

provoke inflation or you can default. The best option is developing and implementation into production new innovative high value-added products that will create new markets. Then the budget will be much more able to pay off debt, and borrowing needs will be much lower.

To draw the conclusion, one can say that effective management of public debt can reduce financial vulnerability, promote macro-financial stability, and maintain debt sustainability.

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ROLE OF NONEXECUTIVE DIRECTORS IN BANK MANAGEMENT

The governance structure of the bank is a vital part of ensuring effective overall control and risk management. An inadequate setup will result in ineffective decision making. The recent crashes have highlighted the importance of addressing in robust fashion the following:

- What should the makeup of the board itself be?
- What is the right number of executive directors and nonexecutive directors?
- How should be measured the performance of the board?
- Are the knowledge base, expertise, and experience of the board adequate?
- Does the CEO possess the right background in banking? [1]
- Are the board executives actually challenged in their decision making?

Other questions to address include the following: Is the board provided with sufficient and adequate management reporting, in accessible fashion, on the bank's performance and risk exposures? Are there controls built into the firm's culture such that they are adhered to when the bank's business strategy is in conflict with them?

The role of nonexecutive directors came under scrutiny in the wake of the crisis. That some nonexecutive directors were not up to the standard required is evident. However, this should not detract from the vital function, in theory at least, that they do undertake. For one thing, business best practice dictates that the risk management function should report to a nonexecutive director on the board. This clearly implies that the nonexecutive directors in question must be sufficiently experienced and capable. The national regulator should always interview the relevant nonexecutive director to ensure that this person meets the standards required.

It is rare to observe genuine control at all levels of a bank that also boasts true innovation, creativity, and efficiency. It may be, for instance, that some institutions are simply too big to manage effectively, especially when things start to go wrong. However, this does not mean that we should not attempt to implement an effective strategy at the top level and still maintain efficiency at the executive levels. The bank crisis demonstrated that in some cases bank boards were not able to maintain effective control of the business as they expanded. Certain desks originated risk that went beyond the stated (or believed) risk appetite of the parent banks; in

other cases, the risk management department was marginalized or ignored, and at board level there was a rubber-stamp mentality. These instances have significant implications for bank corporate governance.

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ANALYSIS OF CURRENT TENDENCIES IN INDEPENDENCY AND TRANSPARENCY OF CENTRAL BANKS ON THE 'BANQUE DE FRANCE' EXAMPLE

Financial systems have been reshaping all over the world during the last decade. Fintechs and cryptocurrencies became a center of worldwide discussions and begun to change the balance of power in the world of finance. However, one of the main tasks of most of the central banks is to maintain financial stability as well as macro-prudential supervision. In so doing digitalization and integration with mobile forced central banks not only to refocus their policies on dealing with fintechs and cryptocurrencies but also to become more open.

By developing digital technologies requests in information 'from' and 'to' public bodies begun to develop as well. So that it was revealed a clear correlation between inflation expectations, which affect financial stability, and official positions and transparency of central banks and level of their independence. As Weber [1] mentioned "Then we did some robustness checks by employing a two stages least squares approach and including further regressors. Even under these circumstances, central bank transparency had a diminishing effect on prices."

In order to determine and evaluate the level of transparency and independency of 'Banque de France' Dincer and Eichengreen [2] methodic was used. They have admitted transparency to be a key element of accountability in the world of central bank independence.

According to the results of the transparency analysis of the central bank of France, it is necessary to note that its overall score was estimated as 12 from 15. In aspects which concern economic transparency such as disclosure of macroeconomic models used by the central bank for policy analysis, quarterly numerical forecasts and time series for all essential variables central bank has a maximum of 3 points. The same situation could be seen in prospects of policy transparency which lies in prompt informing about decisions about instruments of monetary policy, in accordance with explanations about changes in monetary policy and disclosure of explicit policy inclination after every policy meeting.

However, because of the fact Banque de France contracts arrangements with the government, its political transparency cannot be estimated as fully clear according to the chosen methodic. On the other hand, the central bank rarely provides information on macroeconomic disturbances that affect the policy transmission process as well as it does not disclose the effects of each decision on the level of its main operating instrument or target achievement. As a result, their operational and procedural transparency cannot be estimated more the 2 points from 3 each.

Regarding the question of 'Banque de France' independence, it is important to mention that in contrast to previous methodic, here 1 point is maximal while its components have different weights. For example criteria of Chief executive officer independency weights two times more than terms of lending of the central bank (0.2 and 0.1 respectively).