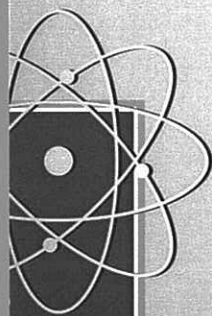


NS
Nauka i studia

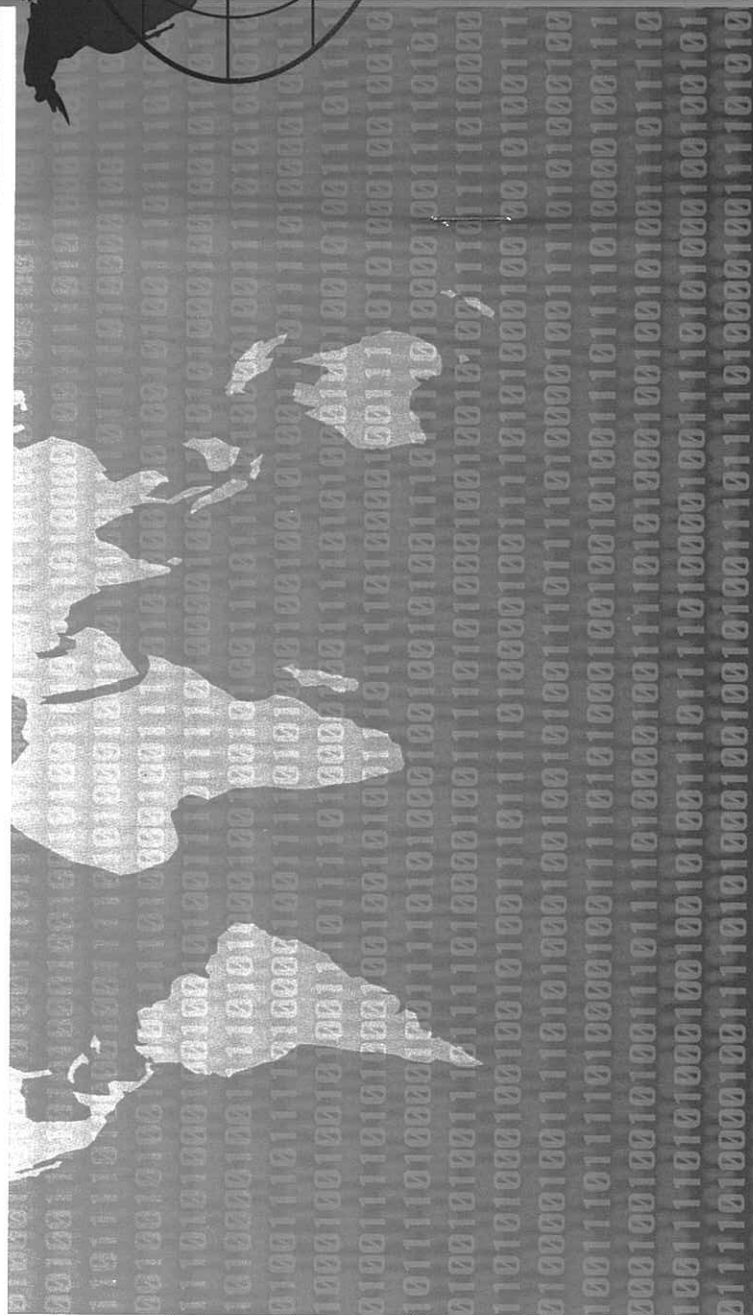


NAUKA I STUDIA

ISSN 1561-6894

EKONOMICZNE NAUKI

31 (99) 2013



ISSN 1561-6894

NR 31 (99) 2013

Nauka i Studia

Przemysław
Nauka i studia
2013

TREŚĆ

EKONOMICZNE NAUKI

Rybalchenko S. DEVELOPING OF INSURANCE COMPANY SIMULATION MODEL	5
Kotenko A. PROSPECTS FOR THE USE OF FINANCIAL INSTABILITY HYPOTHESIS H.P.MINSKY IN THE FORMATION OF CONTER-CRISIS STRATEGY IN THE BANKING SYSTEM OF UKRAINE	11
Zhuravka F., Plastun V. FEATURES OF EXCHANGE RATE REGULATION DURING THE CURRENCY AND FINANCIAL CRISES (CASE OF UKRAINE)	16
Berdar M. VENTURE AND INDUSTRIALLY- FINANCIAL CAPITAL IN SYSTEM FINANCING INNOVATIVE- INVESTMENT DEVELOPMENT	27
Blinov A.O., Ugryumova N.V. THE DEVELOPMENT OF MANAGEMENT CONSULTING IN RUSSIA	35
Севетник Н.А. THE CYCLICITY IN DEVELOPED AND DEVELOPING COUNTRIES UNDER CRISIS	40
Nechepurenko D.A. RESEARCH METHODOLOGY OF PIPE ROLLING MARKET	46
Mitus A.A. INFLUENCE OF ECONOMIC ACTIVITY IN THE COUNTRY ON EMPLOYMENT IN UKRAINE	55
Lavrov K.E. SYNTHESIS OF APPROACHES TO INTERPRETATION OF THE TERM «FINANCIAL POLICY» AT THE FORMER SOVIET UNION	64
Verlanov Y.Y., Matushko A.E. THE TRAINING PROGRAM EFFECTIVENESS: CONTRADICTIONS OF THE EVALUATION METHODOLOGY	72
Pavlova G.Ye. NECESSITY OF CONCEPTUAL PRINCIPLES OF STATE REGULATION OF AGRICULTURAL SECTOR IN ECONOMY	83
Klimuk V.V. IRRATIONAL USE OF MATERIAL RESOURCES IN ORGANIZATIONS	90

Wydawca: Sp. z o.o. «Nauka i studia»

Redaktor naczelna: Prof. dr hab. Koretskiy M.H.

Redaktor naczelna:
Prof. dr hab. Koretskiy M.H.

Zespół redakcyjny:
dr hab. Jerzy Ciborowski
(redaktor prowadzący),
dr. hab. Antonova L.W.,
dr. hab. Dacij N.W.,
dr. hab. Bova T.W.,
dr. hab. Elżbieta Zawadzki,
dr. hab. Rudkiewich I.V.,
dr. hab. Sychenko W.W.,
Katarzyna Szuszkiewicz.

Redakcja techniczna:
Irena Olszewska,
Irina Schaschenko,
Grażyna Klamut.

Dział sprzedaży: Zbigniew Targalski

Adres wydawcy i redakcji:
37-700 Przemyśl, ul. Łukasieńskiego 7
☎ (0-16) 678 33 19

e-mail: paha@rusnauka.com

Cena
54,90 zł (w tym VAT 22%)

ruk i oprawa:
p. z o.o. «Nauka i studia»

Wszelkie prawa zastrzeżone.
Żadna część ani całość tej publikacji nie może być bez zgody
Wydawcy – Wydawnictwa Sp. z o.o. «Nauka i studia» – reprodukowana,
Użyta do innej publikacji.

© Kolektyw autorów, 2013
© Nauka i studia, 2013

Zhuravka F.
Doctor of Economics, Professor
Plastun V.
PhD, Associate Professor
Ukrainian Academy of Banking of the National Bank of Ukraine

FEATURES OF EXCHANGE RATE REGULATION DURING THE CURRENCY AND FINANCIAL CRISES (CASE OF UKRAINE)

Abstract. This paper examines the nature and consequences of financial crises for the national currency. Different types of exchange rate regimes and currency regulation in Central and Eastern Europe were stressed by rapid changes in financial markets. Ukrainian currency lost its purchasing power in both crises (1997-1998 & 2007-2008) despite the efforts of the National bank of Ukraine and the Government. This paper analyses in details all steps which aimed to stabilize the national currency and proposes improvements in macroeconomic policy and legislative acts.

Key words: currency, crisis, exchange rate, exchange rate regulation

I. Introduction

Maintaining economic stability is quite important task for developing countries. National currency exchange rate usually determines the success of economic policy, especially in terms of reform and adaptation to modern conditions of international markets. It's impossible to find exchange-rate control measures as targeted influence on the exchange rate in developed countries. This goal is not pursued. Therefore, we, under this subsection will consider the problems inherent in domestic practice and conduct of analogy with other developing countries. The dependence of small economies on the ability to convert local currency can't be compared with the situation where developed country itself is the issuer of the currency.

Therefore, the exchange rate for developing countries is one of the indicators of macroeconomic stability and impact on socio-economic development. Moreover, the sensitivity of exchange rate to domestic economic and political situation in these countries is undeniable, and the influence of the crisis can have a decisive effect on the future economic growth.

It should be noted that the effectiveness of exchange-rate regulation, in turn, will depend on price stability, low (and most importantly – expected) inflation, the possibility of adapting to the crisis in the economy, including external shocks. The Ukrain-

ian economic reality does not meet the requirements and caused inefficiency exchange-rate control measures during the recent global financial crisis.

II. Aims and Methodology

The aim of the paper is the substantiation of scientific-methodical aspects and practical recommendations, concerning the development of the Ukrainian currency regulation system in conditions of currency and financial crises.

The methodological bases of the paper: the fundamentals of economic theory, the theory of state finance, money turnover and credit, international economics; modern concepts of international trade, currency regulation, international settlements and foreign exchange operations; scientific papers on development of the international financial markets.

III. Results

Consequences for Central and Eastern Europe

Central and Eastern Europe (CEE) countries used fixed and floating exchange rate regimes before the world financial crisis and the consequences for the real effective exchange rates were a bit different during 2000-2007. Under flexible exchange rates the real effective exchange rates of these countries increased, which caused the inflow of foreign capital and strengthen of nominal exchange rates. At the same time effective exchange rates rose much more slowly under fixed exchange rates.

Crisis tendencies in the region were reflected in falling rates of economic growth. GDP growth rates were negative, which accompanied by the decrease of exports, imports, total domestic demand, and cross-border investment. These phenomena, as well as the fall of external demand and capital outflow from emerging markets were the main factors that caused the plummet of national currencies of these countries. For example, exchange rates of Poland, Hungary, and Romania fell by 15-20 %. Countries with fixed exchange rates, particularly the Baltic countries, find themselves in a currency crisis.

In order to minimize the impact of world financial crisis some countries asked IMF for a credit support. Specifically, in November 2008 Hungary got 10.5 billion SDRs «stand-by» loan for the period of 17 months. Poland received a credit line of 13.69 billion SDR in May 2009. Romania made a «stand-by» loan of 11.4 billion SDR for 2 years. Latvia got «stand-by» loan of 1.52 billion SDR for 27 months in December 2008.

In general, the decrease of exchange rates in CEE countries was short term and the majority of national currencies gradually strengthened in the second half of 2009. Countries with floating exchange rate used the decline of national currencies in order to reduce foreign trade deficits and current account balance. The support of national currency in countries with fixed exchange rate led to the reduction of foreign exchange reserves and the currency crisis as well.

Ukrainian currency regulation during world financial crises Financial crisis 1997-1998

The previous experience of Ukraine in overcoming the financial crisis in 1998 was unsuccessful. Let's examine measures, which were carried out by regulatory authorities as part of exchange control in that period.

The exchange rate of Ukrainian hryvnia (UAH) to US dollar (USD) in 1997 was stable: 1.8-1.9 UAH for USD. However, this apparent stability is a consequence of stabilizing the real economy, and was the result of government measures intended to artificially maintain the exchange rate. The reason for such stability was explained by the necessity of the government to get loans from the IMF and World Bank, which depended on the fulfillment of certain IMF's requirements to internal economic indicators. To maintain a stable exchange rate during the year, the National Bank of Ukraine (NBU) made interventions on the Ukrainian Interbank Currency Exchange using its monetary reserves, which amounted to 2.3 billion USD at that time. By the end of 1998 monetary reserves reduced to 0.8 billion USD as a result of continuous excess of demand over supply of dollars. It should be noted that the monetary reserves mostly included funds that were received from the IMF as loans.

Many economists and politicians said that it was irrational to support exchange rate at such low level and they offered the NBU to decrease the exchange rate to 2-2.1 UAH per USD. Such measures could allow saving a significant part of monetary reserves. However, economic indicators calculations were based on exchange rate of UAH to USD and controlled by International Monetary Fund that is why it required from the government to focus on this issue. At the same time, researches claimed that keeping at any cost unrealistic economic indicators leads to the imbalance of the national economic system and brings losses which are higher than expected financial support of the International Monetary Fund. But the government expected swift approval decision on a new IMF loan tranche, which would allow taking control over economy. When it became clear that this decision would not accepted the NBU had already spent 63 % of monetary reserves. So the further maintenance of exchange rate in specified tunnel was impossible due to increasing demand on USD.

During the financial crisis in August 1998 the National Bank of Ukraine introduces a new exchange rate tunnel in order to create some assurance of stability and guarantee that the financial market won't get out of the government control. Even the introduction of a new tunnel with a rather low upper limit led to a sharp reduction of depleted monetary reserves of the NBU.

It became clear that monetary reserves are not enough to sustain the exchange rate. So the government decided to impose the additional financial and administrative measures: mandatory sale of foreign currency revenues and complication of the procedure for purchase of foreign currency. Particularly since September 1998 the mandatory sale of 75% of foreign exchange earnings was introduced (this quota was reduced to 50%). Moreover, in December 1998 temporary restrictions on lending in foreign currency by banks were introduced as well. Purchase of currency could only be done through the Ukrainian Interbank Currency Exchange and the Crimean Cur-

rency Exchange. What's more, foreign banks were not allowed to buy foreign currency.

Mandatory sale of foreign currency led to a reduction of exports due to decline of profits from export sales. Reduced exports in turn led to a reduction of foreign exchange supply in the interbank currency exchange, and created a trend of capital outflow. As a result, the exchange rate of UAH continued to decline. Thus, the introductions of mandatory sale, aimed to replenish foreign exchange reserves of the National Bank of Ukraine at a considerable divergence of official and real USD exchange rate, resulted in inhibitory effect on exports and reduced the inflow of USD to Ukraine.

New requirements of currency purchasing decreased the demand for foreign currency. Registration of all contracts in tax administration reduced the purchase of currency for fictitious transactions that were used for capital outflow abroad and constituted a significant share of foreign currency purchases. The ban on foreign currency purchase for advance reduced the total number of concluded contracts of real import. Such rules created serious difficulties for enterprises engaged in imports, which in some cases were forced to suspend their import activities.

Thus, the National Bank of Ukraine actions aimed to create the illusion of currency stabilization led to lower volumes of exports and imports. The reduction of export-import businesses led to losses of significant share of tax payments.

Financial crisis 2007-2008

Ukraine, despite the experience of struggling with previous crisis, nevertheless, had significant problems in time of the last global financial crisis that began in 2007. Financial instability led to a great impact on the banking system of Ukraine, industry, balance of payments, exchange rate, caused unbalance in a whole economy.

During 2007-2008 the National Bank of Ukraine used active measures to overcome and stabilize the exchange rate UAH/USD. The most active period of exchange control measures was in 2008. The period between January and May 2008 could be characterized as a revaluation, which ended with a stabilization of exchange rate at level 4.85 UAH / USD or 4% decline (from 5.05 UAH / USD).

In June and August of that year the situation was more or less stable – exchange rate fluctuated between 4.6 and 4.85 UAH / USD, monetary reserves of NBU increased from 34 billion USD to 38 billion USD. The amount of foreign exchange interventions made up 4.74 billion USD.

From September to December 2008 exchange rate was dramatically revaluated: up to 52% (by month: September – 0.32%, October – 18.5%, November – 17.04%, December – 14.21%). In these months foreign investors withdrew their assets from the country and thus created pressure on the exchange rate due to excess demand for foreign currency. It was impossible to ensure this demand using domestic resources, because liquid monetary reserves of NBU would not be enough to support exchange rate at a constant level. That is why the national currency was significantly devaluated.

At the same time NBU put into operation new legislative act – Decree № 319 dated 11.10.2008, which provided:

- expansion of refinancing of commercial banks (they received long-term loans worth 36.9 billion UAH);
- restrictions on lending, including foreign currency loans;
- a moratorium on repayment of deposits;
- introduction of administrative restrictions on foreign currency exchange rate (5% or less of the official exchange rate; later – the official rate + 1.5%);
- zero rate of reservation «hot money»;
- restrictions on accounts *vostro*, *nostro*.

So, as in 1997-1998, the National Bank of Ukraine used the same administrative tools. These measures helped to reduce speculative pressure on hryvnya.

In September 2008 foreign currency shortage began to emerge due to decreased earnings of exports, reduced liquidity in global financial markets and, consequently, a gradual restriction on foreign currency borrowings of residents. Further, during October – November these trends became stronger primarily because of the deepening global financial crisis and substantial external liabilities of Ukrainian residents.

The National Bank of Ukraine amended the «Regulations on Procedures and Conditions of Foreign Currency Trading» (hereinafter – Regulations) that fixed ban on any foreign currency transactions using financial derivatives, which core assets are foreign currency, exchange rates, interest rates and indexes.

Moreover, other restrictions were introduced especially to prohibit buying foreign currency by residents for non-residents (as to debts, guarantees, sureties). These changes are recorded in the above mentioned Regulation and they prohibit the purchase of foreign currencies for such parties:

- resident in order to fulfil obligations before the non-resident debtor in case of debt return under the credit agreement;
- resident-surety that is not subject of the market;
- resident-debtor to reimburse foreign currency guarantees to authorized bank;
- resident in order to cover the obligations secured by surety agreement.

In order to prevent the artificial withdrawal of capital from Ukraine in the guise of return on investment (according to the State Committee for Financial Monitoring of Ukraine the volume of these operations in 2007 – 2008 reached almost 17 billion UAH) the National Bank of Ukraine limited the amount of foreign currency purchase, which is used to return portfolio investment, by the amount that can't exceed the market value of securities.

To limit demand for foreign currency the National Bank of Ukraine introduced a number of additional measures, including:

- forbidden to purchase foreign currency for import of goods without importing them to Ukraine;
- ban on purchase foreign currency by banks for their own needs without the commitment and for their early implementation;

- limits on amount of transfers from Ukraine individuals and amount of foreign currency in the interbank currency market of Ukraine on behalf of individuals – residents in order to transfer out of Ukraine.

In 4th November 2008, there was set a mandatory five days placing clients' funds for the purchase of foreign currency in separate analytical accounts in order to strengthen control over banking operations with customers as to returning foreign investments.

In December 18th 2008 the National Bank of Ukraine limited the right of banks to carry out arbitrage operations on buying and selling foreign currency.

Furthermore, there were strengthened requirements for use loans provided through the refinancing of commercial banks to avoid speculation on the currency market.

Banks also had to report to NBU about foreign currency distribution in fulfillment of customer orders and needs of the bank within the open currency positions. Foreign currency loans were brought under control as well. Banks had to track their purpose of use. Besides reserve requirement ratios on funds in foreign currency were increased.

These measures allowed stabilizing the currency market, reducing the volume of speculative trading, and, based on the results achieved, mitigating administrative restrictions on the foreign exchange market.

Although the economy and financial markets experienced substantial losses in its development back to their 2007 level, and in some indicators – to the level of 2005-06.

This is only general evolution of exchange rate in Ukraine for the most vulnerable period of crisis. Next we will examine in more details the processes that took place, and the measures of currency regulation, which were introduced to meet the financial crisis.

The situation was complicated by the fact that there was a significant gap between supply and demand for currency on the foreign exchange market. The average income of export earnings, which usually is the main source of foreign exchange deals, dropped from 500 million USD in early 2008 to 360 million USD in November of the same year. While the average daily demand increased over the corresponding period from 380 million USD to \$ 460 million USD. Trying to support exchange rate NBU spent 7.5 billion USD of monetary reserves but without a significant effect on the exchange rate. As a result monetary reserves fell by 14.5% (with peak in July 2008) while the exchange rate decreased by 33.5% during the period 01.01.2008 – 01.12.2008.

For comparison we give data on the loss of international reserves of some countries over the same period (Fig. 1).

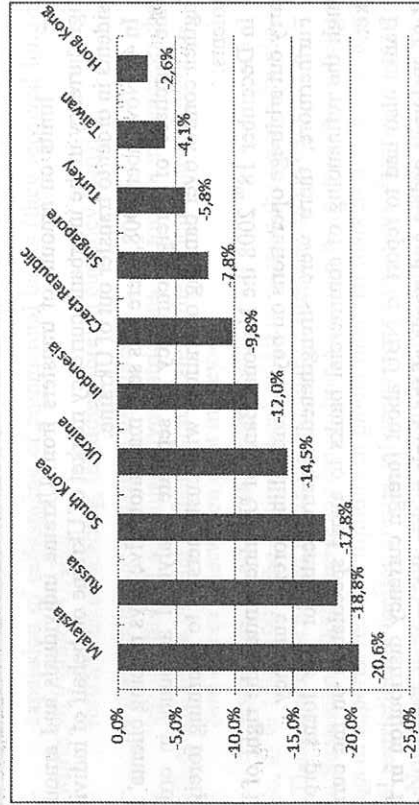


Figure 1 – Relative loss of international reserves of some countries over the global financial crisis (data for July–November 2008)

Suggestions

It should be noted that the introduction of exchange restrictions is quite effective step that allows obtaining significant results in exchange rate regulation during local crises and global financial crises. These restrictions include:

- regulation of international transfer payments and capital repatriation of exports, profits, movement of gold, bank notes and securities;
- banning free sale of foreign currency;
- concentration of foreign exchange and other currency values in hands of the government.

Currency restrictions, usually based on the following principles:

- centralization of foreign exchange transactions in the central and authorized banks;
- licensing of foreign exchange transactions – authorization requirement of exchange controls for importers or foreign currency debtors;
- partial or complete blocking of foreign currency accounts;
- limiting the usage of foreign currency.

Forms of currency restrictions reflect their internal content and structure and may vary in their spheres of action. The current balance of payments' transactions are practiced such forms of restrictions as:

- blocking the income of foreign exporters selling goods in the country, limiting their ability to use these funds;
- the mandatory sale of foreign currency revenues to the central and authorized banks;

- the limited sale of foreign currency to importers. In some countries, the importer must deposit to the bank a certain amount of national currency for import license;

- restrictions on forward purchase of foreign currency by importers;
- prohibition of imports in local currency;
- prohibition of payment for imports of certain goods in foreign currency;
- regulation the timing of payment for exports and imports when exchange rates are unstable;

- multiplicity of exchange rates – the ratio of differentiated exchange rates for different types of operations, product groups and regions.

In order to limit exports and «escape» of capital, stimulating capital inflows to support the exchange rate and under conditions of unfavourable balance of payments such measures can be applied:

- limiting the outflow of national and foreign currency, gold, securities, loans;
- control of credit and financial markets: transactions are conducted only with the authorization of the Ministry of Finance and the provision of information about the amount of issued loans and direct foreign investment, attraction of foreign loans provided prior permission of exchange controls (especially on the issue of bonds) in order to limit their impact on the national currency market, loan market and the growth of money supply in circulation;

- limiting the participation of national banks in providing international loans in foreign currency;

- forced removal of foreign securities owned by residents, and their sales for hard currency;

- partial or complete cessation of external debt payments.

In order to limit capital inflows into the country and the increase of national currency exchange rate under conditions of active balance of payments such forms of currency and credit restrictions on financial transactions are used:

- interest-free deposit of new foreign liabilities of banks in the account at the central bank;

- ban of foreign investments and sales of domestic securities to foreigners;
- mandatory conversion of foreign currency loans;

- prohibition on paying interest on term deposits in foreign currency;

- introduction of negative interest rates on deposits by non-residents in national currency;

- limiting the importing of foreign currency;

- restrictions on forward sales of national currency to non-residents;

- usage of compulsory deposits.

Thus, foreign exchange restrictions in some cases connect with credit and trade regulation. Their tools are diversified; inefficient forms are replaced more adapted to the specific monetary and economic situation of the country and the competitive global market.

Existing exchange rate regime plays important role during the financial crisis. Practice shows that at the end of last century, the majority of foreign exchange crises took place in countries that followed mixed or intermediate exchange rate regimes. On the other hand, those who tended to the implementation of the floating or fixed exchange rate had significantly lower losses. Leading scientists and experts say that those exchange regimes are the most effective strategies in globalizing economic world.

Experience of developed countries shows that the main instrument of monetary policy under the fluctuation of exchange rate (Asian crisis of 1998, the Argentine crisis of 2000 etc.) is not only permanent exchange restrictions, but the availability of other strong tools such as rights to put a temporary moratorium on making payments in foreign currency.

In fact, it is a necessity to add to the Law of Ukraine «About the National Bank of Ukraine» a new article named «Emergency Interim Measures of Exchange Rate Regulation». The text of this article may look like this.

1. In cases of threats to national security, the destabilization of the monetary system and / or exchange rate the National Bank of Ukraine or the Government of Ukraine has the right to impose restrictions and / or banning of the current foreign exchange transactions and / or foreign exchange capital operations, including not specified in this Law, up to a month.

Restrictions and / or ban of the current foreign exchange transactions can be entered only if Ukraine meets its international financial obligations.

2. Within three days after making decision on the introduction of emergency temporary measures the Government of Ukraine shall submit to the Ukrainian Parliament the draft law on the introduction of specific emergency interim measures of exchange rate regulation for up to six months or a draft law to abolish the decision to introduce emergency interim measures of exchange rate regulation.

3. The Parliament of Ukraine after receiving the draft law considers it within seven days.

4. If the Ukrainian Parliament adopts the law imposing emergency interim measures of exchange control, the effect of emergency temporary measures of currency regulation stops automatically after the time limit prescribed by applicable law.

If the Ukrainian Parliament will not enact the legislation about the introduction or abolition of emergency temporary measures of exchange rate regulations, previously imposed measures will be in force during the term for which they were entered.

5. After the expiration of temporary emergency measures of exchange rate regulations imposed by the government of Ukraine or NBU, the relevant authority can't take a new decision to introduce emergency interim measures of exchange rate regulation earlier than six months.

IV. Conclusions

It should be noted that the problems of currency regulation and the success of regulation measures will depend on factors that related to exchange rate policy indi-

rectly. However, it will depend on them in the long run stability of national currency. In our opinion, these factors are:

- further economic development in Ukraine;
- financial stability, implementation of measures to integrate Ukraine into the EU;
- the internal demand and its saturation at the expense of opportunities for domestic economic agents;
- development of industrial production, including export oriented one;
- control of foreign borrowing in world financial markets of government bodies and individual economic entities;
- formation and distribution of domestic sources of long-term financial resources;
- a significant reduction of inflation;
- amendments to the legislation of Ukraine that would allow regulators to take operational decisions in times of crises.

References

1. Белінська Я.В. Проблеми валютно-курсової стабільності в Україні [Текст] / Я.В. Белінська // Актуальні проблеми економіки. – 2009. – №8. – С. 200-208.
2. Білова Н. Іноземна валюта: правила купівлі та продажу [Текст] / Н. Білова // Податки та бухгалтерський облік. – 2009. – № 7. – С. 6-15.
3. Богомаз Г.О. Інституційні засади функціонування сучасного валютного ринку [Текст] / Г.О. Богомаз // Регіональна економіка. – 2008. – № 4. – С. 169-176.
4. Іонова, І. В. Вопросы формирования валютной политики и регулирования валютной деятельности в России и за рубежом [Текст] / И. В. Ионова // Расчеты и операционная работа в коммерческом банке. – 2003. – № 9. – С. 77-90.
5. Корнева, І. В. Регулювання валютного курсу в умовах світової фінансової кризи [Текст] / І. В. Корнева // Актуальні проблеми економіки. – 2009. – № 8. – С. 233-238.
6. Лозовик, В. Д. Валютные интервенции (европейский опыт) [Текст] / В. Д. Лозовик // Деньги и кредит. – 2004. – № 12. – С. 61-67.
7. Маняхин, Т. В. Мировая практика валютного регулирования: основные методы и проблемы их применения [Текст] / Т. В. Маняхин // Финансы и кредит. – 2004. – № 25. – С. 66-72.
8. Мельников, В. Н. Валютное регулирование и валютный контроль. Новый взгляд на перспективы развития [Текст] / В. Н. Мельников // Деньги и кредит. – 2000. – № 12. – С. 43-48.

9. Мищенко, С. В. Влияние финансового кризиса на реализацию денежно-кредитной политики центральных банков [Текст] / С. В. Мищенко // Актуальные проблемы экономики. – 2009. – N 9. – С. 209-219.
10. Мілай А.О. Проблеми валютної політики та курсоутворення в Україні [Текст] / А.О. Мілай // Формування ринкових відносин в Україні. – 2008. – № 4. – С. 59-65.
11. Москвочкина, Л. А. Валютное регулирование и валютный контроль в Российской Федерации: перспективы развития [Текст] / Л. А. Москвочкина // Банковские услуги. – 2000. – N 5. – С. 12-20.
12. Нідзельська І.А. Передумови запровадження в Україні режиму плаваючого валютного курсу [Текст] / І.А. Нідзельська // Економіка та регіони. Науковий вісник ПНТУ ім. Ю. Кондратюка. – 2008. – № 4. – С. 106-110.
13. Рогач, Ф. Щодо цілей валютно – курсового регулювання в Україні [Текст] / Ф. Рогач // Економіст. – 2008. – N 1. – С. 25-28.
14. Юргелевич, С. В. Валютне регулювання: зарубіжний досвід та пропозиції щодо України [Текст] / С. В. Юргелевич // Економіка. Фінанси. Право. – 2000. – N 10. – С. 3-8.

Berdar M.

Ph.D., Associate Professor of Entrepreneurship
Taras Shevchenko National University Kyiv, Ukraine

VENTURE AND INDUSTRIALLY-FINANCIAL CAPITAL IN SYSTEM FINANCING INNOVATIVE-INVESTMENT DEVELOPMENT

The article examines the nature and characteristics of venture and industrial financial capital, found major problems of its use in Ukraine and suggests ways to accelerate the venture and industrial financial business as the basis of a financing innovation and investment development.

Keywords: innovation and investment development, funding source, government support, venture capital, industrial and financial capital, public-private partnership.

I. Introduction

Innovation and investment model in Ukraine attracts more and more attention of scientists, politicians and business representatives. Innovative processes play in the modern economy extremely important role, and the identification and consideration of their characteristics is a prerequisite for ensuring the effectiveness of the economic strategy. Only in this way the national economy can take a decent position in the global market environment. Creating appropriate incentives for spreading innovative investment model of economic behavior in Ukrainian business becomes one of the most significant tasks of economic policy.

In the whole world the most effective of innovation is industry. Production becomes more oriented not to the major consumers but the specific needs of various individuals, i.e. the small size of the market. Rapidly growing number of businesses, particularly small and medium-sized enterprises that are able to quickly adapt to the environment.

Theoretical and applied aspects determine the nature of evolution Venture, industrial and financial capital and its role in innovation and economic development investment of Ukraine researched papers, domestic and foreign researchers such as Augusto F., W. Bazylevich, Z. Varnaliy, V. Geets, V. Evtushevskiy, V. Zyanko, A. Kuznetsov, I. Mazur, V. Osetskiy, M. Porter, B. Savchuk, V. Sizonenko, L. Fedulova, E. Khesin, D. Chervanyov, A. Chuhno, Schumpeter and many others.