Kyiv National University of Trade and Economics

Banking department

FINAL QUALIFYING PAPER

on the topic:

Competitive strategies for the development of financial institutions (except banks)

Student of the 2 nd year, group 5ам, specialty 072 «Finance, banking and insurance» specialization «Financial intermediation»

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(student'ssignature)

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Kyiv, 2020

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Faculty of Finance and Accounting
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Specialization Financial Intermediation

Approved by
Head of the Department of Banking
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Doctor of Sciences in Economics, Professor
on ________________, ____, 20___

Task
for a final qualifying paper

Lenchenko Maksym
(student's last name, first name)

1. Topic of a final qualifying paper
Competitive strategies for the development of financial institutions (except banks
Approved by the Rector's order from November, 15, 2019, No. 3893
2. Term of submitting by a student his/her terminated paper (project) 20.11.2020
3. Initial data of the final qualifying paper (project)
Purpose of the paper (project) Disclosure of theoretical bases of formation of competitive strategy of development of financial institutions
Object of the research the process of developing financial institutions
Subject of the research competitive strategies for the development of financial institutions

4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task fulfilled

5. Contents of a final qualifying paper (list of all the sections and subsections)

_Introduction

Part 1. Theoretical basis of Investment activity of a financial institution

Part 2. Analyzes of effectiveness of financial institutions development strategies

2.1 Analyzes of the effectiveness of financial institutions development strategies in Ukraine.

2.2 Comparison of strategies for financial institutions development in Ukraine and abroad

Part 3. Ways to Improve Competitive Strategies for Developing Financial Institutions.

3.1 Implementation of foreign strategies for the development of financial institutions and analysis of their effectiveness.

3.2 Develop proposals for improving competitive strategies for the development of financial institutions in Ukraine.

Conclusion

References

Appendices

6. Time schedule of the paper

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1.	Approval of the Task of the FQP(Ukrainian)	23.12.2019	
	Approval of the Task of the FQP(English)	03.02.2020	
2.	Submission of the **article** to the Banking department (English), paper and electronic versions	30.03.2020	
3.	Part I. List of sources used(references)	27.04.2020	
4.	Production (diploma) practice, review(Ukraine)	11.05-19.06.2020	
5.	Part 2. List of sources used(references)	22.06.2020	
6.	Part 3. Introduction, Conclusions, References	05.10.2020	
7.	Submission of the FQP to the Banking department (all Parts appendices), resume of a scientific adviser	26.10.2020	
8.	Preliminary FQP protection at the Banking department , review (KNUTE, Ukraine), review (KNUTE, English)	09.11.2020	
9.	Submission of the completed (intertwined) the FQP to the Banking department, supporting documents (summary, supporting data, there reviews)	23.11.2020	
10	Public FQP protection in the examination commission		

7. Date of receiving the task _____________, ____, 20___.

8. Scientific adviser of the final qualifying paper

____

(last name, initials, signature)

9. Head of the project team
(Manager of the educational program) Iryna A.Avanesova, Phd in Economics Associate Professor of the Department of Banking

____

(last name, initials, signature)

10. The task received by the student _________________________

(last name, initials, signature)

11. Resume of a scientific adviser of a final qualifying paper

The final qualifying work is devoted to the study of theoretical, methodological aspects of development and improvement of development and support of competitive strategies of financial institutions.

The study was carried out taking into account international experience and financial trends in the world, on the basis of which the master developed theoretical recommendations for improving and developing competitive development strategies.

The conclusions presented in the paper are substantiated by making appropriate generalizations and illustrated by a large number of tables and figures.

The disadvantages of the work include the fact that some provisions of the final qualification work require additional detail and justification, for example, insufficiently fully disclosed issues of practical aspects.

In general, the final qualifying work of Maxim Lenchenko on "competitive strategies for the development of financial institutions" meets the requirements for writing qualifying works. I recommend the diploma work of the student Lenchenko M.O to defense.

Scientific adviser of a final qualifying paper Serazhym Y.V ______________
(last name, initials, signature)

Note about preliminary paper defence __________________________
(last name, initials, signature)

12. Resume about a final qualifying paper

A final qualifying paper of the student ______________________________
(last name, initials)

can be admitted to defence in the Examination Board.

Head of the project team
(Manager of the educational program)Iryna A.Avanesova ___________________
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Head of the Department Nataliia P. Shulha _________________________
(last name, initials, signature)

________________, _____, 20__ .

PLAN

INTRODUCTION

The relevance of the topic is that the number of non-banking financial institutions in the country grows and accordingly requires regulation of non-banking financial market and legislative changes in the direction of regulatory environment approximation to international standards. Currently, Ukraine provides for a comprehensive settlement of relations on the market, which involves the implementation of international standards IAIS, IOPS та IOSCO, as well as the requirements of EU acts, the issue of the procedure for withdrawal of insolvent non-bank financial institutions from the market remains unresolved.

Analysis of publications and researches. Outstanding scientists carried out research on competitiveness and development of non-banking financial institutions: O. Dorosh, M. Porter, O.P.Sielnik. Dragan O.I. etc. The study and analysis of these publications give us the opportunity to analyze and draw conclusions.

The purpose of paper. Disclosure of theoretical principles, study of the current state and development of proposals for the development of effectiveness of financial institutions development strategies with financial trends, development of proposals for improving these aspects.

The article is aimed at analyzing the strategies of competitive development of financial institutions.

Tasks:

1. Investigate the theoretical foundations of competitive strategies of financial institutions ;

2. Analyze the experience of foreign countries in the development of competitive strategies of financial institutions

3. Carry out an analysis of state regulation in the securities market;

4.Develop proposals for improving competitive strategies for the development of financial institutions.

The object of final qualifying work is non-banking financial institutions.

The subject of final qualifying work is the theoretical aspects and the competitiveness of financial enterprises

The information base of the study is laws and regulations on the development and development of competitive strategies for the development of financial institutions in Ukraine; scientific publications on the researched problem; analytical reports; foreign Internet sources and publications.

The practical significance of the results. The obtained results can be used by state bodies to improve and develop strategies for competitive development in Ukraine. In particular, the recommendations developed by the author can be used by non-bank financial institutions in developing strategies for the development of financial institutions in Ukraine or the implementation of national economic and financial reforms.

Master's personal contribution. Graduation is a self-completed study by the author.

Approbation of research results. The results of theoretical research of the final qualification work and the results of research in JSC "OTP BANK" can be used by financial institutions for research and development of their financial component and can help create a competitive strategy for the development of financial institutions.

Publications. Some results of the study are reflected in the scientific article: Lenchenko.M Competitive strategies for the development of financial institutions // Business processes in credit and financial institutions: Coll. of scientific art. of full-time and part–time stud. / resp. ed. N.P. Shulga. – K.: KNUTE. – 2020. – 426 p.

Based on the results of the competition, following theses were published: “Competitive strategies for the development of financial institutions” // Information technologies and financial system: current state, efficiency, prospects: a collection of abstracts of scientific papers of participants of the International scientific-practical conference for students, graduate students and young scientists (Kyiv, January 31, 2020). - K .: Analytical Center “New Economy”, 2020. - 136 p. (Pp.

87-89).

Scope and structure of work. The work consists of 3 parts, introduction, conclusions, list of used sources and appendices. The volume of work is 62 pages. The paper presents: 13 tables, 4 appendices and used 58 scientific sources.

Part 1. Theoretical basis of Investment activity of a financial institution

First of all, we must understand how such a non-banking financial institution is and what it represents also need to understand the concept of "competition" and "competitiveness" to have an idea of the most competitive strategy for the development of a financial institution.

Non-bank financial institutions are an objectively necessary phenomenon in a market economy, they are not only powerful competitors of banks in the struggle for free money capital, which in itself has a positive meaning, but also act as providers of financial services that are not profitable or prohibited by law. According to the law, non-bank financial institutions in Ukraine include: insurance companies, private pension funds, investment and financial companies, credit unions, leasing companies, pawnshops, trust companies, etc. Today, these institutions have significant potential to be competitive in the financial services market, but do not make full use of it. This approach makes it possible to systematize non-banking financial institutions in accordance with competition spheres in the financial services market. In my opinion, these institutions have a significant potential to achieve competitiveness in the financial services market, but do not use it fully [1].

Competition in the financial sector matters for a number of reasons. As in other industries, the degree of competition in the financial sector matters for the efficiency of production of financial services, the quality of financial products and the degree of innovation in the sector. The view that competition in financial services is unambiguously good, however, is more naive than in other industries and vigorous rivalry may not be the first best.

Competition in the field of non-banking financial institutions has the characters and traits that define its special place in competition theory and distinguish it from competition in other sectors of the economy. Such features include: development of competition forms and high level of its intensity; the subjects of competition are not only non-banking financial institutions, but also banks; the competitive environment of the financial services market is a variety of sectors, in each of which non-banking financial institutions can act as sellers and buyers. In the financial sector, three levels of competition are to be singled out competing between non-banking institutions (inter-group); competition between non-bank financial institutions; competition within a single type of non-banking institutions [2].

Competition (from lat. conecuere − you are faced) − the economic process of interaction, interrelation and struggle between the enterprises, that market in order to provide the best opportunities of marketing of its products, satisfaction of various needs of customers and getting the biggest profit. Competition is an objective economic law of developed commodity production, the action of which is for commodity producers with an external forced force to increase productivity at their enterprises, increase the scale of production, accelerate scientific and technological progress, the introduction of new forms of organization of production, forms and systems of wages, etc. The action of many economic laws takes place in the form of forced competition, resulting in competition is an important driving force in the development as an integral part of the economic mechanism, the competition operates through demand, supply and prices. [2]

Competitiveness – the ability in the process of rivalry to achieve better results in some activities, the sphere of functioning. Competitiveness of the enterprise should be determined by competitiveness of certain types of products, it produces.[1]

Competitiveness of the company defines indicators that characterize the efficiency of production activities, financial status of the enterprise, the effectiveness of the sales organization and the promotion of goods compared, as well as the indicators of competitiveness of goods. The concept of "competitiveness" and "competitiveness of enterprise" multifaceted and each scientist interprets it according to its diversity, we can add that competitiveness:

1. as adaptability is not an inherent quality of the enterprise;
2. relative concept and has a different level in relation to different competitors;
3. depends on the level of competitive advantage and ways to obtain them. [2, p2]

One of the main factors in ensuring competitiveness is to increase productivity. Improved productivity leads to real economic growth, social progress and higher living standards. However, the place where the performance is really ensured is an enterprise. It is here that all available resources (financial, staffing, information, technical, technological, managerial, organizational) converge together to produce competitive products. The efficiency of the integral functioning of these resources is reflected in the performance. Overall performance is defined as the ratio of production or services produced with the production or maintenance system to the cost of its creation. [3]Thus, performance is an effective use of work, capital, land, materials, information during the production of various goods. Performance Indicators help set real goals and establish benchmarks for diagnostic activities, pointing to bottlenecks and barriers to achieving expected efficiency, and, in general, and competitiveness. Without the optimal measurement system, this indicator cannot be achieved by any improvement of internal relations between workers, managers and managers, and the appropriate compliance between the level of productivity, wages and the policy of distributing profits obtained by increasing productivity. By using resources more effectively, the enterprise will gain more impact, that is, economic results of efficiency of resource utilization are expressed [2].

The effective functioning of non-banking financial institutions in a market economy occurs in the presence of a competitive environment in the financial services market. The competitive environment of non-banking financial institutions in the financial services market is a specific area of competitive interaction of non-banking financial institutions, whose behavior is formed in a set of factors that determine the appropriate level of development of the financial services market. Factors influencing the competitive environment should be grouped by the following characteristics:

- factors of the external environment of direct action (state regulation, market subjects, conditions of functioning of the financial services market, securities market and international capital market, information environment);
- factors of the external environment of indirect action (scientific and technical

progress, system of economic relations in the state, political circumstances, socio-cultural circumstances, regional and natural conditions, the economic environment, international and situation);

- factors of internal environment (management system, marketing system, technical means and technologies, financial support, availability of highly qualified personnel).[3]

The survey [8] confirmed the conclusion that each factor influencing the formation of a competitive environment in the financial services market for non-bank financial institutions is closely related to others and depends on the impact

In connection with the complexity and multifaceted of the problem of assessing the competitiveness of non-banking financial institutions, gradual conduct of the analysis of non-banking financial institutions with the selection of three phases: preparatory, analytical and settlement, formation of conclusions and defining directions of use of the analysis results to increase the competitiveness of non-banking financial institutions (Appendix A)

The estimation of competitiveness of non-banking financial institutions is necessary to conduct at three levels of competition (between non-bank institutions and banks; between separate types of non-bank financial institutions; in the middle of a separate type of non-bank institutions), as the competition subjects in the financial services market are: banks, insurance companies, credit unions the objects of competition are the most common segments of the financial services market within which these institutions compete[2].The analysis of the competitiveness of non-banking financial institutions was conducted on the basis of comparison of assets, volume and share of lending, funds raised; prices for financial services, completeness of branch network and regional functioning peculiarities, share of their financial market coverage.

Let's move on to competitive strategies of non-banking financial institutions. The choice of competitive strategy for enterprise development is based on different approaches: increasing of competitive capacity of the enterprise, strengthening of competitive position on the domestic and global markets, ensuring sustainable development.[2]

In the strategic management system of the enterprise the Strategy formation leads to the adoption of strategic decisions at three levels of the enterprise: general level of enterprise (corporate); functional level; structural production units. The strategy, which is developed on the general level of the enterprise, defines the general direction of enterprise competitiveness management. The above leadership decides on the expansion, elimination or re-profiling of some areas of activity, calculates strategic relationships between individual activities and resource allocation, forms diversification plans. At this level general strategy (corporate) are developing, which is the basis of the following levels. At the level of the structural units (production units), operational strategies are being developed to ensure the long-term competitive advantage of each independent unit. This strategy, given the specifics of production in this subsection, is a competitive product strategy.[2]

Functional strategies are strategies that are developed by functional departments and services on the basis of general and business strategies of structural units. Functional strategies are marketing, production, financial, foreign economic, innovation and technological strategy, etc. The purpose of functional strategies is to search for effective managerial mechanisms of production units activity within the general strategy. The above levels of making managerial decisions on choosing strategies form a hierarchical model of strategic management structure at the enterprise, given in Appendix B

It is necessary to determine that all strategies of the enterprise should be mutually coordinated and closely interact with each other. Therefore, the basic principle of coordination of efforts of different levels is their hierarchical subordination. Lower level strategies should be developed based on the prevailing strategy. Thus, strategic planning will be carried out "from top to bottom", because production units are not business entities, but only the structural units of the enterprise and have limited powers to adopt economic decisions. The analysis of the external competitive environment, which can be the decisive factor for the overall strategy of enterprise development, which will affect the operational strategies of structural units (production units), is significantly influenced by adoption of a strategic decision on the highest level. With the help of the proposed model you can choose a competitive strategy of enterprise development, you can define the prospects of development as a whole, and in the context of its structural subdivisions, to develop conceptual foundations for making fundamental changes in the production, maintaining leading market positions, development and improvement of products, organizational and production structure, profitability and economic potential of the enterprise.[2]

An operational strategy is developed on the basis of corporate strategy. The most common development of operational strategies is to clarify competitive advantage and choose an appropriate competitive strategy. [4]

Part 2. Analyzes of effectiveness of financial institutions development strategies

2.1. Analyzes of the effectiveness of financial institutions development strategies in Ukraine

The market of non-banking financial services is a system of economic relations between non-banking financial institutions regarding the distribution and redistribution of financial resources, purchase and sale of temporarily free funds and securities, which ensure the functioning of the market of non-banking financial services by performing economic, market and organizational functions.

There are various non-banking financial institutions in the non-banking financial services market. Each of them differs in its specific activity. From the standpoint of non-bank financial services market participants, all non-bank financial institutions are divided into credit institutions, which include credit unions and other credit institutions, pawnshops, leasing companies, factoring companies; investment institutions, covering investment companies, investment funds; insurance institutions as part of insurance companies and private pension funds.

There are three main stages in the development of the non-banking financial services market. The establishment of the boundaries of the stages was chosen so that in the transition from one stage to another to show the cyclical changes that have occurred in the development of the market of non-banking financial services, due to the influence of a number of positive and negative factors.

The analysis of the formation of the non-banking financial services market in the general structure of the financial market shows that the first stage (1991-1995) was characterized by the development of the first legislative documents and the presence of a significant number of government agencies regulating the market. The positive factors of market development include the following: expansion of the insurance sector: the Decree of the Cabinet of Ministers of Ukraine "On Insurance" (1993) was approved; the unified state register of insurance companies was introduced and licenses were issued; strengthening the specialization of insurers;

increasing the scope of insurance, the emergence and development of new types. The negative factors are the complete absence of regulatory and legal support for the activities of the NFP; lack of control of state authorities; increasing the number of insurance companies under unregulated legislation; the activities of insurance companies were based on the pyramid principle.

The second stage (1996–2000) was characterized by an attempt to restructure the economy: relative financial stabilization; introduction of a new national currency; slight decrease in inflation; acceleration of privatization processes; gradual creation of market infrastructure. Positive factors - the adoption of a number of laws: Law "On Insurance" (1996); Law "On Financial Leasing" (1997); creating conditions for the activities of new types of financial intermediaries: investment funds, trust companies); establishing requirements for the activities of insurance companies, the Law "On Insurance" (1996); re-registration by Ukrainian insurance supervision SK (the number decreased by 4 times, the quality of insurance increased); growth of gross performance of the insurance market. Negative factors of this period indicated the weak financial capabilities of non-bank financial institutions compared to banking institutions.

The third stage (2001 - present) is characterized by stabilization processes in the market of non-banking financial services. An important positive factor was the adoption of the law regulating the market of non-banking financial services - the Law "On Financial Services and State Regulation of the Financial Services Market" (2001), as well as the establishment of the State Commission for Regulation of Financial Services Markets (2002). exercising state regulation and control over the activities of non-bank financial intermediaries; adoption of laws regulating the activities of certain types of non-bank financial intermediaries: Law “On Credit Unions” (2001), “On Joint Investment Institutions” (2001), “On Non-State Pension Provision” (2001); amendments to the Law “On licensing for all market participants; increasing the level of solvency and capitalization of non-bank financial intermediaries and strengthening their interaction with the real sector of the economy. Negative factors, unfortunately, are significant today - it is low market capitalization, lack of government regulation, low investor confidence, low awareness of citizens.

According to the results of 2019, the total number of operating insurance companies amounted to 294, including 33 life insurance companies and 261 non-life insurance companies. The number of companies in the insurance market of Ukraine has long shown a downward trend, in 2019 compared to the previous year it decreased by 16 insurance companies.

The volume of gross insurance premiums received by insurers and reinsurers during 2019 amounted to UAH 43.43 billion, which is 26.35% more than in 2018.(table 2.1)

Table 2.1

Gross insurance premiums, UAH million[21]

	2017	2018	2019	Growth rates, 2019/2018	
				million uah.	%
Million uah.	29 736,00	35 170,30	43 431,80	8 261,50	23,49%
Insurance premiums from individuals	10 239,50	13 220,00	15 555,60	2 335,60	17,67%
Insurance premiums from legal entities	12 614,60	12 879,60	12 693,50	-186.10	-1,44%
Insurance premiums from reinsurers	6 881,90	9 070,70	15 182,70	6 112,00	67,38%

The vast majority of insurance premiums (64.2%) came from legal entities, including reinsurers. At the same time, the share of gross premiums from individuals is also significant. According to the results of 2019, the amount of gross premiums received by insurers from types of insurance other than life insurance amounted to UAH 40.52 billion (or 93.3% of the total amount of insurance premiums), and life insurance - UAH 2.91 billion (6.7%).

The volume of net insurance premiums in 2019 amounted to UAH 28.49 billion. which corresponds to 65.6% of gross insurance premiums. The amount of gross insurance premiums in 2019 increased by 23.5% compared to 2018, while net insurance premiums increased by 7.7%.

At the end of 2019, most of the net insurance premiums came from auto insurance (34.6% of the total volume), which continues to be one of the most popular types of insurance despite the unfavorable economic environment and low level of solvency of the population. The second and third places in the structure of gross net premiums are life insurance (10.2%) and health insurance (continuous health insurance) (9.4%).

A detailed structure of net insurance premiums for 2017-2019 indicators is given in Table. 2.2.

Table. 2.2

Structure of net insurance premiums[21]

	Net insurance premiums, mln. UAH.			Growth rates, 2019/2018	
	2017	2018	2019	million UAH.	%
Car insurance (Casco, CTP, "Green Card»)	7 322,40	8 653,00	9 858,10	1 205,1	13,93%
Life insurance	2 186,60	2 754,10	2 913,70	159.6	5,79%
Property insurance	2 188,10	2 633,30	2 578,50	-54.8	-2,08%
Health insurance (continuous health insurance)	1 862,10	2 280,20	2 673,90	393.7	17,27%
Financial risk insurance	2 172,90	1 985,40	1 829,50	-155.9	-7,85%
Insurance against fire and natural disaster risks	1 292,10	1 782,10	1 576,10	-206.0	-11,56%
Cargo and baggage insurance	1 255,40	1 264,20	1001.4	-262.8	-20,79%
Third party liability insurance	1 391,50	1 430,60	1613.2	182.6	12,76%
Transport Accident Insurance	71.2	75.7	84.9	9.2	12,15%
Insurance of medical expenses	469.2	671.3	833.2	161.9	24,12%
Credit insurance	200.2	505.7	334.7	-171.0	-33,81%
Aviation insurance	426.9	482.7	662.8	180.1	37,31%
Transport Accident Insurance	71.2	75.7	84.9	9.2	12,15%
Other types of insurance	1 073,40	1 218,30	1 531,50	313.2	25,71%
Total	22 354,90	26 463,80	28 494,40	2 030,60	7,67%

The volume of gross insurance payments at the end of 2019 amounted to 10.54 billion UAH, including: from types of Insurance other than life insurance - 9.98 billion UAH (94.7% of the total volume), Life Insurance - 0.56 billion UAH (5.3%).

The average level of net insurance payments (the ratio of net insurance payments to net insurance premiums) as of 01.01.2020 was 36.0% (as of 01.01.2019 - 32.3%). The highest level in 2019 was the level of net insurance payments for financial risk insurance (98.6%), which is explained by: deterioration of the solvency of Ukrainian borrowers and a decrease in their ability to service their loan obligations; insurance of income or profit as a result of non-fulfillment or improper fulfillment by counterparties of the terms of concluded contracts, as well as the need to insure currency risks due to currency fluctuations.

During the analyzed period, the volume of insurance reserves increased by 9.2% and as of 01.01.2020 amounted to 22.86 billion UAH. Among other things, the increase in the total volume of reserves is caused by the devaluation of the national currency and revaluation of foreign currency asset balances.

The total insurance reserves of insurance companies in Ukraine continue to be dominated by bank deposits. As of 01.01.2020, this component accounted for 34% of their total volume.

As of 01.01.2020, there were 378 credit institutions in the State Register of financial institutions. Since the beginning of 2019, the number of credit institutions has decreased by 84 units (-18,%) (table. 2.3).

Table 2.3

Number of credit institutions in the State Register of financial institutions[21]

	2016	2017	2018	2019
Total number of credit institutions, including:	619	618	491	378
Credit unions	589	588	462	378
Legal entities under public law	30	30	29	0

In addition, there were 443 separate divisions of credit unions in the State Register of financial institutions.

The volume of the loan portfolio of credit unions as of 01.01.2020 exceeded the volume of attracted deposits by more than two times. Thus, at the end of 2019, the amount of loans granted to members of credit unions corresponded to 1.90 billion UAH, while increasing by 5.7% compared to the previous year. The average loan size per member of a credit union who has a loan corresponded to UAH 14.1

thousand (UAH 12.1 thousand at the end of 2018).

At the end of 2019, deposits totaling UAH 9 937.0 million were recorded on the deposit accounts of credit union members. The average amount of deposits to deposit accounts as of the reporting date corresponded to UAH 43.2 thousand (UAH 20.2 thousand at the end of 2018).

Of the total number of credit unions that submitted reporting data for 2019, 270 credit unions (97.1%) provided loans to members of the union. In 126 credit unions (46.7%), the average rate for loans granted per borrower is less than UAH 10.0 thousand.

At the end of 2019, according to the list of legal entities that have the right to provide financial services and are registered with the National Financial Services Committee, there were 183 legal entities - lessors in Ukraine; in the State Register of financial institutions as of 01.01.2020, information was entered on 280 financial companies providing financial leasing services (table. 2.4).

Table 2.4

Number of legal entities-lessors and financial companies providing financial leasing services[8]

Type of institution	01.01.2017	01.01.2018	01.01.2019	01.01.2020
Legal entities - lessors	267	268	202	183
Financial companies that provide financial leasing services	187	362	428	280

In general, according to the results of 2019, financial companies and legal entities that do not have the status of financial institutions, but can provide financial services in accordance with the legislation, concluded 7,752 financial leasing agreements in the amount of 12.968 billion UAH. The total value of leasing objects that are the subject of concluded contracts corresponds to 10.42 billion UAH.

As of 01.01.2020, the total value of existing financial leasing agreements was 22.76 billion UAH. About 99.4% of all financial leasing services were provided by legal entities - business entities that are not financial institutions (table 2.5).

Table 2.5

Dynamics of the cost and number of concluded financial leasing agreements[8]

Period	Cost of financial leasing agreements, (mln. UAH.)		Number of financial leasing agreements (units)	
	legal entities	Financial companies	legal entities	financial companies
2017	6 241,4	20.2	4 098,0	21.0
2018	9 755,0	67.3	9 122,0	38
2019	12 814,2	153.4	7 699	53

According to the results of 2019, a decrease in the number of financial leasing agreements was recorded by 15.4% (1,408 units).) compared to the indicators of 2018. At the same time, the value of financial leasing agreements increased by 32.0% (3,145.3 million UAH).

As of 01.01.2020, the State Register of financial institutions contained information about 492 financial companies that have the right to provide factoring services. During 2019, financial companies concluded 29,048 factoring agreements totaling 31,363.4 million UAH, fulfilled 27,669 contracts worth 53,062.4 million UAH. At the end of 2019, 26,465 factoring agreements remained in force (table 2.6)

Table 2.6

Cost of contracts for the main groups of financial leasing objects, mln. UAH. [21]

Sources of funding	2018	2018	2019	Growth rates, 2019/2018	
				million UAH.	%
Own funds	13 780,20	14 060,60	22 077,00	8 016,40	57,0%
Loan funds of legal entities (except for bank loans)	1 251,90	1 021,00	4 908,60	3 887,60	380,8%
Bank loans	793.6	345.4	1 044,60	699.20	202,4%
Other sources	730.2	1444.4	3 333,50	1 889,10	130,8%
Total	16 555,90	16 887,50	31 363,40	14 475,7	85,7%

The structure of financing sources for factoring operations during the study period is quite unstable and fluctuates significantly, primarily due to changes in the share of loan funds of legal entities, own funds and other sources. At the end of 2019, the share of own funds corresponded to 70.4% and was the largest in the structure of financing sources.

As of 01.01.2020, the share of bank loans was 3.3%, which is 1.3 percentage points more than as of the same date last year (2.0%).

The share of borrowed funds of legal entities (except for bank loans) increased by 9.6 percentage points compared to 2018 and amounted to 15.7% of the total amount of financing sources.

As of 01.01.2020, information on 415 pawnshops was entered in the State Register of financial institutions, which is 41 less than at the end of 2018 (456 institutions). The weighted average annual interest rate on pawnshop financial loans for 2019 was 189.3% (197.7% as of 01.01.2019).

The key performance indicators of pawnshops are shown in Table 2.7.

Table 2.7

Key performance indicators of pawnshops, mln. UAH. [21]

	2017	2018	2019	Growth rate, 2019/ 2018	
				million UAH.	%
Number of pawnshops (at the end of the period)	482	456	415	-41	-8,99%
Amount of secured financial loans granted (mln UAH.)	12 459,70	16 718,00	16 389,00	-329	-1,97%
Number of secured financial loans granted, thousand units.	10 600,00	11 943,60	12 226,30	282.7	2,37%
Amount of repaid financial loans (mln UAH), including:	12 155,30	16 414,70	16 395,90	-18.8	-0,11%
repaid at the expense of the property provided as collateral	842	1837.4	2 081,50	244.1	13,29%

At the end of 2019, the amount of secured financial loans granted and the amount of repaid financial loans decreased by 2.0% and 0.1%, respectively, while the number of secured financial loans increased by 2.4%. The indicator of the number of contracts repaid at the expense of property provided as collateral increased most significantly - by 13.29%. The weighted average annual interest rate on pawnshop financial loans for 2019 was 189.3% (197.7% as of 01.01.2019).

Key performance indicators of non-state pension funds are shown in Table 2.8.

Table 2.8

Key performance indicators of NSPF, mln. UAH. [21]

Indicators	2017	2018	2019	Growth rates (%), 2019/2018
Number of pension contracts concluded, thousand units.	59.7	62.6	58.7	-6,2%
Total number of NSPF participants, thousand people	836.7	834.0	840.8	0,8%
Total value of NSPF assets, mln. UAH.	1980	2138.7	2465.6	15,3%
Pension contributions, total, million UAH.	1886.8	1895.2	1897.3	0,1%
including:				
- from individuals	80.3	92.2	124.3	34,8%
- from individuals	0.2	0.2	0.2	0,0%
- from legal entities	1806.3	1802.1	1772.3	-1,7%
Pension payments, mln. UAH.	557.1	629.9	696.3	10,5%
Number of participants who have received / are receiving pension payments, thousand people	82.2	81.3	78.8	-3,1%
Amount of investment income, mln. UAH.	872.2	1080.5	1455.5	34,7%
Profit from investing assets of a non-state pension fund, mln. UAH.	657	834.8	1183.9	41,8%
The amount of expenses reimbursed from pension assets, mln. UAH.	215.2	245.7	271.5	10,5%

During 2019, administrators of non-state pension funds concluded 58.7 thousand units of pension contracts, which increased by -6.2% (3.9 thousand units) less than in 2018.

The number of depositors in 2019 decreased by 7.1% compared to 2018 (4.0 thousand depositors) and corresponded to 52.5 thousand people. They include legal entities - 1.8 thousand, or 3.4% of the total number of depositors, while individuals - 50.7 thousand, or 96.6%.

As of 01.01.2020, the State Register of financial institutions contained information on 64 non-state pension funds and 22 NSPF administrators (64 NPFS and 22 administrators at the end of 2018).

As of 01.01.2020, the number of NSPF participants was 840.8 thousand people (as of 01.01.2019 - 834.0 thousand people). The volume of pension payments for 2019 (one-time and for a certain period of time) amounted to 696.3 million UAH, which is 10.5% higher than the result of 2018. The amount of one-time - sum payments increased by 1.3%, pension payments for a certain period of time-by 45.9%.

Assessment of factors in the development of the non-bank financial services market based on the identification of stages and essential characteristics of its formation in Ukraine allowed to identify the main positive and negative factors at each of these stages. It can be argued that today in Ukraine the formation of the market of non-bank financial services took place since at the third stage (2001 - until now) the institutional structure of the market of non-bank financial services was formed; the appropriate regulatory framework regulating the functioning of the market of non-bank financial services was developed; state regulatory bodies of the market of non-bank financial services were created [16].

In the course of segmental analysis, which covers the analysis of the insurance services market; analysis of the market of services of credit unions and other credit institutions; analysis of the market of non-state pension provision services; analysis of the market of factoring services; analysis of the market of leasing services; analysis of the market of pawnshops Services; analysis of the market of investment services revealed that on the one hand, there is an active increase in the volume of operations of non-bank financial institutions, which indicates positive changes in these segments. On the other hand, there are important common problems for each segment of the national market that have a negative impact on its development, namely, insufficient level of measures of state regulation and supervision of the activities of non-bank financial institutions, low level of market capitalization, low level of awareness of citizens, insufficient training of personnel and distrust of investors.

A necessary condition for the development of the non-bank financial services market is the existence of an effective mechanism for forming and implementing an economic development strategy.

The results of a critical analysis of the concepts of "strategy", "development", "strategy of economic development" allowed to establish that the strategy of economic development of the non-bank financial services market is an integral system of views and key measures for market development, taking into account the priority needs of society and the state regarding financial resources, sources and mechanisms for their provision, the implementation of which involves the integrated use of principles, methods, tools for implementing the strategy by public administration bodies that implement it in order to ensure stable market growth, increase the competitiveness of its segments and protect the rights of consumers of non-bank financial services.

The inclusion in the strategy of legal (regulatory and legal support for the functioning of the entire market and its individual segments), regulatory (regulation and supervision of market segments and protection of the rights of consumers of non-bank financial services) features, as well as the specifics of the development of each individual market segment (low capitalization of non-bank financial institutions, due to different stages of their development), contributes to the improvement of both theoretical and methodological approaches to the formation of a strategy for the economic development of the market of non-bank financial services and increases the level of its economic validity.

The process of forming and implementing a strategy for the economic development of the non-bank financial services market consists of five interrelated stages. Namely: setting goals and objectives of the strategy; diagnostics of the strategic potential of the market; development of alternative options for market development; implementation of the strategy; monitoring and evaluation of the strategy.

The mechanism for implementing the strategy of economic development of the non-bank financial services market should be understood as a set of interrelated and mutually agreed methods, tools and forms for ensuring targeted regulatory influence on this market. At the same time, the main goals of implementing the strategy for the economic development of the non-bank financial services market are to ensure unity and favorable conditions for the functioning and development of the market, monitor the financial condition of its participants, and comply with legal requirements, and protect the interests of consumers of non-bank financial services.

Based on the identified features of the current period of the non-bank financial services market, a conceptual model for implementing the strategy of economic development of the non-bank financial services market is proposed.

Composing forms, methods, tools and taking into account the characteristics of participants in this market, the conceptual model allows to form a system basis for regulating the market of non-bank financial services, thanks to which, in accordance with the set goals, available resource support, selected management requirements, the level of efficiency of regulating the market of non-bank financial services is significantly increased and the goals of the strategy for economic development of this market are achieved.

The resulting indicators of the implementation of the strategy of economic development of the market are the growth rate of assets of non-bank financial institutions; the share of total assets of non-bank financial institutions in GDP; the level and quality of provision of non-bank financial services by market objects; the dynamics of credit, deposit and insurance operations; the number of participants in non-bank financial institutions. Such a mechanism for implementing the strategy allows us to generalize the means of implementing the goals of subjects of regulation of this market since they help to track the process of their implementation according to a logical scheme: goals – decisions – influences – actions – results.

Thus, the modern strategy of economic development of the non-bank financial services market provides an opportunity to ensure the formation of a competitive market for non-bank financial services and is able to ensure economic growth, investment activity, and the creation of modern infrastructure of non-bank financial institutions.

2.2. Comparison of strategies for financial institutions development in Ukraine and abroad

The transition of countries to market-based functioning is associated with the activation of financial globalization processes. The rapid development of the digital economy, and as a result, the development of the latest technologies, leads to the emergence of a special financial management model, which is characterized by the emergence of new financial services, the expansion of virtual money flows and the creation of virtual banks. The mentality of market agents is changing, which also brings qualitative changes to financial intermediation. The role of non-bank financial intermediation is gradually increasing, and capital centralization is being concentrated in financial intermediation. Competition between bank and non-bank financial intermediaries is increasing. There is a spread of integrated intermediaries – financial supermarkets and multinational financial conglomerates. All this means that it is impossible to stop the processes of globalization in the financial sphere.

The strategy of digitalization of the economy is considered a fundamental factor of economic growth, innovation and competition, job creation and social progress in general [49]. The transition to the digital economy is an important area of development of the world's economies. Changing the forms and methods of providing high-tech services to consumers is a transformation of financial markets.

Digitalization of the global economic space is achieved through the active introduction of the latest financial technologies and the active use of the Internet.

The development of digital technologies occupies an important place in such strategic documents of the European Union as "Europe 2020" [50], "Digitalagendaforeurope" [49].

The main areas of implementation of "DigitalAgendaforEurope" are: digital society (training and employment, health and pension provision, utilities, cybersecurity and privacy, emergency support lines, "Smart" Life, internet Trust); research and innovation (innovation, digital infrastructure, new technologies, components and systems, open science, robotics); access and communications (broadband access in Europe, telecommunications, open internet); digital economy (startups, databases, cloud technologies, the future of the internet, consultants).

The European Horizon 2020 program (2014-2020) is aimed at achieving the goals [55], which focus on funding research and development, such as advanced science, industrial leadership and social challenges.

Currently, favorable conditions have been created for the introduction of new digital solutions in the financial services sector, which is changing the appearance of the modern world and requires a new architecture of the global financial system. Technological innovations lead to a rapid increase in financial flows from the commercialization of these innovations. All this has a huge impact on the financial services sector, and FinTech is entering our world by leaps and bounds.

According to foreign sources, FinTech (financialtechnology) is: a branch of the economy consisting of companies that use technology to provide financial services in a more efficient way. Companies from this industry, for the most part, are startups created with the aim of making a breakthrough in the existing 34 financial systems and organizations that do not use software products [51].

FinTech is a complex system that combines the sectors of new technologies and financial services, startups and related infrastructure. The financial services sector is increasingly applying new technologies and tools to perform its functions and implement fundamentally new solutions that consumers of services are interested in.

FinTech is primarily focused on customer convenience. Now FinTech companies are actively developing programs for performing financial transactions using mobile phones, creating payment aggregators and platforms for transactions with alternative currencies, as well as for attracting financing without the participation of banks and other things.

Having analyzed the areas in which the greatest number of innovations is introduced, we can distinguish several main types of financial services::

1. payments and money transfers (54% of investments)
2. Lending (25% of investments)

3. Money Management and operations in financial markets (7% of investments)

4. Insurance (2% of investments).

Over the past decade, the financial services market has rapidly transformed, and at this stage FinTech, as one of its segments, is showing a strong growth phase. The most dynamic period of development of the Global FinTech market was observed in 2014. During the first half of 2018, global investment reached USD 18 billion. Financial services companies and banking institutions are actively implementing new technical solutions, offering innovative products to the market.

FinTech companies that provide digital payment, lending, insurance technologies, and non-banking services are attracting investment at a record pace.

The top 10 companies include:

* AntFinancial (China)
* JD Finance (China)
* Grab (Singapore)
* Baidu (DuXiaomanFinancial) (China)
* Sofi (USA) • OscarHealth (USA)
* Nubank (Brazil)
* Robinhood (USA)
* AtomBank (United Kingdom)
* Lufax (China)

According to the FintechAdoption index of EY, almost a third of the world's consumers use two or more financial technologies. Companies are conquering this market because they provide good service, low tariffs, and focus on solving specific problems.

Looking at the statistics of users of Fintech services, you can understand that China ranks 1st (69% of the country's population), followed by India-52% of the population, Great Britain - 42%, Brazil – 40%, Australia - 37%. But the penetration rate of Fintech services in the United States is only 33%.

The most actively growing region is Southeast Asia. The growth rate is up to

143% in annual terms. Local startups receive funding from foreign investors. Artfinancial (China), a subsidiary of AlibabaGroup, is actively expanding the market by entering into partnerships with local companies.

There are leading companies in the Global FinTech market, such as:

- PayPal is a technology platform that allows merchants and their customers around the world to make and receive electronic payments on computers, phones, and in stores. The largest financial company in the world without a banking license. PayPal is used by more than 230 million people in 190 countries around the world;
- Square is an innovative technology company that develops solutions for accepting and processing electronic payments. For the first time, Square launched a card reader for mobile phones, which made it possible to digitalize the acceptance of payments from micro and small merchants.This provided them with a rapid transition to non cash payments;
- LendingClub is the dominant crowdfunding platform. It works on the principle of P2P lending. This is a financial community that connects lenders and borrowers on mutually beneficial terms through a digital channel.

In Ukraine, the fintech market is still young. The industry has been actively developing since 2015. By 2015, only 40% of companies were founded. 60% of FinTech startups appeared in the country after 2015, so we can say that Ukrainian FinTech is now in its infancy.

The FinTech industry is represented in Ukraine by 80 companies that develop technologies and introduce innovations. They are competitors for banks and intermediaries in the financial market.

FinTech providers of Ukraine work in the following areas: payments and money transfers 31.6%; technologies and infrastructure 19.3%; lending – 14%; marketplaces – 7%; insurence – 5.3%; digital and non-banking – 5.3%; financial management – 5.3%; mobile wallets – 5.3%; blockchain – 3.4%; cryptocurrencies – 1.75%; regtech - 1.75%.

FinTech in Ukraine and the world is developing very quickly and unpredictably.

Four factors contributed to the rapid development of the FinTech market:

1) Human capital. In Ukraine, in the financial sector, the banking sector occupies a new share. During the crisis in Ukraine, the banking sector declined significantly. The release of many specialists prompted the creation of a new business. 70% of the founders of FinTech startups come from the banking sector, 23% from business and 7% from it.

2) Development of small and medium-sized businesses in the country.

3) Globalization and digitalization of the financial sphere. This is a global trend that Ukraine does not stand aside from.

4) Liberalization of legislation. The National Bank removes unnecessary restrictions. In the country, the MobileID service should be launched in the near future, which will allow user identification remotely.[41]

The specifics and advantage of the Ukrainian FinTech industry is that almost half of the projects (45%) live on their own money.

Experts estimate the capitalization of the industry at USD 1 100 million. The industry's growth potential for the coming year is fourfold.

New business models (crowdfunding platforms, P2P lending platforms) have appeared and spread in the financial sector, which has radically changed the financial services market in many developed countries.

Despite the significant advantages provided by technological progress and Fintech Innovations, digitalization of the economy carries its own risks and threats. A comprehensive study of the impact of digitalization on the functioning of the financial sector, identification of potential threats and their consideration in the development of an economic development strategy will ensure the stable functioning of the financial system.

Part 3. Ways to improve competitive strategies for developing financial institutions

3.1. Implementation of foreign strategies for the development of financial institutions and analysis of their effectiveness

One of the main strategies for developing non-banking institutions is state regulation. It plays an important role in the development and sustainable development of NFS markets. State regulation is the creation by the state of framework conditions for the functioning of the market, within which its subjects are free to make their managerial decisions [42, p. 139].

There is no optimal model for organizing regulation and supervision of financial services markets in the world. Currently, scientists distinguish four classic models of state regulation and supervision of financial services markets (including non-banking ones): institutional, functional, integrated and the Twin Peaks model of supervision of two tasks.

Within the framework of the institutional (sectoral) model, regulation is carried out depending on the type of financial institution, regardless of the products and services offered by them [35, p. 132]. In this model, one regulator controls the market of banking services, another - insurance services and services from refineries, and another - the activities of securities market participants. The sectoral model assumes a clear division of responsibilities between regulators, but in controversial situations there are cases of conflicts of interest, that is, there is a conflict of goals of regulators (for example, the stability of a financial institution can be opposed by competition between regulatory agencies [40, p. 344].

Sectoral supervision is the most common of all regulatory approaches. However, recently more and more countries are abandoning it in favor of an integrated model.

In the functional model of regulation, supervision is carried out depending on the nature of financial activities (services), regardless of the organizational and legal status of a professional participant [40, p. 334].

In an integrated approach, financial regulation is carried out by a single regulator. Regulatory powers can be concentrated both in the person of the country's central bank and outside its structure. Over the past two decades, there has been an increase in the number of countries that have switched to the integrated model.

The financial crisis on the European continent in 2008 revealed a significant problem in the financial services markets – insufficient regulation of a non-resident financial institution by the national regulator. The limited powers of the national regulator have prompted EU countries to expand the powers of supranational regulators. At the same time, to reduce the risk of conflicts of interest between supervisory authorities in 2010 The European Commission has initiated the creation of new regulatory bodies.

Macroprudential supervision is a set of preventive measures aimed at minimizing systemic risks in the financial services market.

Macroprudential analysis is based on market research and macroeconomic information, and focuses on key asset markets, financial intermediaries, macroeconomic development, and potential imbalances.

The objectives of macroprudential policy are:

1) ensuring the stability of the financial system to aggregated economic shocks (including recessions and external economic shocks);

2) minimization of expenses in case of implementation of systemic risk – financial risk, to which the vast majority of participants in the financial system are exposed;

3) smoothing the financial cycle: preventing the formation of "soap bubbles" in the financial asset markets and the credit market;

4) implementation of macroprudential policy tools;

5) interaction with other public policy institutions.

Another aspect of prudential supervision is microprudential supervision. It is understood as a set of preventive measures aimed at minimizing the costs incurred by a certain part of financial services market participants in the event of the implementation of one or more types of financial risk: credit, market, operational risks, liquidity risk, etc. In other words, the microprudential level applies directly to professional participants in the financial services markets.

Macroprudential regulation plays a more significant role in a period of financial instability, when all subjects of the financial sector are equally exposed to economic shocks; in this phase of the financial cycle, microprudential regulation bodies allow you to assess the financial condition of only individual players in the financial market (but not the stability of the financial system as a whole). Therefore, in macroprudential regulation, the analysis of relationships between systemically significant participants operating in various financial services markets comes first.

The ultimate goal of macroprudential policy is to reduce costs in the event of a systemic risk of the financial system, which is achieved through an intermediate goal – to maintain financial stability. The ultimate goal of the microprudential policy is to minimize costs within the framework of the possible implementation of one of the financial risks (credit, market, liquidity risk, operational risk, etc.) of specific financial institutions – is implemented through an intermediate goal – to prevent the insolvency of individual subjects of the financial system.

The negative consequences of the financial and economic crisis that has engulfed the markets of NFS countries in the EU have revealed the shortcomings of their state regulation. After all, the existing system of macro - and microprudential regulation in many member countries was bifurcated: one supervisory body (mainly the Central Bank of the country) was responsible for macroprudential regulation, and a specialized body for supervision of the financial services market was responsible for microprudential regulation. The issue of reforming the system of regulation of financial services markets in the EU countries arose due to the negative impact of the financial and economic crisis of 2008.

The creation of a supranational supervisory authority for financial services markets in the EU is due to the fact that the existing simplified operating conditions in the European Union, namely their cross-border nature, large financial potential and a fairly significant share of many market participants, are generally carriers of increased risk to the global European financial market. In modern conditions, it is impossible to achieve effective regulation if the supervisory boundaries are closed at the level of national markets and supervisory authorities. That is why there is a need to improve the legal support for regulating financial services markets at the EU level. In this regard, the European system of Financial Supervisors (ESFS) was established in January 2011. This is a system of supervision, the purpose of which is to track systemic risks operating both at the macroprudential level through the European system Risk Board and at the microprudential level in relation to the activities of Certain market participants through the system of European financial regulators (European Supervisory Authorities) [3, p. 7-8].

The purpose of increased supervision of the EU financial services markets was to improve the existing system of regulation of these markets and create a more extensive system, which in the new conditions of functioning of the European financial architecture made it possible to comprehensively monitor the financial services markets both at the micro- and macroprudential level.

Considering the structure of the ESFN, it is necessary to highlight the special role of national state regulatory bodies in ensuring effective functioning. In the post-crisis years, there was a lively discussion about the appropriateness of combining micro- and macroprudential policies in a single market regulatory body. In the scientific developments of the pre-crisis period devoted to the study of the development of financial services markets, it was not specified whether microprudential supervision should be integrated into the central bank (called the "integrated model"), whether there should be sectoral ("separate model") supervision.

The advantages and disadvantages of integrating regulatory functions in the central bank are shown in Table. 3.1.

Table 3.1

Advantages and disadvantages of creating an integrated model for regulating the financial services market in the EU countries[3]

Function	Advantages	Disadvantages
Supervision	1. Resolving misunderstandings that arise during the existence of "supervisory dualism": unambiguous responsibility of one body; synchronization of goals (macro- and micro-prudential policies); full-fledged exchange of information. 2. Greater institutional independence strengthens the authority's reputation among market participants. 3. The central bank is a participant in the interbank market and manages primary information about the market situation. 4. Synergy is being implemented with the central bank's monetary policy 5. The concentration of professional specialists in one body can increase the effectiveness of performing the assigned functions.	1. The existence of the principle of "more eyes see more" means that more supervisors are more able to identify existing systemic risks. 2. Positive impact of competition between supervisory authorities. 3. The financial stabilization commission can also ensure effective cooperation between the bodies.
The role of the "last lender" ("Lender of Last Resort»)	1. Assigning this function to the Central Bank contributes to more effective and active supervisory work 2. If there is a need for lending to a financial institution, the central bank has full information about the solvency of the institution	1. Close ties between the Supervisory Authority and supervised institutions may lead to late recognition of a financial institution as insolvent.
Banking union	Within the limits of the so-called banking union in the euro area countries is creating an integrated supervisory model, where the microprudential function will be in the ECB.	-
Monetary policy	Direct receipt of microprudential information contributes to the implementation of more effective monetary policy.	Failures in the supervision of financial institutions reduce the effectiveness of monetary policy and its perception by the external environment.
Impact on society	The elimination of dualism of functions contributes to the reduction of budget expenditures.	Fully integrated oversight will become an exorbitant burden and lead to a concentration of central bank functions.

As a result of the financial crisis, the trend of integrating supervision of financial services markets into the structure of central banks begins to prevail. Many European countries with a developed financial market have chosen the path of merging sectoral supervisory authorities into the central bank structure, but now the reverse process is not observed. Although there are different reasons and incentives for implementing the reforms, there are two reasons for the merger. On the one hand, for the most part, there were shortcomings in cooperation between separate sectoral oversight bodies, even in the case of formal joint forums for the exchange of information between them. On the other hand, the need for macroprudential regulation has increased due to the globalization of financial relations, that is, the state regulation system focused on the activities of specific market entities has not been able to identify and assess systemic risks. In recent years, macroprudential responsibility has clearly passed to national banks, which in most cases required the transfer of microprudential powers in order to synchronize micro-and macroprudential policies.

Most of the central banks of the EU countries already have microprudential tools for performing functions, but in the post-crisis period, new countries joined this list. There is a tendency to create mega-regulators of financial services markets in the EU countries, and in the period 2008-2015, the share of countries with mega-regulators increased by 11%.

In general, in the vast majority of EU member states, the central bank performs the functions of microprudential regulation (Table 3.2).

From table. 3.2 it is seen that in 8 countries (28.6%) of the EU there are separate supervisory bodies, in 10 countries (35.7%) the central bank has a supervisory mandate, in 3 (10.7%) – supervision is carried out on the principle of Twin Peaks, and in the remaining 6 countries, which is 21.4% of all EU countries, there are mega-regulators.

Table 3.2

Microprudential Supervision in the EU countries[3]

Separate supervisory authorities	The central bank has a supervisory mandate	Twin Peaks (prudential supervision in the central bank, supervision of consumer rights and the market as a whole is separate)	Full integration into the central bank
Denmark, Estonia, Finland, Poland, Latvia, Malta, Sweden, Luxembourg	Austria, Spain, Italy, Portugal, Cyprus, Germany, Romania, Slovenia, Bulgaria, Greece, France	The Netherlands, United Kingdom, Belgium	Slovakia, Hungary, Czech Republic, Ireland, Lithuania, Croatia

In Italy, both the central bank and the specially authorized financial services market supervisory authority oversee the activities of banks at the same time. The functions of the central banks of Spain, Romania, Bulgaria, Slovenia and Cyprus include supervision of credit institutions. The central bank has the functions of supervising banks and financial intermediaries in Italy. The Central Bank of Portugal provides banking supervision and related consumer protection. The Central Bank of Germany (Bundesbank) shares supervisory functions with BaFin. In Greece, the central bank refers to the supervision of credit institutions and insurers, and the supervision of capital markets is carried out by a separate body – HCMC. As mentioned above, within the structure of the central bank there is a separate prudential supervision body – the PRA. In France, capital markets are supervised by a separate body (AMF), and within the Central Bank of France, there is a separate structural division that oversees credit institutions and insurers (ACP).

In general, we can conclude that the EU countries have different positions in regulating financial services markets, but it is quite obvious that the crisis phenomena that have affected the financial market of developed countries have also become a challenge for their state regulation systems. In this regard, the processes of reforming the current system of state regulation of financial services markets have been updated.

The financial and economic crisis has led countries to review existing models of state regulation of financial services markets in the direction of tougher regulation. This tightening of state regulation took place in two directions. The first concerned the selection of such independent and competent bodies with clearly defined functions and tools (mainly central banks (CB)) that are able to contain and manage systemic risks. They are tasked with being responsible for macroprudential risks. The second direction, implemented through institutional changes, made it possible to strengthen the unity of macroprudential and microprudential policies (microprudential policies are aimed at ensuring individual stability and financial security of institutions). In practice, this meant that microprudential powers or part of them were integrated into the central bank. An example of the integration of supervisory functions is the English, Belgian and French reforms, but in general it can be argued that most central banks of EU countries have the power to carry out microprudential supervision. Currently, only in some countries (for example, in Poland and the Scandinavian countries) there are completely independent financial services market supervisors from the central bank.

When reforming the state regulation of financial services markets in Ukraine under constant budget constraints, it is necessary to take into account the experience of Hungary and the United Kingdom, which ensured the integration of macro- and micro-prudential in regulation in one body.

Ukraine is a country with a unique space for investment activity due to its rich natural resources, significant human potential, developed infrastructure, and high potential capacity of the domestic market. On the other hand, the low real volumes of both domestic and foreign investment indicate an extremely insufficient use of Ukraine's investment potential.

Unfortunately, the slow reform of the financial market of Ukraine (in particular, the sector of non-bank financial institutions) has thrown it on the sidelines of global, in particular European financial flows. The lag in European integration requires an immediate correction of economic policy in order to increase capital flows to both the stock and credit markets.

Using the SWOT analysis tools, we will highlight the consequences of European integration for the development of non-bank financial institutions, which is an important institutional component of the Ukrainian financial market.

Therefore, in Table 3.3 we will determine what is the strength and weaknesses of non-bank financial institutions, as well as find out the opportunities and threats of European integration processes for Ukraine.

Table 3.3

SWOT analysis of the consequences of European integration in the development of non-bank financial institutions[49]

Strength	Weakness
* Borrowing the experience of European companies in doing business * Generating an irrational form of value for a non-bank financial service * The company's activities are not aimed at maximizing profit, but at increasing the company's value	* Staff ignorance of international (in our case, European) business standards * Lack and rejection of the latest approaches in the management of a non-bank financial institution * Low level of knowledge of English (or another) language
Opportunities	**Threats**
* Destruction of the monopoly of banks * Imitation of European values by Ukrainian consumers * Participation in direct investment in the real sector of the economy * Institutionally qualitative changes in the structure of the financial market	* Weak European non-bank financial institutions will enter the financial market * The Ukrainian financial market will remain peripheral * Mandatory implementation of the rules of the game in the financial market dictated by the EU's leading countries * Increased tax pressure due to the need for additional resources to implement reforms * Increased competition from new, stronger market participants

Let's take a closer look at table 3.3 below, factors that make non-bank financial institutions weaker or stronger with the introduction of European integration processes, as well as those that are a threat or opportunity under similar conditions.

Strength

1. In the context of financial European integration, there is an absolutization of value. It is the main factor, an important tool and a strategic goal in the European

economy. The concentration of managerial functions on key cost indicators and the transformation of financial management in value management led to the emergence of the "ideology of cost management". It is based on targets that focus not so much on maximizing profits as on increasing the value of the business (company).

2. Changing the vector of development of national financial markets, their acquisition of a euro-financial orientation. In other words, along with real financial resources, intangible assets are a factor in generating value, which are formed mainly in non-economic and irrational forms (business reputation, customer loyalty, consumer trust, brand, rating, etc.). Value creation is not just the process of pr-oducing goods and providing services. In financial markets, it can also be created by performing purchase and sale operations of financial assets. There are rating agencies that create ratings, which in turn can serve as a tool for influencing decisions that are beneficial for specific financial institutions and organizations.

Weakness

1. The lack of knowledge and skills of European (international) business standards makes companies weaker compared to those that adhere to them. This, in particular, applies to enter the latest markets. Neglect and rejection of innovative management approaches prevent from developing dynamically. This may provide stability, but it is not yet relevant, since emerging markets must be served by non-bank financial institutions that are developing.

2. Great importance is attached to learning English or another European foreign language. This is necessary to draw on new ideas, as well as to be always up to date with the events of the financial world. In addition, mergers and acquisitions will be inevitable for the Ukrainian financial market, and then knowledge of the language is simply necessary to feel comfortable in such conditions.

Opportunities

1. Destruction of banks' monopoly on accumulation and distribution of funds. NFI have become alternative sources of financial capital formation. As a result of financial consolidation and universalization of institutional participants in the financial market, clients are provided with a full range of services in the field of

credit, deposit, investment and insurance services based on complementary innovative financial technologies. At the same time, maximum reliability is achieved. As a result of European integration and universalization in the financial services market, institutions are formed that form a branch network based on the principle of matrix structures, where the client receives a full-scale service.

2. In the context of financial European integration, financial institutions, in addition to specialized activities (intermediary), are engaged in direct investment, acting as a strategic investor, participate in project financing or real estate development, as well as carry out leasing and factoring transactions, develop information services and consulting business. A significant part of these types is not their traditional activity, but the development of these financial institutions in these areas is becoming more active, and they themselves not only penetrate the systemic processes of other segments of the economics, but also introduce "rules of the game" into them.

3. Institutional and qualitative changes in the role and functional purpose of Finance in social reproduction, flexibility and relative autonomy of financial capital, its integration and interrelation with other forms of capital, reaching the European level in the process of financial globalization lead to a shift in the center of geo-economic and geopolitical power in the sphere of circulation of financial resources. The capital market in the context of European integration is turning into a special tool for managing (sometimes even manipulating) economic processes, behavior, and making political and financial decisions [19, p. 376-405]. Currently, the EU's agenda should include restructuring European financial markets and at the same time ensuring the stability of stock markets, restoring growth and competitiveness, and normalizing the external balance sheet. In other words, the EU economics requires immediate implementation of structural reforms. Obviously, the problems of financial institutions of the integrated financial market will fade into the background.

4. Imitation of European values by all market participants of non-bank financial institutions (the regulator, the investor, and the non-bank financial

institution itself). The system of European values includes the following: human rights, the rule of law, peace, democracy, respect for other cultures and nationalities, solidarity, respect for human life, equality, personal freedom, tolerance, and self-expression. Compliance with these principles, in our opinion, will enable non-bank financial institutions to operate effectively. For example, following the rule of law prevents non-bank financial institutions from "laundering" money. Or the tolerance of investors in difficult times for financial institutions does not allow panic to develop, which shakes the entire financial market.

Threats

It should be noted that the strengthening of macroeconomic instability in the European Union is the main problem of the global economy in recent years. At the same time, the European crisis has actualized discussions about Ukraine's future European integration. Let's look at the problems (they also pose threats) that exist in the euro area, and determine the feasibility of Ukraine's European integration into the European Community.

Thus, since the beginning of the global crisis of 2007-2008, the European economy has been in a permanent state of crisis due to the weakness of the banking system and its inability to restore stability after the financial losses caused by the crisis. Unlike the United States, due to deep differences in the political and economic structures of the member states and the incapacity of European structures, the EU could not quickly localize the epicenters of crisis processes in the banking sector. Now there is an opinion that the EU has entered a debt crisis. Outwardly, it looks like a sovereign debt crisis (due to Greece's problems), but it is a consequence of the overlap and mutual influence of the debt and banking crises. Due to the weakness of the banking system, the first signals about "Greek problems"were not responded in time. These two crises have exacerbated the negative effects generated by each of them. As a result, there was a gradual defeat of an increasing number of countries and the spread of destructive influences on global commodity and financial markets.

Against the background of this situation, it is worth strengthening the role of

NFI in Ukraine, a country where banks are the dominant financial institutions. We must admit that the domestic banking system suffered greatly from the crisis of 2008, so it remains a sick body of the economy. The integration of the unstable banking system of Ukraine into the weak EU banking system makes it necessary to raise the question of the expediency and effectiveness of such an association [32, p. 22]. The answer will be obvious, but it is necessary to develop the NFI market to counter such crises.

It should be noted that the financial and debt crisis was the result of the accumulation of a critical mass of contradictions in the current model of the eurozone. As a result of mistakes in the field of economic policy, the collective author of which over the past 15 years were the leaders of the EU member states, a deep imbalance has formed between the so-called peripheral countries and the countries of the "core". This imbalance causes the permanent destabilization of the euro area, and it is precisely the answers to questions about ways to overcome imbalances that investors demand from EU leaders in order to restore confidence in the euro currency and debt obligations denominated in euros [58].

Therefore, it is obvious that the financial market of Ukraine will be peripheral in this system. This means that you will need to follow the rules that are convenient for the leading countries. Apparently, this will lead to a number of mergers and acquisitions of financial institutions.

It should be remembered that by assuming EU membership, even associate membership, Ukraine takes on its problems. The main one is that the debt and financial crises in the EU are gradually developing into an institutional one, which also includes the crisis of competitiveness of Southern European countries and the crisis of the integration model. The main reason is the inadequacy and lack of coordination of efforts to overcome the euro currency crisis.

However, despite a number of problems, there are ways out of difficult economic situations. So, in the table 3.4 methods of capital flow control are given. It is necessary to note that they can be either direct (direct) or indirect (indirect).

Table 3.4

Direct and indirect methods of capital flow control[49]

Direct methods	Indirect methods
* Introduction of taxes or tax-like restrictions on international financial transactions * Limit the amount of investment in certain industries and enterprises * Prohibition of privatization of certain enterprises or industries	* Capital requirements of financial institutions * Prohibition on interest on deposits to non-residents * Restrictions on the volume of assets of financial institutions in foreign currency * Restrictions on the volume of sales of debt instruments to non-residents-bonds or money market instruments * Restrictions on foreign borrowing, which may be imposed in the form of a special tax or in the form of a requirement to make a special deposit with the central bank in proportion to the amount of such borrowing * Expansion of the currency corridor, i.e. the zone of permissible exchange rate fluctuations, which increases the riskiness of investments in assets denominated in this currency, and accordingly contributes to a reduction in foreign investment

Indicated in Table 3.4 methods of controlling the movement of capital, if applied in a timely and correct manner, can help to avoid critical moments that accompany NFI in the financial market. It becomes clear that the implementation of these measures is more effective when they act as preventive measures, and not after the fact.

Since Ukraine has taken the path of integration with the European Union, the NFI sector regulator is directing its policy in this direction. For example, in 2010, the project "Strengthening the financial services sector of Ukraine" was organized. Its purpose is to provide assistance in creating a reliable, transparent and stable financial services sector that can meet the financial needs of Ukraine's economic and social development; to assist the National Financial Services Committee in implementing international accounting standards. As a result, recommendations and suggestions for implementing activities in the field of financial services were obtained, taking into account the experience of EU member states (a total of 17 recommendations and suggestions were provided); training material and methodological recommendations on the application of International Financial Reporting Standards for insurance companies in Ukraine were developed [33].

Such projects should not be isolated, but certain concepts should be created that determine the directions of development of the NBI sector in the context of European integration. However, this is not a one-stage process, it provides for a number of agreed procedures, adaptation of the experience of the EU countries-especially Eastern and Western Europe. These areas can be:

1) ensuring that the scale of activity of the NFI market (in terms of the complex and volume of services) corresponds to real satisfaction of needs;

2) popularization of non-state pension provision services;

3) achieving a balanced market for non-bank financial services by region of the country;

4) increasing the share of the organized market of non-bank financial services and increasing its role;

5) stimulating convergence processes between non-bank financial services market participants aimed at achieving their effective interaction in order to maximize integrated demand satisfaction and minimize financial risks;

6) increasing information transparency of the results of the functioning of NFI market entities and creating appropriate guarantee mechanisms, developing asset securitization services, introducing mechanisms to improve the credit quality of securities in order to strengthen the protection of depositors' rights;

7) liberalization of currency regulation and creation of favorable conditions for investing funds of pension funds, insurance companies and joint investment institutions in foreign investment-class securities;

8) stimulating the development of the market of derivative securities and financial instruments and promoting the emergence of new money market instruments, including commercial securities, long-term targeted pension and housing bonds, derivatives on obligations, instruments for hedging interest and currency risks [21, p. 212].

Therefore, this list of measures is necessary to implement in order to integrate domestic financial institutions as gently as possible into an unfamiliar, but dynamic and highly developed environment.

The National Committee of Financial Services has introduced new approaches to licensing, requirements for disclosure of the ownership structure, strengthened the responsibility of owners and managers of non-bank financial institutions due to increased requirements for business reputation, increased standards for disclosure of information and reporting of non-bank financial institutions. The transition to IAS 9 has been implemented and the procedure for applying measures of influence has been improved. Unified forms of audit reports on compliance with legislation in the field of non-bank financial services have been introduced, and consolidated supervision of non-bank financial groups has been introduced. Requirements limiting the risks of credit unions when performing operations with financial assets have been tightened, and requirements for the reserve capital of credit unions have been introduced. As a result of the increase in requirements for solvency, capitalization of insurers and the establishment of new financial standards, there is an increase in the volume of long-term investment in the country's economy. Qualitative and structural changes in acceptable assets and the presentation of funds (coverage) of insurance reserves contributed to increasing the liquidity, diversification and profitability of insurers assets. A risk-based approach to conducting inspections of professional activities in the stock market, insurance, non-state pension provision, lending, financial leasing, real estate transactions, factoring services, and information processing by credit history bureaus has been introduced. Non-state pension funds are included in the Register of non-profit institutions. At the same time, legislation needs to be improved in terms of introducing effective tools for removing insolvent financial institutions from the market and improving the level of standards for managing solvency and liquidity, as well as developing state regulation and supervision of the financial sector in the direction of introducing the best international standards.

So, European integration processes play an important role in the development of non-bank financial institutions. At the same time, the processes of implementing legislative norms regulating their activities and switching to new rules take up a lot of resources. European integration itself implies unification with the financial market, which has a long history, is familiar with ups and downs, but it still exists today. Its strict rules and requirements will force unscrupulous participants to leave the Ukrainian financial market. This will not only ensure the stability of the financial market as a whole but also contribute to the performance of social functions (which are the basis of European values) of non-bank financial institutions, which is necessary for building an efficient economy - an economy for Ukrainian society.

3.2. Develop proposals for improving competitive strategies for the development of financial institutions in Ukraine

The practice of professional activity of financial institutions is reflected in the implementation of certain economic functions that are specific exclusively for this component of the financial market structure. The main function of financial intermediaries in the context of economic development is to ensure optimal capital redistribution between potential investors and potential borrowers.

Until recently, the main "sellers" of intermediary services in the financial market of Ukraine were commercial banks. However, the reorientation of all segments of the financial system to the market mechanism has led to a situation where banks have ceased to play a key role in the money circulation process. The place of commercial banks in this area is gradually being taken by non-bank financial institutions, which create significant competition for commercial banks in the domestic loan capital market. In addition, non-bank financial intermediaries can generally perform functions that are not typical for commercial banks and provide financial services that are unacceptable for them according to legal criteria and economic parameters.

The specifics of individual segments of the financial market are determined by their inherent financial instruments and financial services. An important prerequisite for modernizing and improving the efficiency of investment activities in modern conditions is the development of non-bank financial services. Non-bank financial services are provided by joint investment institutions (investment funds and investment companies), insurance companies, non-state pension funds, credit unions, leasing and factoring companies, pawnshops, trust companies, housing construction financing funds, etc.

A characteristic feature of the functioning of contractual savings institutions is the activity of providing them with intermediary services for the placement of financial resources, which is not related to their main functions. Pension funds and insurance companies perform operations to accumulate resources by collecting contributions and can act as intermediaries in the mechanism of transformation of savings into borrowed capital (investment capital). According to the researchers, the insurance services market is the most powerful in the field of non-bank financial institutions. However, non-state pension funds in Ukraine, which is one of the segments of the insurance market, are still undergoing a stage of formation [11, p. 84].

The insurance services market is segmented in many directions. All segments have their own specifics, but there are certain similar parameters that characterize the development trends of the insurance intermediary services sector. The dynamics of the number and nature of development of insurance institutions (as well as credit unions) depends on the GDP indicator. Linking to the GDP indicator is based on the nature of the origin of resources of non-bank financial institutions: household income, the level of wages of workers and the level of pensions of pensioners and they are directly dependent on economic and political stability in the state, the level and prospects of economic and industrial development, the level of GDP [11, p. 90].

Insurance companies, unlike other non-bank financial institutions, can attract temporarily free financial resources with significantly lower loan interest. In addition, insurance companies act as one of the main intermediary institutions that form most of the long-term financial investments in their total volume. It is the resources of insurance companies (as well as pension funds) that are the main source of "cheap" long-term investment capital. The investment policy of insurance companies is conservative. The priority area of investment of accumulated capital is investment in securities: corporate stocks and bonds, government bonds [18].

Non-state pension funds as a specific sector of non-bank financial services operate in many economically developed countries. Their field of activity is financial operations for accumulating, investing and managing pension contributions of fund participants. The basic criterion for the development of non-state pension provision in terms of building an effective market for non-bank intermediary services is their flexible investment policy, which contributes to the coordination of the interests of all participants in this operation. Contributions to non-state pension funds are collected not only from individuals (in the future-recipients of payments under the agreement), but also from employers at the expense of their own capital (according to the collective agreement). This operation, which is quite expensive at first glance, perfectly contributes to the optimization of the system for meeting the social and investment needs of employers. This concept allows even small organizations and institutions to offer their employees the advantages of a profitable and reliable pension scheme.

Non-state pension funds work closely with insurance companies in the field of providing pension insurance services (individual and collective). A characteristic feature of pension insurance is the establishment of a fixed amount of pension payments (insurance annuity), which is directly related to the portion size of insurance premiums. It is also important to note that in the process of carrying out activities in the field of pension insurance, the insurance company forms a reserve of insurance payments in order to ensure pension payments in the future [22]. The funds accumulated in the reserve are a source of investment resources in financial assets (in particular, in securities of enterprises and the state).

It is also worth noting that non-state pension funds play an important role in optimizing the functioning of the financial market as a whole and its individual components. This is due to the fact that packages of securities held by non-state pension funds by investing the funds of their participants are withdrawn from circulation on the stock exchange, so they do not participate in speculative stock operations [38].

The rapid development of financial relations has strengthened the role and importance of the investment intermediation sector. In economically developed countries the growth of the share of investment funds in the overall system of accumulation and redistribution of financial resources is explained by several aspects:

1) growth of the supply of funds in the long-term capital market;

2) specific advantages of investment intermediation: providing a relatively high level of income with a relatively low level of transaction risk.

Investment financial intermediaries (investment funds and investment companies) form financial resources by issuing securities (shares and bonds) and then placing them on the financial market. A distinctive feature of the activities of investment funds and companies is their orientation to the long-term loan market. Investment intermediaries provide services for long-term mortgage lending; long-term consumer lending; lending to construction projects and small businesses; long-term investment lending (it serves as the basis for innovative development and development of scientific and technological progress) [34].

Investment intermediaries in the process of attracting financial resources rely on the terms of the agreement concluded with the investor. According to it, the investment financial intermediary must provide the investor with a certificate or other certificate regulating the relationship between them, indicating certain conditions. The agreement defines:

1) the term of payment of funds for obligations (a certain period or at the request of the investor);

2) the procedure for payment and the level of income of the investor ("floating", fixed).

In Ukraine, there has recently been a gradual increase in the number of investment intermediary institutions. The main goal of their activities in the domestic financial market is to create favorable conditions for the accumulation of financial resources of the subject of economic relations and ensure the functioning of the mechanism for their effective transformation into investment capital. It is the financial resources of investment funds and companies that create investment resources for the functioning of both the real and financial sectors of the economy. An important criterion for the activity of investment intermediaries is the effective separation of temporarily free financial resources while ensuring the lowest possible risk of the investment operation. The latter is achieved by distributing investment "flows" among various financial market instruments (diversification). And it is investment intermediaries who combine the funds of their investors and provide the latter with the opportunity to share large packages of securities of various enterprises in the field of activity, not only provided small investors with priorities for large-scale investment, but also provided them with the opportunity to use the scales of diversification processes. In addition, investment intermediaries usually manage a significant number of small investment resources, which are served as one large investment portfolio. This makes it possible to highlight the cost savings due to the economies of scale. It can also be argued that there is a reduction in the cost of conducting operations with financial instruments, since investment intermediaries operate with significant amounts of financial resources [1, p. 273-274].

So, the development of investment intermediation is an important direction of sustainable development of the domestic financial market. The key factors determining the further development of joint investment institutions and serving as indicators of their impact on the state of the country's economy and the level of efficiency of the domestic financial market are [1, p. 289-291]:

1) increasing the level of income of the population and attracting them to investment processes in the future;

2) optimization of the concept of functioning of the financial market; orientation of its activities to work with "high-quality" financial instruments;

3) development and implementation of a modern stock market infrastructure system;

4) ensuring the use of a wide range of financial instruments and an effective mechanism for interaction between all participants in financial relations.

The criteria of modern economic realities have led to the need to activate internal tools for more effective attraction and use of the potential of non-bank financial institutions in order to meet the demand for financial services and investments. These factors affected the dynamics of financial institutions registered in the state register during 2019 and led to a gradual change in the configuration of financial market participants. Among the main reasons that led to the growth of the segment of the non-bank financial services market, we can distinguish: the introduction of competitive lending conditions with banks; an increase in demand for microcredit services; the implementation of factoring service advantages in the Intermediary services market [8].

The development of non-bank financial services markets and the development of the sphere of activity of non-bank financial institutions are impossible without state intervention in the process, which creates a regulatory basis for the functioning of the financial services market in general and its individual segments in particular. The necessary steps towards improving the effectiveness of state regulation of the non-bank financial services market are reflected in the strategy for reforming state regulation of non-bank financial services markets for 2020-2025, developed and proposed for implementation by the National Commission for state regulation of financial services markets (National Financial Services Committee of Ukraine). In accordance with the reform strategy, the National Committee of Financial Services, as the main body of state regulation of the markets of non-bank financial services and non-bank financial institutions, operates in the following areas [8]:

1) deregulation in the markets of non-bank financial services and simplification of the regulatory environment;

2) improving the regulator's activities and improving the level of efficiency of state supervision;

3) protecting the interests of consumers of financial services and restoring confidence in non-bank financial institutions;

4) effective regulatory influence and promotion of sustainable development of non-bank financial services markets.

So, it can be said that the sphere of activity of non-bank financial institutions as a component of the financial intermediation market in Ukraine should be actively and comprehensively supported and developed. Under the condition of rational organization of the activities of non-bank financial intermediaries, they can have a significant positive impact on the financial market and the financial services market, the national economy, social and socio-economic processes in society [11, p. 91]. The role of the state in this process is to create the necessary conditions for maintaining the volume of activities of non-bank financial institutions and its directions, ensuring financial security and stability of the functioning and development of commercial structures - subjects of the financial intermediation market, protecting the rights of consumers of financial services.

The digital orientation of national economies requires the use of the latest innovative technologies in the non-bank financial sector. As noted in the "Digital order for EU countries", the global financial crisis of 2008 led to the loss of a significant part of the gains that appeared over many years of economic and social progress, and demonstrated structural weaknesses of national economies, and to ensure sustainable growth in the future, it is necessary to develop a number of me-asures that would provide for the creation of prerequisites for long-term transformations that will be caused by the development of the digital economy [21].

According to the adopted "Strategy for the development of the financial sector of Ukraine until 2025", the main directions of innovative development of the financial market are defined, namely, the development of an open architecture of the financial market and an oversight; ensuring the development of the FinTech market, digital technologies and regulatory platforms; ensuring the development of SupTech&RegTech; the development of the digital economy [37].

Regarding this, it should paid attention to the fact that the development of the financial market at the present stage is associated with the use of the latest information technologies. This is especially noticeable in the financial market, where innovations in the field of informatization are introduced and used due to the capabilities and needs of non-bank financial institutions. The development and use of financial innovations by non-bank financial institutions is one of the important areas of successful development of the National Financial Services Market. The use of new financial products, tools, and technologies helps to increase the income of financial institutions, strengthen their competitiveness in the market, improve the image and increase the level of trust on the part of non-financial corporations and households.

It could be highlighted scientific achievements that are devoted to the development of the digital economy. In particular, Yu. Onishchenko studies the evolution of theoretical approaches to the definition of the concept of "digital economy" in the world [29, p. 10]; A. Semenog notes the growing role of digital platforms in the transformation of business models of the past, forming the main trends in the development of the digital economy and interaction with various subjects of economic activity [36, p. 44-45]; L. Lyubokhinets and E. Shpulyar described the main trends of the digital economy, as well as how they affect macroeconomic indicators of development and competitive advantages in the world market [23, p. 214].

Regarding the development and implementation of financial innovations in non-banking institutions, it should be paid attention to the achievements of such scientists. M. Yatsenko defined fintech companies and fintech services as the latest tool of the financial services market that meets the current requirements of the modern world [47, p. 29]. L. Alekseyenko defined conceptual approaches and the scope of application of financial technologies in the context of changing organizational, legal and political-economic conditions for ensuring the sustainability of the insurance market [2, p. 127]. N. Panteleeva studied modern trends, as well as revealed the characteristic features of financial innovations in such classes as radical and socially oriented, banking products and services, service channels, internal processes [30, p. 69-71].

Dynamic development and increased competition in the financial services market in Ukraine force non-banking institutions to master new approaches to i-mproving the efficiency of their own functioning, to search for additional ways to gain competitive advantages, in particular by introducing innovative customer service technologies, new products, and services.

After the 2008 crisis, the popularity of financial intermediaries declined due to problems related to the specifics of this form of activity. In the US Congress, an amendment was made several times, which provided for the restoration of the Glass-Stigall law, which prohibits the unification of various types of financial structures [48].

The market of non-bank financial services is an integral part of the financial sector of Ukraine. Assets of non-bank financial institutions in 2018 amounted to 197.5 billion UAH, which in relation to the assets of banks is 14.5%; equity amounted to 53.8 billion UAH, or 35% relative to the bank`s equity. The development of non-bank financial services markets depends both on the ability of financial institutions to ensure an appropriate level of solvency, maintain high standards of business reputation and comply with regulatory discipline to comply with legislation and requirements, and on the state of the economy as a whole.

General characteristics of the activities of non-bank financial institutions are presented in Appendix C

It should be noted that the growth in demand for financial services determines the use by non-bank financial institutions of new technical solutions, technologies and means of providing traditional services, as well as the development of new services and products that would meet the urgent needs of consumers to the maximum extent, which forms a certain innovation environment and the corresponding structure of the non-bank financial services market [6, p. 54; 25, p. 32].

The basic principles of implementing financial innovations (digitalization) in non-bank financial institutions are as follows:

- accessibility (should provide every citizen with equal opportunities to access services, information and knowledge provided on the basis of information and communication technologies);

- intended use (should be aimed at creating advantages (benefits) in various aspects of everyday life);

- growth point (mechanism (platform) of economic growth due to increased efficiency and increased productivity from the use of digital technologies);

- diversity of mass media (should contribute to the development of the information society, mass media, "creative" environment and "creative" market);

- openness and cooperation (should focus on international, European and regional cooperation for Ukraine's integration into the EU, Ukraine's entry into the European and global e-commerce and services market, banking and exchange activities, as well as cooperation and interaction in regional markets);

- standardization (standards strengthen competition, reduce costs and cost of products, guarantee compatibility, maintain quality, increase the country'S GDP);

- trust and security (building trust, including information security, cybersecurity, protecting the confidentiality of personal information, privacy and rights of ICT users, is a prerequisite for the simultaneous development and security of financial innovations in non-banking financial institutions).

The introduction of financial innovations in the activities of non-bank financial institutions changes the approach to doing business, namely marketing, sales, service management systems, telephony, and instant messengers, document management and personnel management systems, and accounting systems. Financial innovations, products and services that are now considered innovative trends in the activities of non-bank financial institutions are presented in Table 3.6.

Table 3.6

Digital technologies as innovative trends in the modern development of the financial services market [12]

Product / service type	General characteristics
BlockChain	Translated from English, "blockchain" is a continuous sequential chain of blocks containing information built according to certain rules. However, it is better to give a definition based on the purpose of blockchain technology. The blockchain was designed to solve a very specific problem, namely, how to build a decentralized (without a single control center) financial system, the correctness of which could be checked by anyone. Based on this, we can define blockchain as a way to store and approve a database, a copy of which each participant has.
Digital marketing	This is the use of various ways to promote the product to the general public using digital channels. Digital Marketing is a set of promotion tools that involve digital channels. It is not identical to internet marketing, as it includes channels such as television, radio, and even outdoor advertising. Internet marketing has evolved into digital marketing, which uses comprehensive methods of online strategy, website and mobile application development, creativity and copywriting, contextual advertising and SMM, as well as other interactive products. The most popular forms of digital channels are search promotion; contextual and teaser advertising; display and banner advertising; promotion in social networks and blogs; creation of mobile applications for smartphones, tablets and other media; viral advertising.
CRM&BPM	CRM is a system for sales, namely ready processes for managing all types of transactions. BPM'online CRM combines the capabilities of a Customer Relationship Management System (CRM) and a business process management system (BPM). This is the first application solution developed on the BPM'online platform.
Grid technologies	Grid computing is a geographically distributed infrastructure that combines many different types that the user can access from anywhere, regardless of where they are located. Grid provides collective distributed access to resources and related services within globally distributed organizations (enterprises that share global resources, databases, and specialized software).
Digital insurance	Digital strategy in insurance is not only about online sales, but also about transforming the entire business of working with an electronic policy. Digital insurance allows insurance companies to reduce costs and increase the speed of customer service. Consumers have the opportunity to receive timely updates on changes in the company's insurance policy.
ePrescription	ePrescription (electronic prescription) is carried out on the basis of three such procedures: eCapture - formation of an electronic prescription by a doctor of a medical institution; eTransfer - confidential transfer of an electronic prescription to a pharmacy; eDispensation - transfer of data from the pharmacy back to the medical institution, confirmation.
TeleHealth	"Digital" technologies for providing remote medical services and supporting the work of doctors.

A. Semenog, based on the research of the team of authors of the "Global Center for Digital Business Transformation" by J. Bradley J. Loucks, J. Macaulay, A. Noronha, and M. Wade defines three types of values using different types of business models by introducing the latest financial innovations in non-bank financial institutions.

1) The cost value implies a competitive advantage in offering the customer a lower cost of a product or service.

2) Experience value implies a competitive advantage in offering the client a new quality experience.

3) The value of complicity (the value of the platform) implies a competitive advantage in offering the client the advantages of the network and Community [36, p. 43-44].

The features of the introduction and use of financial innovations in the non-bank financial sector, in contrast to the banking sector, are that the non-bank financial sector, due to the diversification of financial services markets, is characterized by a greater penetration rate and a much wider range of customers who are in demand for specific financial services, in particular in remote areas, which requires new approaches and technologies; a significant part of financial innovations is transferred from the banking sector to the non-bank in connection with the use of similar financial instruments; individual financial services are provided exclusively by non-bank financial institutions, which requires a high level of market coverage; for non-bank financial institutions, a short life span is characteristic the cycle of innovations, which is partly due to their diffusion from the banking sector and a significant number of non-bank institutions that can use innovations, as a result of which market saturation occurs very quickly; the knowledge intensity and capital intensity of the introduction and use of financial innovations is quite high, which requires significant capital investment; non-bank financial institutions are characterized by a high rate of diffusion of innovations from financial institutions-innovators to institutions-followers; for most non-bank financial institutions, the sh-are of equity in ensuring their activities is significantly higher than in banks; risks of implementation and use

financial innovations in the non-bank financial sector are significantly higher compared to banks due to insufficient legislative and legal regulation; the activities of non-bank financial institutions are of great social importance, in particular, this applies to non-state pension provision, life insurance [24, p. 40; 27, p. 34].

The result of the introduction and use of financial innovations for both non-bank financial institutions and consumers is to obtain a certain socio-economic effect, which is manifested in such aspects as functional (ensuring high-quality performance of the financial institution's main functions, improving management efficiency, strengthening competitiveness in the market, maximally meeting the needs of consumers of financial services), structural (improving the quality of financial services, expanding their range, providing services in a more convenient form for consumers, increasing the number of customers, diversifying the resource base), economic (increasing sales of financial services and products, obtaining additional profit or other useful effect), information technology (using new technical means and technologies, in particular artificial intelligence technologies, customer identification, assessment of their solvency, provision of services in remote or online mode, improving the level of communication with customers), organizational and managerial (improving the organizational and managerial structure of a non-bank financial institution and management methods and processes), social (increasing the level of inclusion of financial services and the well-being of citizens).

If to consider international experience, it should be noted that in 2019 the following nominees were awarded in the field of introducing financial innovations in the financial services market.

1) 2019 was a historic year for Citi Ventures (USA), which has become the largest financial institution for implementing financial innovations, demonstrating innovative achievements in the field of venture investment and product development. Portfolio company Citi Ventures HighRadius becomes the first unicorn startup in 2020 with a volume of $ 1 125 million. USA.

2) Breakthrough innovations in the field of financial services, namely artificial intelligence, had "Ping An Group" (China) because the company developed an interview system based on artificial intelligence. This solution can be used to recruit candidates for entry-level positions, as well as for senior positions that require

comprehensive skills.

3) The most innovative solution in the field of financial services was the JUMO platform (South Africa), offering traditionally hard-to-reach customers a list of instant, affordable, high-quality borrowing options using a mobile phone. Its affordable financial services market does not depend on the interface and uses the technology that is most widely used in each market.

4) The best use of advanced technology in products and services was "OneConnect Financial Technology Co., Ltd" (China's FiMAX blockchain network for trade finance), namely the use of blockchain solutions that aim to organically combine different parties in trade finance. In this reliable, secure and efficient network, various parties involved in trade finance can directly exchange data, while maintaining complete data confidentiality, and all this is ensured through blockchain architecture and cryptographic solutions.

5) Touchpoint innovations (RBC, Canada), namely DRIVE, mobile, and web application, allow Canadian car owners to keep up to date with car maintenance from pre-appointment to booking, up-to-date safety reviews, storage of important news about the owner and documents.

6) Innovation Incubator "Citi Ventures, D10X" (USA) is a global program that encourages domestic entrepreneurship, enabling Citi employees to create, test, and launch new solutions that are exponentially better for their customers. Entrepreneurs are encouraged to identify critical challenges facing Citi customers and explore innovative ways to address these challenges in order to ultimately help businesses and communities thrive in a world of social change and technological progress.

7) RegTech-innovation (TSYS, USA) is a fraud assessment and risk management tool that contains innovative real-time machine learning capabilities to provide advantages in the fight against fraud during transactions.

8) Innovation in marketing (Caixa Bank SA, Spain) is an approach focused on fast and interactive tests aimed at optimizing user interaction and digital sales [27].

If to compare the domestic experience in implementing financial innovations, it should be noted that, despite the young age of most startups, almost all of them already have ready-made solutions and already sell them to customers (84.2%). 49% of fintech projects attracted external investment, 45% are developed at the expense of founders, and another 6% are financed from operating profit. At the same time, 72% of startups are now interested in external investment mainly to strengthen marketing activity and scale up. The most massive market segment in Ukrainian Fintech is made up of payments and money transfers. More than 30% of all startups work in this area.

What is new for the domestic financial services market is the creation of companies operating not only in the traditional field of payments, but also in the areas of personal financial management, in particular insuretreh and regtech. According to Reuters forecasts, in 2020, the turnover in the field of regulatory technologies will amount to $ 120 billion. USA.

Thus, the current stage of digitalization of the economy has determined the trends and directions of development of non-bank financial institutions, so they should concentrate all their potential, namely, determining the priorities of digital initiatives and establishing a clear consistency with the corporate strategy of development of a financial institution; reflecting digital initiatives in key performance indicators, as well as in assessing the growth of business value before and after the introduction of financial innovations.

The analysis of the effectiveness of financial innovations should be based on an assessment of the results obtained regarding their impact on the level of competitiveness, financial stability, profitability, and reputation of a non-bank financial institution. To assess the effectiveness of financial innovation for consumers, it is necessary to analyze the compliance of the results of its use with their needs, that is, the acceptability of financial innovation in terms of its quality, availability, and cost.

Consistency of organizational and planned measures for the introduction of financial innovations will help to increase the level of innovation and performance indicators of the non-bank financial sector of Ukraine.

Conclusion and suggestion

1.Non-bank financial institutions are an objectively necessary phenomenon in a market economy, they are not only powerful competitors of banks in the struggle for free money capital, which in itself has a positive meaning, but also act as providers of financial services that are not profitable or prohibited by law.

The effective functioning of non-banking financial institutions in a market economy occurs in the presence of a competitive environment in the financial services market. The competitive environment of non-banking financial institutions in the financial services market is a specific area of competitive interaction of non-banking financial institutions, whose behavior is formed in a set of factors that determine the appropriate level of development of the financial services market.

2.The estimation of competitiveness of non-banking financial institutions is necessary to conduct at three levels of competition (between non-bank institutions and banks; between separate types of non-bank financial institutions; in the middle of a separate type of non-bank institutions), as the competition subjects in the financial services market are: banks, insurance companies, credit unions the objects of competition are the most common segments of the financial services market within which these institutions compete.

It is necessary to determine that all strategies of the enterprise should be mutually coordinated and closely interact with each other. Therefore, the basic principle of coordination of efforts of different levels is their hierarchical subordination. Lower level strategies should be developed based on the prevailing strategy. Thus, strategic planning will be carried out "from top to bottom", because production units are not business entities, but only the structural units of the enterprise and have limited powers to adopt economic decisions.

3.There are various non-banking financial institutions in the non-banking financial services market. Each of them differs in its specific activity. From the standpoint of non-bank financial services market participants, all non-bank financial institutions are divided into credit institutions, which include credit unions and other credit institutions, pawnshops, leasing companies, factoring companies; investment institutions, covering investment companies, investment funds; insurance institutions as part of insurance companies and private pension funds.

According to the results of 2019, the total number of operating insurance companies amounted to 294, including 33 life insurance companies and 261 non-life insurance companies. The number of companies in the insurance market of Ukraine has long shown a downward trend, in 2019 compared to the previous year it decreased by 16 insurance companies.

As of 01.01.2020, there were 378 credit institutions in the State Register of financial institutions. Since the beginning of 2019, the number of credit institutions has decreased by 84 units (-18,%).

At the end of 2019, according to the list of legal entities that have the right to provide financial services and are registered with the National Financial Services Committee, there were 193 legal entities - lessors in Ukraine; in the State Register of financial institutions as of 01.01.2020, information was entered on 280 financial companies providing financial leasing services.

According to the results of 2019, a decrease in the number of financial leasing agreements was recorded by 15.4% (1,408 units).) compared to the indicators of 2018. At the same time, the value of financial leasing agreements increased by 32.0% (3,145.3 million UAH).

Assessment of factors in the development of the non-bank financial services market based on the identification of stages and essential characteristics of its formation in Ukraine allowed to identify the main positive and negative factors at each of these stages.

Thus, the modern strategy of economic development of the non-bank financial services market provides an opportunity to ensure the formation of a competitive market for non-bank financial services and is able to ensure economic growth, investment activity, and the creation of modern infrastructure of non-bank financial institutions.

4.New business models (crowdfunding platforms, P2P lending platforms) have appeared and spread in the financial sector, which has radically changed the financial services market in many developed countries.

Despite the significant advantages provided by technological progress and Fintech Innovations, digitalization of the economy carries its own risks and threats. A comprehensive study of the impact of digitalization on the functioning of the financial sector, identification of potential threats and their consideration in the development of an economic development strategy will ensure the stable functioning of the financial system.

5.European integration processes play an important role in the development of non-bank financial institutions. At the same time, the processes of implementing legislative norms regulating their activities and switching to new rules take up a lot of resources. European integration itself implies unification with the financial market, which has a long history, is familiar with ups and downs, but it still exists today. Its strict rules and requirements will force unscrupulous participants to leave the Ukrainian financial market. This will not only ensure the stability of the financial market as a whole but also contribute to the performance of social functions (which are the basis of European values) of non-bank financial institutions, which is necessary for building an efficient economy - an economy for Ukrainian society.

6.The current stage of digitalization of the economy has determined the trends and directions of development of non-bank financial institutions, so they should concentrate all their potential, namely, determining the priorities of digital initiatives and establishing a clear consistency with the corporate strategy of development of a financial institution; reflecting digital initiatives in key performance indicators, as well as in assessing the growth of business value before and after the introduction of financial innovations.

In my opinion the analysis of the effectiveness of financial innovations should be based on an assessment of the results obtained regarding their impact on the level of competitiveness, financial stability, profitability, and reputation of a non-bank financial institution. To assess the effectiveness of financial innovation for consumers, it is necessary to analyze the compliance of the results of its use with their needs, that is, the acceptability of financial innovation in terms of its quality, availability, and cost.

Consistency of organizational and planned measures for the introduction of financial innovations will help to increase the level of innovation and performance indicators of the non-bank financial sector of Ukraine.

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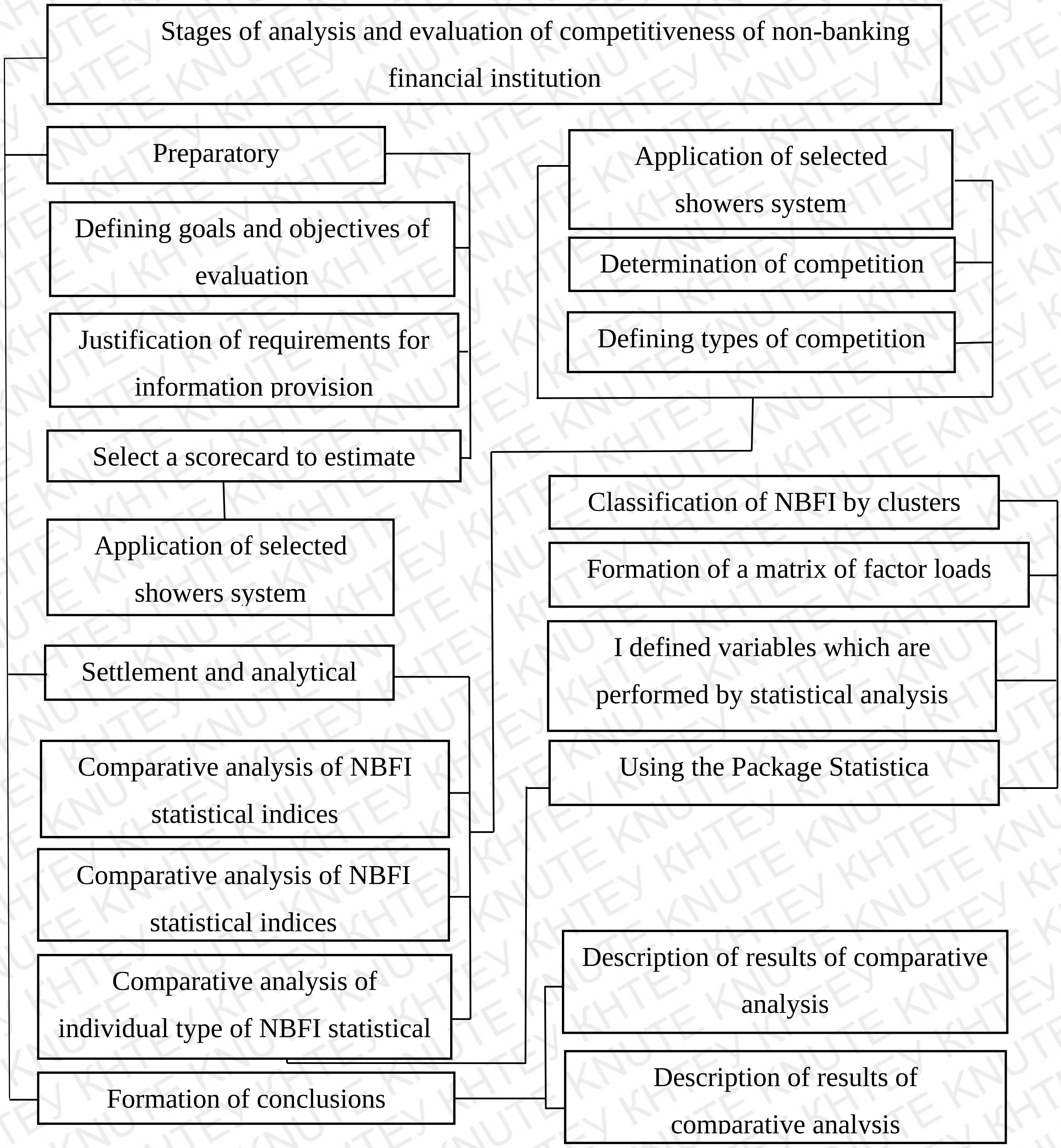
Appendices

Appendix A

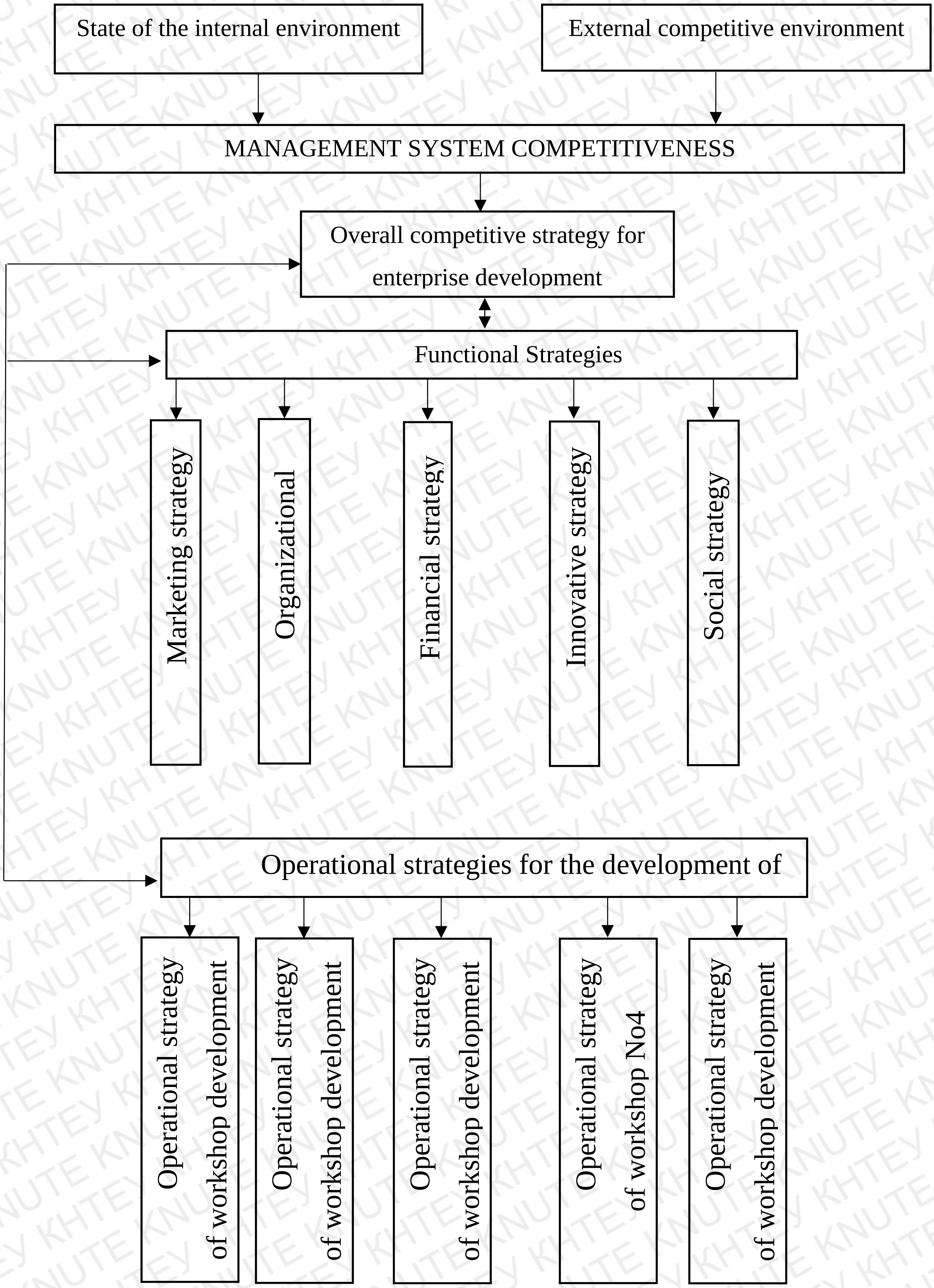
The Scheme of analysis and evaluation of non-bank competitiveness of non-banking institutions



Source[4]

Appendix B

Model of hierarchical strategic planning when choosing a general competitive strategy for the development of non-bank financial institutions



Sorce[57]

Appendix C

Key performance indicators of non-bank credit institutions for 2014-2019

Indicator	Period					
	2014	2015	2016	2017	2018	2019
Credit unions						
Number of credit unions, units.	589	589	462	378	358	348
Number of members of the credit unions, thousand people	911	752	643	564	505	465
Number of credit unions members who have deposits on deposit accounts, thousand people	35,8	26,8	41,1	21,7	19,6	20,3
Number of credit unions members who have existing loan agreements, thousand people	214,5	169,9	148,6	134,3	127,3	119,3
Total assets, mln. UAH.	2 598	2 193	2 033	2 169,8	2 352,4	2 444,1
Financial companies and lessors						
Number of registered financial companies, units.	415	571	650	677	906	975
Provision of financial loans at the expense of own funds, mln. UAH.	51 152	58 282	110 420	269 416	32 573	51 149
Provision of sureties, mln. UAH.	52,0	88,3	524	5 455	7 984	1 623
Cost of concluded financial leasing agreements by financial companies, mln. UAH.	257,4	20,2	67,3	153,4	585,0	985,9
Factoring, mln. UAH.	23 526	16 556	16 876	31 363	31 363	14 014
Assets of financial companies, mln. UAH.	51 265	64 960	67 704	107 534	28 089	37 739
Pawnshops						
Number of pawnshops, units.	477	482	456	415	373	333
Amount of secured financial loans granted, mln.UAH.	8 411	12 460	16 718	16 389	12 353	13 711
Amount of repaid financial loans, mln. UAH.	8 202	12 155	16 415	16 396	12 069	13 355
Assets on the balance sheet, mln. UAH.	1 710	2 219	3 318	3 764	4 054	4 104

Source [28]

Appendix D

Continuation Appendix D

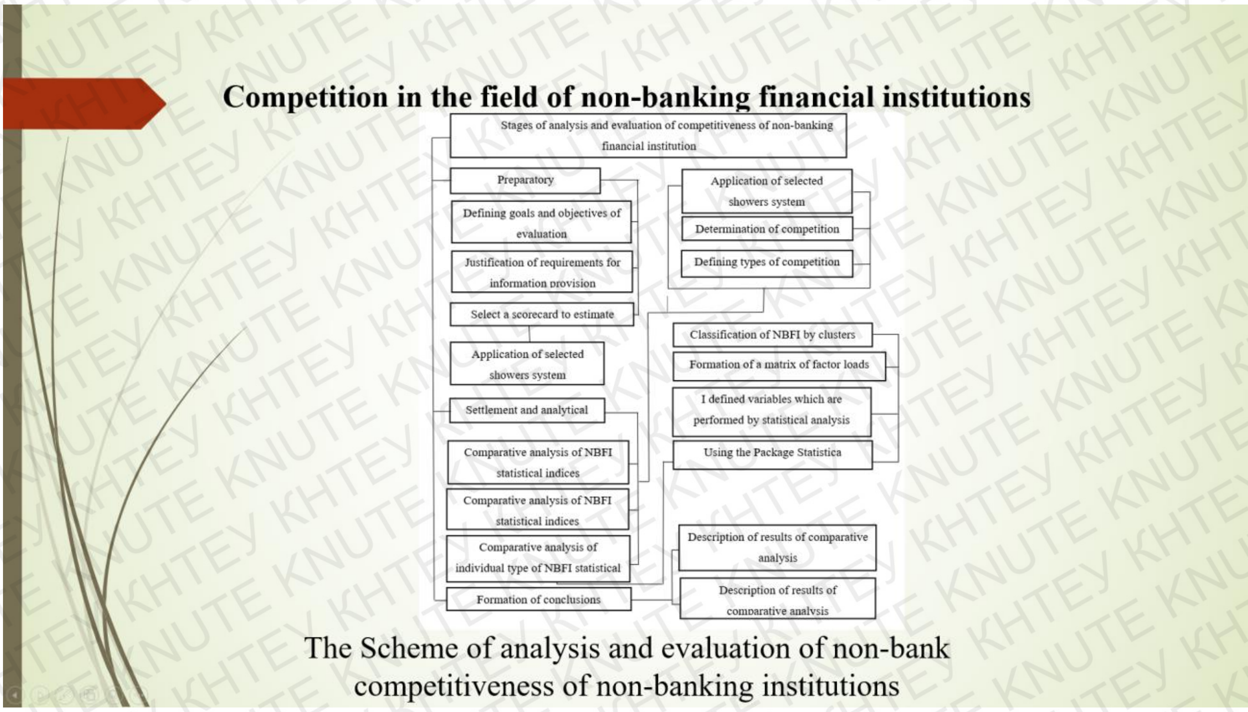


Fig. L.1.2 Presentation for defense, slide 2

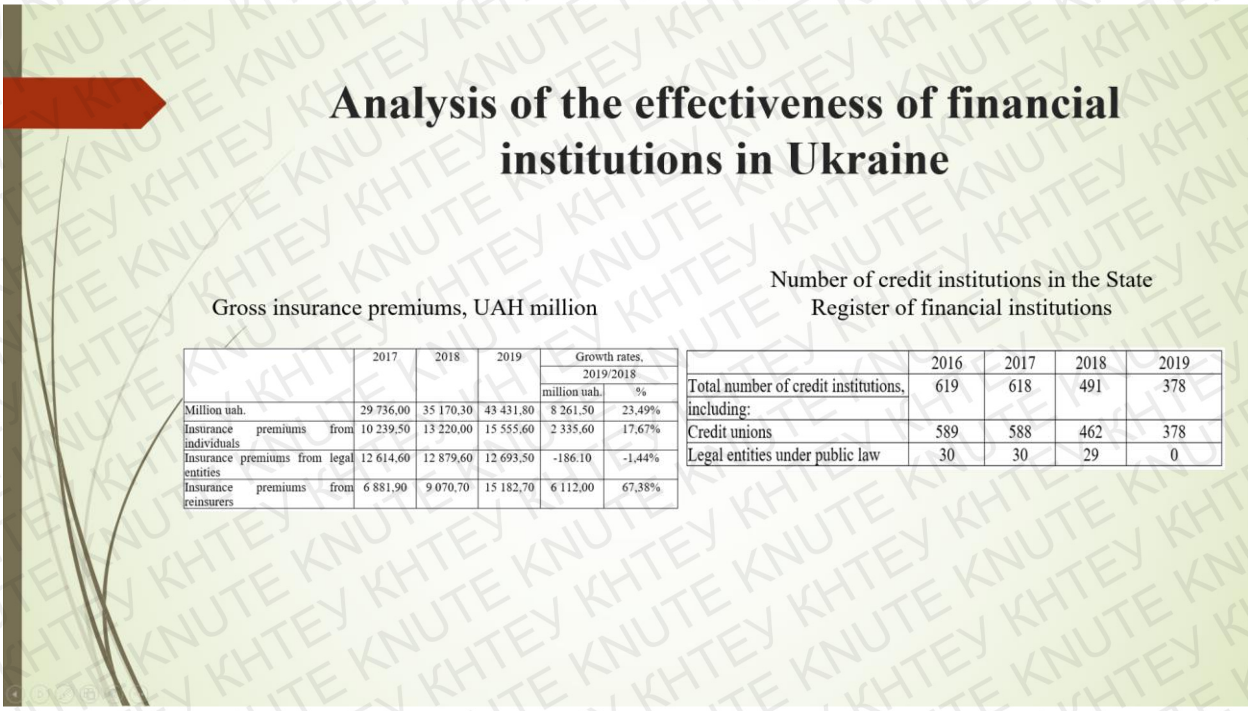
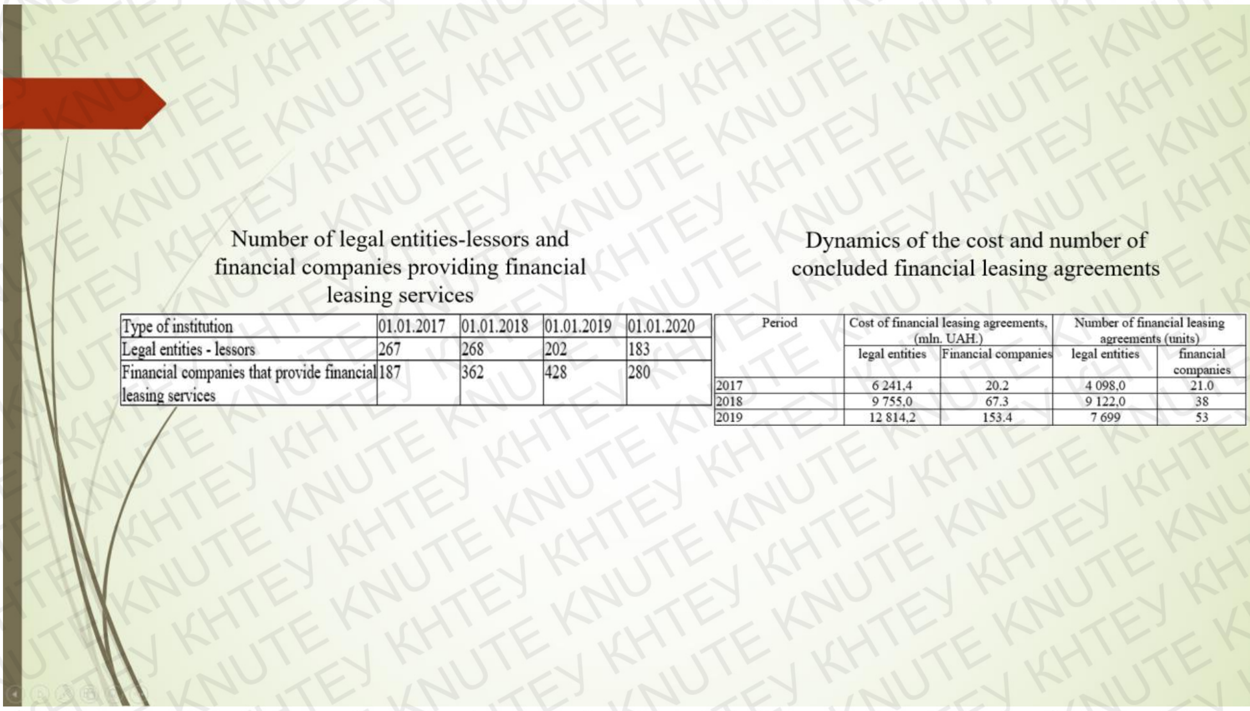


Fig. D.1.3 Presentation for defense, slide 3

Continuation Appendix D



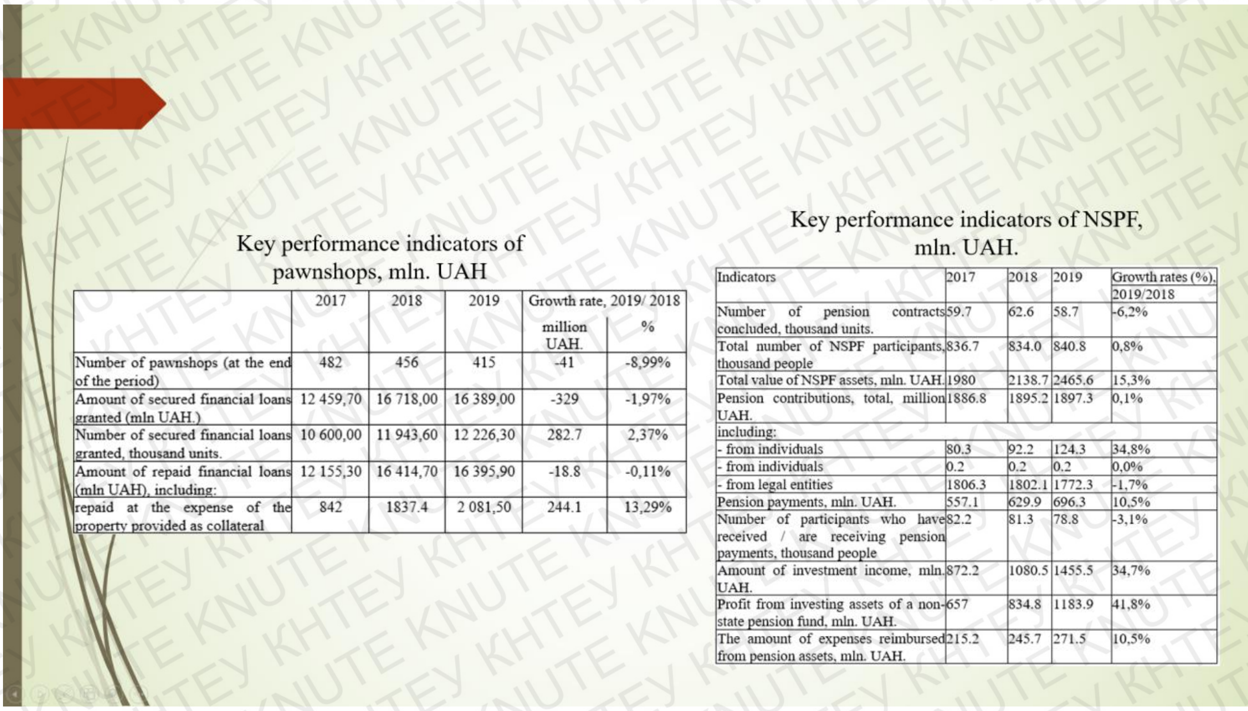
Number of legal entities-lessors and financial companies providing financial leasing services

Type of institution	01.01.2017	01.01.2018	01.01.2019	01.01.2020
Legal entities - lessors	267	268	202	183
Financial companies that provide financial leasing services	187	362	428	280

Dynamics of the cost and number of concluded financial leasing agreements

Period	Cost of financial leasing agreements, (mln. UAH.)		Number of financial leasing agreements (units)	
	legal entities	Financial companies	legal entities	financial companies
2017	6 241,4	20.2	4 098,0	21.0
2018	9 755,0	67.3	9 122,0	38
2019	12 814,2	153.4	7 699	53

Fig. D.1.4 Presentation for defense, slide 4



Key performance indicators of pawnshops, mln. UAH

	2017	2018	2019	Growth rate, 2019/ 2018	
				million UAH.	%
Number of pawnshops (at the end of the period)	482	456	415	-41	-8,99%
Amount of secured financial loans granted (mln UAH.)	12 459,70	16 718,00	16 389,00	-329	-1,97%
Number of secured financial loans granted, thousand units.	10 600,00	11 943,60	12 226,30	282.7	2,37%
Amount of repaid financial loans (mln UAH), including:	12 155,30	16 414,70	16 395,90	-18.8	-0,11%
repaid at the expense of the property provided as collateral	842	1837.4	2 081,50	244.1	13,29%

Key performance indicators of NSPF, mln. UAH.

Indicators	2017	2018	2019	Growth rates (%), 2019/2018
Number of pension contracts concluded, thousand units.	59.7	62.6	58.7	-6,2%
Total number of NSPF participants, thousand people	836.7	834.0	840.8	0,8%
Total value of NSPF assets, mln. UAH.	1980	2138.7	2465.6	15,3%
Pension contributions, total, million UAH.	1886.8	1895.2	1897.3	0,1%
including:				
- from individuals	80.3	92.2	124.3	34,8%
- from individuals	0.2	0.2	0.2	0,0%
- from legal entities	1806.3	1802.1	1772.3	-1,7%
Pension payments, mln. UAH.	557.1	629.9	696.3	10,5%
Number of participants who have received / are receiving pension payments, thousand people	82.2	81.3	78.8	-3,1%
Amount of investment income, mln. UAH.	872.2	1080.5	1455.5	34,7%
Profit from investing assets of a non-state pension fund, mln. UAH.	657	834.8	1183.9	41,8%
The amount of expenses reimbursed from pension assets, mln. UAH.	215.2	245.7	271.5	10,5%

Fig. D.1.5 Presentation for defense, slide 5

Continuation Appendix D

Fig. D.1.6 Presentation for defense, slide 6

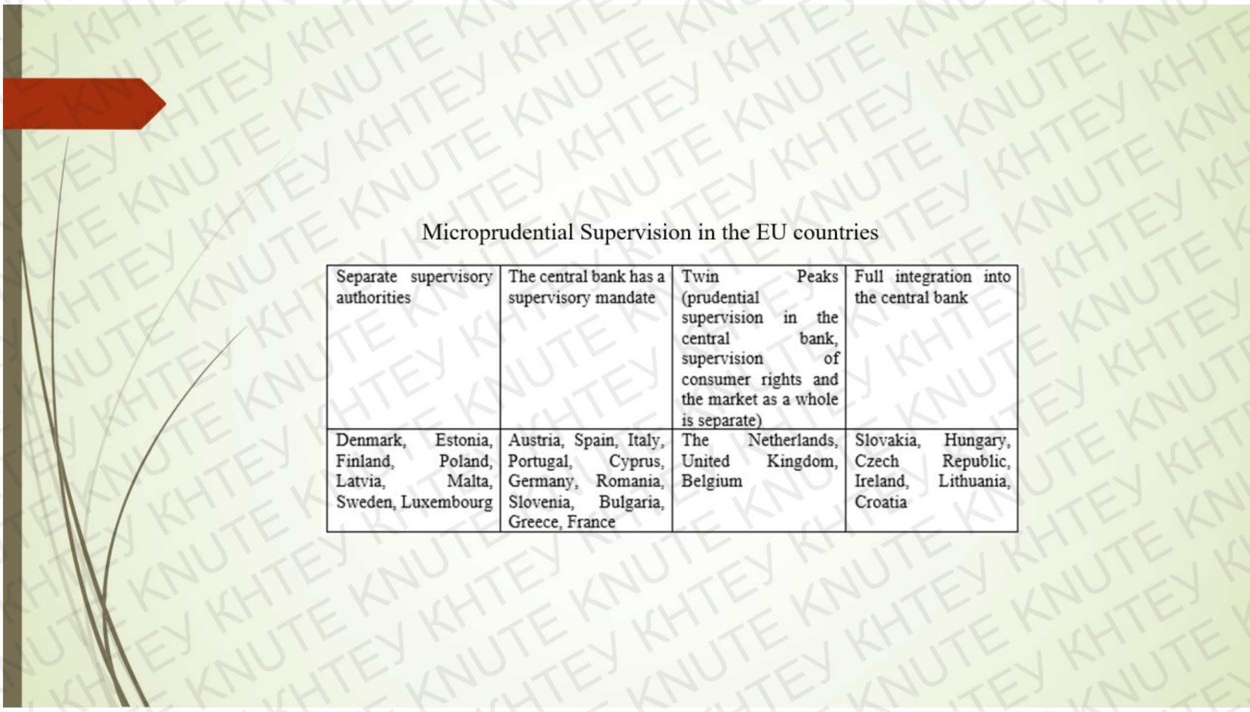
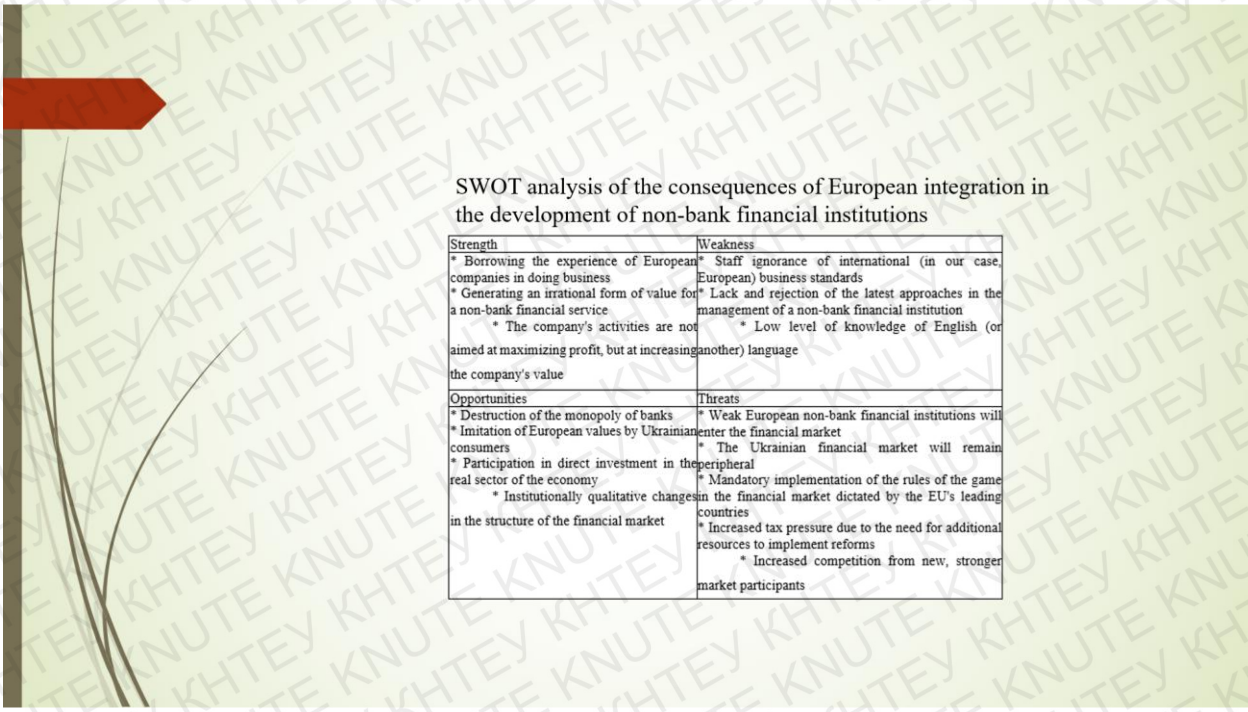


Fig. D.1.7 Presentation for defense, slide 7

Continuation Appendix D



SWOT analysis of the consequences of European integration in the development of non-bank financial institutions

Strength	Weakness
* Borrowing the experience of European companies in doing business * Generating an irrational form of value for a non-bank financial service * The company's activities are not aimed at maximizing profit, but at increasing the company's value	* Staff ignorance of international (in our case, European) business standards * Lack and rejection of the latest approaches in the management of a non-bank financial institution * Low level of knowledge of English (or another) language
Opportunities	**Threats**
* Destruction of the monopoly of banks * Imitation of European values by Ukrainian consumers * Participation in direct investment in the real sector of the economy * Institutionally qualitative changes in the structure of the financial market	* Weak European non-bank financial institutions will enter the financial market * The Ukrainian financial market will remain peripheral * Mandatory implementation of the rules of the game in the financial market dictated by the EU's leading countries * Increased tax pressure due to the need for additional resources to implement reforms * Increased competition from new, stronger market participants

Fig. D.1.8 Presentation for defense, slide 8

Fig. D.1.9 Presentation for defense, slide 9

Continuation Appendix D

Fig. D.1.10 Presentation for defense, slide 10