

## Consolidated supervision: foreign and domestic experience

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Modern conditions of global economy development expect banking systems to demonstrate resilience, competitiveness, ability to integrate into the global banking environment without any threat to national interests. The system of banking supervision should become an effective and efficient element of functioning of banking system in Ukraine.

The author has summarized the national experience of consolidated supervision over the banking groups in Ukraine.

On the one hand, the national regulatory standards should take into account the modern condition and particular nature of national system of banking supervision. On the other hand, in the course of transformation of the system it is advisable to consider historically proven experience of consolidated supervision of stronger banking systems existing in foreign countries.

In particular, the author provides detailed analysis of international legal framework for carrying out consolidated banking supervision:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;

- DIRECTIVE 2013/36/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

- Basel Accord, Basel principles.

The author points out that many countries when overcoming the non-regulated issues revealed in the course of the analysis of regulatory documents are applying their own laws and rules that determine the process of supervision of banks on the consolidated basis.

A common element of all supervision systems is basing the general assessment of consolidated supervision performance on the analysis of quantitative and qualitative data.

The most significant difference can be found between the models and organizational structures of foreign systems of consolidated banking supervision. The article provides comparison of advantages and disadvantages of a hybrid model or “two peak” model; sector model and a single supervision model. The organizational structures of foreign bodies responsible for carrying out regulation and supervision over the activity of banking groups has also undergone critical re-evaluation.

In view of the aforesaid the author gave reasons for gradual introduction of the system of a single regulatory mechanism for carrying out consolidated supervision over banking and non-banking financial institutions as the most promising direction of development of the system of banking regulation of consolidated entities.