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STRATEGIC DIRECTIONS OF NON-BANK FINANCIAL INSTITUTES

FUNCTIONING IMPROVEMENT IN UKRAINE

The beginning of the XXI century marked a notable increase in the role of non-bank financial institutions in the financial services markets, including Ukraine. The process of formation of non-bank financial intermediaries in Ukraine followed the historical experience of developed countries, largely through direct application of existing approaches and methods. Mutual investment institutes, pension funds, insurance companies and other financial institutions have attracted more and more financial resources and participated in securities market operations more actively, becoming increasingly important. The intensive development of non-bank financial institutions and their achievement of a certain degree of maturity in most developed countries created the prerequisites for the growth of the economic and financial role of these institutions as representatives of the financial interests of general population.

The role of non-bank financial intermediaries on the financial services market is to reconcile supply and demand of financial resources, conduct transaction brokerage and settlement, diversify financial assets, hedge risks, ensure a variety of financial services and financial instruments, increase returns on capital accelerating their turnover and mobility, reduce the cost of conducting of financial transactions.

The current state of development of non-bank financial institutions is characterized by their diversity with simultaneous low productivity in the system of economic reproduction; imperfect legislation, weak supervisory and regulatory functions on behalf of the state; systematic failure to fulfill its duties. There are some bankruptcies

and massive conflicts over the deception of customers and, consequently, the loss of confidence on their part; dependence on the state and trends of the stock market development, which is unstable, insufficiently liquid, undercapitalized, non-transparent [1, p. 17].

At the same time, a significant problem in the development of non-bank financial institutions in Ukraine is the lack of funds from financial intermediaries. Currently, they are not capable of long-term investment due to the lack of sources of long-term resources. We believe that the following steps are needed to address this issue:

1) mobilization of financial resources in the country can be provided at the expense of internal sources: through attraction of long-term resources of insurance companies, pension funds and other financial intermediaries; emission of debt securities under a state guarantee or surety; intensification of the involvement of general public and enterprises savings;

2) strengthening the interaction between financial intermediaries, including credit unions, credit organizations and other institutions that carry out certain types of banking operations. In this case, the forms of interaction between financial intermediaries can be proposed in the directions of cash management services and mutual expansion of the client base; expansion of crediting; provision of additional services (deposits, insurance, leasing, etc.);

3) the development of securitization mechanism that increases the opportunities for the interaction between non-bank financial intermediaries in the mortgage, credit, leasing and other markets, ensuring the expansion of long-term investment channels;

4) reduction of regulatory restrictions on the placement of reserves of insurance companies and non-state pension funds in bank instruments, in units of mortgage mutual funds will help to encourage large-scale involvement of long-term resources into the investment process;

5) the development of a transmission mechanism that divides short-term and long-term resources, will improve the system of multi-level refinancing.

Therefore, in order to adapt the world experience of state regulation of activities of non-bank financial institutions to the conditions of Ukraine and to develop a favorable environment for the functioning of domestic financial intermediaries, proposals have been developed in the following directions:

1) for insurance companies: improvement of existing reporting forms that will ensure the inflow of data necessary for the effective implementation of prudential supervision; increase the level of capitalization of domestic insurers by increasing the share of foreign investment; accelerating the further integration of the insurance market and other segments of the national economy into the EU [2, p. 40].

It should be noted that for insurance companies, at present, the strategy to reduce state pressure is optimal. Despite a slight decrease in overall profitability, this will increase the level of gross payments. Insurers will be able to increase the confidence of policyholders due to the greater coverage of insurance costs, which is especially relevant in Ukraine at the moment. Full implementation of assumed insurance companies' obligations in a crisis situation is a major impetus for the further development of the insurance market. Thus, despite lowering the profitability and reduction of state regulation of the insurance market, the main goal at the moment is to increase customer confidence by increasing the level of payments;

2) for non-state pension funds: providing NPF with the opportunity to invest accumulated retirement reserves independently; assisting pensioners in choosing a non-state pension fund through the creation of independent financial bureaus. For NPF, in the conditions of modern development of the non-bank financial services market in Ukraine, the strategy of reducing the level of state regulation is optimal. Thus, the minimum state interference in the activities of these financial intermediaries will ensure both increase in the return on investment of assets and the level of payment of contributions. This strategy of state regulation in the conditions of the initial stage of the development of non-state pension provision in Ukraine is logical, since the state should first of all stimulate this process in the absence of objects for control;

3) for credit unions: introducing amendments to the Law of Ukraine "On Credit Unions", in particular in relation to the creation of a self-regulatory organization, regarding specifically the determination of its precise powers; organization of technical and economic modernization of the system of credit unions; establishing of the Deposit Guarantee Fund for credit union depositors, Stabilization Fund for maintenance of liquidity and financial rehabilitation of institutions. In order to reduce the level of liabilities on loans granted by credit unions, the level of government regulation should increase, which will raise the profitability of these financial intermediaries. This is due to the significant underdevelopment of this segment of the non-bank financial services market in Ukraine and its significant deformation under the influence of destructive factors of the financial crisis.

Therefore, for non-bank financial institutions in general, the level of government regulation should be reduced. Increasing their significance for the Ukrainian economy and overcoming its low capitalization certainly can not be carried out without state regulation, but the intervention of state regulators should aim on creation of favorable conditions for the functioning of financial intermediaries but not strict control over their activities. The above actions will affect the increase of the profitability of non-bank financial intermediaries and the weight of the market in the structure of the Ukrainian economy as a whole.

Reference

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