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ПЕРСПЕКТИВИ ТА РИЗИКИ КЛІРИНГОВИХ ПЛАТЕЖІВ ФІНАНСОВИХ УСТАНОВ: МІЖНАРОДНИЙ ДОСВІД ДЛЯ УКРАЇНИ

Наведено обґрунтування необхідності розрахункових операцій на світовому фінансовому ринку і в Україні. Проведено оцінку зростання ринку фінансового клірингу в економічно розвинених країнах. Наведено види і розкрито сутність ключових ризиків при здійсненні клірингових платежів фінансових установ в умовах збільшення обсягів безготівкових операцій та посилення зв'язків між банками і небанківськими фінансовими установами у процесі безготівкових розрахунків. Виявлено основні перспективи розвитку безготівкових фінансових операцій у процесі клірингу за участі вітчизняних банків. Запропоновано сучасні напрями регулювання ризиків, що виникають під час здійснення клірингових операцій фінансових установ в умовах глобалізації.

Ключові слова: глобалізація, фінанси, кліринг, платежі, ризики, системні ризики, кліринг, безготівкові розрахунки, кліринговий дім.

Sloboda L., Tsiuiko D. PROSPECTS AND RISKS IN CLEARING PAYMENTS FINANCIAL INSTITUTIONS: INTERNATIONAL EXPERIENCE FOR UKRAINE

In the article present the necessity of the clearing payments of operations in the financial market in the world and Ukraine has been substantiated. The key objectives of the scientist article were to provide financial market participants with insights on risks in financial clearing payments to raise volume in non-cash transactions and to link improvements in the banking sector to broader efforts to revitalize Ukraine's financial sector. The main prospects, the key steps to boost the adoption of immediate payments and types of the risks arising during the clearing transactions in the financial institutions have been discovered.

Keywords: globalization, finance, clearing, payments, risks, systemic risks, transmitting, settlement, clearinghouse.

JEL classification: F 65; G 21; G 32

The financial market is changing in a fast and dramatic way, and the forces of globalization, combined with the current restructuring of the financial services sector, demand continuous improvement and development. Globalization and innovation are two main factors which cause the appearance and transform the nature of the payment instruments. Innovations are the key factor affecting the cost of financial operations, risks and benefits of developing new approaches to the interaction of payment services users and providers. Improvements that reduce the user costs of payments for commercial and financial transactions and increase the opportunities for making these transactions in a more efficient and secure way determine demand and supply of new payment instruments and services. At the same time, globalization and increased cross-border activities create opportunities for the rapid dissemination of these innovations worldwide and growing interdependence of payment systems.

Due to the global economic crisis, payments clearing becomes a tool in resolve the problems, such as balance of payments imbalances, high inflation, currency restrictions and lack of reserves. Traditional regulatory instruments are outdated and are not adapted to modern reali-

ties. Today, we have the world, which need speed, low coast and in the same time high efficient. Traditional processes in the bank cannot provide all customers' requirements, that why they need to be improved and upgraded. Discovery the new way of running banking business, will improve not only quality service, but also engage more customers and will have a major impact on the international economic relations and the economy in the whole.

Analysis of sources and publications shows that despite the emergence of clearing payments system in the world and Ukraine insufficient attention is paid to theoretical aspects of this problem in scientific works. The scientific and practical aspects of problem incoming non-cash payments trends and clearing models with banking and non-banking financial institutions prepared by European, American and Ukrainian scientists. The most famous researchers in Ukrainian authors are *S Stasinevych, A. Blagodatnyi, O. Prystupko* and others. By the way, *S. Stasinevych and Blagodatnyi* studied improvement of clearing and settlement activities in the securities market of Ukraine, *A. Prystupko* researched this topic in terms of legislative regulation Ukrainian's stock market.

One of the most authoritative publication in this area is working paper which was wrote by Kim McPhail from Canada with topic «Managing Operational Risk in Payment, Clearing, and Settlement System» [1].

Also, international institutions like The Clearing House and Federal Reserve Financial Services prepared report about how clearing payments are important for B2B Wire Transfer payments [2]. This topic is new in the world scientific area, and today scientific research answer the question: why is so important and how to use clearing payments in economy, but no one pay attention to the prospects risks in clearing payments industry.

The main purposes of the article are research actual trends in global payment industry, show the main types of risks that arise in the process of clearing payments, present key steps to boost the adaption of immediate payments and develop recommendations to prospects in financial clearing payments for practical activity Ukrainians' financial institutions.

Theoretical and practical researches show us, that financial services – is a socio-economic category, associated with the transformation of resources into money-capital businesses and individuals in the banking, insurance and investment markets, as well as other financial services. The object of financial services – is what leads to the service, ie securities, insurance, non-cash payments, bank loans and the like. The subjects of financial services – is financial market participants: one with the customer, ie, consumers of financial services, and the second – the financial institutions (legal and natural persons), which provide financial services. Logically assume that the sale of financial services should be carried out on the financial services market [3].

The global financial market with institutional point of view – is a collection of banks, non-banking financial institutions, specialized financial companies, stock exchanges, due to which the traffic moves the world financial flows and which are the mediators of redistribution

of financial assets between creditors and borrowers, buyers and sellers of financial resources. As already noted, the global financial market consists of national markets and the countries of the international financial market.

Participation of national monetary, credit and capital markets operations in the world market is determined by such factors:

- place the country in the world's economy and its monetary and economic situation;
- the existence of a developed credit system and a well-organized stock exchange;
- abstinence taxation;
- benefits of currency legislation, which allows access to foreign borrowing to the national market and international securities for stock quotes;
- geographical location and geopolitical risks;
- a relatively stable political environment and others.

One of the main role in global financial services play banking and non-banking financial institutions, which involve in international clearing payment systems globally.

Clearing is the actual process of transmitting, reconciling and, in some cases, confirming transfer orders prior to settlement, potentially including the netting of orders and the establishment of final positions for settlement. Sometimes this term is also used (imprecisely) to cover settlement [4]. For the clearing of futures and options, this term also refers to the daily balancing of profits and losses and the daily calculation of collateral requirements. There are two types of clearing: bilateral clearing and central clearing. In bilateral clearing, the parties to the transaction undergo the steps legally necessary to settle the transaction. Central clearing uses a third-party – usually a clearinghouse – to clear trades [5].

The major currencies which involve in clearing are world currencies – dollar and euro, but experience shows that in euro are interested only in EU area, otherwise dollar are interested in the whole world [6].

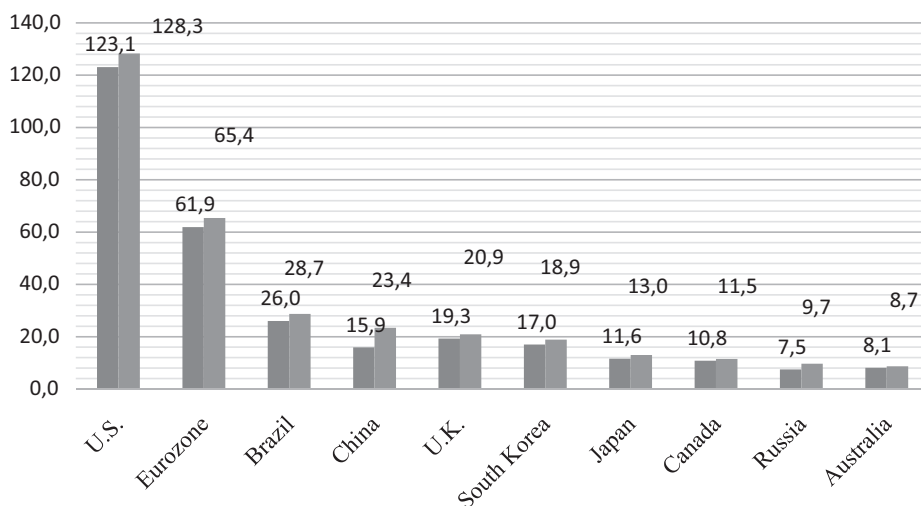


Figure 1. **Number in Non – cash Transactions in the Top 10 Markets (in Billion) during 2013–2014***

* based on Capgemini Financial Services Analysis sources [6]

Figure 1 show us, that among the Top-10 non-cash markets China surpassed the UK and South Korea for

the first time to become the fourth largest non-cash transaction volume market, behind the USA, Eurozone

and Brazil. With volumes of 23.4 billion in 2013–2014. China high growth rate was driven by strong e-commerce. If the current growth trends continue, non-cash transaction volumes in China are expected to surpass those in Eurozone by 2021, spacing the country second of the USA [assumption is based on all regions growing at the perspective 2004–2014 compound annual growth rates (CAGR)] [6, p. 7]. Also, you can see in *Table* global distribution of payment during 2013–2014 and its growth rates in *Figure 2*.

Table

Global distribution of payment and growth rate

#	Countries / Economies	CAGR (%)	Growth (%)
1	Global	8.1%	10.1%
2	CEMEA (<i>Central Europe, Middle East and Africa</i>)	15.5%	15.7%
3	Latin America	9.3%	9.3%
4	Emerging Asia	25.3%	31.9%
5	Mature Asia-Pacific	11.1%	11.6%
6	Europe (<i>including Eurozone</i>)	5.2%	6.0%
7	North America	4.2%	5.1%

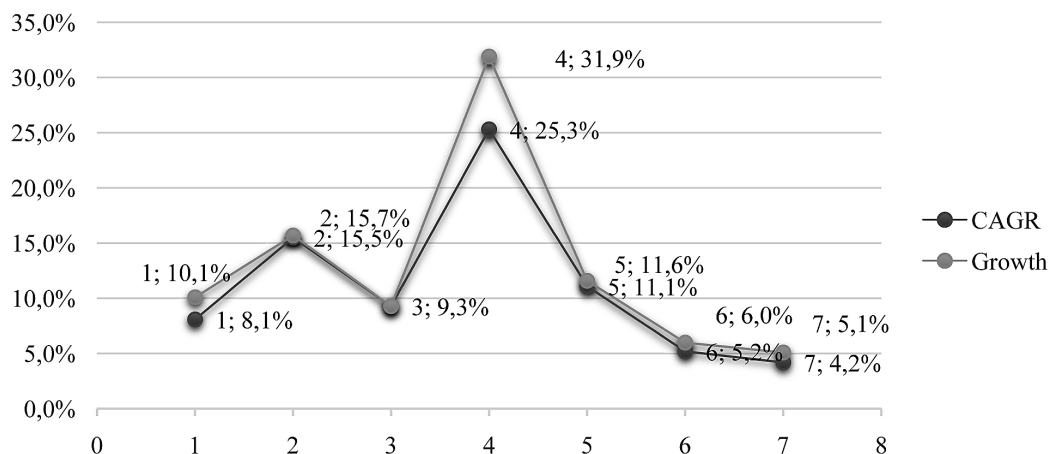


Figure 2. Compound Annual Growth Rates (CAGR) and Growth Rates Trends by Countries in the World (%)*

* based on Capgemini's 2016 World Payments Report [6]

As a result, in CEMEA, Emerging Asia and Latin America regions we can see developing in 16.7%, but in Mature Asia-Pacific, Europe and North America mature consist 6.0%.

Researches show, that with strong value proposition, immediate payments have potential as an alternative to checks and cash for retail and corporate customers, and could drive further growth on non-cash transactions. The main benefits of immediate payments include instant credit availability, irrevocability of transactions, the ability to make urgent payments, ease of use, and increased transparency of the payments process. The U.S. Fed, SWIFT and the Australian Payments Clearing Association also believe immediate payments have the potential to replace checks and cash to a certain extend.

In Western countries, clearing is done through banks or created settlement centres – clearinghouses. In some markets, they are known as central (clearing) counterparty or CCP. In the last it if banks agree not to make immediate payment for each individual payment order and collect their requirements and obligations for a certain period of time – clearing cycle. After the end of the incoming and outgoing payments are offset, and banks are to pay only the amount of its net liabilities. Test carried out on payment accounts bank that performs calculations. Typically, it is the central bank of the country. However, net calculations can be performed also on NOSTRO accounts, a commercial bank [6].

Developing clearing globally show us a lot of benefits to using this payments, such us [7–9]:

- the reduction of risk exposure by providing a prime counterparty. CCPs are backed by a series of capital buffers (in the form of initial margins, default fund, reserves and equity) and a risk-sharing arrangement among CCP members. CCPs are also subject to a special regulatory regime. Consequently, CCPs are deemed to be low-risk counterparties, for which reason, they can benefit from reduced regulatory risk capital charges;
- multilateral netting of risk exposures;
- more rigorous risk management practices than many market users;
- the reduction of balance sheets through netting;
- operational efficiencies from the netting of payments and transfers;
- the potential for enhancing market transparency, given that CCPs collect data on transactions and are therefore in a position to publish aggregated price and volume data.

Evolving global payments landscape see banks embracing Fintechs and «Regtechs» too. Capgemini's 2016 World Payments Report found that global non-cash payments volumes grew by a record 8.9% during 2014, reaching USD 387.3 billion. That is the largest year-over-year volume increase since Capgemini began publishing the report 12 years ago. Figure 3 show the Number of world-wide non-cash transactions by regions during 2010–2014 (Billion).

A key finding of the report is that banks should find ways to accelerate their efforts in developing a proactive

and collaborative compliance mind-set. The researches indicates that banks can partner with Fitches that focus on

regulatory to accelerate the internal execution of holistic compliance strategies.

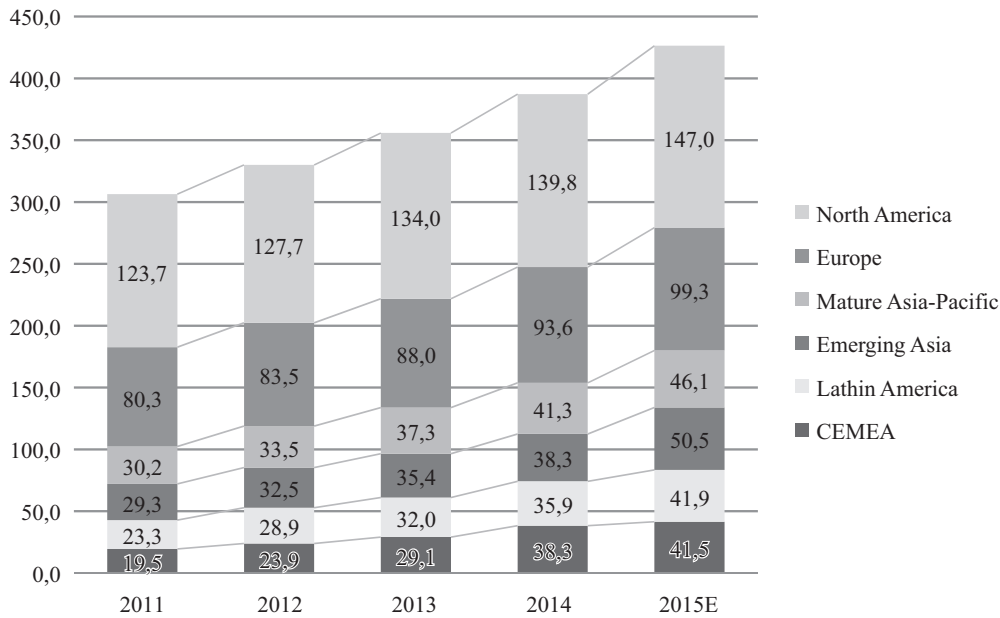


Figure 3. Number of world-wide non-cash transactions by countries during 2010–2014 (in Billion)*

* Capgemini’s 2016 World Payments Report [6]

So, clearing payments in banking and client’s transactions issued some potential risks, which must be regulate. The main types of these risks can be classified as follows: systemic risk, credit risk; liquidity risks; operational risks, compliance and legal risks, country risks, customers (KYC) risks and currency risks (Figure 4).

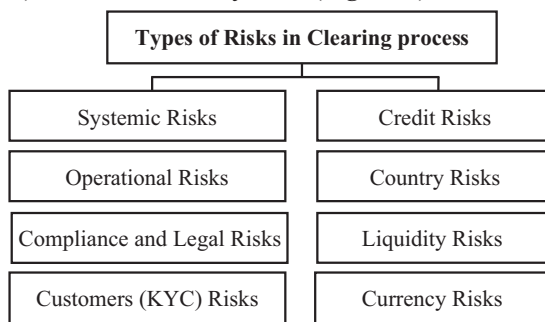


Figure 4. The Key Types of Risks in Clearing payments*

* create by authors

However, with passive defines capabilities include clearing organization to create a system asset management, which do not threaten the existence of organizations such as:

- contribution margin clearing element used not only in the futures market, but at the conclusion of Agreements spot;
- guarantee Fund deposits by clearing participants;
- many of the payments system to insure their risks with leading insurance companies that cover the losses from the default of a clearing member;

- the reserve fund is formed from retained earnings clearing organization;
- equity clearing of shareholders;
- improve compliance requirements.

Conclusions. Diverse trends are driving deep structural changes across the global payments industry. On the corporate side, a new generation of solutions raises hopes among corporate treasurers of improved transparency and predictability of payments and the steady reduction of costly obstacles, especially in cross border payments, where liquidity is trapped in document-heavy processes.

Summarizing common and distinctive features in the clearing payments involving banking and non-banking payment institutions, first of all it should be noted, that the process of clearing important in that it provides not only transactions between participants in a clearing, but also includes a mechanism guarantees the obligations of the parties in the market, thus improving the quality of the market increases its liquidity and maintains integrity. The clearinghouse is the guarantor of the obligations under the Agreement. Contractual obligations entered into with the clearing house and not each other. This reduces the costs of transactions and allowing markets to operate effectively. Researches prospects and risks in clearing will help to understand their effective use to overcome the crisis and avoid negative consequences. Also, using clearance reduces risks in the securities market. Given that the stock market in Ukraine is not developed, clearing can be applied as one of the main instruments of development.

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