

JEL CLASSIFICATION: E50, E51, E52, E58

## ELEKTRONIK MONEY: OPPORTUNITIES, TRENDS AND PROSPECTS DEVELOPMENT IN UKRAINE

**Larysa M. BARABAN**

*Senior Lecturer of Banking Department Cherkasy Institute of Banking of the University of Banking of the National Bank of Ukraine (Kyiv)*

*Summary. The research is aimed at the analysis of the current status of e-money systems in the Ukraine systematization of the world experience in e-money legal regulation and determination of further prospects of introducing e-money in Ukraine as a new instrument of payment for retail payments.*

**Key words:** *electronic money, electronic instruments of payment, electronic retail payments systems, system of mass electronic payments, digital money.*

The last decade is characterized by the emergence of innovation payment products, with scientific and technical progress and the development of the financial market contributing to this to some extent. Domestic and cross-border retail payments made with the help of the newest payment products are increasing in number and expanding. New instruments of payment do not appear accidentally at will of designers, their emergence is a natural process caused by new unsatisfied demands and higher requirements to the effectiveness and reliability of payments.

Traditional technologies of bank accounting of the operations related to client identification appear to be expensive for the retail payment systems, which process transactions with small amounts. In order to settle the question of the effectiveness and confidentiality of payment transactions it is necessary to refuse from keeping and transmission of confidential information in distant performance of the contracts which do not require the client identification. Security without identification can be easily implemented with the help of an electronic instrument on demand, which is issued without opening the bank account. E-money is such an instrument of payment.

Furthermore, the representatives of the fundamental economic science have not agreed upon the essence of e-money and the role it will play in the future. Famous economists hold a discussion about consequences which can be caused by the development of e-money, in particular the influence of e-money issuance on monetary policy and the role of central banks. According to the aim, the tasks of the research are: to analyze the current state and to determine further prospects of introduction and usage of e-money in Ukraine as a new instrument of payment

for retail payments.

The doer of regulation should be the National Bank of Ukraine, one of whose main functions according to Article 7 of the Law of Ukraine «On the National Bank of Ukraine», is to control the development of electronic means of payment. According to Article of this Law the National Bank of Ukraine establishes rules, forms and standards of settlements for banks and other legal and natural persons in Ukraine. According to Article of the Law of Ukraine «On Payment Systems and Money Transfer in Ukraine» the National Bank is obliged to control the activities of payment systems operating in Ukraine. Therefore, whatever the legal decision could be about the institutions which will have the right to issue e-money in Ukraine, the control of these activities and functioning of systems of e-money payment must be effected by the National Bank of Ukraine.

The main regulation targets should be:

- securement of National Bank of Ukraine capability to pursue the monetary policy;
- development support of efficient, low-risk, cheap and user-friendly techniques of rendering financial and payment services to the benefit of businesses and consumers;
- provision of appropriate protection against fraud, careless work, financial damages, and excessive interference in private affairs;
- assistance to the authorities in prevention and detection of money assets movements;
- related to criminal activities.

In Ukraine the nearest prospect in the area of regulation of the issues related to e-money is the introduction of general approaches of the Directive 2009/110 EC.

## References

1. Ivasiv B. (2008) Istoriia vynyknennia ta perspektyvy rozvytku elektronnykh hroshei [The history and prospects of development of electronic money]. *Svit finansiv*, 2 (15), 157–160.
2. Postanova Pravlinnia Natsionalnoho banku Ukrainy vid 24.06.2008 № 177 «Pro skhvalennia kontseptsii vdoskonalennia orhanizatsii roboty z hotivkoiu v Ukraini na 2008–2012 roky» [Resolution of the Board of the National Bank of Ukraine (2008), «On anporoval concept of improving the organization of cash in Ukraine for 2008-2012 eaz»]. Retrieved from [www.bank.gov.ua](http://www.bank.gov.ua).
3. Postanova Kabinetu Ministriv Ukrainy i Natsionalnoho banku Ukrainy vid 26.05.2006 r. № 753 «Pro skhvalennia Kontseptsii poshyrennia bezhotivkovykh rozrakhunkiv z vykorystanniam spetsialnykh platizhnykh zasobiv» [Resolution cabinet of Ministers of Ukraine and National bank of Ukraine (2006), «Anporovel of the concept of distribution of non-cash payments using special means of payment»]. Retrieved from <http://zakon2.rada.gov.ua./laws/show/753-2006-%D0%BF>.
4. Postanova Pravlinnia Natsionalnoho banku Ukrainy vid 04.11.2010 r. № 481 «Pro vnesennia zmin do deiakykh normatyvno-pravovykh aktiv Natsionalnoho banku Ukrainy z pytan rehuliuвання vypusku ta obihu elektronnykh hroshei». [Resolution of the Board of the National Bank Ukraine (2010), «On amendments to some legislative acts of the National Bank of Ukraine on the regulation of production and circulation of electronic money»]. Retrieved from <http://zakon2.rada.gov.ua./laws/show/z1336-10>.
5. Cenysch P. M., Craveja B. M., Mishchenko V. I., Mahaeva O. O., Krylova B. B., Grischuk N. B. (2008) Svitovyi dosvid i perspektyvy rozvytku elektronnykh hroshei v Ukraini: Naukovo-analitychni materialy (2008) [International experience and prospects of electronic money development in Ukraine], National Bank of Ukraine, Center of Research.
6. Zahalni dani pro kilkist klientiv, platizhnykh kartok ta platizhnykh prystroiv. [General information about the number of customers, credit cards and payment devices]. Retrieved from [www.bank.gov.ua/doccatalog/document?id=66232](http://www.bank.gov.ua/doccatalog/document?id=66232).
7. Uzhodzhennia pravyl system elektronnykh hroshei [Harmonization of electronic money]. Retrieved from [www.bank.gov.ua/control/uk/publish/article?art\\_id=6629@cat\\_id=66292](http://www.bank.gov.ua/control/uk/publish/article?art_id=6629@cat_id=66292).
8. Chomu nikhto ne znaie realnykh oborotiv rynku elektronnykh platezhiv? [Why no one knows the actual turnover of electronic payments?]. Retrieved from <http://news.finance.ua/ua/-/2/all/2012/03/30/2774484>.
9. Elektronni hroshei zbilshyly svoiu populiarnist [Electronic money increased their popularity]. Retrieved from <http://vkurse.ua/ua/business/electronnye-dengi-v-ukraine.html>.
10. Prezydent pidpysav zakon pro kontrol NBU nad vykorystanniam elektronnykh hroshei [The President signed into law the National Bank control over the use of electronic money]. Retrieved from <http://economics.unian.net/ukr/detial/143242>.