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**GLOBAL FINANCIAL CRISIS AS A SYMPTOM OF THE MARKET
ECONOMY TURBULENCES IN THE 21ST CENTURY**

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Research methodology. The transition of world economy into the financial turbulence phase is established basing on the cause and effect analysis of 2007–2009 financial crises. The causes and consequences of the financial crisis were considered in historical perspective. The following data were analyzed: share of high risk subprime mortgage loans in the overall credit volume of the American economy and the home ownership rate in the years 1997–2007; securitization market including its instruments in the years 2000–2009; dynamics of credit, deposit and other interest rates in USA; financial market and stock exchange indexes. The macroeconomic factors and indicators were considered as well (GDP, state debt, money aggregates, etc.)

Results. A brief analysis of global financial crises is provided pertaining to one of the most intriguing phenomena affecting the market economy, being destructive by nature at the same time. It is determined that crises have been inextricably linked with the market economy since its very beginnings, ultimately becoming an intrinsic part of the mechanism of its cyclical development.

It is shown that the processes of globalisation, along with the latest, high-end phase involving information technologies, constitute potential grounds for crisis-like phenomena to intensify in a dimension previously not experienced, characterised by general systemic nature, transgressing borders of countries and integration groupings. The mega-crisis of the years 2007–2009 revealed serious shortcomings of the international economy functioning as a global economic system, including structural, regulatory and, last but not least, coordinating deficiencies of global scale in particular. Numerous other drawbacks became apparent as well, just to mention the imperfect risk management in banks and financial agencies as well as uncontrolled growth of complex financial instruments, which led to a very profound, global breakdown of the financial system.

Novelty. Specific character of a new kind of cyclical dynamics of global economy is established and main reason for crisis-like phenomena are determined. The experiences of the 2007–2009 financial crises triggered a global discourse on the necessity of introducing

changes to the global architecture of the financial market and supranational supervisory regulations as well as altering the way of thinking about risk, financial engineering instruments and stability of the entire financial system in its global dimension.

Practical value. It is proved that global financial crisis requires the interventions of governments, monetary and supervisory authorities. The probability of collapse for banking and financial systems of numerous countries was assessed, which can become the tool for predicting financial situation in national economies.

Keywords: bank and currency crisis, world financial crisis, mortgage loan, credit risk, derivative financial instrument, unconventional central banks operations, liquidity.

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