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INTRODUCTION

The relevance of the chosen theme is strongly important for improvement of quality in providing financial services, such as financial leasing and ensuring trust among clients and foreign investors in financial activity. It is necessary due to uncertainty information about the situation prevailing in the leasing companies. Moreover, it prevents the possibility of uncertainty associated with crisis and it ensures and maintains the conditions for a successful economy growth. For state regulation of leasing activity at the present stage is characterized by a combination of various tools and instruments of state regulation with the advantage of economic methods. Most of the efforts in financial regulation of the activity of leasing companies are aimed at increasing the level of transparency in their functioning. It plays an extremely important role within the financial services industry, where a wide selection of people and businesses alike are fundamentally connected together. With the arrival of social media, where consumers can rate and review literally any service, including the strict regulations imposed by governing bodies, it is essential for these financial service providers to not only operate within the letter of the law, but also remain transparent in their actions.

No one can ignore the importance of transparency in financial reporting, because people make big decisions regarding the investments based on financial reporting. Investors want more transparent information about the financial data of the company. In fact, it is the quality of report, which helps investors in making certain investment decision. The irony is that some companies prepare financial reports, which are the tools for giving insight to the investor, in such a way that rather than providing required information correctly they skilfully hide the facts. It is advisable to the investors that those companies who do not understand the importance of transparency in financial reporting should be avoided. Making investments in such companies is risky at best.

The present is characterized by various financial products with the main goal to improve business position within the modern market conditions. Due to its

simplicity and flexibility, leasing provides efficient utilization of company's resources by adapting to new market demands with simpler changing of equipment and operation funds, avoiding technological obsolescence of equipment, as well as the corresponding tax savings. The purpose of this work is to investigate if there are statistically significant differences in specific financial ratios between companies who use operational leasing versus companies who use financial leasing. The research will try to determine if the chosen financial ratios of the companies who use operating leasing are superior to those of the companies who use financial leasing. All the above indicates a need to change the accounting treatment of operating leasing with a goal to obtain an understandable picture of company assets and liabilities, resulting with transparent financial statements. Higher transparency of financial statements will contribute to better decision-making for not well educated investors since financial statements are the only source of information for them.

The study of ways of solving problems of leasing were engaged foreign scholars J. Adams (2003), T. Clark (1978), E. Robinson (1985), S. Sharpe (1995) and Ukrainian scientists O. Bielousova (2008), N. Bila (2006), O. Dorofieva (2005), N. Karasov (2008). Thus, in the work of O. Bielousova (2008) there were investigated the features of leasing relations the conditions of forming the developed economy. However leasing market still on the stage of development on our country and not fully investigated. Due to the lack of regulation and transparency in financial statements, market should be studied and conditions based on recommendations should be improved in nearest future.

The purpose of the qualifying paper is to deeply research leasing market regulation in Ukraine and comparing to foreign experience to make recommendations of improvement its conditions nowadays, moreover we will justify the features of transparency and its place in the activities of leasing companies.

Main tasks of qualifying paper are:

- Investigation of the essence, tasks and principles of leasing services market

- regulation as a part of conceptual bases of leasing;
- Defining main models of regulation on leasing services market and comparing them;
 - Making research of main instruments of leasing market regulation and their systematization;
 - Comparing essential experience of leasing services market regulation in foreign countries such as USA and European countries, research of main bodies of regulation with present market overview;
 - Definition of main principles of financial regulation and making overall classification of financial services market regulation;
 - Research of Ukrainian leasing services market regulation and analysis of statistical data to identify the main issues of the leasing services market development in Ukraine;
 - Defining possible ways of reforming of the system of state regulation in the domestic market of leasing services;
 - Finding main areas of development of the system of leasing services market regulation in Ukraine
 - Determination of transparency in the activities of leasing companies and finding best ways of ensuring it in leasing company's activity nowadays.

The object of the study is the process of formation and management of transparency in activity of the leasing companies.

The subject of research is theoretical and methodological aspects of ensuring transparency in leasing companies.

Methods of research include analysis and Interpretation of quantitative Data, qualitative research, Critical appraisal of all analysis and mixed methods.

Scientific innovation is demonstrated in qualifying work through modeling new leasing standards and development of recommendations for their application and making recommendations for developing regulation in leasing market. Moreover, we created scale for assessing leasing market and examine the

significant dependence on the financial market and macroeconomic indicators of the country.

Practical value is depicted in the work with global leasing market regulation research which could be used in Ukrainian leasing services market while it is on the stage of development. The final qualifying paper is an independent study by the author.

Publications. Determination of transparency on leasing market in Ukraine and ways of its implementing and ensuring are reflected in the scientific article "Ensuring transparency in the activities of leasing companies"// Стратегії розвитку фінансового ринку України: зб. наук. ст. студ. денної форми навчання/ відп. ред. Н.П. Шульга. - К.: Київ. нац. торг.- екон. ун-т, 2018. - 366 с.(С. 22-25), as well as main theses were also presented during participation in all-Ukrainian student scientific and practical conference on the topic "Transparency in the activities of leasing companies in Ukraine" // Стратегії розвитку фінансовго ринку України: Всеукр. наук.-практ. конф. (Київ. нац. торг.-екон. ун-т, 2017.- 694 с. (С. 22-25).

Structure of the work contains 3 parts on 86 pages in total, introduction, conclusions, list of used sources and appendices. The full work includes 19 tables and 4 graphs with 4 appendices, 56 references.

PART 1. CONCEPTUAL BASES OF LEASING SERVICES MARKET REGULATION

1.1. The essence, tasks and principles of leasing services market regulation

Leasing - one of the most widespread in the world practice of methods of financing technical equipment and renewal of production, which has long-standing traditions. In countries with a developed market economy, leasing accounts for almost one third of investment in fixed assets, while in the rest of the countries with high growth rates - from 10 to 15% (in Ukraine only 1.5%) [27; 237].

A finance lease (also known as a capital lease or a sales lease) is a type of lease in which a finance company is typically the legal owner of the asset for the duration of the lease, while the lessee not only has operating control over the asset, but also has a substantial share of the economic risks and returns from the change in the valuation of the underlying asset [49]. A finance lease has similar financial characteristics to hire purchase agreements and closed-end leasing as the usual outcome is that the lessee will become the owner of the asset at the end of the lease, but has different accounting treatments and tax implications. There may

be tax benefits for the lessee to lease an asset rather than purchase it and this may be the motivation to obtain a finance lease.

There are four principles that guide lease and facilities regulation. Each principle has accompanying standards and guidelines, designed to help those in government agencies tasked with acquiring and disposing of leases, and managing leases and facilities.

The aim of these standards and guidelines is to assist agency staff to operate in a proactive way when regulating leases and facilities. This will maximize cost efficiencies and maintain a productive environment for staff. The standards are compulsory and agencies are required to apply them at the soonest practicable opportunity. The guidelines are not compulsory. They have been created to assist agencies proactively manage their leases and facilities.

1. Integrate property and business planning: property needs should be identified when the strategic objectives of an organization are being set.

2. Cost efficiency: the proactive and attentive management of lease obligations will minimize unnecessary costs, fees and penalties. Common furniture and layouts will eliminate the costs and disruptions associated with churn within agencies.

3. Centralize information and risk management: utilize the Government Property Portal (GPP) to manage, monitor and report on lease and property obligations.

4. Service: service-level contracts (such as those for cleaning and utilities) are to be monitored and managed to ensure maximum performance and value. The purpose of building and facilities will be monitored and managed according to the 'building performance specifications' and the 'operating procedures and building regulations' within leases. Agencies are to maintain and keep working environments operating in a manner which provides a safe, secure environment for staff which also supports staff productivity.

The lease and facilities regulation principles set expectations of integration, management and service. The focus is on the acquisition and disposal of leases

and the proactive management of leases and facilities to maximize cost efficiency and maintain a productive environment for staff.

High quality and efficient economic infrastructure plays a vital role in supporting a competitive and growing economy by providing services on which all businesses and citizens depend. The purpose of the lease regulation standards and guidelines is to provide best practice for negotiating new leases, proactively managing leases once executed and disposing of leases. The long term nature and financial commitment of commercial leases requires the application of specialist skills and knowledge. It is essential that agencies use internal agency staff with the relevant skills, knowledge, and experience or engage external advisors with the relevant skills, knowledge and experience, when negotiating new leases, managing existing lease agreements and disposing of leases. Regulation is an abstract concept of management of complex systems according to a set of rules and trends. In systems theory, these types of rules exist in various fields of biology and society, but the term has slightly different meanings according to context. For example:

- in government, typically regulation means stipulations of the delegated legislation which is drafted by subject-matter experts to enforce a statutory instrument (primary legislation);
- in business, industry self-regulation occurs through self-regulatory organizations and trade associations which allow industries to set and enforce rules with less government involvement;
- in psychology, self-regulation theory is the study of how individuals regulate their thoughts and behaviors to reach goals.

Regulation in the social, political, and economic domains can take many forms: legal restrictions promulgated by a government authority, contractual obligations, social regulation (e.g. norms), co-regulation, third-party regulation, certification, accreditation or market regulation[35; 1]. State-mandated regulation is government intervention in the private market in an attempt to implement policy and produce outcomes which might not otherwise occur, ranging

from consumer protection to faster growth or technological advancement. The regulations may prescribe or proscribe conduct ("command-and-control" regulation), calibrate incentives ("incentive" regulation), or change preferences ("preferences shaping" regulation). Common examples of regulation include controls on market entries, prices, wages, development approvals, pollution effects, employment for certain people in certain industries, standards of production for certain goods, the military forces and services. The economics of imposing or removing regulations relating to markets is analyzed in regulatory economics. Power to regulate should include the power to enforce regulatory decisions. Monitoring is an important tool used by national regulatory authorities in carrying out the regulated activities.[13; 14-16]. In some countries (in particular the Scandinavian countries) industrial relations are to a very high degree regulated by the labor market parties themselves (self-regulation) in contrast to state regulation of minimum wages etc.[3; 357-383].

Financial regulation is a form of regulation or supervision, which subjects financial institutions to certain requirements, restrictions and guidelines, aiming to maintain the integrity of the financial system. This may be handled by either a government or non-government organization. Financial regulation has also influenced the structure of banking sectors by increasing the variety of financial products available. Financial regulation forms one of three legal categories which constitutes the content of financial law, the other two being market practices, case law.

The objectives of financial regulators are usually [49]:

- market confidence – to maintain confidence in the financial system,
- financial stability – contributing to the protection and enhancement of stability of the financial system,
- consumer protection – securing the appropriate degree of protection for consumers.

The purpose of the leasing services market adjustment is to regulate the provision of financial leasing services to the public and ensure the regulation and

supervision of financial leasing services providers' activities. Moreover, it aims to provide natural persons and businesses with alternative ways of financing, thus contributing to the growth of the leasing services sector and generally the financial sector and economy as a whole.

The principles of regulation are the principles that need to be applied when formulating regulatory policies, specific regulatory requirements and the structure of the regulatory institutions. They are derived from the objectives and may be categorized as follows:

- Efficiency-related principles.
- Stability-related principles.
- Conflict-conciliatory principles (to address conflicts between objectives).
- Regulatory-structure principles.
- General principles.

General principles are those that have a bearing on the general conduct of the regulatory process, and they are:

- Each regulatory arrangement must be related to one or more of the objectives identified.
- Regulatory arrangements must be cost-effective. A judgment has to be made on how far the objectives are pursued and what cost is reasonable to bear.
- Cost of regulation must be distributed equitably. There are two models in this respect: the taxpayer via government that funds the regulator, or the user, i.e. the institution being regulated, funds the regulator.
- Regulatory arrangements must be flexible. This is because of the innovative nature of the environment regulated - the financial system.
- Regulatory arrangements should be practitioner-based, i.e. the regulated and the regulator must have a good relationship and the regulated must be involved in the process of regulation.

Efficiency-related principles that reside under this heading advance the achievement of a high level of efficiency in financial services, and there are two:

- Promotion of a high level of competition amongst financial system participants. Main examples are:
 - the removal of restrictive practices that impair trading in financial assets,
 - low barriers of entry to the financial markets,
 - freedom of choice regarding financial services.
- Creating competitive neutrality between existing and potential supplies of financial services ("level playing field").

Stability-related principles are those that contribute to the promotion of stability in the financial system and the safety of financial intermediaries and institutions. They are:

- Incentives for the prudent assessment and management of risk. This requires the imposition of minimum prudential standards to be observed by participants, of which the capital requirement is the most important. Appropriate information systems are required. Cross-market risk management is also essential.
- Use of regulatory requirements that are based on market values. The viability of an institution can only be gauged with the use of market values of balance sheet items as opposed to historic values.
- A willingness of the regulators to take timely action to redress existing and future developments that threaten the stability of financial institutions and markets. By this is meant that the regulators should take appropriate action whenever actual or potential market deficiencies are detected.

Conflict-conciliatory principles are designed to address potential conflicts between regulatory principles. These principles involve:

- Following an integrated approach, aiming at the simultaneous achievement of the objectives of regulation.
- Pursuing a target-instrument procedure, whereby the regulatory instruments are selected and applied in such a way that they facilitate the implementation of the integrated approach.

The target-instrument procedure means that the instruments of regulation used to achieve particular targets simultaneously neutralize the negative effects of other instruments.

An unsolved debate in regulation circles is whether there should be a single regulator or a number of specialist regulators. This is a debate that is particularly relevant as the financial system becomes more and more complex. The principles are:

- Following a functional as well as an institutional approach to regulation.
- Coordination of regulation by different agencies in order to assure consistency in regulation.
- A preference for a small number of regulatory agencies.

From different regulatory sides and points of view we investigated that there are no common principles for financial regulation due to various economic development and functioning, moreover goals of leasing services regulation could be different for each subject. In this work we will compare all known principles and we will define which of them suits the best form implementation in our country (Table 1.1.1).

Table 1.1.1

The basic principles of financial regulation [made by author]

No	Principle	Description
1.	Purposefulness	Regulation should be directed toward an explicit purpose that reflects a focus on initial and on-going safe, competent, and ethical practice.
2.	Definition	Regulatory standards should be based upon clear definitions of professional scope and accountability.
3.	Professional Ultimacy	Regulatory definitions and standards should promote the fullest development of the profession, commensurate with its potential social contribution.
4.	Collaboration	Regulatory systems should recognize the legitimate roles and responsibilities of interested

		parties—public, the profession and its members, government, employers, and other professions—consult with these parties, and incorporate their perspectives in aspects of standard-setting and administration.
5.	Representational Balance	The design of the regulatory system should acknowledge and appropriately balance interdependent interests.
6.	Optimacy	Regulatory systems should provide and be limited to those proportionate controls and restrictions necessary to achieve their objectives.
7.	Flexibility	Standards and processes of regulation should be sufficiently broad, flexible, and permissive to achieve their objectives while at the same time permitting freedom for innovation, growth, and change.
8.	Efficiency	Regulatory systems should operate in the most efficient manner ensuring coherence and coordination among their parts so as to be sustainable and optimize resources used to achieve the stated explicit purpose.
9.	Universality	Regulatory systems should promote universal standards of performance and foster professional identity and mobility to the fullest extent compatible with local needs and circumstances.
10.	Justice	Regulatory processes should provide justified and honest intervention for all parties involved.
11.	Necessity	Regulatory systems should be only if it is necessary and current rules and structures that govern this area must be valid and has its purpose.
12.	Effectiveness	Regulatory processes has to be properly targeted and moreover to be flexible and enabling.
13.	Accountability	It has to be clear who is responsible to whom and for what.
14.	Consistency	Regulatory processes should be applied with the

		best practice principles and do not give rise to anomalies and inconsistencies during actions.
15.	Transparency	Regulation has to be clear and accessible to all with probable involvement of stakeholders in development.

Regulation could be used by following principles of good regulation and intended that these principles should provide a benchmark against which regulatory processes can be assessed.

The concept of transparency in financial regulation is one of the main among other principles of regulation. The perspective we take is that of the public. Most people are stakeholders in financial institutions as shareholders, depositors, or borrowers, among other ways, and therefore concerned about the likelihood of the failure of financial institutions. Transparency cannot be perfect, however, because a leasing company's competitive advantage may be its superior capability to assess particular types of risk. There is a limit to the (p. 259) public's access to information and hence its ability to judge the riskiness of financial institutions. Thus, optimal transparency is not the same as total disclosure of all relevant information but only that relevant information that does not put an institution at a competitive disadvantage.

Lack of transparency regarding a term in a standard-form consumer contract may cause a significant imbalance in the parties' rights and obligations. A term is considered transparent if it is:

- expressed in reasonably plain language
- legible
- presented clearly
- readily available to any party affected by the term

Terms that may not be considered transparent include terms that are hidden in fine print or schedules or phrased in complex or technical language.[10] Taking into account the ambiguity of the role of leasing in the development of the

economy both at micro and macroeconomic levels, the principles of state regulation of leasing activities are formulated in the work, which include:

1) the principle of monitoring the influence of leasing activities on the indicators of macroeconomic development in the sectoral segment requires the need to analyze the role of leasing relations in each sector of the economy and assess the impact of these relations on labor productivity and production costs;

2) the principle of selectivity of state regulation of leasing activities in various sectors of the national economy. According to this principle, it is advisable to stimulate leasing operations in sectors with two types of strategies: the strategy of restructuring due to the maximum degree of depreciation of fixed assets and the strategy of innovation development, because these two types of industries require special state attention. Branches that are in the stages of growth and maturity do not need to be stimulated by providing privileged conditions of functioning;

3) the principle of reducing incentives for leasing activities in sectors where the nature of leasing operations is determined by tax evasion, where there is a significant increase in the cost of production, especially in situations with natural monopolies and industries represented on the oligopoly markets;

4) the principle of stimulating the organization of the activities of lessors in the directions: organization of service of leasing items, advice on the effective use of leased items, stimulation of lessor-importers of high-tech equipment, which influences the development of technological progress of the national economy. This principle is aimed at the formation of operational leasing and focused on supporting the technological re-equipment of enterprises.

Ultimately, the use of leasing as a financial instrument should be consistent with the needs of the national economy and the strategy of socio-economic development of the country. No one can ignore the importance of transparency in financial reporting, because people make big decisions regarding the investments based on financial reporting. Investors want more transparent information about the financial data of the company. In fact, it is the quality of report, which helps

investors in making certain investment decision. The irony is that some companies prepare financial reports, which are the tools for giving insight to the investor, in such a way that rather than providing required information correctly they skillfully hide the facts. It is advisable to the investors that those companies who do not understand the importance of transparency in financial reporting should be avoided. Making investments in such companies is risky at best.

Before discussing importance of transparency in financial reporting, we must clarify what the word transparent means. The best definition of transparent in business circles is financial statements of high quality. There are so many definitions in the dictionary. However, the relevant meanings here are very clear, easily understood, candid, and frank. Companies that understand the importance of transparency in financial reporting are also well informed about the psychology of the investors. A complex and opaque financial report gives no idea about the true risks involved and real fundamentals of the company. Here is a simple example of this. An important indicator of future growth of a company is how it has invested the money. When, after going through the financial reports, you cannot find any concrete information regarding the investments made by the company because of so many holding companies, then evaluating investments becomes difficult. Obscure statements also hide the level of debt, thereby hiding whether the company is on the brink of bankruptcy [19].

Transparency is strongly advocates for in the financial sector. Multinational financial businesses, those that are 'too big to fail', play a critical role in ensuring the soundness of and confidence in the global economy. The results of this research indicate that these financial giants are not sufficiently transparent in reporting on anticorruption programs, organizational transparency or country-by-country reporting and should be playing a greater part in combating corruption [51].

In the context of risk management, regulators and investors must give appropriate consideration to the risks associated with corruption. Lack of transparency is a serious risk factor, giving rise not only to the potential for

significant financial loss, but also reputational damage. Investors and regulators should demand that companies provide them with the information they need to supervise their activities and make investment decisions that are consistent with their financial and ethical obligations and standards. Furthermore, risk rating agencies as well as corporate responsibility indices should include transparency measures as an integral part of their evaluation process. Anticorruption programs and transparency-enhancing measures lower the risk and incidence of corruption. Ratings that fail to take into account transparency in reporting are at best incomplete and at worst unreliable.

When financial institutions fail to self-regulate, governmental regulators have an obligation to step in. And where voluntary or obligatory regulation fails, other constituencies, including investors and civil society, must raise their voices and demand greater transparency.

1.2. The model of leasing services market regulation

Regulatory policies differ in many ways. They affect different individuals and firms, they influence different aspects of behavior, they alter conduct and behavior to varying degrees, and they employ different methods of oversight and control. The world market of financial leasing from the beginning was strongly segmented with leasing companies operated inside their own national borders. Whereas financial leasing has been able to realize its full potential at national level in many countries has not been the same in the international level and among the factors held responsible for this shortcoming have been undoubtedly the vast differences in the legal treatment of financial leasing in different jurisdiction.

In general, most legal systems have simply tried to force leasing into what seem the most appropriate of the existing contractual figures while neglecting the nature and economic reality of leasing. Only some of civil law countries have prepared law that regulate such contract while in other jurisdictions that have not yet taken steps in this direction judges have had to resort to the legal codes obtaining different solutions, while regarding to the common law countries, their

different tradition led to solutions that are very distant from continental ones. It was clear that if for traders is already difficult to read the national legal framework, the approach with the law of another country that has the same characteristics of fragmentation will be even more difficult.

As mentioned above, policy makers and regulators have to balance their traditional priorities of consumer protection, conduct and ensuring that the systemic risks of the financial system are managed with their new focus on encouraging innovation and innovative businesses. In addition, the dynamism and connectivity of today's markets and the nature of fintech companies has raised the issue of how to properly regulate them since the landscape of their operations necessitates an extraterritorial application of law.

Regulatory policy can only be effective with influences the activities of the regulated firm. To influence the firm's activities, regulatory policy must create systematic links between the firm's activities and its financial well-being. For instance, if regulatory policy is to ensure high quality services, the regulated firm must expect to suffer financially if it produces low-quality services. To influence the firm's activities, regulatory policy must do more than threaten financial penalties for undesired behavior or performance and promise financial rewards for desired behavior or performance. Regulatory threats and promises must actually be carried out as stated if they are to influence the firm's activities.

An additional aspect of a country's institutional structure that affects the design of regulatory policy is the set of complementary control instruments that is in place. The set of 22 complementary instruments includes other governmental rule-making bodies, private rule-making bodies, and the legal system.

Other relevant governmental rule-making bodies include bodies like the Internal Revenue Service (IRS), the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), the Consumer Product Safety Commission (CPSC), and the Antitrust Division of The Department of Justice (DOJ) in the United States. The IRS, the SEC, and comparable bodies in other countries develop rules for calculating and reporting profits, which can free other regulators

from this task. Among the many roles of the FTC is ensuring the veracity of claims that firms make to their customers. When truthful advertising is enforced, a regulator may be better able to rely on consumers to discipline the regulated firm, so the regulator can move away from command-and-control regulation and delegate decision-making to the firm. Because bodies like the CPSC oversee the safety of products that are sold to consumers, other regulators can focus their efforts on different aspects of the firm's operations, such as least-cost production. Similarly, because bodies like the DOJ enforce rules which govern the interactions among firms in an industry, other regulators may not need to develop particular expertise in this area, permitting more of a focus on other elements of production. Thus, the presence of other governmental rule-making bodies influence the form, function, and scope of regulatory policy. In particular, with other controls imposed by other bodies, a regulator may pursue more targeted, partial forms of regulation instead of regulation that is comprehensive and that controls all aspects of a firm's operations. In addition, though, a regulator may have to alter elements of his most desired regulatory plan because of the control exercised by other governing bodies. For instance, suppose a body like the CPSC imposes much higher safety standards on the products sold by the regulated firm than the regulator would impose if he controlled all aspects of the firm's operations. If the higher safety standards are more costly to satisfy, then the regulator may have to authorize prices for the firm's products that are higher than the regulator would prefer. Similarly, if a governing body like the DOJ insists that the regulated product be supplied by multiple producers even though the regulator would prefer a single producer, then the regulator may be compelled to worry about new aspects of the firms' operations, such as the extent to which their services differ. In particular, the regulator may wish to ensure that consumers can freely switch among the services of different suppliers, and that different products are compatible with each other. Thus, new considerations may arise when there are multiple bodies that oversee a firm's operations, including the coordination of policy among the overseers. So, institutions and complementary control

instruments can have important effects on the form, function, and scope of regulatory policy. If institutions limit a regulator's commitment powers, the regulator may be unable to fashion rules that have pronounced impacts on the behavior of the regulated firm. This can limit the scope of regulatory activity, and can restrict the regulator's function to informing consumers rather than enforcing policy. Complementary control instruments can serve to limit the scope of regulatory policy because of divided areas of responsibility. They can also affect the form and function of regulatory policy by altering the perceived costs and benefits of regulations.

The form of regulation encompasses the procedures employed to design and enforce regulatory rules, the nature of these rules, and the locus of decision-making authority in the regulatory arena, e.g., whether the regulator makes and enforces all relevant decisions, or whether considerable decision-making authority is delegated to the regulated entities. The function of regulation refers to its basic purpose. For instance, some regulations are designed to ensure safety, others to secure production at minimum cost, and still others to provide information to consumers. The scope of regulation refers to the extent of regulatory oversight and control. Regulation can be all-encompassing, imposing strict rules on all relevant activities. Alternatively, regulation can merely suggest guidelines for a small subset of relevant activities.

It is important to note at the outset the great variety of regulations that is observed in practice. Price, quality, information disclosure, and compatibility regulations are common examples. Price regulation often places an upper bound on the price of a product. Quality regulation can entail the specification of a minimum level of quality that must be achieved. Regulation of information disclosure can require producers to accurately describe the key features of their products. Compatibility regulation can require manufacturers of similar or complementary products (e.g., computer hardware and software) to design their products so that consumers can easily substitute the product of one manufacturer

for that of another manufacturer when assembling a good (like a computer system) that has multiple component parts.

There are three key dimensions⁴ in which regulatory policies differ: form, function, and scope. The discussion begins with the form of regulatory policy.

Regulatory form can be centralized and delegated decision-making. A more subtle aspect of the form regulations take is the extent to which decision-making is delegated. Command-and-control regulation represents one extreme on this dimension. Under command-and-control regulation, the regulator dictates in great detail the actions the regulated firm must undertake. In contrast to such command-and-control regulation, the regulator may delegate considerable discretion to the regulated firm. In many instances, incentive regulation involves delegating decision-making to the regulated firm. Goals or targets are usually set under incentive regulation, and the firm is rewarded according to how its realized performance compares with the established targets. When the firm's final performance is monitored but its exact method of operation is not dictated, decision-making authority is delegated to the firm. Other forms of regulation also delegate considerable discretion to the regulated firm. Considerable discretion is also awarded to the regulated firm when the regulator conducts reactive rather than proactive policy. Under reactive policy, the regulated firm first proposes or undertakes an action, and the regulator subsequently approves or disapproves of the action. In contrast, under proactive regulatory policy, the regulator states in advance which actions will be approved, and which actions will not be permitted. Decision-making authority is not the only authority that can be delegated to regulated firms: rule-making authority can be similarly delegated. Many professions set standards for their members.

Regulatory functions can be various as well as informing and enforcing regulation. Function is a second dimension on which regulatory policies differ. There are many ways in which the function or purpose of regulation can differ. One element of regulatory function that will receive particular attention in the ensuing discussion is the extent to which regulations serve to inform consumers

about the regulated firm's activities, rather than dictate which activities will be allowed. The key distinction between informing and enforcing regulation is the discretion afforded consumers. Informing regulation enables consumers to make well-informed choices. Enforcing regulation makes choices for consumers [39].

Regulatory scope usually exists in form of comprehensive or partial regulation. Regulatory scope is a third dimension on which regulatory policies differ. The scope of regulation can be viewed as the extent to which regulation is comprehensive, i.e., the extent to which it encompasses all of the regulated firm's activities. In some industries, like telecommunications, comprehensive regulation is common. The regulator generally controls the prices charged by the telecommunications provider, limits the firm's earnings, monitors the quality of the firm's products, oversees the firm's major investments, and dictates the markets in which the firm is allowed to operate. In other industries, like pharmaceuticals, regulation is often more partial, and less comprehensive

In world practice, two models of development of leasing activity are distinguished: European and American. The American model involves the creation of companies by private entrepreneurs without the participation of banks. In the European model large, highly specialized companies are created by big banks and can later be separated from them domestic leasing market is developing according to the European model, since its greater part (almost 80%) is controlled by banks of the second level.

State regulation of leasing relations is realized through a certain set of methods, which it is expedient to classify on two grounds: on forms and means of influence. In particular, with regard to the system of administrative methods - it was emphasized on the necessity of introduction of licensing of leasing companies. Among the separate group of methods, propaganda methods are selected that will help to properly formulate certain convictions in the society and increase the explanatory work on the essence and necessity of further development of leasing relations in Ukraine. On the basis of generalization of foreign experience it is established that in the initial stages of its development,

leasing activity is supported and stimulated by the state by providing tax privileges to the subjects of leasing relations and budget financing of leasing operations at the expense of provision of preferential loans to the subjects of leasing. Active state leasing support is typical for the UK, the United States, Norway and Ireland. Thus, the provision of state subsidies and the possibility of using accelerated depreciation are the key conditions for the leasing market in Ireland, which is now the world's leader in leasing aircrafts. In addition, there are countries that apply certain state restrictions in the field of leasing relations, in particular, Greece can't lease freight transport, buses, and real estate, as it is hampered by depreciation rates established in this country.

Taking into account the fact that in economic theory and practice there is no single position regarding the interpretation of the concept of "mechanism", the mechanism refers to a complex of measures of state regulation of leasing relations, which are entrusted to relevant state authorities, are realized by means of certain methods, forms and elements of state regulation. The state authorities regulating leasing relations are conditionally structured into three hierarchical levels, which within the limits of their powers will ensure the activation of leasing relations.

1.3 Instruments of leasing market regulation

The need for state regulation of financial leasing is due to the following main reasons:

- The state should stimulate leasing investments in strategic sectors of the economy;
- The state is interested in obtaining as much as possible fiscal (in the form of taxes) benefits from the activity of the leasing market;
- The state is interested in accelerating the circulation of money and credit, which stimulates the growth of the economy;
- The state through the system of legislation has an impact on the development of leasing and factors that stimulate it;
- The state maintains a competitive environment in all markets, including

leasing;

- Market self-regulators are not always able to balance the interests of all business entities and citizens of the country.

The analysis of the definitions suggested by the national scientists suggests that state regulation of leasing activity is a form of state influence in the person of state bodies on the leasing and related relations, carried out with the help of legal, organizational, economic and other means (tools), which consists in the establishment and application of legal rules and a system of rules aimed at the regulation, protection, development, adjustment, control and supervision of leasing activities of physical and legal and prevent abuse and abuse in this area.

State regulation of leasing activities, in terms of its grounds, can be divided into a general one, when the state, in the person of the authorized bodies, in resolving the tasks entrusted to them, speaks on behalf of the people and in the public interest, and especially when the state acts as the owner, managing its proper property.

Analysis of the experience of various countries in the regulation of leasing suggests that, since financial leasing integrates rental, lending, investment relations and features signs of sales operations, there are two main approaches to the formation of institutions of state regulation of leasing.

The first is the development of customary contract law applicable to leases, loans, sales. In this case, the development of leasing will depend on the conjuncture of the relevant markets. State regulation will relate to leasing indirectly, due to the consequences of the implementation of state policy in one or another field. Such an approach is appropriate in countries where constant and regular refinancing of fixed capital is taking place, and the use of high technology is not a priority for development.

The second approach is the targeted state's influence on the leasing business, as a special industry, through the development of special legislation and the establishment of privileges. Such an approach is characteristic of countries that

seek to provide innovative development of the economy, create conditions for the development of science and technology, using the investment potential of leasing.

Among the main instruments of state regulation of leasing activities, it is advisable to allocate the following, which are actively and successfully used in countries with more developed, in comparison with Ukraine, the leasing market:

- Legal regulation of the mechanism of leasing relations - the definition of clear conditions, order and restrictions on the implementation of leasing activities. The state should actively react and create the appropriate legislative framework for innovative mechanisms for financing leasing activity, which is especially important for our state.
- State registration of subjects of leasing activity.
- Licensing. The procedure for licensing leasing companies is quite common in the West. Moreover, in countries such as Italy, Belgium, South Korea, China, Brazil, Mexico, Turkey, it is necessary to create a certain minimum amount of authorized capital for obtaining a license.
- Fiscal (tax) policy. Some researchers argue that the basis of leasing laid down that its meaning lies in the tax advantages and benefits providing that the state is second current fiscal interests, hoping to broaden the tax base and, consequently, an increase in revenue in the future by enhancing production. The state has legislated to provide equal opportunities for the existence of various financial and credit instruments. We will imply that the development of leasing in most countries, there was not so much due to special regulations or mechanisms of many due to the impact of tax benefits.
- Depreciation policy. In most countries, the favorable economic climate for leasing was shaped by a flexible depreciation policy. It was through the depreciation mechanism that tax privileges were provided to participants in leasing activities, which favorably affects macroeconomic proportions in these countries [17;944]. After all, the size of depreciation charges, as well as tax rates affect the price of leasing.

- Favorable lending and state guarantees, grants. The value of such a tool is especially increasing during the crisis period in the economy. After all, the state will stimulate investment processes in the country through the introduction of an effective financing mechanism for the industry, in particular by providing government guarantees.
- Financing of leasing projects at the expense of bank loans and related circumstances (cost of banking resources, liquidity of the banking sector). Another instrument of state regulation and a form of state support for leasing activities may be subsidization (partial compensation) of the interest rate on bank loans. Today, for many leasing companies, loans are too expensive. The loan interest compensation system will provide an opportunity to reimburse part of the interest rate set by the bank. However, the use of this instrument of state regulation should not run counter to the principle of equality of rights of economic entities.
- Supporting equal conditions of competition in the leasing market. In today's conditions, the equal importance of competition in the leasing market is gaining special significance among the instruments of state influence. This is especially true of the state's policy of equal access to resources and markets. It should also be noted that besides the factors of economic competition, the state can and should apply civilized regulatory and administrative mechanisms to promote healthy competition in the leasing market [39; 138].
- Creation of state leasing companies and state leasing funds. Modern scholars and practitioners argue that a more effective form of support for the development of certain sectors of the economy could be the compensation of part of lease payments to certain categories of lessees [24; 57].
- Exchange rate and currency market instruments. In the conditions of the crisis phenomena of the economy, which are being observed in recent times, the issue of solvency of enterprises is of particular importance.

Taking into account the fact that experts estimate that the dollarization of the country's economy reaches 35-40% [56 p.8-10], the exchange rate has a significant impact on the level of solvency of economic entities. In such conditions, the state should clearly regulate and establish the main parameters of the country's monetary market.

- Insurance of leasing activities. Insurance instruments are becoming more widespread in modern business conditions. After all, they allow lessors and their clients to minimize their own risks and compensate for losses caused by certain circumstances. Therefore, the state should pay special attention to the functioning of the insurance market.
- Customs regulation of leasing operations. The special indirect instrument of state regulation of leasing is the customs regulation of leasing operations. In its economic sense, customs duties differ from taxes in that their purpose is the regulation of foreign trade, and not only the formation of budget revenues. Customs duties and taxes are instruments of trade policy and state regulation of the domestic market.
- Development and implementation of leasing development programs at country and regional level. It should be noted that in order to integrate the actions of the state authorities in order to develop the leasing market, it is expedient to develop special programs for the development of the industry. In particular, at the regional level, implementation of financial leasing programs in priority areas is possible.
- Establishment of mortgage funds with the use of state property. Since the state in reality has a fairly substantial volume of fixed assets at the same time, it needs to be updated most. That leasing financing mechanism should be used to meet the investment needs in updating the fixed assets of state-owned enterprises.
- Shareholding of the state in the implementation of leasing projects and financing of innovative leasing projects from the budget. One of the priorities of the state's activity is to increase the competitiveness of the

country's economy. By conducting a policy of directing funds to participate in the implementation of investment processes using leasing schemes, it will contribute to the development of strategic sectors of the country's economy.

- An active policy for attracting foreign leasing investments should include ensuring risk minimization and legislative support for investment activities.
- Supporting the activities of associations of subjects of the leasing market. In developed countries, the activity of associations of participants in the leasing market, formed in the form of non-profit organizations, becomes of increasing importance. Their activities are of great importance for the formation and regulation of the leasing market. Global experience proves that it is very important to have an organizational and support center for lobbying industry interests. By defending the interests of the operators of the leasing market, such associations are in fact market regulators. In countries with a developed financial leasing market, the association of lessors also acts as a broker in the organization of leasing transactions.
- Development and implementation of state support programs for small businesses through leasing financing. International experience undoubtedly proves that with the appropriate legislative framework, leasing becomes an effective form of financing for small business. Formally, small business entities have several channels of financing: bank lending, financial leasing, venture financing, micro financing, help from business support funds, as well as resources of mutual funds. However, in practice, most small businesses do not have access to bank and state credit resources. Therefore, in modern conditions, leasing is becoming widespread as a mechanism for the development of small business. For example, in developed market economies, small and medium-sized businesses are the main clients of leasing companies [23; 341].

To date, the question of the ratio of direct and indirect regulation in different countries, using those or other instruments of influence remains. However, in our

opinion, the importance of indirect state regulation will increase with the development and establishment of market mechanisms, the transformation of institutional relations.

At the present stage of development of economic relations in Ukraine, leasing activity is one of the most perspective tools for ensuring the effective functioning of the innovative component of the national economy. However, it should be noted that in the transition economy, state regulation plays an extremely important role in ensuring the effective development of economic processes. Therefore, the priority direction of the introduction of the state regulation system in the transformational economy is the search for a rational combination of direct and indirect methods of influence, the definition of the optimal level of centralization and decentralization of the corresponding state-management activity, and the diversification of the forms of its implementation [11].

Under the methods of state regulation of leasing activities should be understood as a set of methods and techniques of influence of the state through the legislative, executive and judicial authorities on the participants in the leasing relationship in order to create and provide conditions for the implementation of leasing activities in accordance with the basic principles of economic policy of the state. In other words, it is a means of using tools, a set of techniques or operations, the implementation of which provides for the development of leasing activities.

Most methods of state regulation of the economy classified by the following features: in the form of influence distinguish between direct and indirect. By way of influence, administrative, moral and ethical (propaganda), economic and legal methods are distinguished.

Direct regulatory methods regulate the development of various elements and processes of market economy. These methods are generally based on administrative coercion. The methods of indirect regulation are characterized by indirect influence on the development of the economy and provide for the

creation of certain economic conditions that enable to develop economic processes in a single direction with the state economic policy.

Administrative methods of regulation are implemented through the hierarchy of economic management through the implementation of mandatory job descriptions, instructions and responsibilities. Moral-ethics are the appeal of the authorities to the honor and conscience of people to cultivate patriotism in society and feelings of national pride. The implementation of propaganda methods is possible on the basis of a positive image of civil servants who carry out state regulation. Economic methods of state regulation provide for the creation of favorable economic conditions for the development of social production and the improvement of the quality of life. Legal methods are aimed at establishing the legal norms of conduct on the market, which are obligatory for the subjects of economic activity.

Each method of state regulation meets a certain set of tools that embody it. Each method has advantages and disadvantages in different conditions, the same method can be implemented using various tools. Ukraine, among other countries included in the list of countries with specific leasing legislation. This and many other conditions can provide as tools of state regulation relating to methods of direct and indirect.

Direct regulation includes all forms of financial support that the state provides to leasing entities (grants, participation in leasing companies, guarantees, etc.) and the existence of direct action laws, as well as a number of administrative instruments.

A transparency report is a statement issued on a regular basis by a company, disclosing a variety of statistics related to requests for user data, records, or content. Transparency reports generally disclose how frequently and under what authority governments have requested or demanded data or records over a certain period of time. This form of corporate transparency allows the public to discern what private information governments have gained access to through search warrants and court subpoenas, among other methods. Some transparency reports

describe how often, as a result of government action or under copyright provisions, content was removed. Disclosing a transparency report also helps people to know about the appropriate scope and authority of content regulation for online discussions [26]. Implementation of International Financial Reporting Standards is a state priority today. One of the main features of financial statements prepared under IFRS is its transparency. Transparency is usually understood as the transparency, clarity, interpretation of the data, their openness, accessibility and publicity. Initially, the concept of transparency was used in the legal and political spheres. However, today it is increasingly used in relation to financial reporting.

Financial reporting can be considered transparent if it contains relevant and truthfully presented information on all content elements and provides access to a wide range of users to these financial statements. The high level of transparency of IFRS financial statements contributes to the growth of the forecasting and confirmatory value of information that is one of the most important qualitative characteristics of information contained in IFRS reporting as the Conceptual Framework for Financial Statements (IFRS) [41]. The above requires the establishment of certain information transparency standards, that is, the mandatory disclosure of the established list of information. The standardized list of disclosed information should be minimized to achieve its goals. However, financial reporting providers should have the right to expand the amount of reporting information disclosed by the results of the period. International accounting standards and financial reporting require disclosure of not only financial information that has a monetary meter, but also qualitative information. Such information includes, for example, risks and their management, goals and policies of capital management, etc. In order to increase the transparency of IFRS financial statements, it is expedient to include the following data for a standardized disclosure list:

In order to increase the transparency of IFRS financial statements, it is expedient to include data on:

- ✓ general information about the company;
- ✓ the basis for the preparation, approval and presentation of financial statements;
- ✓ Effects of transition to IFRS (for the first IFRS financial statements and reporting preceded by);
- ✓ Significant provisions of the Accounting Policy (according to the objects of accounting);
- ✓ significant accounting judgments, estimates and assumptions;
- ✓ reclassifications in the financial statements for the reporting year in comparison with the financial statements of the previous year and correction of errors;
- ✓ consolidation and business associations (only for consolidated financial statements);
- ✓ articles submitted in the reporting;
- ✓ objectives, policies and processes in the field of capital management, related party transactions, personnel and wages, contingent assets, liabilities and unrecognized contractual obligations, risks;
- ✓ other issues that may be useful for understanding the financial statements: (voluntary) disclosure (analysis of the main factors and impacts that determine the financial results, including changes in the environment, enterprise investment policies, sources of financing of the enterprise, company resources that are not recognized in the financial statements reports in accordance with IFRS, reports on environmental protection, financial review of management, etc.).

The Transparency Rules outline the more detailed requirements regarding the content of the review to be included in issuers' annual management reports, including the requirement that reports be a balanced and comprehensive analysis - using key performance indicators - of the development and performance during the year and position of the business at year end, consistent with the issuer's size and complexity. In accordance with the Transparency Rules, reviews should also include reference to:

1. important events after the balance sheet date;
2. likely future developments;
3. research and development activity;
4. certain information concerning acquisitions of own shares;
5. existence of any branches;
6. where an issuer uses financial instruments, information about financial risk management objectives and policies and issuers' exposure to certain risks.

The establishment of transparency standards should not increase the process of preparing financial statements for IFRS. Therefore, disclosure requirements not provided for in IFRS should not be included in the standardized listings. Transparency, as informational openness, should become a mandatory attribute of financial reporting in order to comply with the philosophy and philosophy of IFRS.

PART 2. FOREIGN AND DOMESTIC EXPERIENCE IN THE LEASING SERVICES MARKET REGULATION

2.1. Leasing services market regulation in USA

Leasing is an ancient device, which came to America after thousands of years, but financial leasing arose almost entirely in the last half-century and the way was led by United States. Almost any topic in U.S, law is more complex than the same topic elsewhere, but the U.S. law of financial leasing is particularly so. The modern U.S. practice of equipment leasing has been shaped primarily by lawyers responding to:

- tax law, as developed mainly by the Internal Revenue Service(IRS) and other courts,
- financial accounting rules,
- specialized administrative systems for particular industries, especially transportation by air, sea and rail, and more recently bankruptcy law, as

developed by Congress and the courts, including special rules for aircrafts, ships, and railway rolling stock.

Acts empower organizations, government or non-government, to monitor activities and enforce actions [55]. There are various setups and combinations in place for the financial regulatory structure around the global. These rules are designed to prevent unwelcome developments that might disrupt the smooth functioning of the financial services system. Thus ensuring a strong and efficient leasing system. The following is a short listing of regulatory authorities in various jurisdictions in United States:

- U.S. Securities and Exchange Commission (SEC)
- Financial Industry Regulatory Authority (FINRA)
- Commodity Futures Trading Commission (CFTC)
- Federal Reserve System ("Fed")
- Federal Deposit Insurance Corporation (FDIC)
- Office of the Comptroller of the Currency (OCC)
- National Credit Union Administration (NCUA)
- Office of Thrift Supervision (OTS) (dissolved in 2011)
- Consumer Financial Protection Bureau (CFPB)
- In addition, each state has its own banking authority[34].

The Uniform Commercial Code (U.C.C.) and international treaties have played highly visible, but less substantial roles. As a first approximation, it appears that commercial laws turns, more than the others on the business and economic substance of a transaction; that tax law is a close second in this respect; that bankruptcy law appears to turn on the business and economic substance but may be controlled instead by the expressed intent of the parties; and that the financial accounting rules turn primarily on literal compliance, which may be far removed from business and economic substance.

One basis for comparing the approaches of various legal systems to financial leasing might be various UNIDROIT (formally, the International Institute for the

Unification of Private Law; French: Institute international pour l'unification du droit privé) is an intergovernmental organization on harmonization of private international law; its projects include drafting of international conventions and production of model laws. As of 2018 UNIDROIT has 63 member states. instruments on subject: The 1988 Convention on International Financial Leasing(CIFL), the 2001 Cape Town Convention on International Interests in Mobile equipment, and the 2008 Model Law on Leasing. For the United States, however, this approach faces immediate difficulties. Briefly, the United States signed the CIFL in 1990, but has never submitted it to the Senate for the latter's advice and consent to ratification and almost certainly will never do so.

The U.S. rules and laws relating to equipment leasing appropriately emphasize economic and business reality, with the notable exception of accounting standards. They have achieved this extremely complex ways, so that no single lawyer could be expert in all the many fields comprised by equipment leasing. As companies begin to digest the new lease accounting standard from the Financial Accounting Standards Board (FASB), we take a look at the implications on financial statements.

Leases are a way to use property or equipment and pay over time. Today, operating leases are off-balance sheet, but the new guidance reflects operating leases with terms greater than one year on the balance sheet with both an asset (the right to use the leased item) and liability (the obligation to make lease payments), similar to capital leases today. Terminology has changed; today's capital leases are tomorrow's finance leases. But classification whether a lease is operating or finance is largely the same.

Given that substantially all leases will be on the balance sheet, companies need to identify every lease they are a party to. This includes any leases embedded within other contracts, such as service agreements. The requirement to identify embedded leases is not new. But previously, many service agreements and all operating leases were off-balance sheet. With operating leases on the balance sheet, the stakes are higher.

Because companies need to apply the new lease standard just one year after the FASB's new revenue standard, timing the transition is a big consideration. The FASB allows early adoption of the lease standard, so companies face a choice: to adopt the lease standard after revenue, or to adopt the two standards concurrently. Companies don't want to bite off more than they can chew, but there could be benefits to managing the two work streams together.

Like our counterparts in some other common law jurisdictions, we seem never to discard anything: if a revision of the U.C.C. or some other law adds a statutory definition very similar to that often used in lengthy contracts, we continue to include the definition in our contracts; if the statute makes clear that leases need not be recorded as security interests, we continue to record them as security interests against the possibility they may be re-characterized a court, if a new treaty provides for an international registry of interests in aircraft, we file in that registry, but also in all other registries in which we previously filed and the official Comments to U.C.C. of course encourage these practices. Like U.C.C. itself, their contracts preserve immortal all the great controversies of the past, fully prepared for the possibility, however remote, that the nineteenth and twentieth century's will one-day return. Perhaps that is why United States so rarely ratifies the commercial treaties it has helped to draft: they would add complexity and expense to their domestic systems, because they could never risk treating them as replacements for anything that already exists.

As in most areas of the law, the rules and practices of the United States relating to financial leasing of equipment are more complex than those of any other country. Leases provide a formal contract between lessors and lessees, or in cases of real estate leases, landlords and tenants. Federal and state laws provide guidelines on the legal requirements of leases as well as the format and structure leases must follow to be valid. When well-constructed, leases provide protection to both landlords and tenants and are the basis for resolving conflicts and misunderstandings between parties.

1. Requirements: the required contents of a lease vary depending on the

type of property leased, how the lessee plans to use it and the particular laws of the state and local government. However, all lease contracts, whether for a home a vehicle or a television must include the duration of the lease, the responsibilities of the lessor and lessee, the compensation the lessee will pay the lessor and the signed agreement of the parties involved in the lease.

2. **Rent Regulation:** some areas, especially large cities such as New York and San Francisco, have rent regulation and stabilization programs, which provide additional protection to tenants by regulating the contract terms of leases and restricting the increase of rent prices on buildings. These programs and regulations trump any terms in a lease which contradict government laws and requirements. Rent regulation and rent stabilization boards may require landowners to reduce rates or to pay fines for breaching the rent stabilization program rules.

3. **Government Land Leases:** federal regulations provide legal guidance on the leasing of government lands for investment purposes. For instance, according to federal land leasing regulations for gas and oil prospecting, all adults and minors represented by an adult guardian may apply for a lease. However, people who are not citizens of the United States can only apply for a federal oil and gas land lease if the laws of their country provide the same rights to citizens of the United States.

4. **Unlawful Discrimination:** according to state and federal laws, lessors cannot refuse to lease to a potential lessee based on arbitrary discrimination. For instance, property owners cannot refuse a lessee based on his age, race, color, religion, marital status, sexual orientation source of income or disability. Many states, such as California, have made having the chance of seeking, obtaining and holding housing without discrimination a civil right.

In an effort to simplify lease transactions and reduce confusion for consumers, the Board of Governors of the Federal Reserve System in USA enacted revisions to Regulation M of the Consumer Leasing Act. The act requires lessors to provide uniform cost and other disclosures about consumer

lease transactions to lessees. The act applies to "consumer leases" defined as contracts meeting each of the following elements:

- ❖ The lease is for the use of personal property, such as an automobile;
- ❖ The lease has a term of more than four months;
- ❖ The contractual obligation does not exceed \$25,000.

Under Regulation M, consumer lease disclosures must meet the following general criteria:

- ❖ Disclosures must reflect the terms of the legal obligations between lessor and lessee;
- ❖ Disclosures must be legible, whether typed, handwritten, or printed by computer;
- ❖ Disclosures must be "clear and conspicuous", so that the relationship between terms is reasonably understandable and apparent;
- ❖ A copy of the disclosures must be given to the lessee at or prior to inception of the lease;
- ❖ Disclosures must be made on a dated, written statement which identifies the lessor and lessee;
- ❖ All disclosures must be made together on.

Regulation also stipulates specific content of the disclosures, and requires that certain information be segregated on the lease contract. The specific content of disclosures required under Regulation includes:

1. Description of property;
2. Amount due at lease signing or delivery;
3. Payment schedule and total amount of periodic payments;
4. Disclosure of other anticipated charges during normal execution of the lease agreement;
5. Total of payments;
6. Payment calculation;
7. Lease term;
8. Early termination conditions and penalties;

9. Maintenance responsibilities;
10. Purchase option;
11. Statement referencing "nonsegregated" disclosures;
12. The right of appraisal;
13. Liability at the end of the lease term;
14. Fees and taxes;
15. Insurance and warranties [10].

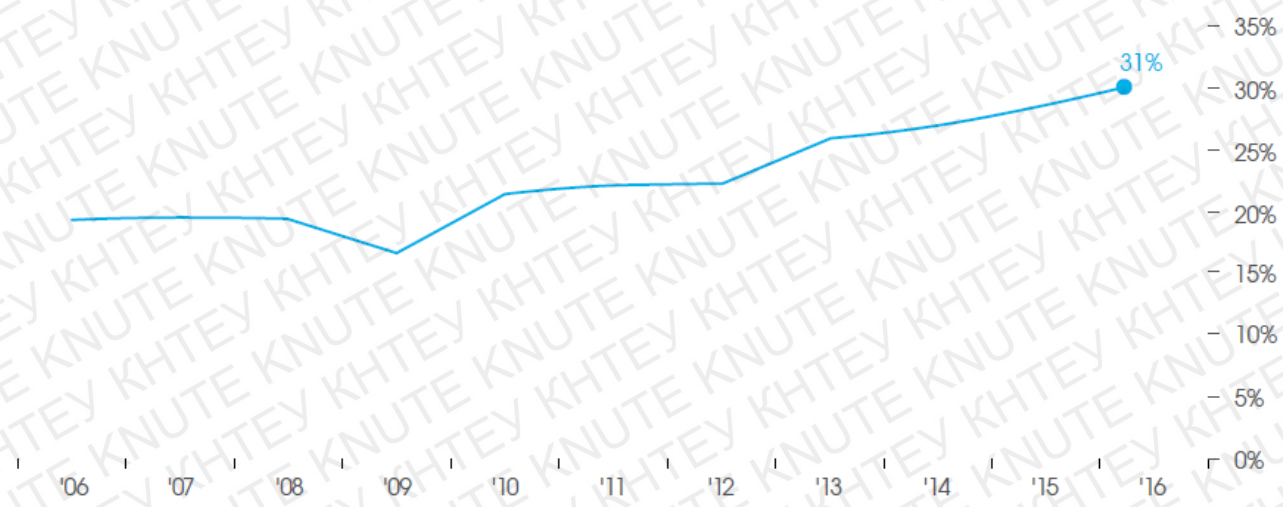
When we are investigating self-regulated associations in USA it worth to mention that one of the most effective is National Automobile Dealers Association. NADA membership is open to any new-car and -truck dealership holding a sales and service franchise and while functioning NADA:

- ✓ Represents all franchised new-car dealers — domestic and import — before Congress, federal agencies, the media and the general public;
- ✓ Provides education and guidance on regulatory matters;
- ✓ Represents dealers' interests with automobile and truck manufacturers;
- ✓ Develops research data on the retail automobile industry;
- ✓ Offers extensive training programs to improve dealership business operations, sales and service practices; and
- ✓ Operates a foundation that distributes dealer-donated funds to worthy charitable causes.

Complexity of leasing services and overall financial services market regulation is caused by different states regulation n USA and methods of regulation. In USA despite of legal low and domestic regulation there exist self-regulation structures. Moreover, in world practice we have common standards for financial services market regulation and accounting standards which could change with time so each country would have to adapt.

According to the Global Leasing Report prepared by White Clarke Group, the leasing industry has experienced significant growth and has introduced new and innovative ways to finance equipment for companies worldwide. New business volume (NBV) increased by 9.40%, from USD 1,005.30 billion in 2015 to USD

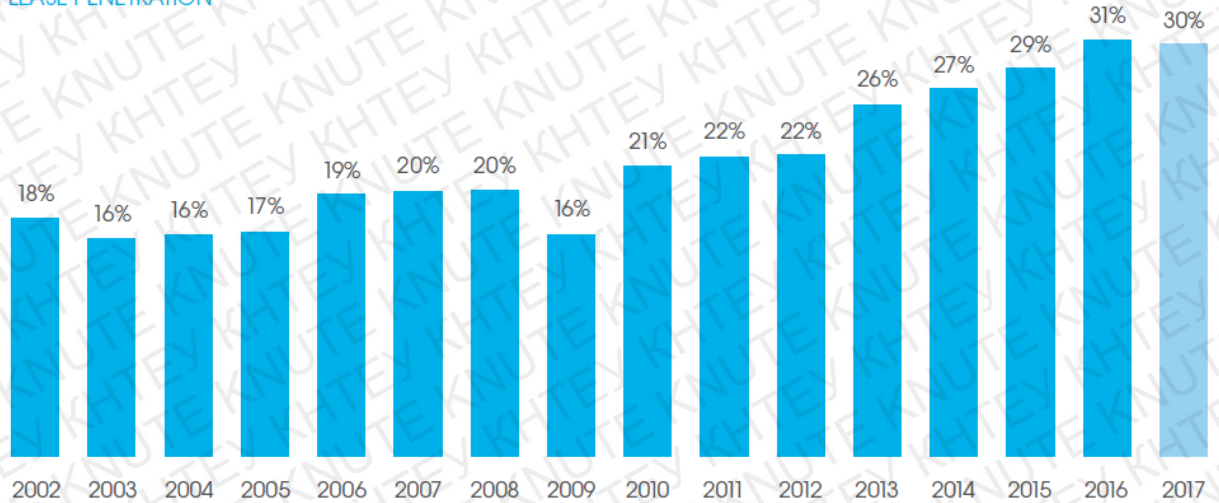
1,099.77 billion in 2016. The biggest leasing market remains the United States with NBV of about USD 330 billion. In 2017, the USA portfolio was dominated by IT & office equipment (31%) and transport (26%), followed by 10% share for agriculture equipment, 9% construction, 5% industrial and 4% medical equipment.²⁰ In second place is China with tremendous growth of 61.9% in 2013- 2017, to USD 206 billion NBV. This surge in leasing development is possible in China due to the involvement of the government. Lease volume grew for the seventh consecutive year in 2016, achieving an all-time high of 4.3 million units. Over the past five years, lease volume has grown by 91% and has been a major catalyst in driving new vehicle sales in the U.S. 2016 lease payments averaged \$120 less than average finance payments. For large pickup trucks, which enjoy high residual values, lease payments averaged \$206 less, representing the largest difference of all vehicle types (Graph 2.1.1).



Graph 2.1.1 Lease percentage of new vehicle sale in USA from 2006 to 2016 year,%[23].

Leasing continues to grow as a percentage of new vehicle sales. In 2016, it increased to 31% and from 29% in 2015 (Graph 2.1.2).

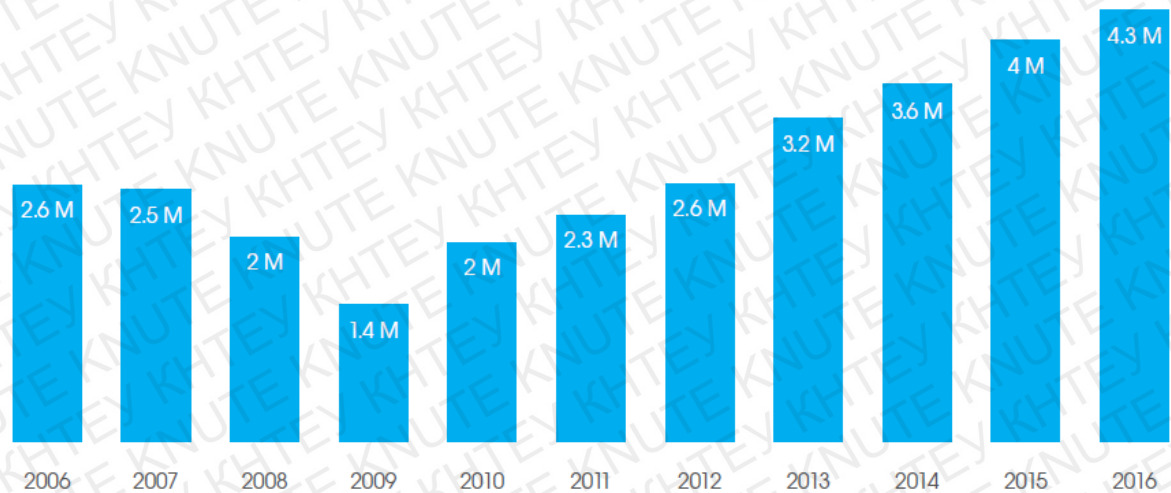
LEASE PENETRATION



Graph 2.1.2 Lease penetration in USA from 2002 to 2017 year,%[23].

The escalation of transaction prices from increased content and technology, the market swing toward light trucks, and the growing millennial influence should keep leasing levels high. In 2017, we expect leasing to continue to be 30% of the new vehicle market. (Graph 2.1.3).

LEASE VOLUME



Graph 2.1.3 Lease volume in USA from 2006 to 2016 year, mln[23].

Like every industry, the leasing, automotive rental and consumer credit businesses are subject to regulatory scrutiny and this has a major impact on who can do business and how. Regulation for our industries is only likely to increase going forward. Specialized financial services providers and third parties need to be able to anticipate how regulation will affect business and react appropriately.

2.2. Leasing services market regulation in Europe

The structure of financial regulation has changed significantly in the past two decades, as the legal and geographic boundaries between markets in banking, securities, and insurance have become increasingly "blurred" and globalized. In the European Union, the European System of Financial Supervision consists of the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) as well as the European Systemic Risk Board. The Eurozone countries are forming a Single Supervisory Mechanism under the European Central Bank as a prelude to Banking union.

Publication of national accounts data aggregated at European level started in the 1970s. Since then, the methodological framework has been updated several times, in line with the developments of the United Nations System of National Accounts (SNA). The current compilation requirements have been established by Regulation (EU) No 549/2013 which defines the European system of national and regional accounts of 2010 (ESA 2010). ESA 2010 corresponds to the 2008 edition of the SNA and has been used in the EU since September 2014.

Regulation (EU) No 549/2013 prescribes that the quality of national and regional accounts data sent in to Eurostat are assessed according to the quality criteria set out by Regulation (EC) No 223/2009 on European statistics. The modalities, periodicity and indicators of this assessment process are defined in Commission Implementing Regulation No 2304/2016. Every year, under Article 4(2) of the ESA 2010 Regulation, each Member State provides a report on the quality of data sent to Eurostat. Based on these country reports, Eurostat prepares an overall assessment in accordance with Article 4(4). Under Article 12, every fifth year starting from 2018 the Commission will inform the European Parliament and the Council about the quality of national and regional accounts. The country reports and Eurostat reports follow the recommendations of the European Statistical System (ESS) Handbook for Quality Reports. This quality report presents Eurostat's assessment of the quality of data sent in by Member States and includes information on the quality of key European aggregates

published by Eurostat. It is addressed to users and is therefore structured to provide information which helps understand the published data and, where applicable, the factors that improve or limit their quality. Although the report contains specific information and indicators for individual Member States, its focus is solely on data quality. The Commission of Eurostat assesses Member States' adherence to the requirements of Regulation separately.

Data transmissions based on the ESA 2010 methodology started from 1 September 2014. By 2020, after the expiry of derogations granted by the Commission to the Member States, they will all be made in line with all provisions set out in the ESA 2010 Transmission Program.

Consequently, the quality reporting is being introduced gradually in three steps. The first two quality exercises in 2017 and 2018 require that countries report to Eurostat on a limited number of quality indicators (completeness, published revision policy, punctuality, and coherence between sub-annual and annual statistics and within tables for selected variables, documentation on methodology). With the third quality exercise in 2019, the quality reporting will be extended to additional indicators (revision rates of quarterly and annual data for selected variables as well as coherence between non-financial and financial accounts). In 2021, when the existing ESA 2010 derogations fully expire, quality reporting will be conducted fully within the scope of the Transmission Program and include the last envisaged indicators (e.g. revision rates of other quarterly variables as well as cross-table consistency).

This assessment report concerns mandatory data submitted by countries to Eurostat. Due to the temporary derogations, countries do not send the same data. Only the Czech Republic was due to submit all data; other countries were exempt from certain data requirements in 2016. More specifically domain data requirements differ depending on if the country is a small or a big economy and if it is a member of the euro area or not. These differences in mandatory data requirements are reflected in Eurostat's assessment. National data submitted on a voluntary basis are not part of this quality assessment. The references to

voluntary data made in this report are there to acknowledge the efforts of countries to make additional data available to users. Methodology comprises the common standards, definitions, classifications and accounting rules. The transmission program sets out the accounts and tables as well as the legal deadlines by which Member States must submit data to the Commission [15].

In Europe, the Leaseurope federation works to standardize the measurement of equipment leasing business for each European country, on a basis that broadly matches the Global Leasing Report's concept of the scope of leasing. National associations also remain important sources of information in Europe, with many of them providing significant information and narrative beyond that is required. Leaseurope brings together 46 member associations in 33 European countries representing the leasing, long term and/or short term automotive rental industries. In 2016, these associations represented over 1,400 leasing firms and 500 short term rental companies.

The scope of products covered by Leaseurope members ranges from hire purchase to finance and operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represented approximately 94% of the European leasing market in 2016.

Leaseurope prepares argumentation demonstrating the low risk nature of leasing, backed up by hard data. Globally, the analysis and studies should assess the possible impacts of Basel 3 for the European leasing industry detailing the consequences on European economy. More specifically, the research project will focus on demonstrating externally and internally:

- The low risk profile of leasing for regulators and politicians
- The capital allocation potential of leasing, for investors and funders
- The importance of leasing in European investment and SME financing, for politicians and the general public.

Other important sources of information for some countries include official statistics from central banks or finance ministries; and in some cases trade bodies,

which have a wider remit than the leasing industry but who can make a clear differentiation between leasing and other financial products.

In some of the less developed countries, International Finance Corporation (IFC), the private sector arm of the World Bank, has been active in promoting leasing activity. IFC is in a position to provide market volume estimates for several developing countries, and has been a very helpful source of information for the Global Leasing Report for many years. For a few countries, where it is clear that locally-based sources have provided data representing only part of total leasing activity, or where reasonably comprehensive information for earlier years had not been available.

Actually, 90% of the European leasing market is in the hands of bank owned leasing companies. Their parent banks weighed the consequences of the new standards for all their business lines, be they regulated or not. In many cases, leasing was downgraded to the status of a “non-core” business. It was simple to understand: leasing did not bring what banks needed, i.e. deposits; leasing required what banks were lacking, i.e. capital and liquidity.

In September last year, the sovereign debt crisis broke, the interbank market dried up once again and liquidity became the central issue for banks. Not surprisingly, leasing appeared to be a liquidity consumer, a long term liquidity consumer, as it required matched funding for tenors comprised mainly between three and seven years. Under the pressure of the financial markets many large banks announced massive asset sales or reductions in their “non-core” businesses like investment banking, but also consumer credit, factoring and leasing. This was a perfect example of how new regulatory standards that aimed at improving the functioning of the financial system could result in reducing its capacity to finance investment. Even worse, a business which was not supposed to fall under the scope of regulation could be one of the first victims of the blindness of banking supervision for two reasons. Firstly, when a leasing business is owned by a bank it is, as such, treated as a banking business. Secondly, as Europe is not a level playing field in the financial services sector, leasing companies are regulated with

a “light” or “special” status in some countries, while they are viewed as a sheer commercial business in others. Nevertheless, regulated or not, leasing companies could be affected by capital, liquidity and leverage requirements despite the fact that these requirements have not been designed to apply to non-deposit taking institutions.

Finally, whether bank owned, captive or independent, European leasing companies heavily rely on the banking sector to fund their operations [39].

Europe accounts for 31.5% of world volume and five European countries (UK, Germany, France, Italy and Sweden) feature in the world’s top 10 countries for new business, contributing 65% of the total volume. The United Kingdom and Germany are positioned as the third and fourth largest leasing markets in the world and remain the dominant players in Europe. They accounted for 42% of the European market and 13% of the world market. The UK asset finance market has performed strongly amid challenging economic conditions over the uncertainty of the outcome of the Brexit negotiations. In 2016, the UK industry captured US\$81.77bn of new business registering a significant growth rate of 8.98% (in local currency) as compared with the previous year and locating it in a strong position after the US and China in the global rankings.

The second largest European leasing market is Germany which registered growth of 3.42% in local currency in comparison to 2015 and with new business volume of US\$64.3bn. The German leasing sector is one of the most mature in the world with cars and estate vehicles (58%) and trailers & trucks (16%) occupying the main types of asset being leased. France continued to maintain sixth place in the White Clarke Group rankings, with new business volume of US\$38.9bn and reporting positive growth of 11.23%. This expansion was generally aided by low inflation and high household consumption, which increased the investment in leasing assets. Italy ranks as the fourth largest European market with new volume at US\$25.3bn and Sweden fifth at US\$20.1bn. Overall the members of Leaseurope (the European federation of leasing and finance companies) recorded an impressive consolidated increase in new business

of 10.30%. Other significant growth performances worth highlighting throughout the region include: Belgium 25.19%, Denmark 16.80%, Estonia 17.15%, Greece 69.39%, Italy 17.02% Lithuania 39.32%, Norway 18.57%, Poland 16.61%, Russia 34.42% and Ukraine 66.24%.

The European financial services industry faces considerable strategic challenges in 2018.

- The industry faces many resource constraints and numerous competing priorities. With business models already under pressure, it can be difficult for regulated firms to do the bare minimum, let alone invest to become best in class.
- There is considerable uncertainty across the board: the outcome of Brexit remains unknown, there are important regulatory technical standards outstanding in several areas, and the impact of new rules on markets will take time to play out.
- Technology provides opportunities to do old things better and to introduce new products, services and ways of working. But it also creates risks for firms whose business models will be challenged and risks for consumers where its use is not well understood or controlled.
- Customers' relationships with firms are changing. How individual firms respond to these issues will dictate who will succeed and who will struggle in the years ahead (Table 2.2.1).

Table 2.2.1

Aggregate Data in Europe, Q1 2017 – Q2 2018 [8].

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2018 Q2		2018 Q1		2017 Q4	
	Sum of values (€millions)	% change versus Q22017	Sum of values (€millions)	% change versus Q12017	Sum of values (€millions)	% change versus Q42016
1. Operating income	2,647	2.9	2,564	1.8	2,496	-2.7

2. Operating expenses	1,199	0.4	1,240	6.1	1,330	-2.1
3. Loan loss provision	161	-2.6	189	5.8	215	-76.8
4. Pre-Tax Profit	1,275	4.6	1,133	-3.9	961	237.4
5. RWA at end of period	191,528	5.1	188,938	4.0	185,885	3.1
6. Portfolio at end of period	269,365	6.0	264,445	4.0	260,326	2.9
7. New business volumes	29,027	9.0	24,985	4.3	27,210	4.3

In 2017, total new leasing volumes worth €384.1 billion were granted by the firms represented through Leaseurope's members. This represents an increase of 9.4% compared to 2016. The portfolio of leased assets in Europe grew by 5.3%, reaching €802.2 billion at the end of 2017. The UK was the largest European leasing market in 2017, with new volumes worth €101.3 billion, followed by Germany (€58.7 billion) and France (€51.7 billion)(Table 2.2.2.).

Table 2.2.2

Aggregate Data in Europe, Q1 2017 – 2017 Q3 [32].

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	201Q3		2017 Q2		2017 Q1	
	Sum of values (€millions)	% change versus Q3 2016	Sum of values (€millions)	% change versus Q22016	Sum of values (€ millions)	% change versus Q12016
1. Operating income	2,492	-3.0	2,572	2.0	2,517	1.8
2. Operating expenses	1,171	3.1	1,194	4.9	1,169	1.8

3. Loan loss provision	195	-41.7	165	-50.5	179	-2.2
4. Pre-Tax Profit	1,133	2.1	1,219	15.1	1,180	2.3
5. RWA at end of period	185,356	3.0	181,785	0.6	181,624	2.2
6. Portfolio at end of period	259,583	4.0	256,149	3.1	255,085	4.2
7. New business volumes	24,320	1.9	26,618	2.1	23,966	10.8

In 2017, total new leasing volumes worth €384.1 billion were granted by the firms represented through Leaseurope's members (Appendix A). This represents an increase of 9.4% compared to 2016. The portfolio of leased assets in Europe grew by 5.3%, reaching €802.2 billion at the end of 2017. The UK was the largest European leasing market in 2017, with new volumes worth €101.3 billion, followed by Germany (€58.7 billion) and France (€51.7 billion).

The leasing business entered its fifth year of solid recovery, with all countries taking part in this survey enjoying positive results, except Belgium. About half of the national markets experienced double digit growth. Notably Greece, Russia, Lithuania and Turkey demonstrated high increases in new volumes. The robust performance of the automotive sector, coupled with the machinery and industrial equipment sector now also demonstrating strength, contributed to the leasing market growth across the board.

During the year of 2017, European lessors granted new equipment (including vehicles) volumes of €369.4 billion and new real estate volumes of €14.7 billion. The equipment segment grew by 10.1% compared to the previous year, while real estate leasing saw a decline of 3.5%. In 2017, Leaseurope's total penetration rate, measured as the amount of overall new leasing volumes granted to businesses divided by investment in the 23 countries reporting, increased to

15.3% from 15.0% in 2016. When restricted to equipment and vehicles (i.e. excluding real estate from the calculation), the penetration rate stood at 26.6% compared to 26.0% in 2016.

The Leaseurope Index is a unique survey that tracks key performance indicators of a sample of European lessors on a quarterly basis. The Segment Survey is an annual supplement to the quarterly Index, reporting on the financial ratios¹ broken down by four asset types; equipment, real estate, passenger cars and commercial vehicles. We present graphs showing the quarterly trends in 2017, followed by the annual trends from 2013 to 2017. The quarterly results are a lot more volatile than the annual figures, therefore the annual results are a more reliable indicator of changes in the relevant asset segment markets (Appendix B).

The previous table provides a brief overview of the results of the survey, focusing on the median values of the indicators. The results of the 2017 Segment Survey show that the leasing industry has enjoyed a strong performance in multiple ratios, managing to match and in some cases outperform its record high 2016 performance. Of the total outstanding portfolio reported, 39% is attributed to equipment, 32% to passenger cars, 22% to real estate and 7% to commercial vehicles.

Table 2.2.5

Leaseurope ranking of European leasing companies (top 10) in 2017 year

[32].

Rank	Company name	Country	Total new business within Europe (thousands €)	Number of new contracts within Europe
1.	Société Générale Equipment Finance (incl. ALD Automotive)	France	19,143,335	578,771

2.	BNP Paribas Leasing Solutions (incl. Arval)	France	18,256,472	620,784
3.	VW Leasing GmbH	Germany	15,278,733	609,941
4.	DLL International BV	Netherlands	10,400,581	168,606
5.	Deutsche Leasing	Germany	8,437,000	76,140
6.	UniCredit Leasing S.p.a	Italy	6,732,861	122,234
7.	Alphabet	Germany	5,973,771	226,708
8.	Nordea Finance	Sweden	5,515,485	221,006
9.	Crédit Agricole Leasing & Factoring	France	5,173,665	114,216
10.	DNB Finans	Norway	4,358,419	172,069

This year, 72 companies participated in this exercise. Of these firms, 64 are parent or standalone companies (bank related, captive or independent leasing companies) and 8 are classified as subsidiaries. These firms are ranked according to the value of their new contracts in 2017. The figures are shown in the attached tables, on a consolidated basis covering the parent and standalone companies only. These parent and standalone companies reported new leasing volumes of about €156 billion, with 34 companies reporting volumes of over €1 billion. The average contract size (for all asset types considered together) was €36 200 in 2017.

The picture for new business volumes in the second half of 2018 remains positive in line with previous survey, with 87% of those surveyed expecting new business volumes to increase, while just 6% anticipate a decline.

Industry expectations on a number of other key indicators covering service levels and staffing show little change for first six months of 2018, though there are indications that marketing and training expenditure are expected to remain unchanged. On the contrary, operating and IT expenditure is anticipated to increase.

Commenting on these results, it worth to mention that the latest Business Confidence Survey confirms that the European leasing industry should enjoy a

good finish to 2018. Growth in new business continues to remain strong, while expectations of most of the other KPIs support an overall positive trend. Sentiment on the outlook for the European leasing market remains optimistic overall, driven by sustained economic growth and investment, combined with continued access to liquidity.

Overall we can notice that leasing market due to specific methods of self-regulation and positive economic trend is growing and developing. Dynamics is quite good and statistical data is available and transparent for future researching, making leasing market more trustworthy and stabile.

2.3. Leasing services market regulation in Ukraine

The topic of application leasing agreements in modern market takes much attention nowadays. Research data have different aspects of the analysis, but most of the views leads to the fact that use of leasing services in our economic relations has high perspective for development in future. In Ukraine the regulatory framework for leasing relations is not formed and has many shortcomings (Appendix C). The laws of direct action include the Civil Code of Ukraine, the Commercial Code of Ukraine and the Law of Ukraine "On Financial Leasing"(Figure 2.3.1).

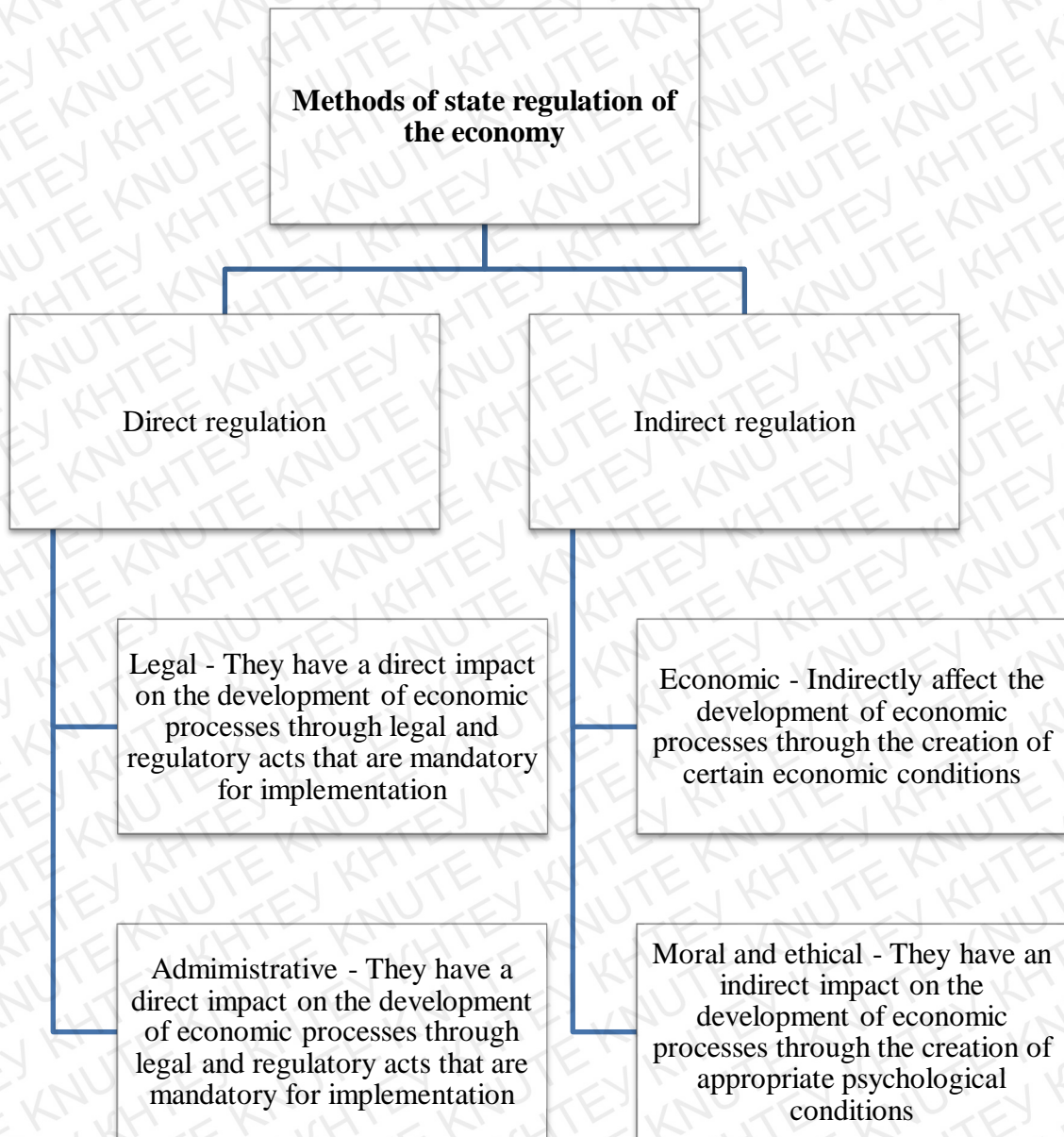


Figure 2.3.1 Methods of state regulation of the economy [made by author]

The shortcomings of the legal framework governing the regulation of certain types of nonbanking financial activities hinder the robust development of non-banking financial services markets, undermines their investment attractiveness, and diminishes the role they play in the process of the country's economic development.

Such distribution of functions will contribute to greater transparency of financial market regulation and help streamline regulatory efforts, thereby bringing regulatory practices closer to commonly agreed banking standards consistent with international best practices.

The NBU has the ability to exercise efficient supervision over banking and non-banking financial services market. The transfer of the prudential supervisory function to the central bank will contribute to the consolidation of the State regulation of financial services markets, align instruments and approaches, and enhance the effectiveness of supervision over these markets. This move will increase the protection of financial services consumers and strengthen their confidence in the market.

Moreover, NBU shall take charge of the supervision and regulation of insurance, leasing and factoring companies, credit unions, credit history bureaus, pawn-shops and other financial companies. The regulation of non-state pension funds, construction financing funds and real estate investment funds shall rest with the National Securities and the Stock Market Commission.

Among the main instruments of state regulation of leasing activities it is useful to identify those actively and successfully used in countries with more developed, in comparison with Ukraine, the leasing market:

- the legal regulation of the mechanism of leasing relations
- the definition of clear conditions, order and restrictions on the implementation of leasing activities; state registration of subjects of leasing activity; licensing; fiscal (tax) policy; depreciation policy; preferential lending and state guarantees, grants; creation of state orders for leasing services; financing of leasing projects at the expense of bank loans and related circumstances (cost of bank resources, liquidity of the banking sector); support of equal conditions of competition in the leasing market; creation of state leasing companies and state leasing funds; exchange rate and instruments of the foreign exchange market; insurance of leasing activity; customs regulation of leasing operations; development and implementation of leasing development programs at the level of the country and regions; creation of mortgage funds with the use of state property; share participation of the state in the implementation of leasing projects and financing of innovative leasing projects from the budget;

Active policy of attracting foreign leasing investments; support of activity of associations of subjects of the leasing market.

To date, the question of the ratio of direct and indirect regulation in different countries, using those or other instruments of influence remains. However, in our opinion, the importance of indirect state regulation will increase with the development and establishment of market mechanisms, the transformation of institutional relations. However, it is evident that stimulation and support of leasing activities should be carried out primarily through a set of measures to create a favorable economic climate for the development of innovation and investment activities in general and the attraction of private and corporate investments in the field of leasing operations in particular.

Leasing in Ukraine is regulated by the Civil and Commercial codes, and by the Law on Leasing adopted in 1997 and then amended and renamed as the Law on Financial Lease in 2003 (Appendix C). The Law has not been up-dated, and is not in line with international best practices. In September 2017, a new law on financial leasing was registered in the Parliament to clarify and address some basic issues. The major legal issues surrounding leasing are:” Double taxation” in case of the resale of repossessed equipment. The Ukrainian tax authorities electronically apply valued added tax (VAT) on the leased items. In case of repossession the defaulted customer does not pay VAT and often refuses to provide the lessor with the original invoice. Without it, the lessor can't recognize the VAT credit and when the item is resold the tax is applied again (double taxation). Leasing companies do not benefit from government subsidy programs. At present there is a special governmental program subsidizing the purchase of Ukrainian agriculture equipment, but leasing companies are not allowed to participate. Accelerating depreciation could be introduced for the leased asset. Accelerating depreciation to match asset depreciation schedules with leasing terms would make leasing a more attractive business, and the government, in this way, would be able to encourage the upgrade of production facilities. UUL notes this has been done in other countries to stimulate the leasing sector.

The Association “Ukrainian Union of Lessors” (UUL) was established in 2005. It is a voluntary, non-profit union of professional leasing companies, and is the only leasing association in Ukraine. UUL is a member of the Federation of the European Associations of Leasing Companies, LEASEUROPE. Members of the UUL participate in the working groups of LEASEUROPE on issues relevant to Central Eastern Europe (CEE). At the current stage of leasing development, UUL has a potentially important role to play. It can serve as the unique voice of the leasing industry before the Verkhovna Rada and other governmental bodies, promoting the interests of the sector. It can provide important services to members in a cost-effective manner (e.g., training courses, statistical and website information, networking and conferences, legal and regulatory updates). For example, the Polish Leasing Association gathers leasing data from its members according to the Leaseurope templates and releases it on a quarterly basis through press conferences. The data is considered authoritative and used and quoted in all studies, business reports, press accounts, etc. In Ukraine, where the data reported and published by the FSR is widely viewed as not sufficient, UUL has an opportunity to attract attention to its industry by publishing the results of its members directly to the public and business community.

Prior to 1997 the word “leasing” officially did not exist in Ukraine. In 1997 the Law on Leasing was adopted, and in 2003 it was amended to the Law on Financial Leasing. The leasing market developed slowly, and in 2000 the total share of leasing assets in terms of GDP constituted 1% (the lowest in Europe). According to the State Statistics Committee, more than 60 leasing companies were registered in Ukraine in the period 1994-2003. The majority of the bank-related leasing companies were established mainly to facilitate the repossession of equipment from defaulted borrowers. In 1997, the Government of Ukraine established the special leasing fund, which was later transformed into a 100% state owned leasing company, Ukragroleasing (still active on the market). This company received annual budgetary allocations (UAH 100-150 million) to support financing of domestic agricultural equipment. The agricultural and

transport sectors were supported by two other state owned leasing companies, Ukragromashinvest and Ukrtransleasing. The market presence of these companies had a negative impact on competition and pricing. They were focused on supporting machinery producers, rather than on operating as successful leasing companies. Poor payments practices and defaults by the lessees of those companies badly influenced the future payments discipline of the leasing customers (e.g., Ukragroleasing was not able to collect more than 4% of the leasing payments from its customers).

Leasing grew substantially in the late 1990s/early 2000s and by 2006 there were 65 leasing companies with outstanding leasing portfolios of UAH 3.6 billion. Like in other parts of the financial sector, the 2008-9 financial crisis brought serious problems to leasing⁸. Although there was some recovery in 2010 and 2011, the internal conflict in Ukraine in 2013-2014 and the hryvnia devaluation effectively stopped the development of the leasing market. Lease portfolios shrank 2.5 times in hryvna, or 10 times in USD terms: from UAH 67.8 billion or USD 8.487 billion (December 31 2013) to UAH 22.8 billion or USD 0.8 billion (December 31, 2017) and leasing companies had to restructure many leases. In terms of new business, a similar situation prevailed – 11 000 contracts in the amount of UAH 31,553 (USD 3,947 million) were concluded in 2013, compared to 7 752 contracts in the amount of UAH 12,968 (USD 462 million) in 2017. Since 2013, UUL notes that many leasing companies have left the market and those that remain tend to be companies linked to private banks or subsidiaries of foreign leasing companies. Among the companies that decided to leave were many international players: ING Lease, SG Equipment Leasing, UniCredit Leasing, Ukrainian Leasing Company (operation of BNP Paribas Leasing Solutions).

Financial leasing services can be conducted by banks and other non-bank institutions that are registered with the state regulator. The leasing activity of banks is performed under the National Bank of Ukraine License. Until 2017 there were no licensing requirements for non-bank companies providing leasing

services in Ukraine. New licensing requirements were approved by the Cabinet of Ministers of Ukraine on December 6, 2016; it obligates lessors to obtain a license for financial leasing activities. Operating leasing activity doesn't require a license. According to FSR Commissioner Mr. Zaletov, obtaining a financial leasing license for a non-bank financial company is not very complicated. It takes about 10 working days and the cost of the license is less than USD 100. Obtaining the license does not provide a guarantee for the lessee that the company is legitimate, reputable or trustworthy. As of the beginning of 2018, 551 institutions (including 280 financial companies, 88 banks, and 183 legal entities, which are not financial institutions) had a right to provide financial leasing services. 9 However, numerous financial companies are registered with the FSR for both factoring and leasing activities, when in reality they are not engaged in leasing at all.

FSR quarterly reports present a quite confusing picture of the market due to outdated system of data analysis. It is difficult to distinguish between companies that are only registered to provide services, and those that are active lessors. FSR commissioner Zaletov sees the need to develop new reporting standards to make FSR statistics more reliable and transparent. He also suggested that the Leaseurope statistics might be a model to follow. According to the Ukrainian Union of Lessors (UUL) UUL's 16 members make up more than 70% of the Ukrainian market. As of January 1, 2018, the value of outstanding financial leasing contracts of all types amounted to UAH 41,122.9 million (USD 1,465.2 million) [32].

Domestic leasing market is developing according to the European model, because most of it (almost 80%) is controlled by banks of the second level [25]. According to a study conducted by the Association "Ukrainian Association of Lessors", according to the size of the leasing portfolio, the rating of leasing companies is headed by leasing companies controlled by banks (Table 2.3.1).

Table 2.3.1

**Dynamics of key indicators of lessors in financial companies, pawnshops
and legal entities from 2016 to 2018 year [32].**

Indicator	30.06. 2016	30.06. 2017	30.06. 2018	Growth rates, %	
				30.06.2017/ 30.06.2016	30.06.2018/ 30.06.2017
The number of registered institutions Legal entities (lessors)	272	196	185	-27,9	-5,6
Number of institutions with a valid license for the right to provide financial leasing services at the end of the period (units)	-	57	106	-	85,7
Cost of operating financial leasing agreements, (UAH million)	24 755,1	22 633,6	26 083,1	-8,6	15,2
Number of active financial leasing agreements, (units)	19 530	14 689	14 306	-24,8	-2,6
The value of financial lease agreements entered into for the reporting period, (million UAH)	4 089,0	5 629,8	10 640,3	37,7	89,0
The number of financial leasing contracts entered into for the reporting period (units)	5 693,0	3 455	4 014	-39,3	16,2

Approximately 96.0% of all financial leasing services for the first half of 2018 were provided by legal entities - non-financial entities. In addition, 98.2% of the leasing services provided by the lenders accounted for 20 largest legal entities - leasing companies (Table 2.3.2).

Table 2.3.2

**Information on the value of financial leasing contracts and their
amounts, concluded by legal entities and financial companies from 2016 to 2018
year [32].**

Period	Cost of financial lease agreements, made for the period, (UAH million)		The number of financial leasing contracts (units) made for the period	
	legal entities	financial	legal	financial

		companies	entities	companies
first half 2016 p.	4 089,0	6,2	5 693	15
first half 2017 p.	5 629,8	113,7	3 455	23
first half 2018 p.	10 640,3	441,2	4 014	120

The main trend of leasing in Ukraine is consolidation of positions on market leaders, expansion of their spheres of influence and coverage. In world practice, two models of development of leasing activity are distinguished: European and American.

The American model involves the creation of companies by private entrepreneurs without the participation of banks. In the European model, large, highly specialized companies are created by big banks and can be separated from them later.

Approximately 96.0% of all financial leasing services for the first half of 2018 were provided by legal entities - non-financial entities (Table 2.3.3). In addition, 98.2% of the leasing services provided by the lenders accounted for 20 largest legal entities - leasing companies.

Table 2.3.3

Table Cost of financial leasing agreements, effective at the end of the reporting period, by industry, UAH million [32].

Branch name	As of	As of	As of	Growth rates(30.06.2018/ 30.06.2017)	
	30.06.2016	30.06.2017	30.06.2018	Absolute	%
Construction	1 306,8	1 082,7	1 359,7	277,0	25,6

The mining industry	708,3	1 225,0	791,3	-433,7	-35,4
Light industry	42,2	16,9	419,5	402,6	2 382,2
Engineering	330,8	278,9	256,8	-22,1	-7,9
Metallurgy	423,5	80,1	766,9	686,8	857,4
Agriculture	6 762,3	5 920,9	5 960,9	40,0	0,7
Services sector	986,6	1 151,4	1 431,9	280,5	24,4
Transport	8 511,1	7 609,5	6 883,9	-725,6	-9,5
Food Industry	661,9	310,9	1 568,9	1 258,0	404,6
Chemical Industry	123,1	147,1	114,1	-33,0	-22,4
Health care	22,5	18,1	138,8	120,7	666,9
Computer and telecommunication Sphere	38,5	3,5	46,3	42,8	1 222,9
Processing(recycling) industry	67,7	39,9	58,8	18,9	47,4
Other	3 850,7	5 062,2	6 725,8	1 663,6	32,9
Total	23 836,0	22 947,1	26 523,6	3 576,5	15,6

As of June 30, 2018, the largest lessees are:

- the transport industry, the value of contracts is 6 883.9 million UAH (as of June 30, 2017 -7 609.5 million UAH, decrease by 9.5% (725.6 million UAH));
- agriculture, the value of contracts is 5 960.9 million UAH. (As of June 30, 2017 - 5 920,9 million UAH, increase by 0,7% (40,6 million UAH));
- food industry, the value of contracts is 1 568.9 million UAH. (As of June 30, 2017, UAH -310.9 million, an increase of 404.6% (UAH 1 258.0 million));
- the service sector, the value of contracts is 1 431.9 million UAH. (As of June 30, 2017 -1 151.4 million UAH, an increase of 24.4% (280.5 million UAH)).

As of June 30, 2018, the right to provide financial leasing services, at Based on the license issued by the National Financial Services Commission, there are 106 legal entities - lessors and 335 financial companies. Total to Legal List Individuals entitled to provide individual financial services and staying at accounting for the National Financial Services Commission, information on 185 legal entities was introduced - lessors. During the first half of 2018, financial companies and legal entities persons who do not have the status of financial

institutions, but may according to legislation provides financial services, concluded 4 134 contracts financial lease for the amount of 11 081.5 million UAH. The cost of leased objects that is the subject of contracts is 17 860,8 million UAH. The value of valid financial lease agreements as at 31.12.2017 is UAH 26 533.5 million. Compared to the 2nd quarter of 2017:

- + 2 bln UAH in the volume of new financial leasing transactions
- + UAH 2.8 billion in the volume of the portfolio of leasing companies

Companies-members of the Association continue to rapidly increase the volume of new lease agreements. In the 2nd Quarter of 2018, the volume of new business reached 4,390 million UAH. compared with 2,865 million in the 1st quarter of this year (+ 53% for the quarter). Compared to the 2nd quarter of last year, the growth of the new business was + 85%.The leader in growth in the 2nd quarter of 2018 in absolute terms was the company OTP Leasing (+1.142 million UAH).The leaders in the dynamics of new business growth in the 2nd quarter of 2018 were Scania Credit Ukraine (+ 255%) and VFS Ukraine (+ 203%).As for June 30 the total portfolio of leasing companies – members of the Ukrainian Union of Lessors amounts to UAH 12.992 billion (without fees for the use of leased assets), which suggests a growth growth by 12.5% (UAH 1.444 million) since the beginning of 2018. In the same time, it's 2.767 billion more (+27%) compared with the end of Q2 2017.

While the regulatory reforms enacted so far are clearly addressing important problems, the crisis and post-crisis years have provided new challenges for constructing an appropriate regulatory architecture (Figure 2.3.1).

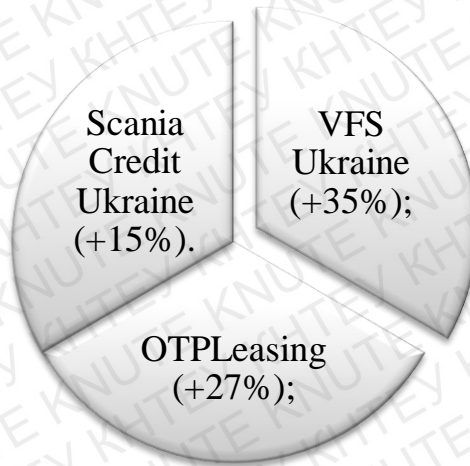


Figure 2.3.1 Leaders by lease portfolio growth in 2018 in Ukraine, % [32].

Analyzing current regulatory situation in world practice we can identify main issues that exist on leasing services market regulation:

1. Strengthening enterprise risk governance and culture most financial institutions have established processes and collect data in various parts of the organizations, there is a need to connect disparate processes in order to analyze key risk indicators and key performance indicators more holistically and improve the monitoring capabilities and information that can be used to inform management and the board. Leading firms are looking to an enterprise-wide risk governance framework that links risk strategy and appetite, risk governance, assessments, monitoring and reporting, control testing, and data and technology. They are also embedding their values, goals, expectations, and priorities into their three lines of defense, while making enhancements to the transparency, independence, and oversight within this structure.

2. Financial services organizations are intensifying efforts to enhance compliance effectiveness and sustainability in response to evolving regulatory expectations. In addition, expectations of new oversight of business and sales practices and enhanced compliance risk governance are leading firms to use advanced analytics and technology in their compliance efforts. Financial services firms must demonstrate compliance program sustainability.

3. In addition to cyber security concerns, the risk of a data breach incident affecting customer financial or personally identifiable information calls for specific actions on the part of financial institutions. Similarly, compliance with traditional and emerging privacy regulations requires strict standards for housing sensitive data, as well as adherence to traditional federal and state privacy statutes focused on privacy notices and sharing information for marketing purposes.

4. As the economy continues to improve, and valuations and capital increases as a result, assessing and preparing for capital needs is at the forefront of many institutions' minds. Whether an institution is thinking about raising capital, using its stock as currency in an acquisition, and/or considering a pay down or refinancing of outstanding debt, careful consideration should be undertaken not only with regard to the capital opportunities of today, but also with regard to planning ahead for future market changes.

We found out, judging by the principle of legal certainty that a strict legal regulation under the law is necessary. Not the only above mentioned brief analyses, but also the broad practical application of leasing transactions and the gradual development of the application are based on in such kind of conclusion. We assume that the strict legal regulation of the sphere also, under a specific law, will allow to clarify the problems, which occur or may occur in cause of the practical usage. What was mentioned above, certainly lacks the hypothetic definition, that the existence of law eliminates or excepts the drawbacks and gaps in various legal-regulating mechanism or minimizes the size of its probability, it is worth mentioning, that the format of the law in our opinion, may minimize in the sphere of the occurrence of variety of problems from the point of view of legal technique [26; 71].

Consequently, we can conclude that Ukraine has embarked on a path of profound socio-economic transformations, which is an indispensable condition for the successful implementation of the development of the productive sphere. Despite the economic benefits of implementing leasing, it is not very common in Ukraine. Many factors hampering its development can be mentioned, but the main

one is the lack of a regulatory framework that would perfectly regulate leasing activity. The Law of Ukraine "On Leasing" is not enough to stimulate the development of the leasing business. However, the active introduction of leasing operations at enterprises in Ukraine can become a powerful impetus for technical development, re-equipment of production and structural adjustment of the economy. Currently Ukraine has the necessary economic conditions and a certain legal framework for the development of leasing relations. Despite a number of difficulties (and the main one is the lack of economic stability in society), we hope that leasing can take a worthy place among new forms of economic activity that are developing in Ukraine. However, there are still some sensitive issues that exist in Ukraine:

- absence of a state program of leasing development;
- imperfection of Ukrainian legislation;
- Overcoming the psychological aspect of leasing, due to the fact that many people inadequately perceive the essence of leasing operations.

Thus, global experience shows that without losing sight of some disadvantages, leasing is one of the effective methods of investing, which enables a company to create a material-technical base and the most progressive logistics methods without the severe financial tension of the enterprise. With regard to leasing in Ukraine, it can become an effective innovative tool for modernizing the economy and become an alternative to a bank loan.

By analyzing the market of leasing services in our country and in foreign countries, we decided to compare the basic indicators of the European countries and investigate the dependence between the development of leasing and the overall macroeconomic and financial development of the country. For comparison we took indicators from Leaseurope statistics (Annual report) of 2014 year, because Ukraine was included in this rating only by this year. After that Association of Lessors was excluded due to the different reasons, but most of all low economic stability and not developing leasing market (Appendix D).

In this report there are 33 countries (including Ukraine) and we made basic

points for their comparison and evaluation (Table 2.3.4).

Table 2.3.4

Sample of points scale on leasing indicators for chosen countries [made by author]

1-6	5
7-13	4
14-20	3
21-27	2
28-33	1

After that we separated the most developed countries based on leasing indicators such as new leasing production and % of changes during one year (Table 2.3.4).

Table 2.3.5

Key players on European leasing market during 2014 year and indicators of Ukraine and in closest neighbor countries additionally [32].

Points	Member	New Production (Mio€)		Change %	
		2014	2013	not adjusted	adjusted
5	UK Finance and Leasing Association – FLA	60,840.82	49,554.91	22.77	16.54
5	DE Bundesverband Deutscher Leasing-Unternehmen e.V. – BDL	49,840.00	45,820.00	8.77	8.77
5	FR Association francaise des Sociétés Financieres – ASF	30,043.00	28,766.00	4.44	4.44
5	IT Associazione Italiana Leasing - ASSILEA and ANIASA	18,028.00	16,151.00	11.62	11.62
1	UA Ukrainian Union of Lessors – UUL	303.96	544.95	-44.22	-42,63
4	PL Polish Leasing Association	10,233.52	8,409.67	21.69	21.30
2	SK Association of Leasing Companies of the Slovak Republic	1,941.00	1,808.00	7.36	7.36
2	RO Romanian Leasing and Non Banking Financial Services Association	1,174.79	1,106.55	6.17	6.17

Summing up we saw overall leasing market situation in developed countries such as United Kingdom and our domestic situation. Now we can see what was the reason of such a low rank and what possibly could be changed in nearest future. For investigating main possible reasons of such performance on market we created one more points scale, now based on macroeconomic and financial market indicators with use of the Global Competitiveness report of 2018 year (Table 2.3.6).

Table 2.3.6

Sample of points scale on leasing, financial market and macroeconomic indicators for chosen countries [made by author]

1-28	5
29-56	4
57-84	3
85-112	2
113-140	1

Using additional points scale out of 140 countries we created table with overall points in Ukraine, Poland, Romania, Slovak Republic to illustrate main similarities and possible growth in future for domestic market (Table 2.3.7).

Table 2.3.7

Indicators of Leasing of and Financial market and macroeconomic indicators of 2018 year for chosen countries [made by author]

Indicator	Ukraine		Poland		Slovak Republic		Romania	
	value	points	value	points	Value	Points	Value	points
Leasing market:								
- leasing market new production (Mio€)	303.96	1	10,233.52	4	1,941.00	2	1,174.79	2
- outstandings (Mio€)	1,329.73	1	18,195.33	4	3,327.00	2	2,613.94	2
Total points for Leasing market	-	2	-	8	-	4	-	4
Financial market:								
- Domestic credit to private sector % GDP	59.7	4	53.5	3	53.4	3	29.7	2

Continuation of *Table 2.3.7* [made by author]

- Financing of SMEs 1-7 (best)	3.1	1	3.9	3	4,2	4	3.3	2
- Venture capital availability 1-7 (best)	2.7	2	2.7	3	3,3	4	2.4	1
- Market capitalization % GDP	20.3	3	29,8	3	5.1	2	8.7	2
- Insurance premium % GDP	1.5	3	2,8	4	2.6	4	1.2	2
- Soundness of banks 1-7 (best)	2.8	1	5,3	4	6.1	5	4.9	3
- Non-performing loans % loan portfolio value	30.5	1	4	3	4.4	3	9.6	2
- Credit gap percentage points	-30.1	5	-5.1	4	1.5	2	-10.0	5
- Banks' regulatory capital ratio	15.4	3	15.4	3	17.2	4	17.4	4
Total points for Financial market		23		30		27		23
Macroeconomic stability:								
- Inflation annual % change	14.2	1	0.7	5	0,4	3	-0.1	2
- Debt dynamics 0-100 (best)	40	1	100	5	100	5	80	4
Total points for macroeconomic stability	-	2	-	10	-	8	-	7
Total		27		48		43		33

Summing up in this research, we can notice direct dependence of points on leasing activity on the macroeconomic stability of the country and the state of the financial market. In four samples we took the most developed in leasing is Poland and situation is the best in both financial and macroeconomic area. Unfortunately, Ukrainian leasing market took the least points and comparing to our neighbor countries, economic situation is less stable and developed. However, in Romania the points on financial market are the same as Ukrainian, but due to better macroeconomic situation we can mention that it has more possibilities for leasing market development.

PART 3. WAYS OF IMPROVEMENT THE REGULATION SYSTEM OF LEASING SERVICES MARKET IN UKRAINE

3.1. Reforming of the system of state regulation in the domestic market of leasing services

The modern world economy is characterized by dynamic development and constant innovations. Despite the active development of the financial system, the leasing market in Ukraine is in its infancy. Activation of leasing a significant effect on the expansion of the real economy. Today, leasing as a way to sell products and make investments has become widespread throughout the world. Among the leasing operations, leasing operations were the most widespread in international trade practice. However, in Ukraine the process of becoming the lease is in its infancy, but is actively developing.

Since 1998, almost 80% of OECD countries have changed their financial regulatory architecture [20; 188]. Various factors, including the growing complexity of financial products, the increasing challenge of regulating large financial conglomerates, and the repercussions of the Global Financial Crisis, have made regulatory reform a key priority for many economies. One of the trends in recent years has been a move towards the Twin Peaks model of financial regulation.

There are at least two models with which the Twin Peaks model is generally compared. The first model, the “institutional model” focuses on the form of the regulated institution (e.g. a bank, insurer or a securities firm) and establishes a separate specialist regulator for that institution. Under this approach, the relevant regulator supervises all activities undertaken by the institution, irrespective of the market or sector in which the activities take place and the institution is normally regulated by one regulator alone. The institutional approach is often referred to as an offshoot of the broader sectoral or “operational” approach, under which institutions are regulated by reference to the sector in which they operate or the products or business in which they engage. For example, where a financial institution offers banking products and life insurance, it might be regulated by both the banking regulator and the insurance regulator [29]. Some commentators refer to the sectoral or

operational model as a functional approach, under which each type of business is ‘overseen by a separate, “functional” regulator’. The sectoral or operational model, like the institutional model, becomes increasingly difficult to operate as the complexity of financial products and financial institutions increases. This potentially causes coordination problems and regulatory overlap between the relevant regulators.

The second model, the “unified” or “super-regulator” model, attempts to address the problems experienced by the institutional and sectoral approaches by creating a single regulator to monitor both the conduct of market participants and the prudential soundness of financial institutions. This model was championed by the UK prior to its move to the Twin Peaks model. One of the perceived problems with this model, however, is that “prudential and conduct of business regulation requires fundamentally different approaches and cultures and there may be doubt about whether a single regulator would, in practice, be able to effectively encompass these to the necessary degree.”[35]. Another issue with the unified approach is that a single regulator “might not have a clear focus on the different objectives and rationales of regulation and supervision, and might not make the necessary differentiations between different types of institution and business.”

The Twin Peaks model is considered to have certain advantages. First, the two peak regulators are more likely to have dedicated objectives and clear mandates to which they are exclusively committed. Secondly, there is less danger that one aspect of regulation – such as market conduct regulation – will come to dominate the regulatory landscape. Regulatory culture, which encompasses the attitudes, policies and practices adopted by regulators in fulfilling their objectives, can be fostered depending on the function of the regulator and the culture that it needs in order to perform its role effectively. This avoids the issue of having multiple “cultures” under the one roof, as might be the case with a super-regulator where different cultures arise because of different regulatory objectives. Thirdly, the model may be better adapted towards keeping pace with the growing complexity of financial markets and the continuing rise of financial conglomerates. Further, the Twin Peaks model may avoid the inherent conflict of interest that arises within a super-regulator.

There are also perceived disadvantages of the Twin Peaks model. First, it may create regulatory overlap with dual regulated entities. This means that it is “inevitable that two separate regulators would have two separate rule books and two separate systems” [16]. If not carefully managed, this could place a “considerable burden” [25] on regulated entities and lead to poor information-sharing and coordination. Secondly, there is a general risk that cooperation and coordination between the regulators will not be sufficient with potentially serious consequences. While these risks can be managed through robust coordination and liaison channels, it nevertheless remains a key concern for jurisdictions that have adopted the model.

Taking into account the range of problems hindering the activation of leasing relations (in particular, the imperfection of the price regulation of the subject of the lease agreement; insufficient control over the use of budget funds for the procurement of equipment implemented under leasing schemes; low level of training of specialists in leasing activities; incomplete account of the specifics of different types and forms of leasing at the conclusion of leasing agreements), the set of the most important measures of organizational, controlling, antimony the on-site, motivational and informational nature, the gradual implementation of which will help stimulate the further development of the leasing market. Accordingly, a comprehensive model of the mechanism of state regulation of leasing relations is substantiated and developed (Figure 3.1.1).

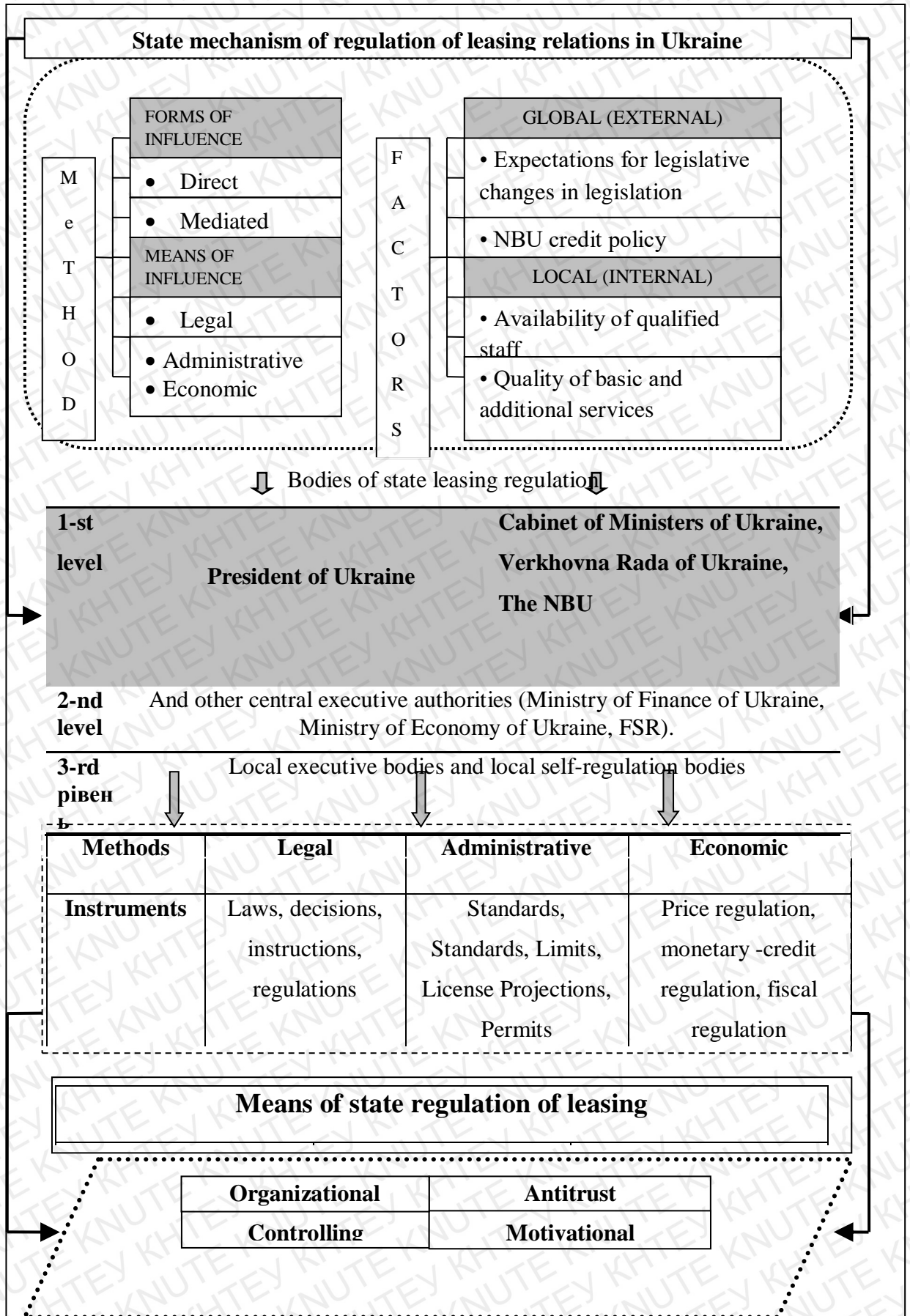


Figure 3.1.1 The model of the state mechanism of regulation of leasing relations [made by author].

The National Bank of Ukraine waited for this draft law to be passed for over a year and we are grateful to the MPs for upholding it today. This move represents an important and necessary step towards the development of a transparent financial services market. The NBU has the ability to exercise efficient supervision over both banking and non-banking financial services market. Only the effective consolidated supervision will improve the protection of financial services consumers and enhance their confidence in the market. The law provides for the winding up of the National Commission for State Regulation of Financial Services Markets and splitting its functions between the NBU and the National Securities and the Stock Market Commission. Under these draft law, the NBU shall take over the supervision and regulation of insurance, leasing and factoring companies, credit unions, credit history bureaus, pawn-shops and other financial companies. The regulation of non-state pension funds, construction financing funds and real estate investment funds shall rest with the National Securities and the Stock Market Commission.

The decision to devolve the regulatory function in respect of non-banking financial institutions to the NBU will provide for the following:

- cut the number of public regulatory authorities responsible for the supervision over the non-banking financial services market
- clear the market of fraudulent market players
- create an even and transparent playing field for all market players
- facilitate robust market development
- make non-banking financial institutions more attractive to investors
- reduce transaction costs for financial services consumers
- enhance the protection of financial services consumers.

The shortcomings of the legal framework governing the regulation of certain types of nonbanking financial activities hinder the robust development of non-banking financial services markets, undermines their investment attractiveness, and diminishes their role in the country's economic development. Over twenty draft laws required for advancing financial sector reforms are pending approval by parliament. These include strategically important draft laws pertaining to the

protection of creditors and financial services consumers' rights, financial restructuring of corporate and household debts and consolidation of the state regulation of financial services markets functions.

3.2. Areas of development of the system of leasing services market self-regulation

Leasing in Ukraine is far below its potential for supporting SMEs and economic growth. Both the EU and the USA demonstrate the contribution that leasing finance can provide to businesses to access productive assets. The following recommendations should be implemented to ensure a sustainable growth of the leasing industry in Ukraine:

1. Access to finance in local currency should be provided to foster the leasing activity so that it will, in its turn, enhance the access to finance for SMEs. Unfortunately, there are almost no domestic capital markets and therefore leasing companies are limited to getting funding in UAH through bank credit lines, which are short-term and expensive. The industry needs to seek out new sources of funding in domestic capital markets and from international financial institutions.

2. In Ukraine the leasing business is mainly focused on transport and agriculture equipment, for a variety of reasons, including liquidity and risk. There is obvious potential for the penetration of leasing into new segments as a result of market demands:

- IT;
- Medical equipment and software;
- Road Construction;
- Municipal transport;
- Specialized equipment (for separate crops) and livestock;
- Logistics and infrastructure;
- Commercial Real Estate;
- Waste Recycling Equipment.

3. Vendor Finance is common in more mature markets and offers significant potential as a strategy for the leasing industry in Ukraine. It can increase sales, ease the commercial process, reduce risk, and enhance the customer experience. Launching this program will require time and effort by a few pioneering leasing companies, but if manufacturers can be attracted to participate in Vendor Finance programs in Ukraine, leasing to SMEs will grow significantly. It would bring more competition to the leasing market, increase product offerings, lower prices, and stimulate diversification of lessor portfolios, thereby reducing risk. 4. The draft leasing law pending before the Verkhovna Rada committee should be amended to provide certain incentives to lessors, and then enacted promptly. The current legislation governing financial leasing in Ukraine was last updated in 2004. Much has changed in 15 years, not just in terms of Ukrainian realities but also in global competitive practices in leasing. Modernization of the legal framework is required to foster competition, protect the rights of both lessors and lessees, and bring Ukrainian leasing practices closer in line with international practice.

The new law is not revolutionary but clarifies and organizes some basic issues. In particular, it: Defines what leasing is to avoid misinterpretation due to contradictory definitions under the current legislation; clarifies what legislation shall be applicable to regulate leasing; clarifies possession and property issues regarding the leased object, defining the down payment as a part of the leasing payments not raised funds; Increases consumer protection (all the data regarding the leasing contract should be provided in writing and free of charge); Stipulates the activity of the agent and the broker as intermediaries in leasing relationships; Abolishes the requirement to notarize leasing agreements; Introduces new approaches to application of the Criminal Code. Several amendments to the draft Law would increase its benefits to the leasing industry. The key issues to be regulated/stipulated at the state level should include:

- “Double taxation” in case of the resale of repossessed equipment.
- Opening government subsidy programs to lessees. At present, there is a special governmental

- program subsidizing the purchase of Ukrainian agriculture equipment, but leasing companies and lessees are not allowed to participate. Accelerating depreciation for the leased asset. Accelerating depreciation to match asset depreciation

- schedules with leasing terms would make leasing a more attractive business. UUL notes this has been done in other countries to stimulate the leasing sector.

5. Raising consumer and SME awareness of leasing as a tool for access to finance should be a priority of the leasing industry, its association, and the government. In particular, there is a need for training programs and outreach efforts to SMEs and regional government officials.

6. An institutional development program of UUL should be implemented around a core set of activities to support leasing: advocacy of industry positions; data collection and statistics analysis; industry analysis; training for industry professionals; promoting awareness of leasing to SMEs, and regional government officials; networking and conferencing. To implement this program there should be a clear strategy and a sustainable plan as well as a solid understanding of mutual self-interest in developing a strong association among all the participants of the leasing market.

7. Promotion of the Ukrainian leasing market abroad to get the interest of the international finance groups in either starting the business or investing in acting leasing companies/programs in Ukraine should be conducted

Regardless of the regulatory environment, all indications suggest financial institutions of all sizes should “stay the course,” recognizing that, for now, the scope of anticipated change is speculative and will take time to enact, implement, and operationalize. In the meantime, building a strong customer-oriented corporate culture, developing a holistic approach to enterprise risk governance, improving data management, embracing technological changes, and streamlining regulatory change capabilities will help prepare and position institutions for any new regulatory requirements.

In the conditions of the stable development of the national economy in the positive context of the world financial markets, the participation of the state in the regulation of the financial market is advisable to minimize and move to a regime of more significant influence of market regulation of the financial sector.

The main tasks of self-regulatory organizations are:

1. establishment of rules, standards and requirements for the performance of operations with securities;
2. establishment of norms and rules of conduct, requirements for the professional qualification of specialists-members of self-regulatory organizations and control of their compliance by members of organizations;
3. promotion of professional activities by members of a self-regulatory organization;
4. development and implementation of measures to protect the rights of members of the self-regulatory organization.

The National Securities and Stock Market Commission is pursuing a consistent policy of establishing a unified approach to the creation and operation of an SRO and transferring some of its regulatory powers to the securities market. This contributes to the following tasks:

- creation of a unified legal basis for each type of professional activity in the securities market;
- ensuring market stability and safety of work on it for professional participants and investors;
- strengthening control over the compliance of stock market participants with regulatory requirements, unified rules and standards of activity;
- increasing the openness of self-regulation and improving the interaction with state authorities.

At present in Ukraine there are several regulations on the regulation of financial services markets, in particular, provisions on the delegation by the State Commission for the Regulation of Financial Services Markets of Ukraine of separate powers to one all-Ukrainian association of credit unions (dated 03.10.2006 No 6280), as well as

a decision (dated 27.12. 2012 № 1925) on the approval of the Regulations on the association of professional stock market participants. Consequently, self-regulation is at the stage of becoming and development.

However, for the leasing market, unfortunately there are no regulations on self-regulation. Therefore, using the main key points, we have developed an example of those items that can be included in the future of the delegation of powers and unification of professional leasing market participants in Ukraine. Main terms could be:

1. The Association shall be established and act in accordance with the requirements of Ukrainian legislation, in particular, the Laws of Ukraine "On Financial Leasing", "On Protection of Economic Competition" and other regulatory acts regulating the activities of leasing institutions.
2. The Articles of Association of the Association, as amended and supplemented, must comply with the requirements of the legislation, including the protection of economic competition, and contain provisions on the possibility of becoming an association of self-regulatory organizations.
3. The Association shall have properly approved internal regulations that specify, in particular:
 - the procedure and conditions for the acquisition and termination of membership in the Association, the grounds for refusal to accept members of the Association, which do not contain any restrictions or barriers to entry or exit from the Association of Credit Unions, which registered and licensed in accordance with the requirements of the legislation;
 - the procedure for monitoring by the Association for the observance by its members of the requirements of the legislation on financial services;
 - the rights and obligations of the members of the Association as part of the implementation by the Association of certain powers delegated by the Financial Services Commission, the procedure for consideration of complaints by members of the Association on the actions of its governing

bodies in connection with the implementation of such powers;

- the procedure for determining the amount and payment of membership fees and the procedure for the establishment and administration of joint financial funds Associations;
- powers and responsibilities of the bodies of management and control of the Association, the organization of their activities;
- the procedure for disclosure of information about the activities of the Association, including the procedure for informing members about decisions taken by management and control bodies in the implementation of delegated authority of the Financial Services Commission;
- the procedure for interaction, reporting and ensuring the proper conditions for the control by the Financial Services Commission on the activities of the Association in terms of the implementation of its delegated authority of the Financial Services Commission.

The Association's internal regulations must meet the requirements legislation of Ukraine, including the Law of Ukraine "On Protection economic competition "(2210-14), as well as the charter of the Association and ensure implementation by the Association of the decisions delegated to it Financial Services Commission. The Association is in the process of its activities must strictly adhere to its internal regulations.

4. The charter and internal provisions of the Association regarding the implementation of delegated functions are subject to approval by the Financial Services Commission.

These are basic requirements that we made for leasing companies possible self-regulation. Surely it could be widen and improved, however it is good way to control and develop leasing services market in Ukraine and make it more reliable and transparent due to legislative framework and obligatory application.

3.3. Ensuring transparency in the activities of leasing companies

Transparency plays an extremely important role within the financial services industry, where a wide selection of people and businesses alike are fundamentally

connected together. With the arrival of social media, where consumers can rate and review literally any service, including the strict regulations imposed by governing bodies, it is essential for these financial service providers to not only operate within the letter of the law, but also remain transparent in their actions [44]. Leasing relations are regulated at legislative level by three documents: Civil Code of Ukraine, Commercial Code of Ukraine and Financial Leasing Law [1]. Civil law regulates the everyday life of citizens and other legal entities, such as corporations. The main code of Ukrainian civil law is the Civil Code of Ukraine. It comprises provisions governing ownership, intellectual property rights, contracts, torts, obligations, inheritance law, and the definition of legal entities. The code introduces new types of business contracts into the legal practice, including factoring, franchising, rent service, and inherited contracts. Civil litigation is governed by the Civil Procedural Code of Ukraine. The Commercial Code of Ukraine describes the details for compliance with the Constitution of Ukraine's clauses for commercial activity. The Code regulates the fundamentals of commercial activity, including business entities, property basis, responsibility for violations, peculiarities of legal regulation, and foreign commerce regulation, the Law of Ukraine "On Financial Leasing" provides comprehensive regulation of this sector. It defines financial leasing, describes the rights and obligations of the lessee and the lessor and the conditions governing early termination of the leasing contract. Moreover, the Law stipulates guidelines as to the protection of the rights of the lessor in case the lessee defaults on a contract. Although the law provides rules for relatively easy repossession, the execution of the law, in case of non-cooperation of the lessee, can be a serious problem. Governments and regulators have legislated and implemented numerous new laws in recent years and the financial services industry has been a target of many of these new regulations.

The most developed requirements for providing information were implemented on banking sector of Ukraine. After following amendments to the banking legislation in spring 2015, the banks are now obliged to disclose their ownership structure, which includes not only the ultimate beneficiary owners, but also any person that might in any way influence the bank's activities [50]. As a

result, The National Bank of Ukraine (the NBU) announced the list of banks, which have a non-transparent ownership structure. Failure to disclose ownership structure of the bank may result in sanctions imposed by the NBU on the bank's management, shareholders and the bank itself. Such sanctions include placement of the bank under temporary administration, which further may lead to its liquidation or sale to an investor.

In today's world, leases appear far and wide; they are commonplace throughout the business and accounting frontiers. Accounting for leases, however, is not so clear cut. Since there are various ways to account for leases, many companies pick and choose which they feel best suits their situation. The financial procedures for dealing with leases should entail benefits as well as limitations to ensure each company is fairly representing all of its financial information. Ukrainian leasing sector has historically suffered from a number of significant weaknesses, including undercapitalization, weak corporate governance and management, poor asset quality, and even excessive political intervention in some instances. The situation is improving and reforms are continuing. However, comparing leasing activity transparency with banking system of Ukraine it worth to mention that it is not easy to find full information on the sites of leasing companies and their activity couldn't be called transparent. Leasing is just one of many areas to be overhauled by accounting boards over the past decade. The goal of all of these accounting changes is the same as the lease accounting standards – to provide more transparency into financial reports of public companies – a benefit to shareholders. The history of these lease accounting standards goes back even further than the past decade and nowadays it is represented as an International Financial Reporting Standard (IFRS) promulgated by the International Accounting Standards Board (IASB) providing guidance on accounting for leases. The new standard will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy. The new leases standard will increase transparency and comparability among organizations that lease equipment

and other assets by recognizing the assets and liabilities that arise from lease transactions. In other words, current off-balance sheet leasing activities will be required to be reflected on balance sheets so that investors and other users of financial statements can more readily and accurately understand the rights and obligations associated with these transactions. The new leases standard also will require lessees and lessors to provide additional qualitative and quantitative disclosures to help financial statement users assess the amount, timing, and uncertainty of cash flows arising from leases. These disclosures are intended to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an organization's leasing activities. The new standard will not substantially change this level of effort as a part of transition planning, organizations may want to form a transition team that includes individuals from departments other than accounting and external reporting. For example, with the addition of leases to the balance sheet, organizations should review existing contractual agreements, such as lending covenants, to seamlessly adjust to the new standard. Accordingly, it may be wise to include treasury, legal departments, and others as part of a transition team.

Finally, but perhaps most importantly, organizations will want to explain the effects of the changes in accounting for leases on the organization's financial statements to boards of directors, investors, and other users of financial statements. Banks are attempting to show us more and more information about their interest rates and financial sources but in leasing services situation is worth due to the hidden interest rates and even balance sheet information, cash flows and annual report. As a result, people and organizations cannot trust such companies because of the lack of transparency and confidence about stability in the nearest future. The purpose of financial reporting is to provide the general information needs of a wide range of users when making various decisions. For the adoption of quality management and economic decisions, users of financial statements need information about the financial position, performance and changes in the financial state of the enterprise. The Ministry of Finance of Ukraine, the National Bank of Ukraine, the National

Securities and Stock Market Commission (NCSSMF) and the National Commission for the regulation of financial services markets signed a Memorandum of Understanding on the development and implementation of the Financial Reporting System in XBRL format). According to this document, the main task of regulators is the introduction of a new Financial Reporting System in Ukraine, which will allow receiving, processing, checking and disclosing financial statements of enterprises in a single electronic format. The basis for the System's operation will be the XBRL standard. The system will offer a single reporting standard, depending on the types of companies, and will be equipped with a single window for its presentation. It is supposed that its launch will take place in 2019, because according to the Law of Ukraine "On Accounting and Financial Reporting", enterprises of the public interest should compile and submit financial statements to public authorities according to international standards in a single electronic format for 2019 year. In this report we will see information that:

- 1) The lessors submit quarterly reports to the National Financial Services Commission.
- 2) Lessors submit quarterly reports to the National Financial Services Commission by the 20th of the month inclusive, following the reporting quarter.
- 3) Lessors shall submit quarterly reports to National Financial Services Commission, provided National Financial Services Commission decision on issuing certificates lessor taken no later than the 25th of the last month of the quarter for which it reports.
- 4) Reporting is accompanied by a letter from the lessor, which specifies the name, location, telephones, reporting period, and a list of documents of paper form and attached electronic files.

It is strongly important to be transparent in any activity for the financial sector. Confusion leads to frustration and the inevitable breakdown of trust. And in a society where everything and everyone is connected, it behoves financial service providers to

behave in a fair and just manner, not just because the law requires it, but because individual companies and the public benefit from participating in an honest system.

Ukraine still lacks a solid legislative basis on transparency in extractives and, without it, the ambitious scope of the next reports could be undermined. Civil society and local communities are asking for more detailed and disaggregated reporting in order to get relevant information on production volumes, investments, revenues, and especially interest rates in the companies. The disclosure of this required information, namely on socio-economic and environmental aspects, will provide the necessary ground to establish a dialogue with local communities.

Conclusion

In the research work we explored main basis, objectives and nature of regulation of the leasing market as a whole in the world and in our country as a part of conceptual basis of leasing. Due to different history, conditions for the development of the financial services market, mentality and regulatory framework, the regulation of the leasing market is significantly different in each case and has its own specifics, and therefore such regulation should be adapted to the conditions of a particular country. Although global practice has common requirements and regulatory tools that must undoubtedly be applied. As an example, the requirements of the Basil Committee are unquestioningly applied, and regulators of specific countries oversee the fining of leasing in the country in their own way.

We determined the concept of transparency in the activities of leasing companies and found the best ways of ensuring it in leasing companies activity nowadays through implementing law-changes and regulation using international standards and our main regulatory bodies, which soon could be separated into National bank and national commission that carries out state regulation in the field of financial services markets for better efficiency and higher simplicity.

Through investigation of different sources, we defined main models of leasing services market regulation and compared them in a way of relevance to use. Moreover, comparing essential experience of leasing services market regulation in foreign countries such as USA and European countries gave us good knowledge of current regulatory situation in world practice, various regulatory bodies and tools to apply, that could be a nice example for Ukraine in developing regulatory system and transparency in reporting of leasing companies. We investigated market overview historically till its current situation, showed basic indicators of it and comparing them.

We identified that the current state of the development of leasing requires the legal and organizational and economic basis for the provision of state support for leasing activities at the legislative level. When designing tools and implementing state

regulation tools and supporting leasing activities, it is important to determine not only the size but also the direction of using these tools.

To make recommendations on leasing market in Ukraine we investigated different models and systems in USA and European countries. That was great example for developing Ukrainian leasing market. Moreover, after finding imperfection in domestic market regulation we made recommendations for its improvement and we proposed what could be included in possible future Law of Leasing market self-regulation.

With help of different instruments, we depicted that there are many ways of improvement the regulation system of leasing services market in Ukraine with usage of state regulation, self-regulatory means and ensuring transparency in the activities of leasing companies.

International experience and tools for regulating leasing activities could also be of use in our practice. The results of the research should be used to improve the domestic leasing legislation on the basis of the use of modern and most progressive instruments of state regulation of the economy. It is obvious that the stimulation and support of leasing activities should be carried out, first of all, through a set of measures to create a favorable economic climate for the development of investment activity in general and attraction private and corporate investments in the field of leasing operations in particular.

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Appendices

Appendix A

Aggregate Data in Europe 2013 – 2017 Annual [15]

Aggregated data provided by companies (all figures in millions of euro for the relevant period)	2017		2016		2015		2014		2013	
	Sum of values (€millions)	% change versus 2016	Sum of values (€millions)	% change versus 2015	Sum of value (€millions)	% change versus 2014	Sum of value (€millions)	% change versus 2013	Sum of value (€millions)	% change versus 2012
1. Operating income	10,105	-0.3	10,137	3.5	9,795	8.3	9,043	7.4	8,419	2.4
2. Operating expenses	4,879	1.6	4,802	6.6	4,506	4.2	4,324	3.7	4,168	-2.4
3. Loan loss provision	752	-57.6	1,775	42.4	1,247	-30.2	1,788	-37.8	2,875	71.6
4. Pre-Tax Profit	4,505	25.0	3,605	-11.0	4,050	37.2	2,951	114.4	1,376	-38.9
5. RWA at end of period	186,860	3.6	180,323	0.6	179,281	3.2	173,804	-3.0	179,236	-4.6
6. Portfolio at end of period	260,467	3.0	253,002	2.8	244,355	2.1	239,337	2.3	234,043	-3.2
7. New business volumes	101,767	4.0	97,846	7.5	91,023	10.1	82,707	9.0	75,876	-8.1

Index segment results in European countries based on 2016 and 2017-year data [14]

№	Indicator	SEGMENT RESULTS: 2017
1.	Profitability	<p>The profitability ratio decreased somewhat for the equipment category compared to 2016, but grew in all other categories. Commercial vehicles and real estate leasing were the best performing asset types, increasing by around 8 and 12 percentage points respectively year-on-year. When looking at quarterly data, the fourth quarter is normally a poor performer compared to the rest of the year, however Q4 2017 dropped particularly significantly compared to Q3 2017 for the commercial vehicle category assets, while real estate saw almost no change going from Q3 to Q4 2017.</p>
2.	Cost/income	<p>Generally, the trend in cost/income ratios for the typical leasing company has been one of improvement since 2012, with fluctuations by asset type. This year the trend varied between the categories, with equipment remaining unchanged, passenger cars increasing slightly, and commercial vehicles and real estate improving. The cost/income ratio spiked in the fourth quarter of 2017 to around the 50% mark for all assets except real estate, which also spiked but to a lower level of 37%.</p>
3.	Cost of risk	<p>The cost of risk shrank for equipment and real estate in 2017, while the ratio for commercial vehicles increased, and that of passenger cars and</p>

		<p>LCVs remained unchanged compared to the full year 2016. While the cost of risk peaked in Q4 2017 for real estate and commercial vehicles, it dipped for equipment and passenger cars compared to the third quarter. Generally speaking, however, leasing companies were able to manage their cost of risk throughout 2017, maintaining similar or better levels than previously seen in the survey.</p>
<p>4.</p>	<p>Return on assets</p>	<p>Return on assets saw strong positive developments across almost all assets in 2017. Commercial vehicle leasing reached its highest levels in this survey at 1.5% in 2017. The largest change in RoA among the asset categories was for real estate, moving from close to 0% in 2016 up to 0.7% in 2017. Equipment was the only asset to see a decrease in 2017, going from 1.5% down to 1.4%.</p>

**An overview of the legislative framework governing the leasing activity in
Ukraine [18]**

№	Name of legislative act	The main issues regulated by this act
1	The law of Ukraine "on financial leasing" from 16.12.1997 year	Legalized the activity in our country.
2	The law of Ukraine "on financial leasing" from 11.12 2003 year	<p>It provides the most basic and current tools for financial leasing.</p> <p>Positive: due to your understanding of the leasing, the broader range of subjects, the pre-eminence of the practical activities of the leasing industry, the provision of leasing services.</p> <p>Negative: there is no evidence of operative leasing, issuance of financial leasing.</p>
3	Civil Code of Ukraine (paragraph 6, chapter 58 "Hiring (lease)")	Is making equal concept of lease and rent, however the Law of Ukraine Ukraine "on financial leasing" has already defined that these services are different.
4	Economic Code of Ukraine (p. 292)	<p>Provide the basic concept of leasing in the field</p> <p>Management</p>
5	Law of Ukraine "on joining Ukraine to UNIDROIT convention on International Financial Leasing	<p>Determines the principles of leasing usage in</p> <p>Ukraine in accordance with international regulations.</p>

Total Leaseurope leasing market indicators in 2014 [15]

			New Production (Mio€)				Outstandings (Mio€)			
			New Production (Mio€)		% change		Outstandings (Mio€)		% change	
			2014	2013	not adjusted ¹	adjusted ²	2014	2013	not adjusted ¹	adjusted ²
UK	1.	Finance and Leasing Association - FLA	60,840.82	49,554.91	22.77%	16.54%	114,775.72	102,589.31	11.88%	6.20%
DE	2.	Bundesverband Deutscher Leasing-Unternehmen e.V. - BDL	49,840.00	45,820.00	8.77%	8.77%	132,500.00	135,600.00	-2.29%	-2.29%
FR	3.	Association française des Sociétés Financières - ASF	30,043.00	28,766.00	4.44%	4.44%	85,074.00	84,679.00	0.47%	0.47%
IT	4.	Associazione Italiana Leasing - ASSILEA and ANIASA	18,028.00	16,151.00	11.62%	11.62%	99,456.00	104,153.00	-4.51%	-4.51%
RU	5.	United Leasing Association - ULA	13,626.21	18,494.46	-26.32%	-	62,804.45	68,498.00	-8.31%	10.34%
SE	6.	AFINA regrouping Finansbolagens Förening and Svenska Bankföreningen	12,312.69	12,113.04	1.65%	6.90%	29,338.02	30,402.82	-3.50%	1.48%
PL	7.	Polish Leasing Association	10,233.52	8,409.67	21.69%	21.20%	18,195.33	15,371.51	18.37%	18.00%
FR	8.	Fédération Nationale des Loueurs de Véhicules - FNLV	10,166.00	8,773.00	15.88%	15.88%	-	-	-	-
CH	9.	Schweizerischer Leasingverband - SLV	8,485.10	7,275.61	16.62%	15.05%	17,604.97	16,239.14	-	-
ES	10.	Asociación Española de Leasing y Renting - AELR	6,550.01	4,681.10	39.92%	39.92%	21,177.16	20,314.50	4.25%	4.25%
DK	11.	Finans og Leasing	6,251.95	5,793.05	7.92%	7.88%	13,299.62	12,100.99	9.91%	9.86%
NO	12.	Finansieringselskapenes Forening	5,567.97	5,159.41	7.92%	15.49%	12,601.62	12,225.91	3.07%	10.30%
AT	13.	Verband Österreichischer Leasing-Gesellschaften - VOL	5,522.83	5,804.09	-4.85%	-	22,345.06	22,789.18	-1.95%	-1.95%
NL	14.	Vereniging van Nederlandse Autoleasemaatschappijen - VNA	4,525.00	4,611.00	-1.87%	1.87%	14,088.00	-	13,694.00	-
BE	15.	Association Belge des Entreprises de Leasing	4,356.90	4,121.80	5.70%	5.70%	12,997.60	12,783.90	1.67%	1.67%
NL	16.	Nederlandse Vereniging van Leasemaatschappijen - NVL	4,292.00	4,172.00	2.88%	2.88%	8,000.00	8,000.00	-	-
FI	17.	Federation of Finnish Financial Services - FKL	3,640.00	3,379.00	7.72%	7.72%	8,727.00	8,499.00	2.68%	2.68%
CZ	18.	Czech Leasing and Finance Association - CLFA	3,136.19	2,883.76	8.75%	15.27%	7,028.07	7,178.68	-2.10%	3.77%
BE	19.	Fédération Belge des Loueurs de Véhicules - RENTA	2,825.00	2,513.85	12.38%	12.38%	5,717.17	5,492.01	4.10%	4.10%
ES	20.	Association Española de Renting de Vehículos - AER	2,607.88	2,211.73	17.91%	17.91%	6,257.83	6,231.08	0.43%	-
PT	21.	Associação Portuguesa de Leasing, Factoring e Renting - ALF	2,421.00	1,855.00	30.51%	30.51%	10,212.00	11,794.00	-13.41%	13.41%
SK	22.	Association of Leasing Companies of the Slovak Republic	1,941.00	1,808.00	7.36%	7.36%	3,327.00	3,291.00	1.09%	1.09%
RO	23.	Romanian Leasing and Non Banking Financial Services Association	1,174.29	1,106.55	6.17%	6.17%	2,415.43	2,613.94	-7.59%	-7.59%
TR	24.	Auto Leasing and Rental Companies Association - Tokkder	1,761.23	1,444.92	21.89%	39.84%	3,435.75	2,867.58	19.81%	37.45%
MA	25.	Association Professionnelle des Sociétés de Financement - APSF	1,155.03	1,152.31	0.24%	0.37%	3,715.36	3,701.97	0.36%	0.50%
LT	26.	Association of Lithuanian Banks - Leasing Committee	937.82	733.49	27.86%	27.86%	1,519.72	-	1,527.60	-
EE	27.	Estonian Leasing Association	867.00	882.00	-1.70%	-	2,008.00	1,884.00	6.58%	6.58%
SI	28.	Leasing Committee of the Banking Association of Slovenia	719.76	806.78	-10.79%	-	1,431.60	3,001.78	-52.31%	52.31%
BG	29.	Bulgarian Association for Leasing - BAL	563.63	560.90	0.49%	0.49%	1,598.11	1,582.48	0.99%	0.99%
LV	30.	Latvian Lessors Association	530.84	611.47	-13.19%	-	1,120.47	1,124.18	-0.33%	-0.33%
UA	31.	Ukrainian Union of Lessors - UUL	303.96	544.95	-44.22%	-	1,329.73	1,042.60	27.54%	31.19%
RS	32.	Association of Leasing Companies in Serbia - ALCS	288.77	271.05	6.54%	10.46%	-	-	-	-
GR	33.	Association of Greek Leasing Companies - AGLC	213.44	213.50	-0.03%	-	5,452.81	5,913.41	-7.79%	-7.79%
TOTAL			275,729.3	252,679.40			729,553.61	727,186.56		
% (based on homogenous sample)					9.12%	9.53%			0.33%	1.70%

1) not adjusted for exchange rate fluctuations 2) adjusted for exchange rate fluctuations