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## **Financial Conglomerates: Peculiarities of their Activity in the Domestic and World Financial Markets**

Effective organization of the financial market is a necessary condition for steady growth of domestic economy. Today the economic processes related to the functioning of the financial market are characterized by the increase in financial integration and by the emergence of new types of financial intermediaries known as financial conglomerates. Integration mechanisms along with financial intermediaries are inherent not only to the countries with the highly developed financial market, but also to the ones where the financial market is developing. The arrival of international capital to the Ukrainian banking and insurance sector has intensified the processes of financial integration and financial convergence, therefore, the research of financial conglomerates activity in the domestic and world financial markets seems to be urgent.

According to the European legislation financial conglomerate is defined as a group of financial intermediaries which includes two of three financial intermediaries - bank, insurance company or investment company [1, p.15].

Many economists infer that in the 21st century financial conglomerates seem to be the most effective players in the global market. The research shows that their amount has considerably increased over the past five years with the largest number observed in the UK (11), France (10), Netherlands (9), Germany (8) and Italy (7). Correspondingly this change has led to some increase in their concentration [2].

According to the 2016 rating of the largest companies of the world - "Global 500" the largest net income from rendering services among the financial intermediaries was made by the following financial conglomerates: "Allianz" (the 42nd place), Banco Santander (71st place) and "Axa" (the 149th place) with revenues of \$7522,37 million, \$7032,65 million and \$124333 million respectively [3,4]. In our view, the companies will continue this level of strong performance, meaning another year of strong revenue growth in 2017.

The banking market of Ukraine is represented by five financial groups from the Netherlands, France, Italy, UK and Sweden: «ING», «Credit Agricole», «Intesa Sanpaolo», «SEB», and «BNP Paribas». Our research proves that at least 7 Ukrainian companies (JSC «Alliance Ukraine», MetLife, Inc., CJSC «IC «AXA»», CJSC «IC «Grave Ukraine»», JSC «IC «UNIKA»», CJSC «IC «AEGON Life Ukraine»», JSC «IC «UNIKA Life»») can be a part of the international financial conglomerates - Allianz, AIG, AXA, BNP Paribas, GRAWE, RZB-UNIQA and Aegon. The 2015 analysis of the international financial conglomerates dynamics of assets in the

insurance market of Ukraine provides strong evidence that the greatest absolute value of assets among seven insurance companies is owned by MetLife, Inc. (1623242 thousand UAH). Moreover, we traced the activity of some banks that are part of the international financial conglomerates in the banking market of Ukraine, namely JSC "CJSC "SEB Corporate Bank"" (SEB AB), CJSC "ING Bank Ukraine" (ING), CJSC "Credit Agricole Bank" (CréditAgricole), JSCB "Pravex-Bank" (Intesa San Paolo) and JSC "UkrSibbank"(BNP Paribas).

As total assets of international financial conglomerates are up to 50583 times bigger than the NBU's official reserve assets and 12872 times bigger than the ones of the banking system of Ukraine, it can be asserted that effectiveness of the regulator's activity in critical situations seem to be rather doubtful [5, 6, p.17]. This fact testifies to very big influence of the international financial conglomerates on the Ukrainian banking market.

To summarise, financial conglomerate is a highly integrated and convergent financial intermediary. The activity of the international financial conglomerates in the financial market of Ukraine has led to the essential dependence of its banking sector from financial conglomerates. Their influence on the insurance market of Ukraine is less critical.

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