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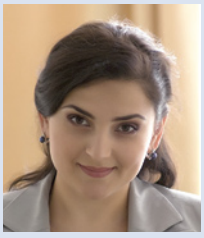
National Bank of Ukraine Order No. 369 of 15 August 2016, approved the Regulations on the Procedure for the Analysis and Verification by Banks of Documents on Financial Transactions and their Participants. How can these changes affect the efficiency of risk management?

The *On Banks and Banking Activity Act of Ukraine* expressly enshrines the principle that banks must create a system of risk management and moreover that they are not allowed to carry out risky activities that threaten the interests of depositors or other creditors of the bank. It is for the sake of the development of the legislation that the National Bank of Ukraine adopted Resolution No.369 on 15 August 2016, which approved the *Regulations on the Procedure for the Analysis and Verification by Banks of Documents (information) on Financial Transactions and their Participants*.

The provisions of the Regulation are in no way changes to the current legislation of Ukraine, but they imply additional (including bureaucratic) derrieres to the implementation by banks of their activities. In particular, there have been established different procedures and mechanisms aimed at the analysis and verification of documents (information) on financial transactions, and not only those to be implemented, but also those which are only intended to be implemented.

The content and meaning of the Regulation are of an ambiguous character. On the one hand, the rules of the Regulation reveal and explain the provisions of the Act. However, on the other hand, the procedures and rules introduced by the Regulation may lead to violation of property rights of persons, as in the result of their implementation the bank is given the authority to deny the persons in the relevant financial transaction; that is, the bank limits the rights of the persons to dispose of their money, which is a violation of the *Constitution of Ukraine* and other laws.



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The Verkhovna Rada of Ukraine registered Draft Act No.4981-2, which provides compulsory state social health insurance. How can this initiative affect reform of the health care sector?

Compulsory health insurance is not a panacea that can work for any country. Its implementation should be preceded by tax reform and transformation of medical service providers.

In Ukraine, salaries often come in "envelopes", with relations between employer and employee remaining legally unregulated. These "off the book" payments will contribute nothing to CHI. There is a distinct possibility that the Compulsory Health Insurance Fund will suffer the same fate as the Pension Fund.

The Draft Act in question offers no solutions to this problem. More than that, it creates a legal void for persons without CHI, essentially forcing them to get paid services, which contradicts the principle of free health care guaranteed by Article 49 of the *Constitution of Ukraine*.

Even those who are insured might end up paying for medical treatment. The Draft only extends CHI to certain kinds of services, to be determined by a contract. As for the services not mentioned in the insurance policy, it does not state on what terms they will be provided.

Either health care reform should conform to Article 49 of the Constitution or steps should be taken to amend the Article.

The Draft also establishes procedure for state and municipal hospitals regarding CHI contracts. Those medical institutions will definitely be participating in CHI, though it is still unclear how the new legislation is going to work with existing public procurement laws. It is, for all intents and purposes, a new funding source for state and municipal hospitals, which make them reluctant to adopt any changes, exercise cost management and improve the quality of their services.