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Dissertation Summary

Impact of foreign banks on the course of the global financial crisis in selected EU host countries

Foreign banks played an important role in building the market economy in former socialist countries. They provided not only capital but also the knowledge and skills needed to use that capital effectively. However, with the global financial crisis initiated in Europe by the collapse of an American investment bank Lehman Brothers, concerns were raised about the impact of foreign banks on the economies of their host countries. Foreign banks began to be seen as gates through which a global crisis could hit the domestic economy. Due to these fears, political decisions were taken to so-called "domestication" foreign banks by buying them out by domestic entities, which were also very often controlled by the state.

However, the thesis of the threat posed by foreign banks is not clearly confirmed by the research conducted so far on their impact on the economies of host countries. Researchers obtain different results depending on the region studied, the links between economies, the stage of economic development of the host country, and many other variables. The aim of this study was to examine whether there was a clear impact of foreign banks on host economies in the European Union during the global financial crisis, as well as in the years preceding and following it, in order to capture the full spectrum of foreign bank impacts as possible.

For this purpose, the first chapter provides an extensive analysis of the research conducted to date on the impact of foreign banks on host economies. Interviews were also conducted with people who had an influence on the functioning of foreign banks in Poland during the global financial crisis, which in this case was to serve only as an example of a host country functioning in the European Union. This research was aimed at presenting the fullest possible context and conditions in which foreign banks operated in the EU.

In the second chapter, the main subject of research was the process of crisis phenomena in various European Union countries, analysed in the context of foreign capital involvement in the banking sectors of these countries. Particular attention was paid to countries where the crisis had a very strong impact on the economy and countries where the global financial crisis had a very mild process. At this stage of the work, the coexistence of resilience to the crisis phenomena of 2008-2011 with a high share of foreign capital in the banking sector was noticeable.

In the following parts of the study, tools of statistical inference were used to diagnose differences between domestic and foreign banks in terms of their credit, prudential, dividend, and efficiency policies. A comparison was also made between public aid granted to both types of banks and the co-occurrence of the size of foreign capital share in the banking sector with selected variables representing the strength of the course of crisis phenomena. All these studies have been carried out for the pre-crisis and post-crisis years in order to show the full impact of foreign banks on the economies of the host countries and to check whether these banks contributed to a stronger or weaker process of the crisis before it, and whether they contributed to a faster extinction of crisis phenomena or rather their continuation after the crisis.

The obtained research results indicate the predominance of the positive impact of foreign capital in the banking sector on the economy of host countries and allow the formulation of a recommendation to stop the process of further buying out foreign banks by domestic public capital. A higher share of foreign capital in the banking sector co-occurred with, among others, faster GDP growth, higher efficiency of the sector, and lower state aid to it.

Keywords: bank, foreign bank, foreign capital, host country, crisis, global financial crisis, European Union, credit, state aid