

СЕКЦІЯ 7

SECTION 7

ФІНАНСИ, БАНКІВСЬКА СПРАВА,
СТРАХУВАННЯ
FINANCE, BANKING, INSURANCE

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THE ROLE OF BANKING INSTITUTIONS IN FINANCING THE INNOVATIVE DEVELOPMENT OF THE UKRAINE ECONOMY

The current stage of development of the world economy is characterized by the accelerated pace of scientific and technological progress and the growing intellectualization of labor and capital.

The innovation process in developed countries is characterized by the computer revolution, the formation of global research networks, the rapid spread of Internet technologies [2].

An integral element of the innovative activity of the economic system is investment. Investment activity in modern business conditions is accompanied by problems in the field of innovation.

According to world experience, it is the commercial banks in a developed market economy that should act as organizers and financial initiators of investment and innovation projects.

By mobilizing resources to finance investment and innovation projects, commercial banks have the opportunity to enter directly the global financial market in order to attract foreign capital to implement projects. They can be involved directly in the development of pilot projects, innovation and investment programs carried out with foreign

capital, acting as one of the financial agents of the government to ensure efficient and reliable placement of foreign investment in the national economy [4].

One of the important sources of financial support for innovation is bank lending. The advantages of actively involving bank lending in the processes of innovative development are not exaggerated. Innovators are able to mobilize quickly at any time additional cash resources needed to address current and long-term economic needs, which, in turn, allows creditors to turn free funds into profitable assets. Mutually beneficial cooperation between banks and other subjects of the innovation process is accompanied by the following advantages: significantly reduces the amount of so-called "information costs"; the amount of variable costs decreases; the possibility to quickly obtain long-term loans increases. The main deterrent to the formation of innovative development is the widening gap between the real innovation economy and banking institutions.

Domestic scientists define three main functions of commercial banks in the process of financing innovation, namely: 1) lending for unfinished research and development to order; 2) on behalf of the project customers to control the progress and quality of work and be responsible for the targeted and effective use of allocated funds for lending to innovative projects;

3) to act as an investor, ie to invest their own financial resources in a particular innovative project [3].

Within the framework of the project financing mechanism, the bank performs a number of additional functions: - formation of project documentation (package of technical, legal, financial documents); - comprehensive assessment of the main risks of the project, preparation of an action plan for risk management; - participation in the selection of

founders and participants of the project company, additional private creditors within banking consortia or syndicates, international financial and credit institutions; - participation in the preparation of constituent legal documents, as well as contracts, agreements, contracts, letters of guarantee, etc., in their examination, control over the implementation of agreements and contracts; - continuous and comprehensive control of the project implementation, risk monitoring, analysis of reports on the implementation of work by project participants, inspection of the construction site and object, participation in testing and acceptance of objects, etc. Project financing is based on a special method of lending, a clear scheme of real money, a special system for identifying and distributing project, financial, technical, political and other risks between all parties involved in the process. The main investor and organizer of the project within the project financing, as a rule, is a commercial bank [5].

Thus, the innovation of banks becomes important not only in itself, but also in terms of creating conditions for increasing the level of innovation activity of the economy real sector.

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INSURANCE AS A WAY TO MINIMIZE THE RISKS OF BANK LENDING

One of the most common risks in the financial and economic activities of banks is credit risk associated with the possibility of default by the borrower of its financial obligations to the bank, other creditors or investors as a result of default or insolvency risk arising in the lending process. As the development of credit relations under market conditions (competition, unstable conditions and political situation) has led to the formation of various systems of precautionary measures, the features of credit risk insurance need to be considered in more detailed way. The unity of approaches to credit insurance in foreign practice is discussed in the study [4]. In particular, in Polish law, credit insurance is separated from property insurance in an