romania", *Ziarul Financiar* of 24.02.2010.
[9] Cited work.

outrunned BCR by the net profit calculated according to Romanian accounting, reporting a gain of 792 million lei, while Austrian subsidiary was awarded, according to banking sources, only 181 million lei, down 80% compared to 2008 (see Table 4).

Table no. 4. Romanian Rankings of Banks

Nr. Crt.	Bank	2009 – total assets 78,5 billion euros	2008 – total assets 79 billion euros
1.	**BCR** – controlled by ERSTE Group	19%	20,3%
2.	**BRD** – controlled by Societe Generale	14,1%	15,6%
3.	**Volksbank** – controlled by Volksbank Group	6,6%	6,8%
4.	**Alpha Bank** – controlled by Alpha Bank Group	6,4%	5,5%
5.	**CEC Bank** – state bank	6,3%	4,3%
6.	**Unicredit Tiriac Bank** – controlled by Unicredit Group	6,1%	5,5%
7.	**Raiffeisen Bank** – controlled by Raiffesein International Group	6%	5,9%
8.	**Transilvania Bank** – controlled by BERD, Bank of Cyprus and a group of Romanian entrepreneurs	5,9%	5,4%
9.	**Bancpost** – controlled by EFG Eurobank	4,4%	4,7%
10.	**ING Bank** – controlled by ING Group	3,3%	3,5%

Source: Voican, R., (2010): "Top of the biggest banks in Romania", Ziarul Financiar of 24.02.2010.

Volksbank has remained in third place and took a loss, with minimal advance in assets against the Alpha Bank that have increased their market share at 6.4% and managed to end the year with the local accounting profit after, although at 9 months they had entered a loss. Italy's UniCredit jumped over 6% market share, but remained on the 6th, following the CEC. Instead, Bancpost, one of the first banks established after 1990, has lost market share, and go down at 9 and the loss came despite restructuring efforts. The number of employees was reduced by about 400 and of the top management team of former CEO Manuela Plapcianu nobody stayed. The Dutch of ING have kept place 10, with a 3.3% share of banking assets, given that balance sheet increased slightly compared to 2008, about 11 billion lei (2, 6 billion euro). Recently they reported a gross profit of 84 million lei (20 million euro).

In conclusion, to ensure the viability of a bank, the bank management must monitor performance both bank profitability and liquidity risk. Bank profitability and liquidity are closely interdependent, the bank's ability to create liquidity and the ability of placement depending on the market and profitability banking institution.

To limit the impact of financial crisis on the Romanian economy and hence on the banking system, we consider it necessary to create the following assumptions:

1) Constantly making prudential and administrative measures by the central bank so as to restrain the growth of the bad loans and support the loans in national currency at the expense of the foreign currency;
2) Location of minimum reserves at a high level allows gradual adjustment of liquidity in the banking system in light of changing market conditions;
3) Maintaining report claims overdue and doubtful loans / equity at a low level;
4) Maintaining the guaranteed level of deposits (per person per bank) of credit institutions up to an amount of deposits that encourage both individuals and legal persons and to avoid panic, which once installed would lead to massive withdrawal of amounts deposited in the banking system;
5) Changing the rules on the provisioning to continue the process of restructuring or rescheduling of bad loans. Keeping the current level of provisions is affecting the liquidity and profitability and bank prudential indicators;
6) An effective measure against the effects of the crisis is to reduce the monetary policy interest rates and to contribute to increased investments.

Romania needs to adjust macroeconomic policies in the new context created by the international financial crisis, so that Romanian economy vulnerability to international financial turmoil involves the need of a new mix of economic policies in line with the challenges posed by them. Such a rebalancing of macroeconomic policy package is primarily aimed at gradually reducing the current account deficit, external imbalance being the main source of economic vulnerability to restrict liquidity and deteriorating international financial market. We can thus say that a strong economy, stable and viable leads automatically to the existence of a sound and efficient banking system.

4. Conclusions

We have shown that some banking systems are international in their organization while others are multinational, and that the multinational model can be operated with a greater or lesser degree of centralization. While much work remains to be done in assessing the performance of various banking models during the crisis, it does appear that local assets proved more stable under stress. Cross-border claims and liabilities proved less stable. These findings hold even if account is taken of the series break represented by US securities firms becoming reporting banks, exchange rate changes and distortions from mergers and acquisitions, some of which resulted from the crisis itself.

On the other hand, experience of the recent financial crisis has revealed major failures in financial supervision, both in cases and in relation to the global financial system. The current supervisory structures have proven unable to prevent and manage crisis, regardless step with the reality of interconnected financial markets, where many financial institutions are internationally active.

However, globalization requires an integrated framework to create a more secure and more robust, regulatory and supervision of national financial systems and international cooperation based on multilateral efforts of the factors involved, knowing that an increasingly interdependent global economy, to work effective, it needs rules and international instruments regulating and controlling, based on a series of ethical requirements of sustainable development locally and globally.

Thus, at the international level, we considered important to highlight the following aspects:

1) large U.S. banks that have dominated the world market a long time after World War II and saw themselves overthrown by Japanese banks during the '80s, returned in force and competing banks have surpassed the Japanese ones, but not those in Britain, France and Germany, which occupies the first places in the hierarchy;
2) globally, there is a return to the forefront of Japanese banks, which are about to overcome problems faced lately, especially with regard to bad loans;
3) Chinese banks are also present in the top;
4) German banks have lost last year important places to positions held in previous years.

Regarding the banking system in Romania, we found that expansion of banking network is supported by the fact that banks in Romania have turned quickly when they found mutations in normal customer behavior and its transformation into a sophisticate customer. Also, the involvement of foreign capital in the Romanian banking system is one of the most powerful trends that will affect the activity of commercial banks in all its forms.

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