FINANCIAL GLOBALIZATION: CONCEPTS AND MAIN TRENDS

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ABSTRACT: *Nowadays, financial globalization as latest stage of financial internationalization process becomes to be the most discussed subject by economic scientists. One of the main features of financial globalization is increasing the role of the financial sector, linked with the expansion of the scope and complexity of foreign economic relations. In the financial sector, market participants such as banks, financial institutions, stock exchanges, governments, central banks, borrowers, investors and other influence the most important factors of financial globalization. By interacting with each other and with members of factors may include: international capital flows, the modern theory of portfolio management, professionalism of the participants, financial innovation, liberalization and deregulation of markets, competition, the search for new more lucrative opportunities for capital investment, free movement of capital, competition for access to capital market volatility, information technology, securitization, standardization of financial products, emerging markets, demographic situation, the amount of savings. Other important assumptions and the driving force of globalization in the financial sector are: free movement of capital, competition as an economic philosophy, institutional and private capital flows, focus on more profitable opportunities for capital investment in comparison with existing search profitable alternatives use an increasing number of different financial products. In this work are presented concepts and modern trends of financial globalization.*

KEYWORDS: *financial globalization, international currency market, foreign direct investment, international capital market, international banking system, global financial center, international financial institution*

1. INTRODUCTION

Globalization expresses the extension of social activities, economic and political across borders (national, and regional), so events occurring or decisions made in a particular area of areal world come to have meaning and influence the lives of those in a another corner of the world. [7]

Increasing globalization of the world economy is a fundamental feature in the XXI century. It is characterized by emphasizing the trend of reduction and elimination of barriers between national economies and gain links between these economies.

Although it is one of the most used terms in the literature, we can't be said that there is no generally accepted definition.

For example, Arestis and Santonu present the following definition: "The term financial globalization refers to the process by which financial markets of various countries of the globe are integrated as one. Financial globalization may also be defined as a free movement of finance across national boundaries without facing any restrictions." [1]

The researcher Sharonov interprets globalization as "an objective world tendency, due to the strengthening of international political, cultural, economic, financial, informational, technical and other ties between the States at various levels." It implies a process of transformation of the world economy in the single market for goods, services, capital, labor and knowledge. In essence, globalization can be defined as a higher stage of the internationalization of economic life, its further development. (Sharonov, 2008, p. 126)

Financial globalization concept aims to create a global money market, a global financial market, some overall financial system, whose appearance and development is based on the phenomenon of deregulation of national financial markets, the emergence and development of new financial instruments and the expansion of banks and other international financial institutions.

Financial globalization requires higher volume of financial flows of capital and increases their intensity, processes whose size may be commensurate to the degree of openness of national financial markets, the level of financial gearing and the degree of financial integration.

Opening national financial markets refers to the removal of legal restrictions on international financial transactions. The level of financial gearing refers to national involvement in global financial activity can be measured by indicators such as the share of foreign financial assets markets, the involvement of foreign financial institutions in the domestic financial markets, the share of assets of domestic financial markets foreign involvement of local financial institutions on global financial markets, the national contribution to various global financial flows, etc.

Often the term globalization is substituted by the financial integration implies the existence of a convergence of prices and yields packages of similar financial assets in various national financial markets.

Positive effects of financial globalization can be treated as following:

- Stimulates the activity of various participants on the global financial markets, expanding the scale and simplifies access to foreign financial resources of financial resources, technology and management experience;
- Encourages the integration of countries through the creation of a supranational system of regulation of cross-border financial flows;
- Creates a new financial architecture in the interests of the global economy, contributes to a more effective functioning of global financial markets;
- Enlarges the role of financial information and its availability to participants in the global financial markets;
- Stimulates the concentration of capital and the creation of global transnational corporations, activating mergers and acquisitions;
- Promotes the practice of integrated global financial market information standards, ensuring transparency of governments and financial institutions;
- Strengthens the position of the international financial institutions and attracts emerging markets in the global financial market.

As negative effects of financial globalization may be considered:

- The uneven distribution of positive results of financial globalization between developed and developing countries;
- Rapid movement of huge amount of speculative capital between countries that can dramatically be a condition for instability of national economy;
- Increase the financial risk on the global financial markets;
- Leading to instability of the global financial market, contributing to financial crisis and contagion transmission.

The literature indicates the fact that in the world there is some inequality in the benefiting of the effects of globalization and assumption of its risks and negative impact. But for the correct positioning of the country from financial globalization is necessary to know the main directions of its development.

2. LITERATURE REVIEW

During the research a large list of literature on financial globalization was reviewed.

The onset of significant research in the field of financial globalization took place in the early 90s of the twentieth century, which were focused on the essence, legalities, premises occurrence, factors that influence financial globalization. In this context we note the appearance in 1991 of the work of specialists IMF Goldsbrough and Teja, wich reflect the phenomenon of globalization of financial markets of developing countries of Pasific Basin.

We also consider as fundamental the work of David Held, Anthony G. McGrew, David Goldblatt and Jonathan Perraton "Global Transformations. Politics, Economics, and Culture" (1999), which reflected the most discussed aspects of financial globalization.

It is also remarkable the researches of collaborators of IMF: M. Ayhan Kose, Eswar Prasad, Kenneth Rogoff and Shang-Jin Wei, wich results was reflected in following works:

- "Effects of Financial Globalization on Developing Countries: Some Empirical Evidence" (2003);
- "Financial Globalization: A Reappraisal" (2006);
- "Financial Globalization: Beyond the Blame Game" (2007);
- "Financial Globalization and Economic Policies" (2009).

Since the beginning of XXI century many authors have reviewed some aspects of financial globalization:

- Frederic Mishkin (2005) demonstrated financial globalization "can help encourage financial and economic development and argues that it can", but "it often leads to devastating financial crises".
- Peter B. Kenen (2007) analyzed benefits and risks of financial globalization.
- Meier (2012) and Sharipov (2012) have investigated the impact of financial globalization on monetary policy.
- Kozul-Wright (2012), McMillan and Rodrik (2011) explain the essence of paradox of financial globalization: why some countries take profits and others lose.
- Sergio L. Schmukler, Pablo Zoido, Marina Halac (2011) have shown the link between financial globalization and contagion.
- Andreeva (2011) examined financial globalization in context with the crisis of innovative financial instruments.

Efremenco and Evlahova (2007) drew some directions of global financial architecture in the financial globalization.

3. METHODOLOGY

To explain the essence of financial globalization must first to note that this is based on three pillars [11]:

- *Deregulation* is a reaction and a response to new needs manifested in conditions of globalization of banking and financial markets; various increasingly anachronistic national constraints appear, if harmonization is therefore operating conditions and competition in markets.

- *Disintermediation* consists in the ability of operators to operate direct international financial markets (direct funding) without recourse to the banking and financial intermediaries to undertake lending and placement. It is, for example, the treasurer of companies to prefer financing by issuing Eurobonds market in London than to borrow from the bank.
- *Opening markets* correspond abolishing borders between markets, which were separated; it is outward opening national markets but at the same time, within them, suppressing existing borders between compartments: the money market (short-term) capital markets (long-term) exchange market (currency exchange between them), futures markets, etc.

According to the other researchers, financial globalization has the following features (Evlahova, 2007, p. 4):

1. Financial globalization is a part of economic globalization, which is presented by interdependence strengthening of countries worldwide by volume growth of cross-border transactions, services and capital, rapid and broad diffusion of technologies.
2. Financial globalization has become the dominant form of economic globalization. It was found that the capital is one of the most mobile factors of production, which allowed rapid movement in search of profit. This process was catalyzed by the liberalization of capital movement. A role in raising capital mobility had information revolution, manifested not only by implementing a variety of media and information technology, but also in creating new channels of capital movement (Internet).
3. Financial globalization has changed the structure and composition issues affecting the global economy, advancing the forefront of transnational companies and banks, reducing the role of national states and international financial institutes emphasizing incompatibility of new tasks global economy. One of the consequences of these changes was the loss of many state regulatory instruments and reducing of effectiveness of monetary and fiscal measures. This transformation allowed affirming about the transformation of national financial systems under the influence of financial globalization.

Financial globalization generates some obvious risks:

- Providing differentiated control instruments, the States which operates large financial firms, may have great difficulty in the event of the insolvency problems of these firms;
- Other difficulties are caused by speculative attacks on currencies, escape from government controls unable to tax transactions with national currency in financial centers outside the jurisdiction of State.

The success of financial globalization was assured by accelerated development of new information and telecommunications technologies, which allowed the interconnection of financial markets through computer networks, satellites and the Internet. [27]

In the context of financial globalization can be identified four types of financial [16]:

- Integrating the public sector through sovereign borrowing, which can take two forms: the issuance of foreign currency debt, either on domestic or foreign markets, and the issuance of debt in local currency, which foreigners can buy the issuer's home market.
- Integration of the corporate sector through FDI and cross-border lending and issuing stock markets in other countries.
- Continued integration of the corporate sector, which occurs when institutional and individual investors buy and sell shares and bonds of other companies in other countries active markets.
- Banking integration through the world interbank market, which can borrow temporarily - option exercised with dire consequences for banks of some countries.

The evolution of financial globalization occurs in two ways:

- Qualitative;
- Extensive.

Qualitative mode (internal) is expressed by important institutional changes taking place, on the one hand, by withdrawing various barriers to free cross-border capital movements, and secondly, to establish cooperation between financial institutions in different countries, until the end of their merger. As a result, national financial markets are in fact interdependent parts of a single integrated global market.

On the other hand, we must consider the fact that financial globalization continues regarding the creation of a new global financial system.

Extensive mode is spread wide, which is reflected in the rapid growth of the quantitative parameters characterizing the dynamics of global trade, foreign direct investment and international financial loans.

Global economic integrity is formed, partially by instantaneously transmission of financial information on global markets and financial centers, which are linked to the most modern means of communication and works 24 hours a day, in close cooperation with each other.

Along with global financial flows, global changes of new technologies in many countries are determined the upgrading of the economy. In economically developed countries group, no doubt, there was a relative stability of exchange rates, supported by the globalization of world financial markets. Developments in these markets provide more efficient than before, placing financial resources on an international scale. The ratio between supply and demand for capital is currently at the supranational level, leading to more efficient investment. Large companies meet their financing needs not only and often not primarily domestic country. Similarly, investments are made whenever in the most advantageous to the world economy.

The globalization of world financial markets enables recycling accumulated capital companies, banks, governments, as well as the export of oil and other commodities with high demand. The funds are allocated for the global economy.

Globalization of world markets has created a lot of financial innovations, complex financial instruments, reducing currency risk, credit and securities market transactions. Global investment programs of many investors are more reliable and efficient to investment opportunities in the markets of the countries. Corporate financial management in very dynamic adapt to the new realities of the globalized world economy.

However, at the end of the last century successes euphoria caused by globalization of the world economy clearly ended and the financial sector focused on destabilizing the world economy.

Unused free financial flows move between countries, which have now been affected by the large, which demonstrated the volatility of global financial system.

Globalization has exacerbated the problem of international debt, negative influence on national monetary policy in each country.

Operational innovations and new financial instruments that reduce investment risks, oppose globalization and lack of control financial business, which seriously increases these risks.

The benefits of globalization financial markets in developed countries do not apply the entire global community. The situation on the currency markets, credit and capital in developed countries remain highly volatile. Key actors in global finance - transnational companies and transnational banks - have brought and continue to bring economic difficulties and contradictions well known in the economic life of many dozens of countries.

The globalization of world financial has brought to market liberalization by national measures of state regulation of the economy. However, the business processes are often dangerous, as obtained from any form of external regulation. It creates a paradoxical situation in all developed countries, despite the liberalization of domestic financial markets are more rigid than production and marketing, including the external one.

Meanwhile, international financial operations supranational, huge financial flows, international financial centers, not only covered, but simply often even externally controlled. Indeed, the international financial institutions to act similar to the operation of central banks, but at the supranational level.

In the banking sector there is an international system of deposit insurance, uniform requirements to minimum reserves, a bank audits unified methodology. Clearly the banking system at supranational level is, in general, or at least coordinated bank bankruptcy law. This is not a restriction on the movement of capital in the world in general, but the need to regulate the investment structure.

But the acute regulation problem of global financial markets in a globalized world economy can't be resolved by some individual countries. Appropriate measures are needed supranational appropriate process.

Meanwhile, financial globalization causes widening international financial market.

The international financial market (international capital market), in turn, comprise institutions, rules and relationships that arise in order to mobilize capital resources from holders from different countries to be placed to beneficiaries outside the country of origin thereof. Financial relations international currency is a key component of the international financial market, the overall mechanisms and tools commonly used by various financial institutions or directly by operators in order to mobilize the financial resources necessary for the development of trade and international cooperation a project or investment in another country. [15]

It has some features such as [15]:

- Reflects transfers of public and private financial resources in favor of foreign public or private entities or international organizations;
- Reflects transfers of public and private financial resources from abroad;
- Arise between two or more states or between a state and international financial institutions and organizations;
- May be of a bilateral or multilateral, depending on the number of participants involved in the development of these flows;
- Private financial flows or have private economic entity as beneficiary can be conducted with or without ensuring their coverage from the state where it is situated beneficiaries of financial transactions;
- International financial flows are usually expressed in an internationally used currency, which is usually convertible.

4. FINDINGS/DISCUSSION

The development of financial globalization to be studied in the following directions:

- The substantial increase in the average volume of transactions in the international market;
- Transformations of global foreign direct investment (FDI);
- Expanding global capital market;
- Increasing global derivatives market;
- Serving as support for financial innovations diffusion;
- Develop international banking system;
- The emergence and development of international financial centers;
- Development of international financial institutions;
- Serving as financial support for contagion from areas affected by financial crisis in those with stable situation.

Substantial increase in the average volume of transactions in the international market can be considered as a basis for conducting financial globalization, which is shown in Figure 1.

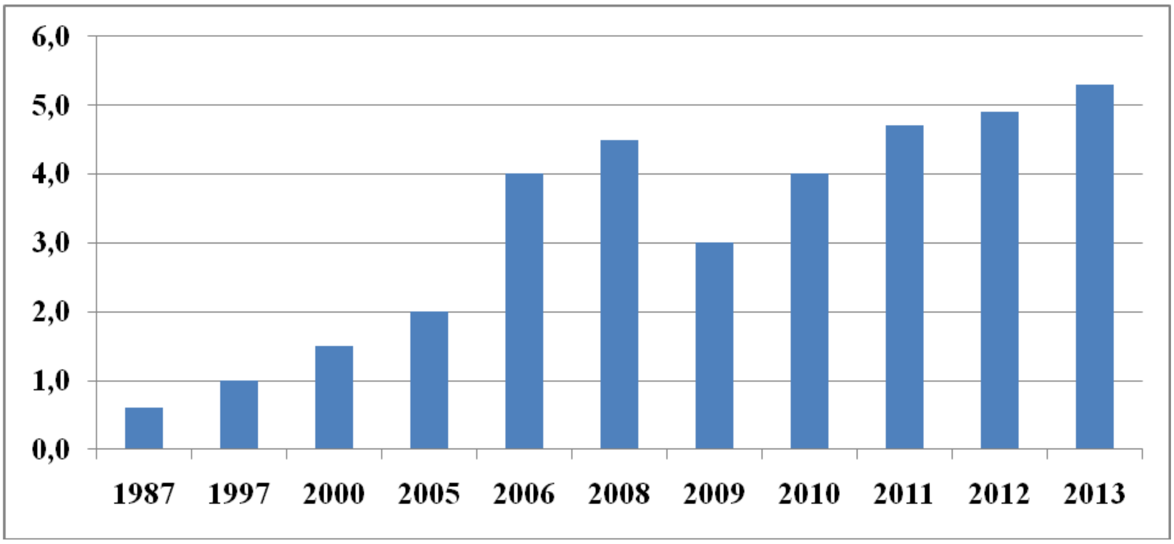

Figure 1. The average daily turnover in global foreign exchange markets dynamic, 1987-2013, (billion USD)
Sources: (*Foreign exchange market*, n.d.); (*Global FX volume*..., n.d.); (Mackenzie, 2013)

In 1987 this indicator was $ 600 billion at the end of 1992 - $1 trillion in 1997 - $1.2 trillion in 2000 - $ 1.5 trillion; in 2005 - 2006 it has fluctuated between $ 2 trillion and $4 trillion.

In 2008, the daily volume of foreign exchange transactions amounted to $4.5 trillion, but in April 2009, this amount was reduced to $3 trillion; in 2010 it increased to $4 trillion; in 2011 it reached $4.7 trillion record. In 2012 this indicator was $4.9 trillion already, and in 2013 - $5.3 trillion.

According to some forecasts, the daily volume of foreign exchange transactions will be $10 trillion in 2020.

In 2013 the international market was U.S. dollar (USD), Euro (EUR) and Japanese Yen (JPY).

Table 1 presents the overall ranking centers on the FX market.

Table 1. Daily volume of transactions in the FX market

Country	2010		2013	
	Amount (billion USD)	Share (%)	Amount (billion USD)	Share (%)
Great Britain	1854	36,8	2726	40,9
United States of America	904	17,9	1263	18,9
Singapore	266	5,3	383	5,7
Japan	312	6,2	374	5,6
Hong Kong	238	4,7	275	4,1

Source: (*Global FX volume*..., n.d.)

London remains the top position with 40.9% of the overall increase from 36.8% in 2010, followed by New York with 18.9% up from 17.9%.

The overall structure of the FX market instruments transactions in 2013 is as follows [12]:

- Foreign exchange instruments - $5345 billion;
- Spot transactions - $2046 billion;
- forward contracts - $680 billion;
- FX swaps - $2228 billion;
- Currency swap - $54 billion;
- Options and other products - $337 billion.

Global changes in FDI are related to the following trends (Zhan, 2013, p. 2-7):

➢ *The increase in global FDI.*

Figure 2 shows the dynamics of FDI flows.

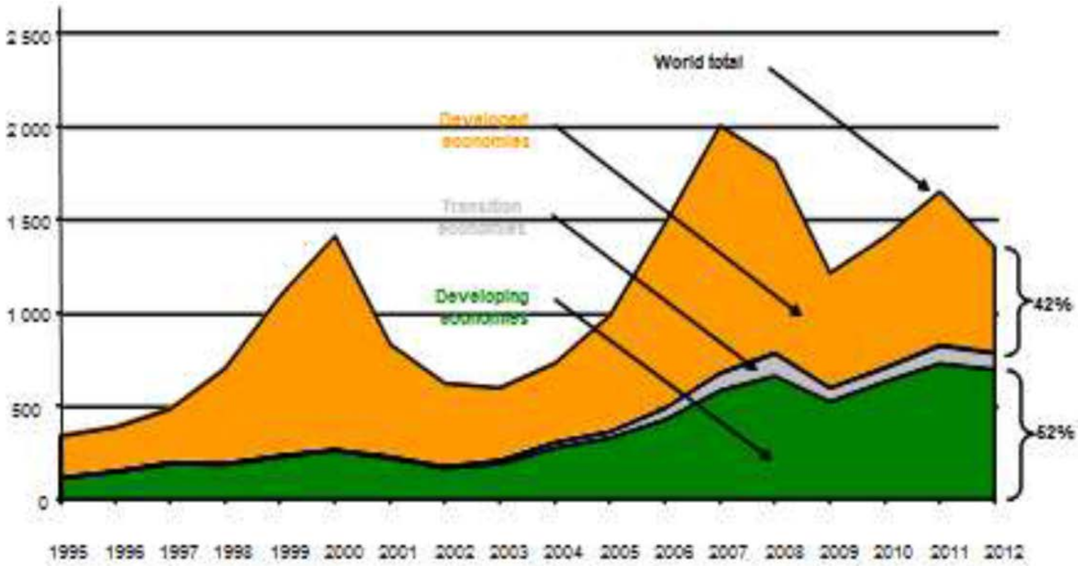

Figure 2. FDI inflows, global and by group of economies, 1995–2012 (billion USD) *Source:* (Zhan, 2013, p.4)

As shown in the figure, the general trend is to form waves with general guidance upward. (Munteanu, Vîlsan, 1995, p. 58) (Zhan, 2013, p. 2-7)

During the period 1995-2000 the annual global flow of FDI reached $ 1408.3 billion, followed a recession until 2003.

Then another wave came, which marked an increase during 2004-2007 up to a maximum of $1,833 billion, followed by a reduction to $1,220 billion in 2009.

Following wave was formed by increasing the flow of FDI in 2010-2011, FDI decreased 18% from $1650 billion in 2011 to $1,350 billion in 2012.

Global FDI flows in 2013 is forecast at $1,45 billion - at comparable average before the crisis of 2005-2007, being possible to continue uptrend with $1,600 billion in 2014 and $1,800 billion in 2015. (Zhan, 2013, p.3)

➢ *The continuous growth of the share of developing countries and countries in transition in the total FDI.*

Since 2003 began changing the structure of FDI in the sense of increasing the share of developing countries to reach 2013 rating of 52%. (*Global investment trends...*, 2014)

Estimated volume of FDI in these countries in 2013 reached $759 billion - an increase compared to the year 2012 and exceed $183 billion FDI from developed countries with $183 billion. (*Global investment trends...*, 2014)

➢ *The sharp increase in the EU's role on the international investment market.*

In 2005, of the $542 billion of FDI attracted by the developed countries, $422 billion in the EU stopped. Most active in attracting FDI and exports were: England, France and Holland.

EU countries also occupy the first three places in the world attracted FDI per capita. These are: Belgium by about $19,000, $ 16,000 and Netherlands Switzerland with $15,000 per capita.

➢ *Changing the location of FDI.*

In recent decades, changing the structure of FDI has occurred in reducing weight and increasing investments in the extractive industry that their share in manufacturing and services. The share of services increased very soon.

Thus, if, in the early 70s, the share of services in total FDI amounted to less than a quarter already in the XXI century, it amounted to over 60%. In 2005, with the highest rates increased investments in such service sectors as:

a) finance;
b) telecommunications;
c) trade in real estate.

Another manifestation of financial globalization is linked to *global capital market expansion*.

The overall value of financial assets in 2012 amounted to $ 225 billion. During the period 1990-2007 had an average annual growth rate of 7.9 percent, and during the crisis - only 1.9% (Figure 3).

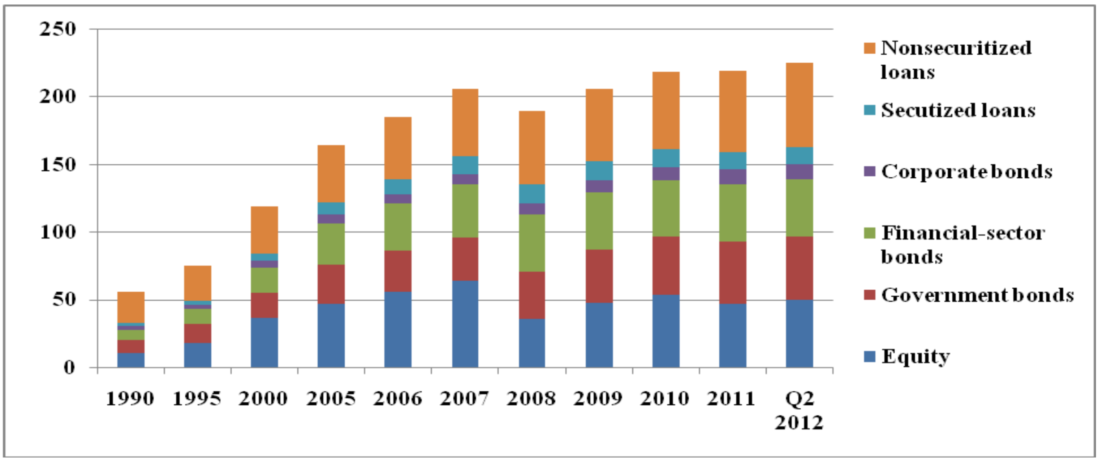

Figure 3. Structural movements of Global Capital Market (Billions of dollars)
Sursa: (Lund et al., 2013)

The most important segment of the global capital market with a volume of $62 trillion remain securitized loans (27.6 percent), followed by global market share of $50 trillion (22.2 percent), the global market bonds with $47 trillion (20.9 percent) and global corporate bond market - $42 trillion (18.7 share). [19]

Financial globalization is linked to increasing global market derivatives.

This market is estimated to amount to $1,200 billion. But the greatest risk to the global financial health.

It is complex, unregulated and should be of interest to world leaders as the total value of these instruments is 20 times the world economy.

But traders decide to continue the activity even under enormous risk taking, but regulators are not able to limit this risk because they often lack the power or knowledge to do so.

Financial globalization is inconceivable without the *development of the international banking system*.

As a result, the past three decades, the banking systems of developed capitalist countries have undergone a powerful process of change [28]:

- First, there was a strong process of internationalization of the banking systems in developed countries. Practicing an aggressive policy of implant in us the financial points of the globe, these banks consider expanding to other markets as part of their development policy.
- The second trend is the strong concentration of the banking process. Scale of operations performed, increasing funds that are requested by customers, the risk of insolvency of the debtors and the desire to increase earnings and power penetration in other markets and, consequently, occupying a dominant place in the currency and financial life led international banks emphasizing unification process in monopolies, consortia, alliances, unions or banks. Major banks and giant financial groups merge, dominating and controlling the entire business in the area.

Banking globalization has become an essential reality today, which exerts a tremendous influence not only on the economy but on the contemporary world. *Banking globalization* is the stage where banking services distribution area of the world, becoming universal. Universal banking services include harmonization of banking regulations, seconded by raising barriers to open competition in all markets, the increase in operating and implantation exchange offices abroad.

In 2013 the total assets of the 50 largest banks reached $69.6 billion, increasing by 5.5% compared to 2012. Seven Chinese banks owned 17% of the total, forming the largest national group. Contributions amounted to U.S. banks - 14% of those in the UK - 13% and those in France - 12%.

It is also *remarkable increase in the number of offshore financial centers*.

According to data from the Organization for Economic Cooperation and Development in 2013 perfected the list of those jurisdictions consists of 74 countries (territories).

Also, they are used mostly for financial engineering such as paying VAT or making imports fictitious. Recent assessments estimated that the crisis, 70% of global transactions are made through offshore system. [26]

In 2012 Tax Justice Network estimated that "between USD $21 trillion and $32 trillion is sheltered from taxes in unreported tax havens worldwide. If such wealth earns 3% annually and such capital gains were taxed at 30%, it would generate between $190 billion and $280 billion in tax revenues". It has also been established that "60 large US companies found that they deposited $166 billion in offshore accounts during 2012, sheltering over 40% of their profits from U.S. taxes". [31]

In the context approach is remarkable creation and development of global financial centers.

A global financial center is a city with a large number of major international banks, companies, and stock exchanges. An international financial center is a non-specific term typically used to describe a major participant in the international financial market trading. A global financial center usually has at least international stock exchange. [8]

At present the top global financial centers consists of the following cities: London, New York City, Tokyo, Hong Kong, Frankfurt, Singapore, Chicago, Shanghai, Sydney, Toronto. [8]

According to research of Michael Snyder (2012), "the global elite are holding a total of 18 trillion dollars in offshore banks." He estimated that 80 percent of all international banking transactions take place through these offshore banks.

The process of financial globalization is supported by the strengthening of the international financial market segments. An obvious example is creating NASDAQ OMX stock exchange group, NYSE Euronext, CEE Stock Exchange Group and London Stock Exchange Group. But most remarkable is NASDAQ OMX Group, Inc.., Which is actually the largest stock exchange in the world, offering different trade financial assets of 3,700 companies listed on six continents. NASDAQ OMX technological solutions are more than 70 stock exchanges, clearing organizations and central storage paints securities in over 50 countries. (*NASDAQ OMX*, n.d.)

Financial globalization, to some extent, is determined by the activity of international financial institutions. For example, today discusses the work of the IMF and World Bank's reorganization possibility. Also, there is the increasing role of the World Bank Group, Bank for International Settlements, the International Securities Market Association, World Federation of Exchanges, The International Association of Insurance Supervisors etc.

A key feature of the modern financial globalization is undoubtedly a high rate of financial innovation that are its driving force. Innovation, on the one hand, manifests itself in many aspects of financial globalization, and on the other - acts as a source of further deepening of this process. (*Динамика финансовых инноваций* …, n.d.)

In today's economy process infrastructure developments in global financial markets are exacerbated by globalization, increasing competition between exchanges and the development of innovative trading systems. Revolutionary changes in systems and communications enabled through synchronization combine trading stock markets operating in a certain time of day and on different continents of the globe into a single global stock market that operates around the clock.

Traditional infrastructure and globalized finance helped the building of foundations for the further advancement of international financial integration. However, the other side of the integration process has been the emergence of new risks associated with international financial activities. Increasing the number of risks and expand their boundaries due to the globalization of finance, which, however, may be useful for enhancing international transfer of savings. These relationships can serve not only to spread the risk, but also to stimulate enhanced diversification of assets and liabilities. (*Динамика финансовых инноваций* …, n.d.)

As the causes of the global economic crisis, a number of authors also considered risky financial innovations such as credit default swaps on mortgage lending and securitization. Default swaps are used as hedging mechanism of credit risk. Insuring in a similar way (selling risk), banks began to reduce the level of responsibility to their depositors - the actual creditors of banking operations. There was a problem "moral hazard" as a kind of postcontract opportunism. (Andreeva, 2011, p. 295)

Many specialists are disposed to consider financial globalization as one of main factors of financial crisis trigger. [6]

For example, Lane (2012) deducted: "the rapid id growth in cross-border financial trade in the decade before the crisis contributed to the excessive growth in credit markets that was at the centre of the initial phase of the crisis. Moreover, financial globalization fuelled the asymmetries in credit growth and external positions across countries that have played a critical role in determining the cross-country incidence and propagation of the crisis. Once the crisis occurred, financial globalization provided a buffer against the crisis for some countries, whereas it amplified the crisis for others. By and large, the structure of the international balance sheets of emerging economies provided valuable insulation against the crisis."

Moreover, in his opinion "the global crisis has powerfully demonstrated that international financial integration amplifies the costs of policy and regulatory failures, both in terms of crisis prevention and crisis management."

In some works financial globalization is presented with financial contagion. Authors Schmukler, Zoido and Halac affirm: "Globalization can lead to crises in countries with sound fundamentals, due to imperfections in financial markets or external factors. Moreover, open economies are exposed to contagion via different channels such as real links, financial links, and herding behavior. Still, in the long run, the net effect s of financial globalization are likely to be positive. The main challenge for policymakers is thus to manage the process as to take advantage of the opportunities, while minimizing the risks." [29]

5. CONCLUSION/IMPLICATIONS

Financial globalization is a process which is an integral part of the overall process of globalization, aimed at creating a single financial market and flowing through increased international movement of financial capital.

Financial globalization is a form of general process of globalization and has many aspects, therefore economic literature contain different definitions of this notion, provided from various sources.

To resume above related, we can affirm that financial globalization is a complex process with many aspects and developing tendencies. It can have a lot of positive and negative effects.

It deserves special attention to avoid its negative manifestations, especially to reduce the vulnerability national economy from the negative effects in the financial sector, and to use its useful properties.

Financial globalization raises the acute problem of regulation of world financial markets. The globalization of the world economy cannot be solved by individual countries. It needs supranational measures adequate to the scale of the process.

Financial globalization should be considered an objective process. In the near future, financial globalization is no real alternative. Financial globalization can change its shape, implementation mechanisms and manifestations, but it will remain a permanent part of the world economic processes.

This fact should be taken into account in developing and promoting domestic policies of states. In particular, it is monetary and exchange rate policies.

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