

SUMMARY

The global financial crisis of 2007–2009 has revealed gaps and deficiencies in global financial architecture. Addressing these gaps has been the main priority of group G20. After 2008 global leaders and international agencies presented a comprehensive international regulatory reform and new rules in order to strengthen the security of the global banking system. Some of them has already been introduced other will be introduced in the coming years.

Seven years after outbreak of crisis the world of global finance differs in many respects from that before the crisis. The reforms in some areas of regulatory and supervision of banking system has achieved a significant progress, among the new regulations there are particularly important these ones which deal with the strengthening the capital and liquidity of banks, solutions for the problem of large financial institutions...

Still it is not clear whether global financial reforms will cover important sources of the crisis, or rather only its symptoms. Some believe that the post-crisis reforms are insufficient and so far actions that have been taken are quite modest, and a lot of important issues still have not been solved. In the future banks will be affected by numerous challenges: creation of the effective banking supervision on local, regional and international level, transformation of the shadow banking system and lowering the risk lever caused by shadow banking institutions, reduction of the systemic risk created by large financial institutions and farther development of the monitoring methods of systemic risk, creation of a good model of banks' financial stability – both on micro and macro levels, crisis prevention through effective mechanisms for international cooperation and coordination.

The market still faces the challenge of creating a good model to measure financial stability of banks, such as to avoid the repetition of the absence of information about the liquidity and solvency of financial institutions, and their mutual capital connections and common risk exposure.

Because of globalized finance and cross-border operations of financial institutions the global rules and standards are required as well as international coordination and control which identify risk factors and use appropriate mechanisms to counteract them. It needs the transparency of the financial system institutions, adoption of both local and global prudential regulations

in all countries, to establish an efficient mechanism to prevent the crisis and methods to overcome it when it occurs. Good international financial architecture should be based on the widely accepted principles and requires strong foundations on which the new system of supervision and regulation, international cooperation, crisis management, as well as the solvency of the problem of the bankruptcy of large, systemically important financial institutions. Nowadays, almost no one accepts the situation that the cost of banks collapse will be covered by taxpayers.

Further reforms are needed. Financial system reforms should be more ambitious and apply the fundamental principles of the functioning of financial markets. The process of restoring the financial markets to their proper role in the economy to support economic growth will be probably long and complicated.

A new global financial architecture is under construction, and its shape depends on further reform and regulation, functioning of international organizations and institutions responsible for stabilizing the financial markets and the behavior of all financial market participants are aware of the existing risks.