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Vulnerability in Eurasia Banking Systems

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‘Local’ Banks in Eurasia

- ‘Western’ Banks
 - Aggressive market entry strategies, counting on parent company ability to raise finance
- ‘Eastern’ Banks
 - Natural presence in ‘home’ markets
- Domestic Banks
 - State ownership
 - Treasuries for large businesses



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Vulnerability Factors – ‘Western’ Banks

- Cool-off after aggressive expansions – provisions for NPA
- Consolidated supervision – government assistance programs
- Capitalization problems - Parent financial support?



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Vulnerability Factors – ‘Eastern’ Banks

- Parent financial support?
- Political factors?
- Repeat the bad lessons from ‘western’ banks?



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Vulnerability Factors – Domestic Banks

- Retail deposits – run on banks
- Problems with associated businesses
- Directed lending – government intervention