

# The role of transnational banks in the formation of the EU banking services market

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Active integration and interaction of the national banking systems of all countries of the world, including the countries of the European Union, led to the fact that they are increasingly dependent on the environment and the situation in international economic relations. As a result of these processes transnational banks have achieved such a high level of development and rapid growth, and today they are able to actively carry out huge financial and credit operations on the territory of almost all countries of the world, including the countries of the European Union.

The creation of the European Monetary Union (EMU) and the introduction of a single currency of the EU Member States radically changed the European financial and monetary system, increased the degree of dependence of the EU member states from each other, and also made it impossible to overcome currency fragmentation in Europe.

According to the UN methodology, banks with assets of at least \$2 billion and their own network of affiliates (not less than in 5 foreign countries) are considered to be transnational banks. Their activities are characterized by a high proportion of international transactions (more than 50%), geographic globalization and the universality of services.

Today European transnational banks play a very important role in the international banking system. For example, the top 10 transnational banks in the world include 3 European banks (HSBC Holdings PLC, BNP Paribas, Credit Agricole S.A.), 2 of which are French, and 1 are British.

According to SNL Financial and Accuity, among the 50 most powerful transnational banks in the world, more than the half (21 banks) are in the European Union. In particular, these banks include HSBC Holdings (UK), Credit Agricole Group (France), BNP Paribas (France), Deutsche Bank (Germany), Barclays PLC (Great Britain), Royal Bank of Scotland Group (United Kingdom), Societe Generale (France).

The single market for banking services of the European Union is based on the following principles: the principle of harmonization of banking legislation of the EU, the principle of a unified banking license, the principle of mutual recognition of national systems of prudential supervision of banking activities, the principle of state supervision of the establishment.

Mergers and acquisitions of banks, which lead to the creation of global banking monopolies, play an important role in the European banking sector. In particular, as a result of such mergers, several huge transnational banks were created, including Deutsche Bank with total assets of \$735,808 billion, BNP Paribas with total assets of \$692,713 billion, United Bank of Switzerland with total assets of \$687,316 billion and Hypo-Vereinsbank with total assets of \$541,032 billion.

In the context of regulating and supervising the EU banking system, the European system of central banks, including the European Central Bank and the EU member states, plays a leading role. The creation of a single supervisory body in the form of a European financial supervisory system is an important step towards further integration of EU member states and the creation of a European Banking Union.