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PRINCIPLES OF STATE REGULATION FINANCIAL SERVICES MARKET OF UKRAINE

Abstract. The article reveals the main features of the financial services market and its regulation by the state. The analysis of factors influencing the formation of the system of state regulation and infrastructure of the financial services market of Ukraine is carried out, the current state of the system of state regulation of the financial services market of Ukraine is characterized. The periodization of the evolution of the formation and development of the system of state regulation of the domestic financial services market has been carried out. The results of this study suggest that ensuring the greatest efficiency of the system of state regulation of the domestic financial services market is possible through the comprehensive implementation of a number of measures and actions. In particular, a set of measures is proposed, which takes into account the factors influencing the formation and formation of the system of state regulation of the financial services market, the most pressing problems of the financial services market, strategic priorities for further development of the domestic financial services market regulation system. At the same time, it is established that the priority should be to strengthen the institutional capacity of state financial institutions, increase the level of transparency of their activities, as well as increase the functional efficiency of the financial services market regulation system.

Keywords: institution, state regulation, principles, mechanism, financial services market.

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ЗАСАДИ ДЕРЖАВНОГО РЕГУЛЮВАННЯ РИНКУ ФІНАНСОВИХ ПОСЛУГ УКРАЇНИ

Анотація. Розкрито основні особливості діяльності ринку фінансових послуг і його регулювання з боку держави. Здійснено аналіз чинників впливу на формування системи державного регулювання та інфраструктури ринку фінансових послуг України, охарактеризовано сучасний стан системи державного регулювання ринку фінансових послуг України. Здійснено періодизацію еволюції становлення і розвитку системи державного регулювання вітчизняного ринку фінансових послуг.

Результати дослідження дають підстави стверджувати, що забезпечення найбільшої ефективності системи державного регулювання вітчизняного ринку фінансових послуг можливе за рахунок комплексного запровадження низки заходів та дій. Зокрема, запропоновано комплекс заходів, який урахує чинники, що впливали на становлення і формування системи державного регулювання ринку фінансових послуг, найбільш актуальні проблеми ринку фінансових послуг, стратегічні пріоритети подальшого розвитку системи регулювання вітчизняного ринку фінансових послуг. При цьому встановлено, що першочерговим завданням повинно бути посилення інституційної спроможності державних фінансових інститутів, підвищення рівня прозорості їхньої діяльності, а також зростання функціональної ефективності системи регулювання ринку фінансових послуг.

Ключові слова: інституція, державне регулювання, засади, механізм, ринок фінансових послуг.

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The problem statement. The financial crises of the last decade, which have been quite devastating for the economies of not only developed countries but also the rest of the world, changes in the fundamentals of the world economy caused by globalization, increased competition and a number of other significant factors, place new demands on and to the principles of their regulation by states, need to improve existing and develop new mechanisms to ensure their stable functioning and development.

In addition, the lack or low level of state regulation of the financial services market leads to reduced production efficiency, reduced social infrastructure, additional costs and losses. It should also be borne in mind that the need for public management of the financial services market is the result of significant public interest in its functioning.

Analysis of the last research and publications. Sufficient attention is paid to the problems of development of the financial services market, formation of its structure and interrelations with other elements of the economic system in the world theory and practice. Among foreign scientists, the works of S. Azaradis, P. Amis, R. Burns, D. Boyd, G. Gabbard, G. Goldsmith, R. Dornbusch, M. Sorge, R. Levin, J. Lopez, F. deserve special attention. Mishkin, E. Rospars, P. Rose, A. Senhaji, B. Smith, P. Toroval, F. Trussard, M. Thiesse, M. Khan, G. Hoggart, E. Hupkes, M. Chihaka, G. Shinazi. Quite a lot of attention is paid to these problems by Russian scientists: I. Andrievskaya, Y. Babichev, S. Glazyev, S. Dobryshevsky, A. Kozlovskaya, O. Lavrushin, P. Lanskov, I. Levina, S. Moiseev, G. Panova, A. Pikulkin, B. Rubtsov, V. Sokolinsky, M. Stolbov, L. Fedyakina and others. Among domestic scientists it is necessary to allocate works of V. Bazylevych, O. Baranovsky, Z. Vasylchenko, O. Vovchak, V. Geets, O. Dzyublyuk, T. Kovalchuk, V. Korneev, V. Kravets, I. Luty, V. Mishchenko, S. Mishchenko, S. Naumenkova, M. Oliynyk, V. Oparin, S. Reverchuk, T. Smovzhenko, I. Shkolnyk and others. At the same time, in the works of scientists insufficient attention was paid to the disclosure of issues of state regulation of the financial services market.

Purpose of the article. The purpose of the article is to reveal the features of the activity and state regulation of the financial services market, analysis of factors influencing the formation of the system of state regulation and infrastructure of the financial services market of Ukraine, the current state of the state regulation of the financial services market.

Results of a research. The financial services market is an important component of the financial market and plays an essential and important role for the development of any state, economy and its subjects, ordinary citizens. The financial system in general and the financial services market in particular as part of the economy fills, structures and ensures the continuity of financial flows in time and space, creates virtual capital flows. In addition, the financial services market, according to O. Ivanytska, encourages the emergence and development of its inherent elements (money, money market, capital market, credit relations, etc.) and institutions that form the object part of the financial infrastructure, and organizes the work of specialized its participants (institutions), forming the subjective layer of financial infrastructure [1].

The main features of the financial services market are:

- the market of financial services acts as a sphere of interaction of financial intermediaries with clients;
- customer service occurs in the process of transactions with financial assets;
- the market of financial services has the character of an organized market on the basis of concluding relevant agreements or selling securities.

As a result, consideration of this issue allowed us to draw a conclusion about the direct relationship between the development of the financial services market and the development of the state economy — provided there is a well-functioning financial services market and the state economy is well-functioning. These findings have also been repeatedly confirmed in the work of various scholars, which examined the economic dynamics in connection with the development of the financial services market in different historical periods. According to the results of the research, it was proved that the regions (cities, states, countries), where a more complex and efficient financial system and financial services market emerged, in the future proved to be leaders in

economic development. T. Beck, A. Demirguc-Kunt and R. Levin studied the financial systems and markets of financial services in more than 150 countries for the period 1960—1995. Studies have shown that banking institutions and non-bank financial intermediaries (insurance companies, pension funds, investment funds, financial companies and others), as well as stock markets are more developed and efficient in rich countries, and with the growth of wealth of any country grows and their financial services market. In addition, as a country's wealth grows, stock market activity and efficiency increase at a faster rate than bank credit markets, and financial services markets tend to become more «market» as a country's welfare increases [2]. It should also be noted that more and more scholars in research see the financial services market as a generator of various externalities in the development of the state's economy, along with institutional, political and other factors.

That is, the importance of the financial services market for the economy of any country, its effective functioning is indisputable. This was once again confirmed by the financial crises of 2008—2009 and 2013—2014, which began in the financial sector and the consequences of which are still significant today. All this requires a detailed study and changes not only in the principles of creation and functioning of the financial services market, but also in state regulation, given its importance for the economy.

The need for state regulation of the financial services market by the state today is almost beyond doubt, even among the most skeptics. According to J. Stiglitz, public authorities, represented by the government, perform quite a number of functions related to the financial sphere, it regulates economic activity, stimulates some activities by subsidizing them, and inhibits others through taxation; produces goods and services, provides loans and debt guarantees and provides insurance; buys goods and services, including those produced by private firms; redistributes income between individuals; provides social insurance for pensioners, the unemployed, the disabled and health insurance for the elderly [3].

By regulating the financial services market, the state must provide a number of important conditions for its functioning: firstly, to create a legal basis for economic decisions, as well as equally equal conditions for all entities and the stability of business rules (doing business); secondly, to develop other sectors of the economy in which the private sector is not involved; thirdly, to form the infrastructure of the financial services market; fourthly, to control the basic parameters of reproduction and money circulation, etc.

That is, we have a situation where the lack of state regulation leads to reduced production efficiency, reduced social infrastructure, additional costs and losses. It should also be borne in mind that the need for public management of the financial services market is the result of significant public interest in its functioning. Society itself, represented by its citizens, business entities formed by citizens and the state, are the main consumers of financial services market services, depositors and creditors of banking institutions, while financial services market entities accompany the flow of funds from owners of financial resources to borrowers, which, on the one hand, arouses their interest in the stable operation of the financial sector, on the other hand, requires the protection of their interests by the state. According to I. Shkolnyk, the need for state regulation of the financial services market is due to the following reasons:

- the market of financial services realizes the national interests of the state, which must be considered as a set of economic priorities for the country's development;

- in the market of financial services the interests of various participants are intertwined, namely — the state, business entities and households. These interests may run into certain contradictions, and accordingly, to ensure the stability of the financial services market and the financial system as a whole, it is necessary to have some regulation that would balance the interests of all participants;

- the main player in the financial services market and the financial market, as mentioned above, are the households that have the largest share in net savings among other institutional sectors of the economy. The population generally does not have sufficient knowledge in the field of financial relations, and accordingly there is a need for legal protection of investors in the financial market, which can only provide the state [4, p. 51].

But there is a need to determine the principles on which regulation should be carried out, how the interaction of state and market methods, mechanisms, levers, technologies should be carried out. In emerging markets, the creation and modification of financial systems and financial services markets are associated with the lack of a conceptual approach to the allocation of primary and secondary factors of their development, identifying key aspects of the existence of financial institutions [5, p. 92]. At the same time, each country must choose the model of the financial services market that would meet its characteristics, national interests and the requirements of building its own economy (*Table*). As a result, there are various problems in the process of state regulation of the financial services market or there is a low level of efficiency of such regulation.

Table

Number of enterprises and employed workers in the machine-building industry

Country	Sectoral model	Cross-regulation	Model of a single regulator	Number of supervisory bodies	The Central Bank has tasks and powers of supervision
Austria			x	1	x
Australia		x		3	
Belgium			x	1	
Belarus	x			3	x
Bulgaria	x			2	x
China	x			3	x
Cyprus	x			4	x
Czech Republic			x	1	x
Denmark			x	1	
Estonia			x	1	
France	x	x		4	
Finland	x			2	
Germany			x	1	x
Greece	x			3	x
Hungary			x	1	
Ireland			x	1	
Italy	x	x		4	x
Kazakhstan			x	1	x
Latvia			x	1	
Lithuania	x			3	x
Luxembourg	x			2	
Malta			x	1	
Netherlands		x		2	x
Poland			x	1	
Portugal	x	x		3	x
Russia	x			3	x
Romania	x			4	x
Slovenia	x			3	x
Slovakia			x	1	x
Spain	x			3	x
United Kingdom			x	1	
USA	x			5	x

Note: summarized on [12].

Given that the scope of regulatory functions performed by the state and markets depend on the development of productive forces, country policy, social structure of society and national characteristics, N. Matselyukha, believes that the state as the main coordinator of regulatory policy should perform the following functions:

- to form the concept of development of the market of financial services, the program of its realization, development of legislative acts for realization of the program;
- concentrate resources (public and private) in order to create and improve the infrastructure of the financial market and the financial services market;
- to ensure control over the financial stability and security of the market;

- to establish norms of market functioning, control over their observance;
- to create a system of awareness about the state of certain segments of the financial services market;
- prevent negative impact on the development of the financial services market of monetary, currency and tax regulation;
- to create a system of protection of investors from losses [6].

V. Vorotin defines state regulation of the economy as a component of public administration, which represents the organizing and regulatory influence of the state on the economic activity of market participants in order to streamline and increase efficiency, which is enshrined in law and implemented through macroeconomic policy. V. Vorotin divides the tools of the mechanism of state regulation into two groups:

- the first group includes instruments of direct state regulation;
- the second group includes tools of indirect (indirect) regulation through the creation of a rational economic environment, which forces them to act in the right direction [7].

Instruments of direct state regulation of the financial services market: regulations, macroeconomic plans and targeted comprehensive programs, government procurement, centrally set prices, standards, licenses, quotas, government budget expenditures, limits, etc.).

Instruments of indirect (indirect) regulation: instruments of fiscal policy, instruments of budgetary policy, instruments of monetary policy, instruments of investment policy, instruments of depreciation policy, instruments of innovative economic policy, etc.

Based on the above, we can conclude that the financial services market is quite important for the development of any country, and the effectiveness of its operation and development largely depends on the effectiveness of the state regulation process.

The need for state regulation of the financial services market, the implementation of comprehensive measures by the state to regulate, control, supervise the financial services market and prevent abuse and violations in this area, due to the fact that: firstly, this market realizes national interests; secondly, the relations between all participants of the financial services market (issuers, investors, professional participants, etc.), whose interests often contradict each other, need to be regulated by the state; thirdly, the state can and must provide investors with reliable protection of their rights and interests. The state should play a particularly active role in the initial stages of formation of the financial services market in the country. This is especially true for countries with economies in transition. As a rule, the markets of such countries are characterized by large-scale operations to change ownership, active processes of its redistribution and increase the risk of financial destabilization [8, p. 65]. The main purpose of state regulation of the financial services market of any country is, first of all, to ensure its stability, given the peculiarities of its functioning. Other goals of state regulation include promoting the development of the financial services market, the economy of the state and its subjects, promoting the implementation of government tasks and programs. With this in mind, scientists identify the following main areas of implementation of these goals:

- conducting a unified and effective state policy in the field of financial services;
- protection of the interests of consumers of financial services;
- creation of favorable conditions for the development and functioning of financial services markets;
- creating conditions for effective mobilization and allocation of financial resources by participants in financial services markets, taking into account the interests of society;
- ensuring equal opportunities for access to financial services markets and protection of the rights of their participants;
- compliance by financial market participants with the requirements of the legislation;
- prevention of monopolization and creation of conditions for the development of fair competition in the markets of financial services;
- promoting integration into European and global financial services markets [9; 10].

The financial services market of Ukraine and the system of state regulation of the financial services market are quite young and begin their formation since Ukraine's independence (according to some domestic scholars, the process of formation of the state regulation system and the financial services market of Ukraine began in Soviet times). O. Dzyublyuk, O. Prylutsky and others)). After Ukraine's independence, the government faced an urgent question — it was necessary to quickly build a system of public administration, regulation of the state and financial services market, reform the economy, financial services market (banking, insurance and other segments), create the necessary infrastructure, develop and implement new mechanisms and tools of macroeconomic regulation, etc. Examining this issue, it should be remembered that the transition to a market economy requires the development of scientific foundations for state regulation of the financial services market of Ukraine on the basis of increasing responsibility for public decision-making, taking into account the laws and laws of economic development. globalized environment. Guided by such principles, it is necessary to radically reform the style and methods of public administration, to combine regulatory tactics with the development of strategies and long-term forecasts [1]. As a result, the formation and formation of the system of public administration and the system of public administration and regulation of the financial services market of Ukraine, in particular, took place under the influence of radical changes in the state and society and was carried out at an intensive pace, limited to several years. As a result, this was reflected in the peculiarities of state regulation of the financial services market.

At the same time, our analysis of research on the formation and development of the system of state regulation of the domestic financial services market, the formation of financial regulatory policy of Ukraine, allows us to say that they focused on the following aspects:

- formation of separate segments of the market of financial services (banking, insurance, mutual investment institutions, private pension funds and others) (P. Bilenchuk, O. Dzyublyuk, O. Dynnik, O. Ivanytska, O. Kyrychenko, S. Lobozyńska, I. Lyutyi, S. Naumenkova, E. Panchenko, O. Prylutsky, T. Smovzhenko, O. Titvak, V. Furman, V. Shpachuk and others);

- formation and development of certain state institutions, which are entrusted with the tasks of public administration, regulation of the financial services market (L. Donchenko, S. Lobozyńska, V. Mishchenko, V. Stelmakh, V. Furman and others);

- creation and functioning of the infrastructure of the financial services market (G. Azarenkova, O. Ivanytska, S. Mishchenko, S. Naumenkova, O. Tridid, V. Furman and others);

- formation of legislation and legal bases of creation and functioning of the market of financial services and its institutions (V. Krotyuk, O. Orlyuk, O. Pryluky and others), etc.

As for the main factors influencing the formation and formation of the system of state regulation of the financial services market of Ukraine and financial regulatory policy, it should be noted that it took place in conditions of insufficient experience and was accompanied by periodic changes in its model, it has elements of both European and American stock market models [11, p. 49]. Among the factors that had a direct impact on the formation of public administration, some scholars include:

- transformation of state power, change of principles and principles of its construction and functioning;

- transition from state to various forms of ownership;

- refusal to monopolize banking activities by the state;

- the need to move from a command-administrative economy to the market principles of the economy and all its sectors;

- macroeconomic instability, falling production, destruction of economic ties between economic entities of the republics of the former USSR, hyperinflation, etc .;

- the need to build in the shortest possible time an effective market for financial services and public administration systems that would meet the needs and criteria of new realities;

- lack of necessary experience and sufficient number of specialists in the fields of public administration and financial services market;

— limited time to create a market for financial services in Ukraine and the system of public administration, due to the historical situation, and the inadmissibility of mistakes in these processes [12].

In the early stages of formation and development, the pace of development of the financial services market was ahead of the system of state regulation, which was primarily adapted to the emerging financial services market, but later gained more experience and set the necessary rules and financial policy of the state and government. The development of the financial sector began with the active development of the banking segment on the basis of the banking system created during the USSR. At the time of independence, the financial services market in Ukraine consisted mainly of banking institutions:

— Ukrainian Republican Office of the USSR State Bank, which was subordinated to the USSR State Bank and performed the functions of managing regional banking institutions of Ukraine;

— specialized banks, whose functions included servicing enterprises and organizations;

— cooperative banks, which were established in accordance with the law of the USSR «On Cooperation».

The development of the insurance segment of the Ukrainian financial services market was much slower, which also began on the basis of institutions of the former State Insurance of the USSR and Interstrakh of the USSR located in Ukraine. Some aspects of insurance activity were regulated by Resolutions of the Central Committee of the CPSU and the Council of Ministers of the USSR, normative documents of the USSR State Insurance and Ukrderzhstrakh, but after the appearance of the USSR Law «On Cooperation» in 1998, the first insurance cooperatives began to be established. At the same time, the functioning of insurance cooperatives before Ukraine's independence contributed to the accumulation of the first experience of the insurance sector, expanding the list of risks in insurance activities, training of personnel and more.

At the same time, the development of financial architecture of Ukraine has taken place and is taking place mainly due to the sustainable functioning of the banking sector of the economy, the movement of financial flows of enterprises and, accordingly, more stable mobility of the relevant financial market flows. The rapid growth of bank loans was financed by increasing the volume of external borrowing of banks (mainly short-term [13, p. 11]). The system of state regulation could only act as an extra, and government policy to develop the financial services market was chaotic due to the shortage, and sometimes complete lack of experience, information, staffing, and also given that the state regulation of the financial services market has a significant impact on its development only if the clear effect of its mechanisms on the subjects, objects and the formation of institutions of the financial system.

This also applies to the legal framework: although the first important laws — «On Securities and Stock Exchange», «On Banks and Banking», «On Insurance» and a number of others were adopted almost immediately after Ukraine's independence (in 1991—1993) they also had a chaotic, uncoordinated nature. The general legal framework in the field of financial services, regulatory and supervisory functions of financial services was defined only in 2002 in the Law of Ukraine «On Financial Services and State Regulation of Financial Services Markets». The foundations for the development of the securities market through the expansion of the range of regulated financial services, the establishment of disclosure requirements and the strengthening of mandatory requirements for the authorized capital of non-bank financial institutions were laid only in 2006 after the Law of Ukraine «On Securities and Stock Market».

Influenced by these and other reasons, Ukraine also chose the model of state regulation of the financial services market — a sectoral model of financial services market regulation, which is probably the simplest among the models of financial sector regulation in the world and in developing and underdeveloped countries. Many advantages and is the most optimal for such countries. It was introduced in Ukraine in the early stages of its development and works today.

To better understand the peculiarities of the functioning of state regulation of the domestic market of financial services, we consider it necessary to periodize the evolution of its formation and development:

— the first stage: 1991—1995 — the lack of a single concept of formation and functioning of the financial services market, the formation on this body of legal, organizational and institutional foundations for the formation and functioning of financial institutions, financial services market, state regulation of financial services market; weak state supervision and control over banking institutions and lack of state supervision over the development of the financial services market in terms of non-banking financial institutions;

— the second stage: 1995—1998 — formation of a purposeful policy on the development of the financial services market and related actions, improvement of the legislative and regulatory framework, organizational and methodological support for the functioning of financial institutions that have regulated the activities of individual financial intermediaries, including licensing and regulation activities of banking and non-banking institutions; completion of the formation of the system of state regulation of the financial services market; streamlining the competence of state regulators in relation to its individual segments;

— the third stage: 1998—2004 — revision and improvement of the principles of state regulation of the financial services market and functioning of financial institutions, their adaptation to the standards of world and European legislation, to international standards of state regulation and supervision of the financial services market and its institutions; active creation of self-regulatory organizations; ongoing macroeconomic stabilization in the country; the first registration of issues of derivative securities, the appearance on the stock market after a long break in municipal bonds;

— the fourth stage: 2005—2008 — active increase of operations and assets of financial institutions of all segments of the domestic market of financial services at almost invariable state regulation of the basic bases of its functioning against macroeconomic stability in the state; poorly controlled and almost unrestricted by government agencies the accumulation of risks by financial institutions;

— fifth stage: 2009—2017 — is characterized by revision and change of principles of state regulation, supervision and control over the financial services market taking into account international anti-crisis experience, recommendations of international financial and non-financial organizations (UN, IMF, EBRD, associations of countries) «Group 7» and «Group 20», etc.), strengthening state control over financial institutions, introduction of consolidated supervision, supervision based on the risk assessment system of financial institutions; overcoming the consequences of the global financial and economic crisis; numerous bankruptcies of financial institutions in all segments of the domestic financial market;

— sixth stage: 2018 — present — transition to the «two-peak» model of state regulation of the financial services market of Ukraine.

Today, Ukraine is only at the stage of formation and development of the financial services market and, accordingly, at the stage of forming a system of state regulation of the financial services market. In Ukraine, state regulation of the financial services market has always been carried out according to a sectoral model, and the key law on state regulation of the financial services market is the Law of Ukraine «On Financial Services and State Regulation of Financial Services Markets» (hereinafter — the Law on Financial Markets). In general, state regulation of the domestic market of financial services is carried out by three branches of government, depending on their functions:

- the legislative branch of government;
- the executive branch;
- the judiciary.

According to Article 19 of the Law on Financial Markets, the purpose of state regulation of financial services markets is as follows:

- 1) conducting a unified and effective state policy in the field of financial services;
- 2) protection of the interests of consumers of financial services;

3) creating favorable conditions for the development and functioning of financial services markets;

4) creating conditions for effective mobilization and allocation of financial resources by participants in financial services markets, taking into account the interests of society;

5) ensuring equal opportunities for access to financial services markets and protection of the rights of their participants;

6) compliance by financial market participants with the requirements of the legislation;

7) prevention of monopolization and creation of conditions for the development of fair competition in the markets of financial services;

8) control over the transparency and openness of financial services markets;

9) promoting integration into European and global financial services markets.

As for the form of state regulation of financial services markets, it is carried out as follows:

1) maintaining state registers of financial institutions and registers of persons who are not financial institutions, but have the right to provide certain financial services, and licensing of financial services;

2) regulatory and legal regulation of financial institutions;

3) supervision over the activities of participants in financial services markets (except for consumers of financial services);

4) application of measures of influence by authorized state bodies;

5) carrying out other measures on state regulation of financial services markets.

Depending on the functions performed by all entities involved in the regulation of the financial services market can be divided into 4 major groups:

1. Public authorities entrusted with the task of ensuring the general foundations of state regulation of the domestic financial market through the adoption of relevant laws and regulations. These include: the Verkhovna Rada of Ukraine, the President of Ukraine, the Cabinet of Ministers of Ukraine.

2. Executive bodies of state power, which are directly responsible for the state regulation of financial services markets: the National Bank of Ukraine; National Commission on Securities and Stock Market; National Commission for State Regulation of Financial Services Markets.

3. State bodies that receive information from participants in financial services markets and are responsible for exercising control or management functions in the financial services market based on their competencies: the Antimonopoly Committee, the Ministry of Finance, the Ministry of Economy, the State Tax Administration, the State Property Fund.

4. State bodies entrusted with the performance of special functions of control and supervision over the observance by participants of financial services markets of domestic legislation: the Ministry of Internal Affairs, the Prosecutor General's Office, the Security Service, the Supreme Arbitration Court, etc.

At the same time, it is necessary to dwell on the main subjects of the system of state regulation of the financial services market, which are directly responsible for state regulation of the market are: the National Bank of Ukraine; National Commission on Securities and Stock Market; National Commission for State Regulation of Financial Services Markets.

The key body among these three institutions is still the National Commission for State Regulation of Financial Services Markets (hereinafter — Natskomfinposlug), which operates on the basis of the Regulations on the National Commission for State Regulation of Financial Services Markets, approved by the Decree of the President of Ukraine dated November 23, 2011 1070/2011. According to this Regulation, the main tasks of Natskomfinposlug are:

1) formation and implementation of state policy regulation in the field of financial services markets (except for the market of banking services and markets of securities and derivative securities);

2) development and implementation of a strategy for the development of financial services markets and addressing systemic issues of their functioning;

- 3) ensuring the development and coordination of a unified state policy on the functioning of the accumulative pension insurance system;
- 4) exercising, within its powers, state regulation and supervision over the provision of financial services and compliance with legislation in the relevant field;
- 5) protection of the rights of consumers of financial services by applying within their powers measures of influence in order to prevent and stop violations of the law in the financial services market;
- 6) generalization of the practice of application of the legislation of Ukraine on financial services and markets and development of proposals for their improvement;
- 7) development and approval of binding regulations on issues within its competence;
- 8) coordination of activities with other state bodies;
- 9) introduction of internationally recognized rules for the development of financial services markets.

With regard to the tasks assigned to Natskomfinposlug, the above Regulation contains an expanded list of tasks, which includes 150 tasks and occupies more than half of the entire Regulation (Article 4 of the Regulation).

According to the Law № 1069-2 «On Amendments to Certain Legislative Acts of Ukraine Concerning the Improvement of Functions on State Regulation of Financial Services Markets» (hereinafter — Law № 1069-2) adopted by the Verkhovna Rada of Ukraine in September this year, the National Commission for State Regulation in the field of financial services markets, should be liquidated, and its powers transferred to the National Bank of Ukraine, as well as the National Commission on Securities and Stock Market:

firstly, the National Bank of Ukraine, the National Commission on Securities and Stock Market from July 1, 2020 are the successors of the National Commission for State Regulation of Financial Services Markets, in the exercise of powers and functions of state regulation and supervision in the field of markets financial services;

secondly, the National Commission for State Regulation of Financial Services Markets is obliged to ensure the transfer to the National Bank of Ukraine, the National Commission on Securities and Stock Market by July 1, 2020 within the powers established by the Law of Ukraine «On Financial Services and state regulation of financial services markets», in an orderly state of documents, reports, information, notifications, other information (except for personnel cases), which were received or created in the course of performing powers and functions, including information (databases).

Let us now consider the functions of the above institutions, redistribution and approval of the powers of Natskomfinposlug between the National Bank of Ukraine and the National Commission on Securities and Stock Market, taking into account the changes introduced by Law № 1069-2. Thus, first of all, the National Bank of Ukraine was entrusted with the following functions:

- 1) in accordance with those developed by the Council of the National Bank Ukraine «The basic principles of monetary policy» are determined by and conducts monetary policy;
- 2) monopolizes the issuance of the national currency of Ukraine and organizes its circulation;
- 3) acts as a lender of last resort for banks and organizes the refinancing system;
- 4) establishes rules for banks to conduct banking operations, accounting and reporting, information security, funds and property;
- 5) organizes the creation and methodological support of the system monetary and banking statistics and balance of payments statistics;
- 6) determines the system, procedure and forms of payments, including between banks;
- 7) determines the directions of development of modern electronic banking technologies, creates, coordinates and controls the creation of electronic means of payment, payment systems, automation of banking activities and means of protection of banking information;
- 8) carries out banking regulation and supervision of individual and consolidated basis;

9) approves the statutes of banks and changes to them, licensing of banking activities and operations in the provided by law, maintains the State Register of Banks, the Register audit firms that have the right to conduct audits of banks;

10) maintains an official register of issuer identification numbers payment cards of domestic payment systems;

11) certifies temporary administrators and liquidators of the bank;

12) compiles the balance of payments, analyzes it and prognostication;

13) represents the interests of Ukraine in the central banks of others states, international banks and other credit institutions, where cooperation is carried out at the level of central banks;

14) carries out in accordance with the special law powers of currency regulation, determines the procedure for transactions in foreign currency, organizes and exercises currency control over banks and other financial institutions that have received a license from the National Bank to conduct foreign exchange transactions;

and others [14].

Additionally, according to Law № 1069-2, the National Bank of Ukraine has the following rights:

— the right to issue to non-banking financial institutions and persons who are not financial institutions, but have the right to provide certain financial services, licenses to carry out financial services, the right to determine the procedure for their issuance, suspension, renewal and revocation (cancellation);

— the right to determine the requirements for persons who intend to carry out financial services, including requirements for their ownership structure, corporate governance system, risk management and internal control, the conditions of financial services, the implementation of which requires a license (license conditions), as well as the procedure for monitoring their compliance;

— the right to set the amount of the fee for registration actions, based on the principle of reimbursement of costs associated with the provision of such services, to supervise compliance with non-bank financial institutions. In case of violation of the legislation on financial services (except for the legislation regulating the activity on the securities markets in the system of accumulative pension provision) and normative legal acts, the central bank may apply measures of influence and impose administrative penalties, and others.

The main tasks of the National Commission on Securities and Stock Market are:

— coordination of the activities of state bodies on the functioning of the securities market and their derivatives in Ukraine;

— implementation of state regulation and control over the issue and circulation of securities and their derivatives on the territory of Ukraine;

— promoting the development of the securities market, etc. In accordance with these tasks, the National Commission sets requirements for the issue, issue and circulation of securities and their derivatives, and in agreement with the NBU — additional requirements for the issuance of securities by commercial banks;

— issuance of licenses for professional activities in the securities market and provides control over such activities, including banks;

— determination of the peculiarities of obtaining a license for depository and settlement and clearing activities by commercial banks in agreement with the NBU;

— determination in agreement with the Ministry of Finance of Ukraine, and on the activities of banks in the securities market — also with the NBU, the peculiarities of accounting for securities transactions and more [15].

Additionally, according to Law № 1069-2, the National Securities and Stock Market Commission has the following rights: regulation and supervision of the funded pension system, regulation and supervision of financial and credit mechanisms and property management in housing construction and real estate transactions (this task is transferred to the Commission in accordance with Law № 1069-2).

It should also be noted that along with state regulation of the financial services market in Ukraine, self-regulation or market regulation is also actively used, which also directly contributes to the development of the domestic financial services market.

Thus, as can be seen from the above, today the system of state regulation of the domestic financial services market is in the process of reform. Given the importance of this issue, as well as its complexity, foreign scholars and practitioners involved in this process should benefit from foreign experience on this issue, which would accelerate the reform process and make the new structure of state regulation of the domestic financial services market more effective. and effective.

At the same time, the most pressing problems of the financial services market are:

— lack of financial resources to meet investment demand from the real sector of the economy;

— non-transparency of the stock segment of the financial services market, because today most securities purchase and sale transactions (more than 90%) take place off-exchange, because under such conditions it is impossible to provide potential securities market participants with necessary information, fair competition is violated;

— underdevelopment of the legal framework, in particular on the protection of the rights of investors and issuers, which complicates the attraction of investments and the entry of our investors into foreign markets;

— Lack of harmonized legislation and effective principles of regulation and supervision of non-bank financial institutions, which is one of the serious problems of the financial sector as a whole [16].

Given the above, the greatest efficiency can be achieved through the following key actions: ensuring the institutional and financial independence of regulators and the Deposit Guarantee Fund for individuals; strengthening institutional control over the work of regulators; increasing the effectiveness of instruments of influence of regulators on participants in the financial sector; ensuring a gradual transition to risk-based supervision; strengthening the internal control of regulators; establishing communications between regulators and consumers and participants in the financial sector and the financial services market; improving the effectiveness of combating abuse in the financial sector, the financial services market; increasing the efficiency of regulators and the Deposit Guarantee Fund of individuals in terms of working with troubled participants in the financial sector, the financial services market; strengthening coordination between financial sector regulators, between self-regulatory organizations and regulators.

With regard to the general strategic priorities for further development of the system of regulation of the domestic financial services market, the following should be noted: simplification of such procedures as reporting and informing, supervision, control and monitoring of financial institutions — financial services market participants, as well as ensuring their transparency; ensuring the maximum possible delegation of powers from bodies of general competence to the specially authorized subject of regulation of financial services markets; taking into account the directions of development of regulation of financial services markets in European countries (especially at the supranational level), introduction of relevant standards, taking into account recommendations and proposals in developing domestic policies for financial services markets, adopt standards for state regulation in financial services markets.

Conclusions. Today, Ukraine is only at the stage of formation and development of the financial services market and, accordingly, at the stage of formation of the system of state regulation of the financial services market, which began its new life on July 1, 2020 by introducing a «two-peak» model of state regulation.

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