

## ANNOTATION

**Bohdan Lutsiv, Pavlo Lutsiv**

*The modernization of regulatory paradigm in banking system of Ukraine in the post crisis period*

Political and economic principles of regulation implementation in financial markets are studied. It is emphasized that the theory of market imperfections has to be the starting point for understanding the needs of strengthening the effectiveness of the financial regulation. The fundamental justification for introduction of financial regulation is the existence of externalities (side effects) and information asymmetries between a buyer and a seller. It is outlined that the externalities influence the stock market and the banking system's vulnerability from psychological confidence of depositors and to diverse "effects of infection" (externalities), which can lead to bank panic and, eventually, to a systemic crisis.

We consider behavioral role of banks as financial intermediaries. The emergence of financial intermediaries is caused by the need for solving the problems of asymmetric information. The particular attention is paid to the existence of bilateral asymmetry of information in the banking sector. In this context, the chain effect origin is shown from the loss of confidence in the banking system of Ukraine during the recent years up to the emergence of financial panic. The scenario of negative developments in the banking system is presented. Using statistic data of hryvnia and foreign currency deposits in the first half of 2015 year there is shown the deep fall in the deposit base of banks creating a separate system in Ukraine in the article.

There is studied a set of measures to regulate bank activities, particularly the protection system (ex-post) and the preventive actions (ex-ante). It is indicated that a key element of macroprudential policy should be the oversight strengthening of systemically important financial institutions, which aim is to detect problems early and implement interventions aimed at preventing financial crises.

The content of the regulatory regime and regulatory strategy is outlined in the developing of a modern paradigm.

National regulatory reform should be more strategic than tactical in nature. The basic principles and approaches, which should be based on the latest regulatory paradigm, are outlined. The specifics of processes of interaction with the National Bank of Ukraine and Fund of Guarantee Deposit are characterized. A more systematic approach to the regulation of the banking system, namely the macroprudential approach using a number of the main instruments of direct prudential supervision, is suggested.

Keywords: financial intermediation, banks, banking regulation, banking supervision, financial market, bankruptcy of banks, prudential issues, National Bank of Ukraine, Deposit Guarantee Fund.

**Olha Lytvynova**

*The prediction of economic risk for innovative management of health care institution*

The object of our studying is the form of the innovative implementations in the health care financing system of Ukraine.

The aim of this work is the development of reservation ways of possible economic risks at innovative changes of financing form in the health system of Ukraine.

This work shows the problem of investigation of methodological foundations of the consequences of the innovation introduction in the health care financing.

It is shown that the transition to an independent economic activity will inevitably leads the health care facility to strategic reorientation of health care to provide health care for profit, and further privatization and reprofiling economic entities.

The questions about shift effect of the priorities of health care workers providing certain types of medical services guided toward greater profitability were observed in this article.

Indexes which are used for calculating of doctors work productivity.

The problems of the introduction of innovation in payment of work of medical services were reviewed.

The possible economic risks at the innovative changes of form of health care financing were showed in this article. The number of problems discovered in these processes which may arise as in the individual health care institutions as in some patients as potential consumers of medical services.

The approaching to determining of risk introductions of innovation in payment of doctor's work was grounded.

Relevant research conclusions were formed.

The directions of further research in the issues under consideration were offered in this article.

The directions for further research in the issues under consideration were suggested. It appears appropriate based of innovation strategy development health institution to lay the priority interest in preventive health services over curative.

Keywords: economic risks, innovation, healthcare institutions, consumers of medical services.

### **Anna Marchuk**

#### *Administrative-territorial reform as a precondition of budget decentralization*

The problematic issues of administrative-territorial reform in Ukraine are studied in this article. In the process of scientific search the meaning of category of "budget decentralization" is given with its basic purpose and functionality. The relationship of spatial, organizational and functional financial, economic and administrative components of the reform of the budget system of Ukraine is showed. The main stages of decentralization with the role of each component are showed; the importance of spatial organization of power in the process of budget decentralization is stressed. The necessity of consolidation of local communities as a way to form capable administrative units with sufficient financial base is identified. The analysis of organizational and legal conditions for budget decentralization based on the critical reviewing of national legislative acts in the field of administrative-territorial reform is given. Features of reforming the administrative-territorial system abroad and the principles of unification of communities at the present stage of budget decentralization in Ukraine are highlighted. Basing on the study of foreign experience of decentralization of power and budget system there is proved that increased transparency of the reforms involving the public financial management carries out educational and advisory activities in cooperation with authorities, public employees, the media and the public contributes to public confidence and a positive perception and supporting the implementation of reforms. There is also proved that effective progress of administrative-territorial reform as the first phase of fiscal decentralization will facilitate the development of local government at the basic level and increase quality of life and welfare.

Keywords: decentralization, territorial-administrative reform, local community, local authorities, local budgets, financial capability.

**Olesia Totska**

*Analytical research of salary in Romania and Moldova*

A brief review of scientific publications that describe various aspects of the educational sector in the two countries, which are south-western neighbors of Ukraine – Romania and Moldova, is conducted. Tables with indicators of the evolution of average monthly earnings in those countries for 2011–2013 are built. The individual rating for every type of economic activity (TEA) from 1 (the greatest) to 19 (most low level of salary) is appropriated. Grouping of 19 basic TEA after two authorial methodologies: depending on the size of profits in this field (first) and their rating position (second) is conducted. According to the first method, number of TEA in each group is different and internal spread ranges of indicators within groups are the same. By the second method TEAs in groups distribute evenly and the internal spread ranges of indicators within groups are different. All TEAs to five groups are up-diffused: 1) with the high level of earnings; 2) with the level of remuneration of labour higher middle; 3) with a middle wage level; 4) with the level of profits below middle; 5) with the low level of earnings. Data about education are analysed. Comparison of the got results to analogical in Ukraine is conducted. There is determined that the level of income of Romanians is higher than Ukrainians and Moldovan residents – on the contrary, lower. The most highly paid areas in neighboring countries are financial and insurance activities, information and communication; the least paid – accommodation and catering (in Romania), agriculture, forestry and fishing (in Moldova). Employees of education in Romania are on average earnings (the second method) and below the average (first method) level, and in the Republic of Moldova – low (the first method) and lower middle (second method) level.

Keywords: salary, lei, type of economic activity, grouping, ranges, indicators, education, Romania, Republic of Moldova, Ukraine.

**Tkachenko Nataliia, Oksana Vodolazskaya**

*Harmonic analysis of fluctuations of underwriting result of insurer*

Market processes are characterized by uncertainty and resistance. Any market environment tends to vary cyclically. The insurance market is no exception. It is also characterized by cycles of development. The activities of insurance companies and their underwriting results are characterized by cyclic character too.

The aim of the article is to investigate the insurer underwriting cycle in close connection with the underwriting phases of the insurance market and, on the basis of harmonic analysis results to make parametric decomposition of the time series of periodic oscillations of the underwriting results of the insurer with the release of the trend, periodic and random components.

Underwriting system plays a significant role in the activities of any insurance company. Financial stability of the company depends on professional management of underwriting. In managing the underwriting special attention should be paid to the analysis of the underwriting cycle (it includes the cyclical changes of insurer underwriting results), taking into account the phase of the underwriting cycle of the insurance market.

Regarding the cyclical fluctuations in underwriting results of certain insurance companies, the systematization of the views of economists possible to identify three main approaches to the allocation of the factors that cause such fluctuations:

- the volatility of supply and demand for insurance products;
- the specificity of the pricing mechanism for insurance products;
- the external influences on the activities of the insurer.

The analysis of cyclical fluctuations of underwriting results of insurance companies is based on harmonic analysis of periodic components of a time series of underwriting results.

Harmonic analysis determines the functional form of periodic oscillations of time series. This will help to improve the accuracy of forecasting calculations of the underwriting result.

An oscillating nature of changes of underwriting results of insurers was determined as the result of the analysis. Time series modeling performed by polynomial trend, but as it is noted, it does not always give satisfactory results. Method of harmonic analysis of periodic functions was used to separate the components of a periodic time series.

This study has allowed developing a scientific and methodical approach to forecasting the underwriting results of the insurer. Unlike another approaches, the proposed method provides a parametric decomposition of the time series of periodic oscillations of the ratio of net profit (loss) of the insurance company to the volume of insurance premiums with the release of the trend, periodic and random components as the results of harmonic analysis. This allows taking preventive measures to form a sufficient amount of insurance reserves in case of underwriting losses.

Keywords: insurance market, insurance company, underwriting cycle, underwriting result, harmonic analysis, trend component, periodic component and the random component.

### **Svitlana Koval**

#### *Features of the financial policy of banks in the context of current realities*

The article deals with the theoretical aspects of financial policy banks. There is done the analysis of the interpretation of the concepts of “politics” and “financial policies” and offered the author’s interpretation of the term “financial policies of banks”.

On the example of PJSC “CB” Khreshchatyk” there was done analysis of indicators that reflect the financial policy of domestic banks and the estimation of deposit, credit and pricing policies of the bank. The article also explores the positive and negative implications of the financial policy measures PJSC “CB” Khreshchatyk” caused by the crisis in the domestic banking system. The analysis found that flexible deposit policy of the bank aimed at attracting stable and predictable customer funds provided progressively increasing deposits. There was established orientation of monetary policy PJSC “CB” Khreshchatyk” on loans of different customer groups, businesses and individuals, and local governments. The research grounded conclusion about the prudence of monetary policy of PJSC “CB” Khreshchatyk”, which makes it possible to neutralize the risk of non-repayment of borrowings. There were marked problematic aspects of the pricing policy of PJSC “CB” Khreshchatyk”, which included excess interest rates on term deposits over interest rates on loans, enabling the bank, on the one hand, to preserve the customer base and a significant amount of borrowed funds, and on the other — led to the results of loss-making activities in 2014

The necessity of coordination of all components of the financial policy of the bank was established as well as the measures to improve the financial policy of domestic banks in a competitive environment and with the unstable economic situation.

Keywords: fiscal policy, monetary policy banks, deposit policy of the bank, the bank’s credit policy and price policy of the bank.

### **Olena Zakleka-Berestovenko, Anna Ivanova**

#### *The problem of decentralization of budgetary authority: theory and practice*

The purpose of article is theoretical justification of possible effects of impact of decentralization of the budgetary powers on a social and economic condition of the state. Need of implementation of the budgetary decentralization in the context of achievement of an optimality of proportions of redistribution of financial resources of the state is proved. It is found out essence of the concept “decentralization” from the point of view of various eco-

## **Annotation**

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economic concepts. Author's definition of the term of "decentralization of the budgetary powers" as delegation of powers in the sphere of formation and use of financial resources from the central authorities to bodies of local government with preservation of financial responsibility is offered. Works of the leading scientists on a decentralization perspective are investigated. The economic content of the budgetary federalism as mechanism of coordination of interests of participants of the budgetary process is reasonable. The main theories of the budgetary federalism from the point of view of opportunities of their application in modern conditions are considered. The main components of the budgetary federalism are allocated, namely: 1) accurate differentiation of powers between levels of the power; 2) settlements of vertical and horizontal imbalances by means of system of the budgetary transfers; 3) investment of appropriate levels of the power with sufficient volumes of financial resources. Key advantages and possible shortcomings of implementation of decentralization of the budgetary powers are defined. It is proved that decentralization of the budgetary powers will promote increase of efficiency of use of financial resources of the state and efficiency in decision-making of territorial value.

Keywords: decentralization, budgetary powers, fiscal decentralization, fiscal federalism, public goods and financial resources.

### **Vitalina Perevoznyuk**

#### *Development of the state financial support in water supply and sanitation*

The author shows evolution of forms of the state financial support for citizens in the water and sanitation within the independent Ukraine. It provided to citizens in order to fulfil the principle of social justice in the form of privileges, grants, subsidies that are types of financial resources for enterprises. Enterprises, in turn, receive financial resources from the state for the modernization of water supply and sewage infrastructure and tax privileges.

There are six stages in the process of evolution the mechanism of state financial support of the population in the area of water and sanitation, which had influence on the formation of own financial resources of companies: 1) 1991–1995, the prevalence budget subsidies in the structure of financial resources of the industry, granted to manufacturers in order to offset the cost of services; 2) 1995–1998 – gradual shifting the burden of payment for services in the population pays 60% of the value of services, growing role of subsidies; 3) 1998–1999 – increase in compensation for the public service cost to 80%; 4) 1999–2006 – cancellation of a number of benefits in 2000, which led to a reduction of their share in the structure of financial resources, further increasing the share of subsidies; 5) 2006–2011 – formation of own financial resources of the enterprises through privileges, grants for reimbursement of the difference in price and subsidies; 6) 2011 – up to now – saving trends of the previous period, the growth of the share of subsidies.

Despite reforms in public financial support of citizens, significant debt problems of the population for services and tariff refunds on the actual cost of services remain relevant.

Keywords: state financial support; water supply and sanitation enterprises; financial resources of enterprises; financing; subsidies; benefits; self-cost; tariffs.

### **Roman Syvak**

#### *The concept of sustainable development of world economy and the transformation of value system from the standpoint of scientific studies*

Society values system condition was investigated on modern stage of global world order incipience. While research there were discovered imbalance features of this system resulting from the selfish-environmental society behavior progress aimed at non-renewable

resources consumption increase in conditions of absence of global institutions stopping world economy global subjects causing containment, i.e. main energetic, land and water countries-suppliers, and also multinational companies, these resources transformers. The growing trend of vital resources global consumption can lead to their redistribution with use of power, so there exist threats to humanitarian and military security. One of the main described negative reasons of human activities effects is syndrome of consumer ignorance caused by the dominance of the design values enrichment through motivation of consumption for consumption. The research showed the necessity of sustainable development transforming concept, which involves simultaneous constancy progress of society, economy and ecology: retardation of value transformation society needs its ahead development, domination under economic, and environmental issues require implementation of super-fast resuscitation and preventive approaches based on new value orientations of this development. It was determined that the present state of the world economy, including its resource component requires immediate drastic measures to balance the vector of its development. This balance is impossible without the development of new tools based on radically new concepts. The global economy, which almost has only profitability target of over the past decade, distorted a society value system, in fact with ignorance of social, humanitarian and environmental values. There was grounded the necessity to transform consuming economic values to economic, designed to serve the objectives of social and environmental levels. There is nominated a hypothesis about reduction of economic goals significance that will contribute to the development of economic governance tools, which are able to link and balance economic, social and ecological sustainable development vectors of global economy.

Keywords: society values system, globalization, sustainable development and global economy.

### **Olga Sobko**

*Intensifications of enterprise individual intellectual capital value creation effects on the base of talent management conception*

Research objective. The aim of the research is the development of theoretical dominants of the intensifications in enterprise innovation intellectual capital value creation effects caused of intellectual portfolio management.

Methodology of the research. The theoretical and methodological basis of the research is the statement of modern economic science, economic theory concepts, scientific works of national and foreign scholars and experts in the sphere of total cost management, particularly the theoretical ground of vectors expediency of modernization of methods in enterprise innovation intellectual capital value creation effects assessment caused by a advantages of intellectual portfolio management application. The emphasis of intellectual portfolio management of the intensifications in enterprise innovation intellectual capital value creation effects inquiring amendment of principle and methodological measuring aspects. The author suggested her own approach to the forming of assessment methods in enterprises innovation intellectual capital value creation effects and there was made indicators classification and there was provided the calculation methodology. There was proposed capital stock of organizational competence as a synthetic indicator, the development of which makes positive changes, i.e. "value gap" at enterprise.

The degree of foundation of scientific statements given in the article is based on the usage of complex general scientific and special research methods: historical and logical method is used for study of general-theoretical foundations and evolution of the development of concept of intellectual capital and the theory of value creation considered in the

light of the development of the enterprises of innovation intellectual capital on the base of intellectual portfolio management which became methodological research basis; method of theoretical generalization is used for scientific research works in the theory of intellectual capital, value enterprise creation particularly its effects assessment; abstract and logical method is used for a deep analysis of the key terms characterizing the theory of enterprise of innovation intellectual capital value creation and its effects measurement methodic; methods of induction and deduction, analysis and synthesis are used for comparison of the main scientific approaches to the interpretation of the essence “innovation intellectual capital”, “enterprise of innovation intellectual capital value creation”, “effect of enterprise of innovation intellectual capital value creation”, “intellectual portfolio management” and “enterprise intellectual portfolio”; method of comparison and grouping is used for systematization of indicators used for assessment of effects of enterprise of innovation intellectual capital value creation; system and structural analysis is used for defining of intellectual portfolio management influence on the intensification of effects of enterprise of innovation intellectual capital value creation; abstract and logical method is used for theoretical summarizing and making conclusions; method of hypothesis of rational behavior is used for emphasizing principles and criteria of forming assessment methods in enterprise of innovation intellectual capital value creation effects; graphic method is used for a visual representation of formula for calculation of indicators of enterprises of innovation intellectual capital value creation effects caused by of intellectual portfolio management application and of tables, figures representation.

Results. Implementation of modernization of assessment methods in enterprises value creation effects based on innovation intellectual capital development allows increasing of cost management effectiveness, revealing the reserves of innovation intellectual capital.

Novelty of the paper is author’s interpretation of the term “innovation intellectual capital”, “enterprise of innovation intellectual capital value creation”, “effect of enterprise of innovation intellectual capital value creation” “enterprise intellectual portfolio management”, “enterprise intellectual portfolio” and her own approach to methodical bases of forming technology of assessment methods in enterprises of innovation intellectual capital value creation effects.

Practical effect. Theoretical research principles recommended for improvement of the modernization of assessment methods in enterprises of innovation intellectual capital value creation effects; discovering of reserves of strengthening effects of enterprise innovation intellectual capital creation caused by spreading of intellectual portfolio management; defining building of intellectual portfolio management usage which can be used in modern enterprises of different property forms, sizes and peculiarities of management were investigated and proved.

Keywords: enterprise innovation intellectual capital, enterprise value creation, value gap, intellect-potential value, actual value, intellectual portfolio, intellectual portfolio management, intellectual property portfolio.

**Tetiana Artemchuk**

*Problems of effective functioning of natural monopolies and basis to solve them by government regulation*

The article suggests the research of the features of theoretical aspects of monopoly in the economy of Ukraine and the mechanism of their influence on the economy and the efficiency of enterprises of natural monopolies. The principles and conclusions received as the result of the research in the field of natural monopoly may become conceptual framework on the microeconomic level in the process of improving the development of the organization and pricing of the enterprises — natural monopolies as well as in the modeling the

policy of macroeconomic antitrust regulation that is done by the state. There are reviewed the essence and peculiarities of natural monopolies related to network organization of production, the feasibility of specification of the criteria of classification of the enterprises to the category of the subjects of natural monopolies in the conditions of the domestic economy, unjustified growth of costs per unit of the outputs by the conditions of maintaining the activity of parallel networks. The article analyzes the influence of globalization of natural monopolies: amount of production, economic and social effectiveness and trends of changes in the market structures and features of monopoly in the economy of Ukraine. There are investigated the methods of monopoly pricing and principles of their regulation, reduction of the investment financing of the objects in energy production in the total funding at the expense of surcharge to the active tariff for electricity and heat energy, when significant funds were directed towards solving problems in other sectors of the economy. There are reviewed the disadvantages of setting tariffs by limiting profitability (profit margins) where the total cost of production forms the base in Ukraine, which doesn't encourage the subjects of home-keeping to conserve the resources and stimulates the increase of financial expenses over the required level. It is proved that the increase of the tariffs in the field of energy is mostly caused by inefficient management.

The results of reviewing the problems of regulation of the markets of natural monopolies make pay special attention to research of features of pricing mechanism for energy producing state companies, which are natural monopolies in Ukraine, and to the recommendations for improving the state regulation of natural monopolies in terms of economy of Ukraine.

Keywords: natural monopoly, market structure, monopoly pricing, efficiency, antitrust regulation, tariff price regulation.

#### **Artemchuk Andrii**

##### *Arguments for direction of attracting investments in the development of energy sector companies*

The article suggests approaches to ensure the quality electricity supply to consumers in accordance to international standards and national regulations in reducing the technological power consumption and average length of time of long interruptions in the power supply through the development of the investment project of reconstruction of power distribution network supply of power companies. There were examined the connection between energy network technical state and the efficiency of their functioning and obtainment of the quality indexes of electricity supply to consumers. There were chosen basic indicators of the functioning of the power companies, i.e. technological power consumption and reliability of electric power, which had a connection with interruptions of long duration in the power supply. The article shows the logical connection of improvement of quality of energy supply and the need for investment in the development and reconstruction of relevant networks. There are justified directions of investments in projects that improve the efficiency of electricity supply taking into account the principles of project analysis and impact of factors of the investment in project environment including the available investment potential and investment risk as a factor of the upshot of the investment project. The research determined features of the project analysis as a dynamic process that takes place in time and subject aspects. Setting boundaries of these define the purpose of the project, actually available resources and organizational measures. The investment risk factors of legal conditions, macroeconomic stability, the level of monopolization, market level and corruption in the state are necessary to refer to. Methodical base of the research is formed by principles of investment theory and project analysis, advanced management concepts, investment and project management, as well as scientific works of domestic and foreign economists on

the problems of assessing the effectiveness of investment innovative projects, regulations of power supply companies of Ukraine. In the process of research there was used method of logic synthesis (in the research of the features of using investment project analysis), system methods (in the evaluation of impact and determining the current investment project factors), method of project analysis (evaluation of advantages and disadvantages of alternative projects, setting goals, prioritizing).

Key words: quality of supply, technical losses, reliability, reconstruction of energy networks, investments, investment projects, project analysis and environment of investment projects.

**Alexandra Patryak**

*Accounting for corporate rights in stages of the life cycle: a practical aspect*

Lack of uniform accounting methods issued by corporate rights reduces the quality of accounting information used by users for making economic decisions, particularly in investment. In this regard there is the need to improve existing approaches to accounting operations with corporate rights emitted by a corporation.

The study's aim is to develop theoretical positions and practical recommendations for improving corporate rights accounting, its quality and information support of decision-making by issuers of securities within the corporate governance system of funding.

The study used general scientific and special methods and techniques. With the establishment of a causal connection and using the method of modeling there was formed a complex order to display operations with corporate rights and the stages of their life cycle.

The results of the study proved the accounting order of operations for the life cycle of corporate rights. The proposed methodology takes into account the civil status of the subjects of corporate relations and tax requirements for appropriate business operations. The use of such developments will increase the quality of accounting and information support for management decisions on prospects of financing of the company.

The development of an integrated methodological support for accounting corporate rights which is achieved by taking into account the life cycle stages of corporate rights is presented in the article. Using this approach will help to improve the reliability of accounting data on transactions with corporate rights, state obligations on such transactions. In addition, it will help to create an information base, which will meet the requirements of tax legislation on the taxation of income from corporate investor rights.

Application significance of the results is to improve the quality of accounting and information support of decision-making on the use of corporate rights as a tool for funding.

Keywords: corporate law, share capital, removed capital, dividends and accounting.

**Oleksandr Dluhopolskyi**

*Angus Deaton about consumption, incomes and happiness*

The article deals with the significance of scientific researches of Angus Deaton – Nobel Prize laureate in Economics 2015 – in the context of the relationship between macro- and microeconomics. The “Deaton paradox” is discussed as a situation when general level of consumption does not changed so dramatically as consumer's income growth or decline. This situation is related to the fact that aggregate data on average income is rather misleading indicator of socio-economic development, as can exist the situation of more or less equal income distribution and wider deviation of the average level, when great amount of population finds itself below the poverty line. In the article we characterize A. Deaton's views on the content of subjective well-being, which is measured by two parameters: emotional well-being, which appeals to everyday human experience and intensity associated

with feelings of joy, admiration, anxiety, sadness, anger; personal assessment of life that appeals to somebody's relation to it. The position of researcher according to assistance for poor countries is grounded, which he considers as destructive and that does not solve the systemic problems of poverty but creates parasitic attitudes in a society that lives on donor funds. In general, the role of scientific works of A. Deaton to establish a deep relationship between individual economic decisions and their consequences for the all economic system is grounded.

Key words: "Deaton paradox", "Isterlin paradox", Preston's curve, consumption, poverty, welfare, divergence, happiness and life satisfaction.