**Soundness of the G20’s banking sectors: strong sides and threats**

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**Abstract**

This research is aimed at the analysis of the Financial Soundness Indicators of the G20 banking sectors, their comparison and interpretation in order to identify the strengths and weaknesses. The results show that the risk of financial soundness increases for the developing countries where capital adequacy and return on equity indicators decreased and the quality of loans was lower. Therefore, a forecast of the possible impact of the countercyclical capital buffer on capital adequacy in the Russian banking sector for the medium term was made. It was revealed that until 2020 there will be no grounds for activation the countercyclical capital buffer, but taking into account other allowances, the regulatory capital requirements will reach the actual level achieved, especially for the largest banks.

The results of this research could be taken into account by supervision authorities when taking stabilisation decisions, by analysts when assessing the position of the banking sectors in the global financial system, by bank managers with the aim at strategic planning of the business.

*Key words*: banking sector; G20; BRICS; financial stability; FSIs; capital; buffers of capital; assets; liquidity; earnings; Basel III.

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