Due to its new and complex information, the book „Banking and international trade finance”, written by Claudia Gabriela Baicu, provides the reference instruments in the field of international banking. Without minimizing the importance of other topics on international banking, the book deals mainly: the risks of banking internationalisation, supervision of international banking, international payments and guarantees, international trade finance and euromarket specific operations.

Since the latest issue of the book, the financial and banking world has undergone significant changes that culminated with the global financial crisis. This new background requires the rethinking of some concepts and practices, regulations and strategies at national or international level, aspects taken into account by the author in elaborating the second issue. In this respect, the chapters on improved regulation and supervision of international banking, new payment techniques in the context of implementing the electronic payment system, new approaches in guarantees field, are eloquent.

The book is structured on two parts. The first part (including Chapter I) presents basic notions and concepts conveyed in contemporary banking theory and practice, such as: banking internationalisation strategies, the typology of international banking operations, development stages in international banking, the causes of banking internationalisation, international financial centres, stability of the international banking system and supervision of international banking.

The main ways banking gets an international character are: performing operations with non-residents, performing currency operations and setting establishments abroad. Each internationalisation vector has its own features, advantages and risks. An important issue related to international banking is the increased vulnerability of the international banking system. This translates in the fact that the banking crisis affecting a country may impact upon the entire international banking system.

In order to prevent international banking crises, in early 1970s, cooperation in the international banking supervision is initiated through the establishment of the Basel Committee on Banking Supervision. The main objectives of the Committee are the elaboration of general principles on supervision the foreign banking establishments and setting minimum capital requirements for international banks.

The global financial crisis has determined the regulators worldwide to reconsider the current financial and banking regulatory framework in order to align to the trends on the international financial markets.

The second part of the book has a more pragmatic character; Chapters II and III may be grouped as international banking operations.
International banks deal with a wide range of operations, such as international payments and guarantees, trade finance, foreign exchange operations, syndicated loans, performing operations on the eurocurrency market, investment projects finance and providing consulting.

Starting from the idea that the international banking development has been determined by the expansion of international trade and the increasing number of multinational companies, on the one hand, and by the development and liberalization of international capital flows, on the other, the aforementioned operations are grouped having in view these two dimensions.

Chapter II addresses the international banking traditional component – payments and finance operations in international trade. In order to support their customers, banks have developed departments such as: international payments and guarantees, international trade finance, foreign exchange operations, banking correspondent, stimulating the transactions initiated by the customers. Also, the chapter addresses the main payment methods used in international trade: open payment account, documentary collection and documentary letter of credit.

The international trade development and the importers and exporters finance needs have led to the rapid development, improvement and permanent diversification of international trade finance. International trade finance raises a number of issues both on the complexity of operations and the interest of the authorities of various countries to promote the exports on foreign markets. Besides the traditional forms of international trade finance, the issues in practice have led to alternative, unconventional finance forms, among which forfeiting and factoring are increasingly used.

Due to the emergence and development of eurocurrency markets, international banking experiences a significant growth, both quantitatively and qualitatively. At the end of the 1950s, political, economic or monetary factors contributed to the development of eurodollar market. Subsequently, this process expanded to other currency. The eurocurrency market experiences a permanent segmentation process resulting in innovative financial techniques and instruments. Starting from these considerations, Chapter III outlines the main operations and the banks’ role on the eurocurrency market.

From a methodical perspective, the paper includes both theoretical elements (definitions, concepts, features, development stages) and practical ones (the operations, the parties involved, costs, advantages/disadvantages etc.). In some cases, in order to facilitate understanding of the concepts presented, some examples and statistics are provided.

Having in view that we can only understand and advance the study of international banking after getting acquainted with the previous development stages, the book emphasizes the phenomena, processes and events from a historical perspective. Given the permanent changes in international banking, the book includes few data; however the existing ones cover certain trends or phenomena.

The author referred to a number of documents issued by international financial organizations and central banks and to several reference papers and books in the field, in order to describe as accurately as possible the current banking operations.
In an ever-changing world, international banking is an extremely complex field governed by interdependence, volatility and uncertainly, development and innovation, permanent modifications, a field which holds the attention of all stakeholders, from ordinary market participants, to central banks or national, regional and international supervision authorities.

Mariana Negruş, Professor Ph.D. Spiru Haret University