

Equally, one might expect corporate scandals to be uncovered on the downturn of economic activity, as deceived and injured parties resort to courts and the media to discuss their problems and seek redress.

To gear self-interest to higher levels of sustainable growth, decision-makers need well-planned incentives and rigorous standards. The latter require effective enforcement, supported by 'checks and balances' to avoid abuses. Balanced incentives for various stakeholders in an enterprise – as well as for various social groups – should normally favor the conjunction of effort towards achieving higher benefits for all [2].

So, well-governed companies have to use the following criteria of governance:

(1) *accountability of board members*, who are chosen on merit and are focused primarily on their company - with the majority of members being independent of the company's management (that is, with non-executive positions);

(2) *shareholders' equality*, giving all shareholders the same rights (in voting, distribution of profits, freedom to dispose of their shares without blockages from management and so on);

(3) *honest disclosure* and transparency of financial and operational data, which are communicated promptly using international recognized accounting standards;

(4) *effective independent audit* and credible oversight by the board of directors of the top management whose compensation packages are negotiated by committees of independent board members.

#### References:

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2. Kooiman J. *Governing as governance* / Jan Kooiman - London. SAGE Publication Ltd, 2007. – 249 p., pp. 180-183.

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## SOCIAL OBJECTIVES OF INTERNATIONAL BANKING

Integration of economic and social activities is one of the emerging global and national trend. It covers different areas from social results of economic development towards life-long education, inclusion, gender equality etc.

The concept of inclusion is based on the values and ideas of equal access of all members of society to work, finance, economic and social benefits. Access to finance is an important factor of independence and equality of members of society, their capacity for economic and social mobility. Such forms of exclusion of individuals from the social process as unemployment, poverty, limitation of rights, social and economic repressions are leading to social apathy, protest potential, social unrest. Financial inclusion as the ability of individuals to use financial services, financial literacy and financial security in the future becomes an essential requirement to the activity of modern institutions.

The development of global, national and local economies, economic and social activities of corporations, households and market agents require additional funding of different nature.

Attracting financing requires an access to national and international financial markets for the most favorable conditions in terms of currency and loan size, cost and coverage. For small and medium business, social-oriented economy, more favorable financing conditions are more important than for corporations.

Socially-oriented enterprises are not mostly economically attractive customers for commercial and investment banks because of their small size, limited solvency and low

profitability. Their activities are often not fully meet market criteria of efficiency and maximizing profits because much of their income goes to social goals, and the prices of goods and services are often socially oriented. Their social role, especially in employment, intellectualization and dissemination of innovations is growing.

Socially-oriented banking could be considered as those that unlike purely market activity is not only aimed at profit and asset value increase, but foreseeing collectivist principles and obeys social objectives. Such banking activity is carried out on cooperative, social, mutual basis, has respective ownership and organization, serving socio-economic objectives of society and local community.

Access to finance for all - small business, entrepreneurs, households, population, the poor and youth becoming increasingly important. Such processes are called 'Access to Finance' or 'Financial Inclusion'. This means that the distribution and availability of the entire spectrum of banking and financial services should better contribute to the integration of diverse forms of economic and social activity, all segments of the population to be included to the overall economic and financial life, international community. Understandably an access to finance is one of the priorities of program tasks of the World Bank to combat poverty and sustainability.

In the modern conditions, cooperative and local banks, credit unions, microfinance organizations in various countries have their own market niche - serving cooperatives and farmers, small businesses, private entrepreneurs and households.

*Table 1*

**COMPARISON OF COMMERCIAL AND SOCIALLY-ORIENTED BANKING AND FINANCING.**

	Cooperative and social banks	Commercial banks with a share capital
Ownership	Joint ownership of the bank members	Ownership of shareholders -
Capital	Growing by capitalization of profits	Share price is determined by the stock market
Profit	Used to increase capital and reserves	Distributed among the shareholders
Management decisions	One member - one vote	Votes rights as to shares number
Organizational structure	Decentralized, socially-oriented	Centralized management
Objectives	Economic development and social goals	Profit and shareholder's equity

*Source: compiled on the basis of the author's research.*

Rapid development of modern information technologies provides the possibility of direct electronic access to consumer and business banking and financial services. Startups and venture capital became an important form of financing new ideas, social projects and advanced technologies.

Now in Europe according to the European Association of Cooperative Banks (EACB), there are 4,200 cooperative banks with 81 million members and 205 million consumers of services.[1,5]. In some countries - Austria, Italy, France, Germany, the Netherlands - the share of cooperative banks in their respective national banking system exceeds 25%.[1,7]. In some countries cooperative banks are in the top five, such as Rabobank in the Netherlands and Raiffeisen International in Austria.

Information technology promote financial inclusion, innovation, socially-oriented banking. At the same time it improves access to finance for small businesses, entrepreneurs and all social groups an important factor of and social progress.

**References:**

- 1.EACB, 2016. Co-operative banks definition and characteristics. European Association of Co-operative Banks. Brussels. 2016. Mode of access: <http://www.eacb.coop/en/cooperative-banks/definition-and-characteristics.html#sthash.YmDrEt70.dpuf>
2. ECB, EU banking structures. - Frankfurt, European Central Bank, 2017.