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PECULIARITIES OF FINANCIAL INTERMEDIATION IN UKRAINE

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The emergence of financial intermediation in history was the result of the evolution of the process of distribution of functions in the field of financial services. Over time, this process became an important and independent branch of the economy. Modern financial intermediaries, forming the structure of the financial market, play a key role in ensuring effective interaction between those who have temporarily free funds and those who need them. They also help to significantly reduce the cost of financial transactions for businesses, as well as effectively spread and reduce risks among different investors. In addition, they help to increase the return on loan capital and improve portfolio asset management capabilities. Financial intermediaries are considered as financial institutions that specialize in collecting temporarily available funds from various market participants in order to provide financial services and meet the financial needs of participants in financial transactions, the main motive of which is to make a profit. The activity of financial intermediaries is important for the optimal functioning of the money market and, ultimately, for the development of a market economy. The main goal of their economic activity is to create the most favorable conditions for the successful functioning of the main participants of the money market. This means that financial intermediaries are directed to the outside world, to the real economy, in order to increase the efficiency of the subjects of this economy.

Key words: financial intermediation; profit; money market; economic activity; assets.

The emergence of financial intermediation in history was the result of the evolution of the process of division of functions in the financial services sector. Over time, this process has become an important and independent sector of the economy. Modern financial intermediaries, by shaping the structure of the financial market, play a key role in ensuring effective interaction between those who have temporarily available funds and those who need them. They also help significantly reduce the cost of financial transactions for businesses, as well as to effectively distribute and mitigate risks among different investors. In addition, they help to increase the profitability of borrowed capital and enhance portfolio asset management capabilities.

Scholar O. O. Polietaiev studies the nature and purpose of financial intermediation in the context of the money market. His analysis systemizes the scientific views of domestic scientists and economists on the concept of “financial intermediation”. The scientist provides a definition for this category and develops a model of the structural organization of the financial sector of Ukraine. The study also covers the

peculiarities of the functioning of banks and insurance companies as the leading participants in financial intermediation in the Ukrainian monetary market.

V. V. Kornieiev defines financial intermediaries as specialized professionals in the financial market specializing in the provision and sale of financial services, which act as a unique product and operate in specific and defined segments [1, p. 237].

Financial intermediaries are considered as financial institutions that specialize in collecting temporarily available funds from various market participants in order to provide financial services and meet the financial needs of participants in financial transactions, with profit being their primary motive.

The activities of financial intermediaries are essential for the optimal functioning of the money market and, ultimately, for the development of a market economy. The main goal of their economic activity is to create the most favourable conditions for the successful functioning of the main money market participants. This means that financial intermediaries are aimed at the outside world, at the real economy, in order to increase the efficiency of the subjects of this economy [2, p. 47].

Taking into account the multifaceted classification of financial intermediaries and their activities in different market segments, it is important to find out what roles and functions they perform. Summarizing the opinions of leading economists, both theorists and practitioners, the following key functions of financial intermediaries can be identified:

1. Transformation of savings: they help to transform accumulated savings into available capital for investment.

2. Ensuring capital redistribution: financial intermediaries facilitate the redistribution of capital through the provision of financial services, which allows for capital mobility.

3. Balancing supply and demand: they help to create economic conditions in the money market by balancing supply and demand.

4. Diversification of interest rates and risks: financial intermediaries help to diversify interest rates and risks for investors and borrowers.

5. Creating a favourable environment for the development of financial infrastructure: they contribute to the development of financial market infrastructure by creating the necessary conditions for efficient operation.

6. Increasing the return on assets: by professionally selecting investment targets, accumulating, monitoring and controlling borrowers' activities, financial intermediaries help to increase the return on assets of the underlying organizations.

In modern developed countries, there are three main models of structural organization of the financial sector in which financial intermediaries operate:

1. Market model: in this model, there is a balance in the development of both banking and non-banking financial institutions.

2. Banking model: banking institutions have a dominant position and play a key role in the financial sector.

3. Mixed model: in this model, both groups of financial institutions, i.e. banks and non-bank financial institutions, coexist.

The main financial intermediaries in Ukraine's financial sector include insurance companies, leasing companies, pawnshops, factoring companies, credit institutions and private pension funds. According to the State Register of Financial Institutions, there are 382 insurance companies with assets of UAH 70.2 billion, 477 pawnshops with assets of UAH 1.7 billion, 267 leasing companies that have entered into financial leasing agreements for a total amount of up to UAH 58, 3 billion UAH, 415 financial companies with assets of 51.2 billion UAH, and 264 financial companies that have the right to provide financial leasing services with the value of concluded contracts amounting to 23.5 billion UAH [3].

It should be noted that the greater emphasis on banking compared to non-bank financial intermediation is not only due to the higher level of trust in banking institutions and their ability to provide a variety of financial services. The main factor is the absence of a full-fledged regulatory framework for

non-bank financial intermediaries. They are restricted in the economic mechanism of their activities, their assets make up a small percentage of gross domestic product (GDP), and there are problems with insufficient protection of clients' interests [4, p. 157].

The effective development of financial intermediation is based on several key principles: transparency, competition, integrity and centralization. The adoption of the "split" law will help ensure transparency, reliability and outstanding efficiency of the non-banking financial sector.

The Law of Ukraine "On Amendments to Certain Legislative Acts on Improving the Functions of State Regulation of Financial Services Markets" provides for a reform known as the "split". This reform envisages the liquidation of the National Commission for Regulation of Financial Services Markets and the division of responsibility for financial market regulation between the National Bank and the National Securities and Stock Market Commission. Specifically, the NBU will be empowered to regulate insurance companies, leasing companies, financial companies, credit unions, pawnshops, and credit bureaus, while the National Securities and Stock Market Commission will be responsible for regulating non-state pension funds and construction financing funds [5].

The implementation of the split reform enhances the NBU's ability to fulfil its task of maintaining financial stability. This reform completes the logical development of the financial sector reform, not limited to banks, and sets requirements for transparency, reliability and efficiency for the non-banking financial sector as well.

This Law will provide an opportunity to implement a balanced and systematic approach for the effective development of the non-banking financial sector. It will facilitate the transition from a sectoral model of regulation to a more efficient integrated model and create an opportunity for the integrated development of functions related to the regulation of market behaviour and consumer protection in the financial market. The Split Law will help to create a financial system that meets international standards [5].

The revision of the regulatory approach to financial intermediation enhances the NBU's ability to ensure financial stability more fully and effectively.

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ОСОБЛИВОСТІ ФІНАНСОВОГО ПОСЕРЕДНИЦТВА В УКРАЇНІ

Виникнення фінансового посередництва в історії стало результатом еволюції процесу розподілу функцій у сфері фінансових послуг. З часом цей процес став важливою і самостійною галуззю економіки. Сучасні фінансові посередники, формуючи структуру фінансового ринку, відіграють ключову роль у забезпеченні ефективної взаємодії між тими, хто має тимчасово вільні кошти, і тими, хто їх потребує. Вони також допомагають значно знизити вартість фінансових операцій для бізнесу, а також ефективно зменшити ризики та розподілити їх між різними інвесторами. Крім того, вони допомагають підвищити прибутковість позикового капіталу та покращити можливості управління портфельними активами. Фінансових посередників розглядають як фінансові установи, які спеціалізуються на збиранні тимчасово доступних коштів від різних учасників ринку з метою надання фінансових послуг і задоволення фінансових потреб учасників фінансових операцій, головним мотивом яких є отримання прибутку. Діяльність фінансових посередників має важливе значення для оптимального функціонування грошового ринку і, зрештою, для розвитку ринкової економіки. Головною метою їхньої господарської діяльності є створення максимально сприятливих умов для успішного функціонування основних учасників грошового ринку. Це означає, що фінансові посередники спрямовані на зовнішній світ, на реальну економіку, щоб підвищити ефективність суб'єктів цієї економіки.

Ключові слова: фінансове посередництво; прибуток; грошовий ринок; економічна діяльність; активи.