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PRUDENTIAL STANDARDS AND REQUIREMENTS FOR FINANCIAL INSTITUTIONS OF THE NATIONAL CREDIT COOPERATION SYSTEM OF UKRAINE

Summary

The article substantiates the application of corrective measures and standards for the prudential supervision of financial institutions that are a part of the National System of Credit Cooperation of Ukraine. The financial services market remains very fragmentary with low capitalization due to unstable business conditions, insecurity of ownership, and low level of corporate governance.

Therefore, this is necessary to protect the interests of financial services consumers, prevent insolvency and ensure the financial stability of financial institutions. There are developed the stages of implementation of prudential supervision for credit unions. There is proved the necessity of using the early warning tests, stress testing for credit unions by the National Commission for the regulation of financial services markets. There are substantiated the basic requirements for ensuring internal risk management and control over the financial activity of the credit union.

Further research should be aimed at developing specific measures for protecting the interests of financial services consumers, preventing insolvency, and ensuring the financial stability of non-bank financial institutions for the national credit cooperation system.

Introduction

In Ukraine, the system of credit cooperation, the total assets of which amounted to 2154.0 million UAH as of June 30, 2017, covers more than a million citizens. This suggests that demand for credit unions services, despite the previous decline in this institution credibility, remains high. The main role of credit unions is to provide easy access to financial resources for broad segments of the population. Today, credit unions are the very financial institutions, with which ordinary Ukrainians can work in the easiest way. Of course, the most demanded services of credit unions are there, where there is no banking institution or their number is insignificant – in rural areas, settlements of urban type, district centres.

However, in the market for credit cooperation, there are still many problems. The most important is to ensure the systematic maintenance of credit unions liquidity. The problem of the limited access of credit unions to financial resources is also relevant. The National Commission for Regulation of Financial Services Markets (hereinafter referred to as the Regulator) is working on updating and improving the regulatory procedures, taking into account, first of all, the need for an effective mechanism for the withdrawal of insolvent credit unions from the market, improving the efficiency of the existing monitoring system and prudential supervision of credit unions. Furthermore, for the development of the credit cooperation system, there are needed mechanisms for guaranteeing and stabilizing in the market.

Domestic scientists paid attention to the study of state regulation of the development and control of credit cooperation in Ukraine: I.I. Babich, M.F. Bazas, M.T. Bilukha, F.F. Butynets, N.P. Vyhovska, L.V. Hutsalenko, I.K. Drozd, S.V. Ivakhnenkov, P.O. Kutsyk, M.M. Kotsupatryi, S.O. Levytska, N.M. Maliuha, V.O. Ozeran, V.P. Panteleiev, K.I. Redchenko, I. B. Sadovska, L.V. Chizhevska, and others, and foreign ones – M. Mescon, M.A. Ryabov, O.A. Shulus, and others. Certain aspects of the credit unions the activity control were investigated by domestic scientists: V.I. Bachinskyi, A.L. Biliachenko, A.M. Herasymovych, A.I. Hrytsenko, V.S. Mokhniak, A.V. Khomutenko, M.B. Chyzhevska, V.Ye. Shvets, and others. The authors identified and characterized the stages of development of state regulation of this sphere of the financial services market. However, unfortunately, there are some modern issues of the functioning of the Ukrainian credit unions activity supervision body.

The main purpose of this work is to justify the application of corrective measures and standards for the prudential supervision of financial institutions of the National Credit Cooperative System of Ukraine in order to protect the interests of financial services consumers, prevent insolvency and the ensure financial stability of financial institutions.

Part 1. The institutional necessity of development of the financial sector of Ukraine

By the Resolution of the Board of the National Bank of Ukraine dated June 18, 2015, No. 391 (as amended by the decision of the Board of the National Bank of Ukraine dated January 16, 2017, No. 28), there was approved the Comprehensive Program for the Development of Financial Sector of Ukraine until 2020 [4]. The program was developed in accordance with the Sustainable Development Strategy Ukraine-2020, the Association Agreement between Ukraine and the European

Union, the Memorandum on Cooperation with the International Monetary Fund, the European Ukraine Deputy Fraction Coalition Agreement, etc.

The main objective of the Comprehensive Program for the Development of the Financial Sector of Ukraine until 2020 (hereinafter referred to as the Program) is the creation of a financial system capable of sustainable economic development through the effective redistribution of financial resources in the economy based on the development of a fully-fledged market competitive environment in accordance with the EU standards.

Achievement of the Program goal will be ensured through a series of interrelated measures aimed at the comprehensive reformation of the financial sector. The Program is based on the following basic principles:

– regulatory approximation of Ukraine's financial services to the EU rules and standards;

– liberalization of financial markets and acquisition of the internal market mode with the EU in the field of financial services;

– balance of economic interests through the formation of the competitive market environment;

– independence and efficiency of regulators, supervision on the basis of risk assessment;

– transparency and high standards of disclosure by financial sector participants and regulators;

– responsibility and trust between financial sector participants and regulators;

– integrity of the financial system, comprehensive protection of the rights of creditors, consumers, and investors.

In Ukraine, since 2013, there has been the draft Law on Strategy for banking sector reformation up to 2020 on credit unions Regulator change. The law stipulates that the National Bank of Ukraine should become the regulator for non-bank financial and credit institutions, which include credit unions, replacing the profile regulator – the National Commission that carries out state regulation in the field of financial services markets. But one should take into account one extremely important feature: the task of credit unions – provision of financial assistance. Banks have another strategy – to sell financial product and make money off it. Unlike banks, credit indebtedness in the portfolio of credit unions is 14%. And in banks, the debt for consumer loans is often about 50% and more.

In our opinion, the tendency to reduction of the number of credit unions in Ukraine will remain. Changes in the legislation on financial services markets will result in more stringent requirements, in particular, to the size of the authorized capital, the availability of mandatory provisions for losses, disclosure of information, etc., which, in turn, will lead to elimination of the majority of "formally" existing organizations in this area. A similar situation is currently taking place with commercial banks: in the period from 2014 to 2016, more than 90 banks were liquidated because of the not transparent ownership structure and the lack of funds for the capitalization of banks. After the commercial banks “cleaning”, it is likely to be said about similar actions in relation to the market of financial services, and accordingly, credit unions.

Due to the sharp decline in the number of credit unions within the next few years, their policy will change – the transition to more transparent, accessible, and economically justified target use of credit resources, which will result in more stringent requirements for their members in general.

For credit unions, a deposit guarantee system is needed. Such a proposal the National Commission for Regulation of Financial Services Markets included into the plan of the stage-by-stage transformation of the credit cooperation market. An analogue of the Deposit Insurance Fund is planned to be established on the basis of the Cooperative Bureau of Ukraine (KBU) – an association of credit unions entitled to attract deposits in order to compensate to the members of insolvent credit unions and supervise their activities. In this case, only by the end of 2017, there should be created a single mechanism for the withdrawal of insolvent unions from the market.

The KBU membership is planned to be made mandatory for all credit unions, which have the right to raise funds for deposits. It is to these deposits the warranty will apply. Herein, the share contributions to the CU are not subject to return at the expense of the fund. Unlike the banking fund that returns all deposits up to 200 thousand UAH, the KBU will refund only a half of the funds placed on a deposit in a particular credit union, but not more than 20 thousand UAH per client.

Requirements for credit unions, which have the right to attract deposits, will be strengthened. Their regulatory capital cannot be less than 3 million UAH. A mandatory share contribution will be at least one minimum salary. Upon joining the credit union, 15% of the share premium is credited to the reserve capital and is not returned in the event of withdrawal from the union.

However, it is not clear how the compensation fund will be filled. If it is created from scratch, then it will be a huge burden on credit unions. This will make their services unattractive for customers.

We believe that the addition of a credit unions fund to the Deposit Insurance Fund (DIF) may be an alternative. This solution is in line with the European practice. If the state is interested in developing a market of credit cooperation, such a fund should be created with the support of the state. But here exists a controversial issue of compensation of only 50% of the amount of deposit, while the average amount of deposits in the credit union is about 28-30 thousand UAH. As you can see, the analysis of planned innovations shows that there are more questions than answers. Therefore, these issues are debatable and need further discussion.

Ukraine is encouraged for the reformation by the International Monetary Fund and the World Bank, as it is one of the key points of cooperation with these organizations.

Reforms will take place in all segments of the financial sector – in the banking sector, non-bank financial institutions, in the stock market and capital markets, etc. The effectiveness of reforms will be achieved through comprehensive changes:

– within regulators of the financial sector – by strengthening the institutional capacity of the regulatory authorities and creating appropriate conditions for the effective supervision and influence, strengthening the stability of the country's financial system, increasing its credit and investment potential;

– within the participants in the financial sector (various forms of ownership) – through "ballast" and problem institutions cleaning up, restoring and strengthening trust in market players, development promotion, transparency, and competition in all segments, and ensuring the equality of participants in the financial sector.

Signs of systemic problems in the financial sector of Ukraine:

– the sharp increase in the proportion of problem assets in the balance sheets of banks – the share of problem loans in the banking sector increased from 12.9% in early 2014 to 24.7% at the end of I quarter of 2015;

– significant outflow of deposits from the banking sector: – "-" 45.4% for 2014 and the first quarter of 2015 for foreign currency deposits and – "-" 17.9% for hryvnia deposits;

– tough administrative measures (including withdrawal of deposits, currency exchange operations) introduced in connection with the deployment of a military conflict and an economic crisis;

– high dollarization of loans and deposits – 55.9% and 53.4% respectively at the end of I quarter of 2015;

– unbalanced base of assets and liabilities of banks: the ratio of loans to deposits reached its peak of 226.7% in 2009 and amounted to 158.8% at the end of the first quarter of 2015;

– from the first quarter of 2014 to the second quarter of 2015, 47 banks, including one system important bank, were declared insolvent;

– insufficient size of the own and regulatory capital of banks due to the deterioration in the quality of loans and other assets and the formation of reserves for active operations from the beginning of 2014;

– massive withdrawal of large European players in the financial sector from Ukraine – after the crisis of 2008–2009, about 10 European banks sold their subsidiaries in Ukraine or stopped their retail business;

– absence of initial public offering (IPO) of shares of Ukrainian companies on local and foreign exchanges during 2013–2014;

– decrease in volume of trades on domestic exchanges (except for government bonds) by 38% in 2014, to 76 billion UAH, including trading in stocks and derivatives by 46% to 36 billion UAH;

– low and unchanged for 2008–2014 share of insurance companies in the financial sector structure – from 2.6% to 3% of the total assets;

– low level of assets of the pension system at the level of 2.5 billion UAH, or 0.2% of GDP at the end of 2014.

The financial services market remains very fragmentary with low capitalization due to unstable business conditions, insecurity of ownership and low level of corporate governance. In addition, further development of the financial sector is hampered by the following factors:

– existence in the market of financial institutions that do not perform and do not have the purpose of performing financial intermediation functions and create significant systemic risks for the sector;

– insufficient level or complete absence of guarantees of rights of protection of interests of consumers of financial services (including borrowers) and creditors;

– low standards of solvency management and liquidity of banks;

– tough administrative measures;

– a large share of loans issued to related parties on the balance sheet of banks;

– operational dependence of state banks;

– high concentration of assets of systemically important banks;

– lack of proper infrastructure of the capital market, including the stock market;

– limited amount of financial instruments, including hedging of risks;

– obligatory participation of non-bank financial institutions providing money transfer services in payment systems;

– ineffective tax legislation on the taxation of investment income and financial sector participants;

– individual financial institutions abuse of loan agreement terms;

– absence of effective algorithms for the preservation and return of assets of insolvent banks;

– low financial literacy of the population;

– low efficiency of supervision of banks and other financial institutions, that does not give a possibility to prevent the risk development in a timely manner;

– limited powers and independence of regulators in respect of measures of influence on participants in the financial sector;

– lack of effective tools for the withdrawal of troubled non-bank financial institutions from the market.

The Program implementation will take place in three stages:

I. Financial sector cleaning – drastic solution to the problem of “ballasts” of the past, withdrawal of unscrupulous players from the market, the disclosure of owners of financial sector participants.

II. Financial sector reboot – ensuring transparency and equity in the “shareholder management-client” chain, removing all administrative restrictions imposed by the crisis, increasing capitalization of financial sector participants, strengthening the protection of the rights of borrowers, creditors, and investors.

III. Creation of prerequisites for the long-term sustainable development of the financial sector – ensuring the sustainability and reliability of the financial sector on a long-term basis, approximation of standards of solvency and liquidity of banks to the recommendations of the Basel Committee, introduction of accumulative pension provision, stimulation of the insurance and other financial services market and development of infrastructure and financial sector instruments, creation of additional guarantees of financial reliability in case of economic recession, increase in the reliability of systemically important banks, and increase in the institutional capacity of regulators.

Within the period of the financial sector reformation program, the National Bank will complete the transition to the mode of inflation targeting.

The purpose of the monetary policy of the National Bank in the medium term is to reduce inflation to 5% per annum with a tolerance of ± 1 percentage point. To achieve this goal, the National Bank of Ukraine will take the following measures:

– strengthening the role of the discount rate as the base rate of monetary policy;

– restoration of international reserves, which will be the key to strengthening the stabilization potential of the National Bank;

– adherence to the regime of the flexible exchange rate, which will be an important tool for smoothing out foreign economic shocks.

To achieve this Program goal, there are identified three main areas:

1. Ensuring the stability and dynamic development of the financial sector.
2. Development of institutional capacity of financial sector regulators.
3. Protection of the rights of consumers of financial services and investors.

Since 2010, Ukraine has developed a Concept for the introduction of prudential supervision of non-bank financial institutions at the National Commission for Regulation of Financial Services Markets in Ukraine. In accordance with this concept, prudential supervision is the system of the National Commission for Regulation of Financial Services Markets' procedures of supervision of the compliance of the financial institution with prudential rules, which allows reducing the supervisory burden on financial institutions whose activities do not bear the threat of non-fulfilment of obligations to existing clients and strengthening supervisory efforts on institutions, activities, which is or may be a threat to the fulfilment of such obligations [5].

Let us consider the stages of implementation of prudential supervision for credit unions. At the first stage, it is necessary to review the financial standards of the activity of credit unions and limit their access to funds of individuals. Supervision over the financial status of credit unions should provide supervision over the compliance with the main financial indicators of the activities of credit unions, which include the coefficients of capital adequacy, solvency, profitability, asset quality, and liquidity.

Part 2. Consideration of methods of estimation of the financial state of credit unions

To carry out supervisory tasks, it is necessary to introduce a risk assessment system and to determine the limits of financial ratios, in case of non-observance of which the credit union supervision should be of individual character.

The basis for such thresholds and the proper prudential supervision of credit unions should be early warning tests, which identify problematic institutions. In order to timely identify the risk of non-return of borrowed funds from individuals by credit unions and insolvency, early warning tests will be based on risk assessment and will include both coefficient analysis of financial activity and qualitative indicators that may lead to deterioration in the financial position of the credit union or misleading its members [2].

A prerequisite for the development and application of early warning tests is the confidence in the quality of the results of verification of credit unions by both the Regulator and auditors (audit firms), as well as the reliability of information in the form of financial and regulatory reports.

Supervision over the activity of credit unions, which is of individual nature and may be carried out by the Department of Temporary Administration of Financial and Credit Institutions of the National Commission for Regulation of Financial Services Markets, will regulate the activity of individual credit unions that require immediate regulator intervention in their activity, including compliance with their financial standards. The purpose of its implementation will determine the reasons for the deterioration of the financial position of the credit union through in-depth analysis of the quality of the loan portfolio and its adequate assessment, analysis of the structure of assets and liabilities, its capital and the conformity of its formation with the requirements of legislation, assessment of the actual profitability of the credit union, etc. [3].

The main task of such a supervision should be to determine the optimal ways of financial stabilization of the credit union, the primary measures necessary to improve its financial situation, including the application of measures of influence in the form of the requirement of re-election of the chairman of the board and/or auditing by the auditor (audit firm), agreed with National Commission for Regulation of Financial Services Markets.

In order to supervise the financial status of a credit union, the relevant department of the National Commission for Regulation of Financial Services Markets supervises the dynamics of changes in all financial regulations, as well as compliance with the criteria for the management in a credit union established by law.

It is also necessary to review the credit risk assessment system of credit unions by providing for credit unions' reserves on deposit accounts with the banks with stable investment rating of a certain amount of funds (percent of the amount of the granted loan), in the event that a credit union provides a loan with unsecured mortgage and/or if the estimated value of the collateral is less than the total loan granted by the credit union.

The second stage of implementation of prudential supervision of credit unions should be the development and implementation of stress testing of their activity. They should identify the risks that will arise in future for their early warning and levelling.

The purpose of stress testing is to assess to what extent is a specific non-bank financial institution or financial system as a whole resistant to "exceptional but probable shocks."

The Basel Committee on Banking Supervision explains that stress testing is intended to give an idea of the existence of unfavourable scenarios related to different risks and the amount of capital needed to absorb losses in the event of a shock scenario [8].

Dodd-Frank Stress Testing is a tool for quantifying the predictive impact of stressful macroeconomic conditions on the capital of bank holding companies. The purpose of this program is to inform financial companies and the public about the potential change in the capital adequacy of a financial institution in the event of unfavourable economic scenarios set by the Federal Reserve System [9].

The choice of approaches to stress testing is presented in Table 1.

In order to respond in a timely manner to the deterioration of the financial position of the credit union, the results of the stress test should provide for a recommendation institution at the legislative level. With a decrease in the financial stability of the credit union, it will provide the National Commission for Regulation of Financial Services Markets with the opportunity to use appropriate responses to such a credit union in order to mitigate the impact of financial risks on it in the future. The institute will provide recommendations for limiting the provision of certain types of financial services, changing the structure of assets and liabilities, including capital, credit, and deposit portfolios [7].

Table 1

Comparative Table of Stress Testing Approaches

Country	**USA**	**EU**	**Great Britain**
Period	**2015**	**2014**	**2015**
Program	Dodd-Frank Law ST	ST in all the countries-EU members (EBA)	Bank of England ST
Scope: "bottom-upwards"	not relevant	• EBA – development of methodology, • banks – testing, • local regulators – support and monitoring	• banks – provision of own forecasts • Bank of England – testing on the base of bank forecasts + own corrections; in the future – increase of the Bank of England models ST role ("top-downwards" approach)
"top-downwards"	supervisory ST	not relevant	
Participation criteria	• BHC (bank holding company) with total volume of consolidated assets >=50 billion USD • non-bank financial companies, appointed by the Supervisory Committee on Financial Stability (SCFS).	Selection of banks with the assets >=50% of the national bank sector in each country-EU member	• all the banks, regulated by the Prudential Regulatory Authority (PRA) • building companies with retail deposits => 50 billion GBP.

Ending of Table 1

Institutions	31 BHC	123 bank groups from 22 countries	7 largest banks of Great Britain and building companies
Consolidation level	Bank holding company (BHC)	Bank group	The highest level of consolidation within the territory of Great Britain
Data sources	• data collected by the FRS • industry data, provided by the third parties	• data collected by the national authorities (regulators)	Data of banks, data of the Bank of England, and analytical materials of the third parties
Forecast period	9 quarters (IV quarter 2014 – IV quarter 2016)	3 years (2014–2016)	5 years
Scenarios	• basic, • unfavourable, • extremely negative	• basic, • unfavourable	• basic scenario, • annual cyclic scenario • additional scenario: assesses risks directly not related with the financial cycle
Description of approach to the stress testing	BHC balance sheet, risk weighted assets, net profit and respective capital adequacy ratios are forecasted under stress scenario conditions	There is assessed the impact of risk factors on banks' solvency (focus on solvency and market risks), by calculating the adequacy of equity capital of the first level	EBA approach with certain adjustments, in particular: • assumptions as to static balance (EBA) versus simulation of change of and balance composition (BE) • the upper limit of income and the lower limit of costs (EBA) compared with the absence of such restrictions (BE) • use of additional models and analysis: the BE stress test uses a set of analytical tools in addition to own forecasts of participating banks
Disclosure of results	detailed disclosure of results for individual banks (required by Dodd-Frank law)	• disclosure of aggregated results at the country level (EBA) • each local regulator discloses results for individual banks	• full disclosure of aggregated results (consolidated throughout the banking sector), • disclosure only of indicators of capital adequacy for individual banks

Credit unions are obliged to provide internal risk management and control over their own financial activities.

Today, the current legislation provides that the reporting data is approved by the supervisory board and the audit committee of credit unions. Internal control over their activity, in accordance with the law, may be exercised directly by members of the credit union. At the same time, we state that the said control is either formal or made impossible by the management bodies of credit unions.

Thus, the primary task of ensuring control over financial activities is the introduction of real supervision over the activity of credit unions on the part of their management bodies, directly members and auditors (audit firms), which confirm the reliability of the reporting.

To realize the specified tasks, it is necessary [6]:

– to establish requirements for audit findings to verify the reliability of financial statements, including the need for confirmation of all key performance indicators, in particular, the total amount of arrears overdue, prolonged and bad loans;

– to establish the responsibility of auditors (audit firms) for confirmation of inaccurate information;

– to ensure disclosure of financial status by credit unions to its members.

In addition, the primary task should be to ensure the internal management of risks in credit unions. The management bodies of credit unions are obliged to provide a comprehensive daily analysis of their activities and forecast of its results in the future, including on the basis of stress testing. The results of stress testing must be communicated to the management bodies on a monthly basis and to members of the credit union upon their request.

In order to minimize the risks of activities, it is necessary to restrict on a legislative level the cash transactions of credit unions, to provide loans to them exclusively on a pledge of property. At the same time, it is advisable to establish requirements for the procedure for valuation of mortgaged property, the necessity of entering information about its collateral in state registers of restrictions and encumbrances, as well as the margin between the amount of the loan granted and the estimated value of mortgaged property [1].

In addition, it is necessary to ensure compliance with the principle of cooperation in terms of the possibility of taking part in the general meeting of credit unions, the impact on their management and financial activity.

The global financial crisis, among other deficiencies in the functioning of the financial market supervision system, has been underestimated by the financial regulators of such an element as the disclosure of information by subordinate financial institutions. An urgent need is to improve the information disclosure policy by the non-bank financial services market regulators that in the scale of macro-prudential approach should mitigate the cyclic effects of the financial crisis, increase transparency in relation to the nature and localization of risks, and promote systemic liquidity management. This should contribute to the smooth functioning of the market and to the reduction of the impact of market disturbances since market participants who regularly receive information are less likely to have jitters in case of negative information.

The complexity of introducing an element of disclosure within the framework of the Concept [5] is conditioned by the inability to establish uniform disclosure standards for all supervised financial institutions and the integration of this element on each individual stage of its implementation.

Notwithstanding the foregoing, the general requirements for all financial institutions should be the following:

– establishing requirements for the disclosure of sufficient and reliable information to consumers of financial services, owners of a financial institution, and directly to the financial regulator;

– mandatory disclosure of information about the financial performance of an institution, including analytical information on risk assessment;

– mandatory disclosure of information on the system of internal management and disclosure of information on the risk management system;

– mandatory approval of the relevant Provision on the Disclosure Policy at the domestic level of the financial institution [4].

The requirements for information disclosure by the financial institution should take into account the fact that financial institution management, its owners, regulator, and consumers of financial services have different possibilities for obtaining reliable information about the financial position, performance of the financial institution, and the financial services it provides.

Consumers of financial services should be provided with the information sufficient to ensure prudential behaviour when making decisions as to financial service (prudential person). Such information is provided both by the financial institution itself and by the regulator.

In particular, the regulator may publicly disclose information about the regulations or other influence measures applied to the financial institution.

In the event that, despite all information provided to ensure prudential (cautious) behaviour, the financial service user makes an arbitrary decision to purchase a financial service (for example, on the basis of a purely price criterion when choosing a financial service provider, despite its poor financial condition, the existence of influence measures etc.), such a financial service user ceases to comply with the prudential person criterion.

Taking into account the conceptual framework for introducing disclosure policies for non-bank financial institutions, the minimum disclosure standards with the mandatory format, specificity, periodicity, and disclosure objectives must be set by the Regulator in accordance with each individual sector of non-bank financial services. In this context, the fact that the overwhelming majority of risks for the sector may also be borne by the related persons, about which the regulator does not have sufficient information to take appropriate measures, deserves special attention. For this purpose, it is mandatory to establish the possibility of obtaining relevant information from external experts (auditors).

Herein, ensuring that financial institutions comply with the minimum disclosure standards is possible only if appropriate sanctions for non-compliance with standards are imposed at both the financial institution's management level and the financial institution as a whole (for example, by lowering the rating or establishing a requirement for its recapitalization).

Conclusion

1. Protection of interests of financial services consumers, prevention of insolvency and financial stability of financial institutions should be implemented through the application of appropriate corrective measures through:

– identification of increased risks in the activities of financial institutions;

– control over the solvency, liquidity, and profitability of a financial institution;

– minimization of cases of bankruptcy and systemic crisis of financial institutions;

– forecasting of future financial results based on reports for the current period.

2. The introduction of prudential supervision will give the possibility:

– to strengthen non-bank financial markets by preventing systemic risks;

– to optimize the number of financial institutions (due to the insolvent companies' exit from the market);

– to increase the share of assets of non-bank financial institutions in the general structure of assets of financial institutions;

– to increase the sector's share in GDP structure in the long run;

– to reduce the number of financial institutions that need financial rehabilitation;

– to achieve transparency of activity of financial institutions;

– to increase public confidence in non-bank financial institutions.

3. The basic indicators of achieving the main results of the Concept implementation in the market of credit cooperation are:

– increase in the share of consumer loans in the loan portfolio of credit unions up to 75%;

– improvement of the quality of assets of credit unions, in particular, by reducing the share of bad loans.

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METHODOLOGICAL ASPECTS OF EVALUATION OF MARKETING ASSETS OF THE ENTERPRISE

Summary

There is carried out a comparative analysis of the most common definitions of the “marketing assets” concept. The substantiation of the essence of marketing intellectual assets at the micro and macro levels of the national economy allowed typology of the latter by the following clusters: client assets; consumer assets; affiliate assets; brand assets. The structure of internal and external marketing intellectual assets is presented.

After analysing the intangible assets of enterprises, it is concluded that for food businesses, the marketing, technical and technological intangible assets are the most essential for ensuring the growth of the value of the enterprise. At the same time, for the companies operating in the field of mechanical engineering and metallurgy, the marketing and the so-called cognitive intangible assets are the key determinants, because in order to maintain a stable competitive position of firms in the industry and, accordingly, to increase capitalization, the key factors will be, first of all, the general corporate strategy, intellectual capital, as well as experience in the market, etc.

The article deals with the types of marketing assets of the enterprise. It is concluded that researchers have different approaches to the identification of types