Міністерство освіти і науки України
НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ «ОДЕСЬКА ПОЛІТЕХНІКА»

Кафедра іноземних мов

МЕТОДИЧНІ ВКАЗІВКИ ТА ЗАВДАННЯ ДО ПРАКТИЧНИХ ЗАНЯТЬ ДЛЯ ЗДОБУВАЧІВ 1 КУРСУ (БАКАЛАВРИ) ДЕННОЇ ФОРМИ НАВЧАННЯ СПЕЦІАЛЬНОСТІ D2 Фінанси, банківська справа, страхування та фондовий ринок
2 семестр

Одеса НУОП 2025

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Затверджено

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іноземних мов

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Методичні вказівки та завдання до практичних занять для здобувачів 1 курсу (бакалаври) денної форми навчання спеціальності D2 Фінанси, банківська справа, страхування та фондовий ринок 2 семестр /укл. Л.М.Шапа. – О.: НУОП. – 2025.

D2 Фінанси, банківська справа, страхування та фондовий ринок

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Lesson 1

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності.

Bank organization

The way in which a bank is organised and operates is determined by its objectives and by the type of economy in which it conducts its business. A bank may not necessarily be in business tomake a profit. Central banks, for example, provide a country with anumber of services, while development banks exist to increase theeconomic growth of a country and raise the living standard of its population. On the other hand, the aim of commercial banks is toearn profits. They therefore provide and develop services that canbe sold at a price that will yield a profit.

A commercial bank which provides the same range of servicesyear after year is less likely to besuccessful than one which assesses changes in the demand for its products and which tries tomatch products to its customers' needs. New services are constantly being introduced and developed bycommercial banks, and the full-service philosophy of many banks means that they are akin tofinancial supermarkets, offering a wide variety of services. However,not every bank may want to offer every kind of financial service.Many banks offer a combination of wholesale and retail banking. The former provides large-scale services to companies, government agencies and other banks. The latter mainly provides smaller-scale services to the general public. Both types of banking, however, have three essential functions, which are: deposits, payments, credits. These three functions are the basis of the services offered by banks. They make it possible for banks to generate profits and to achieve their operating aims.

Several factors have combined to make banking an international business. These include the growth of multinational companies and of international capital markets, the increased competition between the banks themselves, and important improvements in communications and transportation. The major banks of the world have established extensive international operations by acquiring banks in other countries, by extending their own branch network abroad and by establishing correspondent relationships with foreign banks so as to develop profitable joint operations. The operations of these major commercial banks are dynamic and rapidly changing, and their organization is of a global nature.

Active Vocabulary

accounting – бухгалтерська (рахункова) справа, звітність, ведення обліку, подання офіційної звітності, бухгалтерія

to acquire - купувати, купувати

affiliate – дочірнє або залежне підприємство, споріднене компанія, філія

to assess - оцінювати, визначати

Banking Division - відділення з виробництва банківських операцій

bonds – облігації, бони, митна застава, цінні папери

bullion – злиток золота чи срібла; золоті (срібні) монети, що продаються на вагу

Certificates of Deposit (CD) – свідоцтво про депонування

коштів, збережене свідоцтво
clearing bank – кліринговий банк, розрахунковий банк, банк – член розрахункової палати
commercial bank - комерційний банк
comptroller's department - контрольно-ревізійний та бухгалтерський відділи банку
to conduct business - вести справу
corporate banking operations – корпоративна (акціонерна) банківська діяльність
corresponnt banking – система кореспондентських відносин
Data Processing Department – відділ обробки даних, служба обробки інформації
Dealing Division – відділ біржових (торгових, комерційних) операцій, відділення з обігу цінних паперів
debeture loan – позичка під боргове зобов'язання, позику з обов'язковою виплатою
development bank – банк розвитку, виробничий банк
divestment - ліквідація частини організації, продаж підрозділу організації, вилучення інвестицій, відділення активів, втеча капіталу
documentary credit - уніфіковані правила документарних акредитивів, документарний акредитив, документований кредит
to earn a profit - приносити прибуток (давати прибуток)
to establish correspondent relationships- встановлювати кореспондентські зв'язки між банками
to extend a branch network - розширювати мережу філій
to generate a profit - породжувати (викликати) прибуток
to increase the economic growth- збільшувати економічний зростання
investment trust - інвестиційна компанія, інвестиційна фонд, фінансовий трест, що інвестує свій капітал у акції інших підприємств
invoice – рахунок, фактура, накладна, кошторис, товарна накладна, прибутковий рахунок
leasing packages - лізингова програма
line divisions - лінійні підрозділи фірми
lucrative market - прибутковий ринок
merchant bank – торговий банк, комерційний банк
municipal bonds - облігації або інші цінні папери, що випускаються муніципалітетом
organization chart – схема організаційної структури
payment - платіж, оплата, виплата, внесок, винагорода, погашення, проплата, видача, розрахунок
portfolio – капітал у цінних паперах, перелік цінних паперів, набір (портфель) послуг, добірка, коло ведення
premises – будівлі з прилеглими спорудами та ділянкою, нерухомість; вступна частина документа, вступна частина договору про оренду, що констатує частину позовного заяви
Private Banking Division - відділення з виробництва банківських операцій з приватних вкладів
profitable joint operations - прибуткові спільні операції
to provide services - надавати послуги
to raise the living standard - підвищувати рівень життя
retail banking - операції банків із широкою клієнтурою, банківські послуги для фізичних осіб
savings bank - ощадний банк, ощадкас
selling-off of interests – розпродаж (активний розпродаж у зв'язку з загрозою подальшого зниження цін) прав на пайову участь

to surpass – перевершувати, перевищувати, перекривати, долати
Treasurer's Division – фінансовий (інвестиційний) відділ
unit trust – загальний інвестиційний траст-фонд об'єднаного капіталу дрібних власників, довірчий пайовий фонд, пайовий інвестиційний фонд
USM flotation - випуск нових акцій на ринок некотованих
цінних паперів при Лондонській фондовій біржі, розміщення позик на цій біржі, емісія цінних паперів на ЛФБ
wholesale banking - операції великих банків між собою,
міжбанківські операції
wholly-owned subsidiary - дочірня компанія, що знаходиться в повної власності материнської компанії
to yield a profit - приносити прибуток (давати прибуток)

Exercise 1. Choose the necessary word.
a. competition, b. services, c. raise, d. a price, e. payments, f. large-scale, g. retail, h. smaller-scale
1. New ... are constantly being introduced and developed by commercial banks.
2. Development banks exist to increase the economic growth of a country and ... the living standard of population.
3. The aim of commercial banks is to provide and develop services that can be sold at ... that will yield a profit.
4. Many banks offer a combination of wholesale and ... banking.
5. The wholesale banking provides ... services to companies and other banks.
6. The retail banking provides ... services to the general public.
7. Deposits, ... and credits are the basic services offered by banks.
8. The increased ... between the banks contributes to the development of international business.

Exercise 2. Translate into English.
1. Існують різні види банків в залежності від їх цілей та типу економіки, в якій вони ведуть справи.
2. Виробничі банки існують у тому, щоб піднімати економіку країни та життєвий рівень населення.
3. Основна мета комерційних банків у тому, щоб заробити прибуток.
4. Успіх банку залежить від того, наскільки він оцінює (досліджує) попит на свої послуги та намагається задовольнити потреби
своїх клієнтів.
5. Поєднання кількох факторів роблять банківську справу міжнародним бізнесом.

Question test
1. What does a bank organization and operation depend on?
2. What three types of banks do you know?
3. What is the aim of development and commercial banks?
4. What does the full-service philosophy of many banks mean?
5. How can you explain the difference between wholesale and retail banking?
6. What three essential functions have both types of banking?
7. What factors make banking an international business?
8. How have the major banks of the world established extensive international operations?

Lesson 2

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Bank performance

Active Vocabulary

aceptance for customers - згода на оплату грошових та товарних документів, акцептування клієнтів
asset - активи, капітал, фонди
balance sheet - балансовий звіт
benefit - пенсія, допомога
cash on hand - касова готівка
credit - кредит (прихід)
customer base – клієнтурна база, постійний контингент замовників
debit - дебет (витрата)
deferred taxation – відстрочена сплата податків, відстрочена оподаткування
deposit – вклад, застава, сховище, депонування
to deposit – вкладати, депонувати, здавати на зберігання,
вносити гроші до банку
depreciation – знос основних фондів, знецінення, зниження вартості, фізичний чи моральний знос, списання вартості, нарахування зносу, амортизаційні відрахування
double entry - подвійний бухгалтерський запис (проводка)
to enter- вносити, заносити
fee-generating activity – банківська операція за комісійні
fiscal – податково-бюджетний, казначейський
fixed assets – нерухомість, основні засоби, неліквідні
активи, реальний основний капітал
investment securities – забезпечувальні папери, цінні папери як об'єкт капіталовкладень, інвестиційні цінні папери
item – стаття рахунку, стаття балансу, пункт, предмет, найменування, позиція, бухгалтерський запис, кредитний інструмент
liability - права сторона рахунку (пасив), заборгованість, зобов'язання сплати
liquidity – ліквідність, ліквідні кошти, можливість перетворення на готівку, оборотні кошти, здатність банку своєчасно виконувати зобов'язання
loss account - рахунок збитків
money in vaults - гроші у сховищі
Net Income – дохід, що підлягає оподаткуванню, чисті надходження, чистий дохід
Net Interest Income – чистий дохід у вигляді відсотків, дохід від нетто відсотків
outgoings – витрати, витрати, платежі
payable - підлягає оплаті
portfolio of loans - загальна сума дебіторської заборгованості, портфель виданих позик
profit account - рахунок прибутків
profitability - прибутковість, рентабельність, прибутковість, вигідність
retained profits - нерозподілений прибуток; нерозподілена річний прибуток, перенесений на наступний рік
return on investments - прибуток на інвестиції
to run business - вести справу

sophisticated accounting system – розвинена/удосконалена/випробувана система бухгалтерського обліку
statutory requirements - вимоги, встановлені законом
stockholders' equity – акціонерна частина капіталу компанії, чистий капітал, кошти акціонерів компанії
on a straight-line basis – рівномірно (нараховувати знос, амортизацію), прямолінійно
transaction – економічна операція, угода, оборот

Banks necessarily use sophisticated accounting systems to record as clearly as possible what the financial situation of the bank is. Normally such a system is based on the principle of the double entry, which means that each transaction is entered twice, as a credit in one account and as a debit in another account. If we deposit $100 with a bank, for example, the bank enters a debit for the receiver and a credit for the giver. The former represents an asset to the bank, since it is a sum of money at the bank's disposal, as well as a liability, since it will one day have to be repaid.

The balance sheet of a bank gives us a view of its financial situation at one point in time, usually 31 December of a particular year. But we do not know what has happened between two balance sheets. This information is provided by the profit and loss account for the period in question. Neither statement is exactly uniform from bank to bank, but both contain certain essential features.

The largest asset of a bank is normally its total portfolio of loans. Deposits usually constitute the largest liability. Balance sheets usually include the following items listed as assets:
- cash on hand and due from banks - money in vaults, balances with other banks, cheques in process of collection.
- investments - bonds, shares, etc.
- loans - to companies, the general public, etc.
- fixed assets - buildings, equipment, etc.

Items listed in the balance sheet as liabilities are:
- deposits - all money owed to depositors.
- taxes payable - national and local.
- dividends payable - decided on, but not yet paid.

The profit and loss account records the income of a bank, and here, typically, the items in order of size are:
- interest on loans;
- return on investments;
- fees, commissions, service charges.

The granting of credit provides the largest single source of bank income. Typically, two thirds of an American commercial bank's yearly earnings result from interest on loans. Nine out of every ten dollars they lend come from depositors' funds. The following items normally constitute the main expenses in a bank's profit and loss account, again in typical order of size:
- interest paid;
- salaries and other benefits;
- taxes.

A bank's accounting systems, then, are designed to record and present the transactions that take place every day. Substantial reserves over and above statutory requirements are an indication to customers of the bank's strength, that it has run its business well and has retained profits in the business for future operations. Profitability indicates the effectiveness of a bank's performance and how well it has managed the resources under its control. Published figures thus provide some essential data on the liquidity, safety and income of a bank.

Exercise 1. Choose the necessary word.

a. data, b. the transactions, c. to record, d. enters, e. loans, f. indicates

1. Banks use sophisticated accounting systems ... as clearly as possible the financial situation of the bank.
2. If we deposit some money with a bank, for example, the bank ... a debit for the receiver and the credit for the giver.
3. The largest asset of a bank is usually its total portfolio of....
4. Profitability ... how well the bank has managed the resources under its control.
5. A bank's accounting systems are designed to record and present ... that take place every day.
6. Published figures provide some important ... on the liquidity, safety and income of a bank.

Exercise 2. Translate into English.

1. Балансовий звіт банку дає картину його фінансового стану на даний момент часу (зазвичай на 31 грудня поточного року).
2. Рахунки прибутків і збитків є єдиними всім
банків, але обидва містять певні основні риси.
3. Рахунок прибутків та збитків реєструє дохід банку.
4. Системи бухобліку подають основні дані про ліквідність, надійність і дохідність банку.

Question test

1. What systems do banks use to record the financial situation of
the bank?
2. What does the principle of double entry mean?
3. What is an asset of a bank?
4. What is a liability of a bank?
5. What information does the balance sheet of a bank give?
6. What items do balance sheets include?
7. What liabilities do balance sheets include?
8. The income of a bank is recorded in the loss account, isn't it?
9. What items constitute the expenses in the bank's profit and loss account?
10. What are bank's accounting systems designed for?

Lesson 3

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Foreign exchange

Active Vocabulary

a/c – відкритий рахунок, поточний банківський рахунок (від account
current)

to add a pip – додати одну десятитисячну валютного курсу
(По ходу угоди)

adverse movements - несприятливі зміни

bid rate - курс покупця

to carry out a transaction - виконати угоду

currency unit - одиниця валюти
to detect a discrepancy - виявляти невідповідність
dealer – торговий посередник, біржовик, агент з продажу, біржовий маклер, оптовий покупець товарів
to expose to risk - ризикувати
to fill in a dealing slip - заповнити документ про угоду (бланк)
firm up – зміцніти, утвердитись (про курс цінних паперів)
foreign exchange dealing - угода (операція) щодо обміну валюти
forward rate - курс з форвардної угоди (завчасний), курс із термінових угод
interest differential - різниця у відсотковій ставці, різниця в ставці облікового відсотка
lack-lustre trading – мляві угоди
long position - термінова позиція, що утворилася в результаті покупки ф'ючерсних або опціонних контрактів, позиція щодо термінових угод при грі на підвищення, позиція на підвищення; зобов'язання щодо термінових угод при грі на підвищення; наявність у банку певної суми в іноземній валюті
maturity dates - строки зобов'язань, дата настання строку
платежу, дата погашення
offer rate - курс пропозиції, курс продавця
outright – валютний курс із термінових угод, що включає дисконт, терміновий валютний курс "аутрайт", проста форвардна угода, не пов'язана з іншими одночасними операціями
petrocurrency - курс валюти, який пов'язаний з ринком нафти, нафтові долари
to quote a rate - робити котирування курсу, призначати ставку
settlement - розрахунок, сплата
spot rate - курс при розрахунках готівкою, курс по спотовій
угоді, курс, яким розрахунки по угоді проводяться на другий робочий день після її укладання, поточний курс
to square account – розплачуватися
swap - міна, угода, операція своп, купівля або продаж валюти на умовах "спот" з одночасним висновком
зворотного форвардного правочину, обмін зобов'язаннями або активами, обмін одних цінних паперів на інші
tom/next – післязавтра, через день
to transact business - вести ділові операції, укладати угоду
written confirmation - письмове підтвердження

Foreign exchange dealing is, as its name implies, the exchange of the currency of one country for the currency of another. The rate of exchange is the value of one unit of the foreign currency expressed in the other currency concerned. With the growth of global trade, many companies need foreign currencies to pay producers in other countries. A British company with a supplier in Germany, for example, will probably use sterling to buy Deutschmarks from its bank in order to pay an invoice from the German company. The bank buys the Deutschmarks from another bank at a particular rate and provides them to its customer at a higher rate, thus making a profit. Similarly, a bank may make gains on buying and selling currencies on the inter-bank market. Making a profit on the transaction is the basic idea of foreign exchange dealing. Currencies can be bought or sold in the foreign exchange market either for immediate delivery, that is at the spot rate, or for delivery later (e.g. two weeks, three months, etc.) at forward rate. The forward market is useful for companies, since if a company knows that it will need a particular foreign currency to pay a bill in four weeks' time, for example, a forward deal enables it to protect itself against future adverse movements in the exchange rate which would have otherwise had the effect of making the foreign goods more expensive.

When dealing in foreign exchange, normally by telephone, the bank quotes both the selling and buying rate of a currency at which it is prepared to transact business. Settlement for a spot transaction is two working days later. Thus, if a contract is made on Monday, the seller delivers the amount sold and receives payment on Wednesday.

Currency traded in this way is delivered to the buyer's account with a bank in the main centre, or one of the main centres, for the currency in question. In the case of sterling, for example, this is
London, for Dutch guilders it is Amsterdam and Rotterdam, and for Belgian francs it is Brussels and Antwerp. The buyer decides the bank where his or her account is to be credited.

The foreign exchange dealer fills in a dealing slip containing basic information such as the date and time of the deal, the contracting party, the amount and rate agreed on, the date of settlement, and the place of delivery of the currency dealt in. As soon as a foreign exchange transaction has been carried out, both banks send a written confirmation containing the basic information mentioned above. Any discrepancies may thus be detected quickly. A bank holding debts or claims in a foreign currency is itself exposed to an exchange risk, unless the debts and claims neutralize each other by being of equal size and by having roughly the same maturity dates. Dealers therefore aim for a balanced total position.

If the amount of bank's claims in dollars, for example, is larger than the total debts in dollars, then the bank has a long position, but if the debts are larger than the claims, the bank is short in dollars. As long as the total position balances, there is no risk for the bank.

Exercise 1. Choose the necessary word.
a. gains, b. enables, c. value, d. invoices, e. balances, f. exposed, g. settlement, h. detected
1. The rate of exchange is the … of one unit of the foreign currency
expressed in the other currency concerned.
2. Many companies need foreign currencies to pay … in other countries.
3. A bank may make … on buying and selling currencies on the interbank market.
4. A forward deal … the company to protect itself against future adverse movements in the exchange rate.
5. … for a spot transaction is two working days later.
6. Any discrepancies in foreign exchange dealings may be … quickly.
7. A bank holding debts and claims in a foreign currency is … to an
exchange risk.
8. As long as the total position … there is no risk for the bank.
Exercise 2. Translate into English.
1. З розвитком світової торгівлі багато компаній потребують
в іноземній валюті, щоб розрахуватися з виробником
іншої країни.
2. Валюту можна купити або продати за спотовою або форвардною угодою.
3. При валютних оборудках банк зазвичай робить котирування
курсу купівлі та продажу валюти, з якої він збирається
працювати.
4. Бланк про валютну угоду включає інформацію про валютний курс відповідно до домовленості.
5. Письмове підтвердження правочину допомагає простежити будь-яку невідповідність у розрахунках.

Question test

1. What does foreign exchange dealing mean?
2. How will you explain the term “rate of exchange”?
3. Why do many companies need foreign currencies?
4. How does a bank make a profit buying and selling currencies?
5. What are the terms for immediate delivery of currency and its delivery later?
6. Why is a forward deal useful for companies? What does this deal protect a company against?
7. Who decides the bank where the account is to be credited?
8. What documents does a foreign exchange dealer fill in?
9. What kind of information does a dealing slip contain?
10. Why do banks send a written confirmation when a foreign exchange transaction has been carried out?
11. What does it mean “a bank has a long position” and “a balanced total position”?

Lesson 4

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності.

Meetings

Active Vocabulary

base rate - базова позичкова ставка банків, тарифна ставка, ціна кредиту для першокласних позичальників

to be straightened out over the phone – залагоджувати (отримувати вичерпну інформацію) за телефоном

big customer – великий покупець, важливий клієнт

borrowing facility - можливість отримання позики, кредиту

to charge interest rate - нараховувати процентну ставку

commitment - зобов'язання, вкладення капіталу, контракт, який передбачає фінансову відповідальність за виконання операцій, намічені фінансові асигнування, зобов'язання надати кредит на певну суму

countervalue – еквівалент, зустрічна ціна

credit rating - рейтинг загальної кредитоспроможності позичальника, оцінка кредитоспроможності, показник кредитоспроможності позичальника

custodian services- послуги з опіки управління чужими капіталами

equity transaction - угода з активами (фондовим капіталом) підприємства

erratic rates - безладні ставки (нестабільні, мінливі)

expertise – консультаційні послуги, експертний аналіз, висновок спеціалістів

flat-rate fee - паушальний збір, однакова ставка, тариф з постійною платою

to grant on the account- надавати на рахунок

to keep in touch - підтримувати зв'язок

LIBOR – абор, лондонська міжбанківська ставка за короткостроковими кредитами, що надаються в євровалюті, ставка продавця на лондонському міжбанківському ринку депозитів, ставка Лондонського ринку міжбанківських кредитів

margin - коливання ціни (курсу), маржа, межа, різниця, мінімально можливий прибуток, межа прибутковості, різниця
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між собівартістю та продажною ціною, націнка; частина ціни акції, що вноситься готівкою під час купівлі в кредит
mark-up – надбавка, націнка, підвищення, різниця між собівартістю та продажною ціною; отримувати продажну ціну
додаванням до собівартості накладних витрат та прибутку
to market new services - надавати на ринок нові послуги
to meet needs - задовольняти потреби
outline proposal - пропозиція загального характеру, попередня пропозиція
overdraft facility - перевищення кредитного ліміту, система
овердрафту, овердрафтова каса, надання контокорентного кредиту
overnight rate - ставка за добовими депозитами, ставка відсотка за одноденними вкладами, процентна ставка одноденної позики
per annum – на рік, щорічно, протягом року
to rate – оцінювати, обчислювати, таксувати, проводити оцінку, визначати тариф/ставку
security transaction – угода із цінними паперами
standby L/C (letter of credit) - резервний (запасний) акредитив
statement of the documents - виписка документів
treasure bill - казначейський вексель
variable borrowing facility - змінна система позики

Banks provide a wide variety of services to companies, and a company operating internationally is likely to use several banks around the world to meet its various needs. Banks keep in touch
with these customers by telephone and perhaps with regular meetings, to maintain the relationship and to market new services. Most companies use banks at one time or another to finance
their operations. As with any other type of loan, banks charge interest on corporate loans. Interest rate for loans in Britain, for example, can be charged in one of three ways: - at a margin above the bank's base rate. Each bank decides its own rate, and then charges the company a rate of interest which is related to this.

A big customer with a very good reputation may be charged the bank's base rate plus 0,5%, for example, while a smaller company might be charged the base rate plus 3%;
- at a margin above LIBOR, the margin again depending on the
bank's assessment of the corporate customer;
- at a fixed rate of interest for the period of the loan.

The first two ways are variable and are adjusted periodically to reflect movement in interest rates on the market. They may also be dangerous for the bank when market rates are erratic. A company in a business where income and expenditure are subject to constant changes needs a variable borrowing facility. This is met most simply by an overdraft facility. The company opens an account with the bank, and an overdraft with a specified limit is granted on the account.

A standby letter of credit is a commitment under which a bank agrees to provide funds to a customer where, unlike most other forms of documentary credits, no goods are involved. The standby letter of credit is a flexible form of lending and can cover a variety of situations, in which procedures are reduced to a statement of the documents to be received before payment is made to the third party.

Many companies make a profit not only from the goods or services which they sell but also from the money that they have. Cash managers utilize funds at their disposal, buying and selling shares, treasury bills and so on, to generate profit in the form of investment income. Rather than move valuable foreign shares and securities around the world by post, a company will deposit them for safe keeping with a bank in the foreign country. A company in Sweden which buys shares on the American market, for example, will use the custodian services of a US bank. Banks naturally charge fees and/or commissions for custodian services.

Exercise 1. Choose the necessary word.

a. to finance, b. interest rate, c. regular, d. variety, e. a commitment, f. decides on, g. charge, h. investment, i. the custodian services, j. profit

1. Banks provide a wide ... of services to companies.
2. Banks keep in touch with companies by telephone and ... meetings.
3. Most companies use banks at one time or another ... their operations.
4. A standby letter of credit is ... under which a bank agrees to provide funds to a customer where no goods are involved.
5 Many companies make ... not only from the goods which they sell but also from the money they have.
6. Cash managers utilize funds at their disposal, buying and selling shares, treasury bills to generate profit in the form of ... income.
7. A company in Sweden which buys shares on the American market will use ... of a US Bank.
8. As with any other type of loan, banks ... interest on corporate loans.
9. ... for loan in Britain can be charged in one of three ways.
10. Each bank … its own rate.

Exercise 2. Translate into English.

1. Процентна ставка на позики у Британії може бути нарахована одним із трьох способів.
2. Компанія, що працює в міжнародному бізнесі, ймовірно
користується послугами кількох світових банків, щоб задовольнити свої потреби.
3. Великі компанії з гарною репутацією процентна ставка за позикою може бути нарахована у розмірі банківської базової ставки плюс 0,5%.
4. Резервний акредитив є гнучкою формою кредитування та може використовуватись у різних ситуаціях.
5. Звичайно, що за послуги служби опіки банки нараховують комісійні та плату за послуги.

Question test

1. What do banks provide to companies?
2. How do banks keep in touch with their customers?
3. In what ways can interest rates be charged?
4. What companies need a variable borrowing facility?
5. What is an overdraft facility?
6. What flexible form of lending is mentioned in the text?
7. How can companies make a profit from the money that they have?
8. Do companies move their securities and shares around the world by post?
9. When do companies use the custodian services?

Lesson 5

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності.

Presentation

Active Vocabulary
adverse movement - несприятливі зміни
agreed date - умовна дата
agreed exchange rate - обумовлений курс обміну
base currency – валюта, щодо якої котируються
інші валюти, базисна валюта
to buy at the spot rate - купувати за спотовим курсом (готівковим курсом)
to buy forward - купувати за форвардним курсом, купувати на термін
calculated gamble - прорахований ризик
call option - угода з попередньою премією, опціон "кол", опціон покупця, умова контракту , що дає право купити певний товар або цінні папери заздалегідь встановленою ціною протягом обумовленого строку
to charge - нараховувати, призначати ціну, записувати в борг, дебетувати, відносити на дебет, нараховувати витрати, відносити на рахунок, стягувати плату, вимагати оплату
cleared credit balance – погашений кредитовий залишок, погашене від'ємне сальдо
contingent cash flow – можливий оборот готівки, квота (склад) операцій з готівкою
currency option – право вибору валюти, валютний опціон (право купити чи продати валюту за фіксованою ціною)
downside risk – ризик падіння (курсу, ціни), ризик збитків, ризик зниження вартості цінного паперу
to drop option – відмовитися від запропонованих умов опціону, зняти заявку з торгів
eligible bill - вексель, який може бути переоблікованим у банку, прийнятний вексель
expiration date - дата закінчення терміну, закінчення терміну опціону, кінцевий термін дії
forward contract – контракт терміном із постачанням у майбутньому,
терміновий контракт
lithe exchange rate – гнучкий (плаваючий) курс валют
maturities - дати платежу, терміни платежу, строковість погашення цінних паперів готівкою
option - правочин продавати або купувати цінні папери, право купити цінні папери емітента на обумовлених умовах
option buyer – покупець опціонів
option writer - продавець опціону
premium – плата, страхова премія, комісійні за опціон, премія за терміновими угодами, надбавка до курсу чи ціни
profit lock – фіксація передбачуваного доходу
put option – зворотна премія, пут-опціон, опціон продавця, контракт, що дає покупцеві право продати фінансовий інструмент за обумовленою ціною протягом певного часу, право власника облігації пред'явити до погашення достроково
to run a risk - ризикувати
straightforward - рухається або ведучий прямо вперед; безпосередній, простий
strike price - ціна реалізації опціону, ціна виконання, ціна, за якою власник опціону може купити чи продати цінний папір; фіксована ціна, за якою покупець опціону може використати своє право купити або
продати певні фінансові документи

tender – пропозиція, пропозиція на торгах, конкурсна заявка, аукціон, учасник торгів
worst case – у найгіршому випадку, найбільш несприятливий варіант, у найважчому випадку

Companies trading internationally are exposed to considerable foreign exchange risk. If, for example, a French company knows that it will need $2 million in three months' time to pay for imports from the USA, it can buy the dollars forward, i.e. at a rate specified now, thus eliminating the risk of an adverse movement in the exchange rate between the French franc and the US dollar. Unfortunately, buying dollars forward also eliminates the possibility of a favorable movement in exchange rates. Alternatively, the company could wait three months and then buy the dollars at the spot rate, i.e. the rate charged then for funds to be delivered two working days after the transaction. This way the company may get a better exchange rate but it also runs a risk, since the rate could be worse.

Essentially, either course of action involves a calculated gamble on exchange rates.

To meet this situation, some banks developed and began to offer currency options in the early 1980s. Under the currency option, the customer pays a premium which gives them right to demand purchase or sale of a specified currency at an agreed exchange rate up to an agreed date, but no obligation to do so. After the customer pays the premium, the bank sends out confirmation of the deal, lithe exchange rate in three months' time, or whenever the expiration date is, is better than the one the customer has agreed on, they do not use the option, and instead deal at the market rate when they need to. Their cost has only been the premium for the option. Alternatively, if the rate is worse than the one they have agreed upon, they exercise the option, and thus suffer no loss due to the fall in exchange rates. The customer may exercise the option at any time up to and including the expiration date, for value spot. This, then, is the basic idea of the currency option.

Exercise 1. Choose the necessary word.

a. premium, b. eliminates, c. gamble, d. forward, e. a risk, f. currency options

1. All companies can buy the dollars ..., i.e. at a rate specified now, thus, eliminating the risk of an adverse movement in the exchange rate.
2. Unfortunately, buying dollars forward also ... the possibility of a favourable movement in exchange rate.
3. The company may get a better exchange rate but it also runs ..., since the rate could be worse.
4. Either course of action involves a calculated ... on exchange rates.
5. Some banks developed and began to offer ... in the early 1980s.
6. Under the currency option, a customer pays a ... which gives them some preferences.

Exercise 2. Translate into English.

1. Купівля доларів за форвардною угодою унеможливлює ризик при несприятливій зміні обмінного курсу.
2. Щоб не наражатися на ризик при обміні валюти, банки розробили і запропонували валютні опціони.
3. Після сплати клієнтом (компанією) страхової премії банк підтверджує угоду.
4. Клієнт може скористатися валютним опціоном у будь-яке час до дати закінчення терміну та включаючи її.

5. Купівля валюти за форвардною чи спотовою угодою є прорахованим ризиком.

Question test

1. Why are companies trading internationally exposed to foreign exchange risk?
2. When did banks begin to offer currency option'?
3. What is the aim of the currency option?
4. What rights are given to customers under the currency option?
5. When may a customer exercise the currency option?
6. What is the basic idea of the currency option?

Lesson 6

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Trade finance

Active vocabulary

advising bank - банк, производящий выплату по аккредитиву, авизующий банк; банк, извещающий бенефициара об открытии аккредитива

backlog – ресурс, незавершённые задания, задолженность (по выпуску и поставке продукции)

beneficiary – бенефициарий, тот, кто получает экономическую выгоду, получатель денег по аккредитиву или страховому полису, обладатель привилегии, получатель страховой суммы

certificate of origin - свидетельство о происхождении груза, товара

duplicate – дубликат, копия, залоговая квитанция, второй экземпляр, копия, имеющая силу оригинала

to evidence the shipment of goods - подтвердить отгрузку товара

forfeiting - финансирование торговли путём учёта векселей без права регресса, форфетирование

halt - прекращение действия, место для остановки

immediate payment - немедленная оплата, срочный платёж, немедленная уплата

inspection company – инспектирующая компания

issuing (opening) bank- банк, который открывает аккредитив в другом банке в пользу продавца, эмиссионный банк, выставляющий банк

letter of credit – аккредитив, кредитное письмо

line for confirmation of credit – ограничение по согласовываемым условиям кредита

to meet the terms of the contract - удовлетворять условия контракта

merchandize - товар(ы), торговля, ассортимент; торговать, содействовать продаже товара

negotiating stance - позиция на переговорах

overdue - не уплаченный в срок, просроченный, просрочка

overseas operations - зарубежные операции, заморские операции

packing list - поместная спецификация, упаковочная опись (товаросопроводительная документация)

partial shipment - частичная отгрузка

quote - запрашиваемая цена, опубликованная цена товара, предлагаемая цена

reimbursement - возмещение расходов, рамбусцирование, финансовое возмещение, возвращение суммы

revocable (irrevocable) letter of credit - отзывной (безотзывной) аккредитив
to say offhand – комментировать по ходу дела, импровизировать, говорить без предварительной подготовки
shortfall in interest – задолженность по выплате процентов, недостаточное выполнение кредитного соглашения
sight letter of credit - аккредитив на предъявителя, аккредитив с оплатой тратт на предъявителя
stringent – строгий, стеснённый недостатком средств, испытывающий денежный дефицит
time letter of credit - аккредитив с предъявлением срочной тратты
transhipment – перегрузка, перевалка, переотправка, транзитный груз, транзитная перевозка грузов
venture - рискованное предприятие или начинание; меры по организации нового производства; сумма, подвергаемая риску; товар, отправляемый за границу на риск отправителя; объект спекуляции

The growth in multinational corporations manufacturing and trading on a worldwide basis has led to the growth in the overseas operations of major banks over the last twenty years. Banking may be said to be the one industry on which all others depend for financial services one time or another, and banks play a key role in the import and export trade in particular. In 1981 US companies exported goods with a total value of USD 234 thousand million. In the same year the American market imported merchandize worth USD 261 thousand million. Banks provided a considerable amount of money to finance this trade, and in 1980 foreign earnings accounted for 47.3 per cent of the consolidated earnings of the ten biggest US commercial banks.

Letters of credit are the most frequently used international service provided by banks for customers involved in international trade. Such a document guarantees that the seller (exporter) will be paid provided the terms of the contract are met. At the same time, it protects the buyer (importer) by guaranteeing that payment will not be made until the contract is fulfilled. Letters of credit can be revocable or irrevocable, but the latter is most usual since it stipulates that no changes may be made without the consent of both the buyer and seller. They may also be issued on a time or sight basis. The former calls for immediate payment against the documents evidencing the
shipment of goods; the latter specifies a date by which payment must be made. The letter of credit may also be confirmed, which means that the exporter's bank undertakes to pay the exporter for
the goods once the correct documents are received.

Procedures differ according to the type of credit, but let us assume, for example, that a company in Australia wants to import goods from a company in Basle, Switzerland. As well as requiring credit, the Australian company wants to be sure that the contract will be fulfilled. The Swiss company wants to know that it will be paid for the goods.

The Australian company therefore contacts its local bank and requests, for example, an irrevocable sight letter of credit in favour of the Swiss exporter. The application will specify the documents required as proof that the shipment of goods has been made. The Australian bank notifies a bank in Switzerland of the credit, and is then known as the issuing or opening bank. The Swiss bank contracts the exporter in Basle and then known as the advising bank.

The exporter, i.e. the seller, is now the beneficiary of the letter of credit, and will receive payment provided the terms of the contract are met. When the goods have been shipped, the company in Basle presents the documents to its bank, which may or may not be the advising bank, and the bank will make payment immediately. Thus, it can do with confidence, since it knows that the issuing bank must make payment. Funds then flow from the issuing bank in Australia to the paying bank in Switzerland, as reimbursement for the money paid by the Swiss bank to the seller in Basle. The Australian bank then recovers this money from the account of its customer, the importer.

Exercise 1. Choose the necessary word.

a. seller, b. import, c. fulfilled, d. industry, e. letters of credit, f. shipment

1. Banking may be said to be the one ... on which all others depend for financial services at one time or another.
2. Banks play a key role in the ... and export trade in particular.
3. ... are the most frequently used international service.
4. Such a document guarantees that the ... will be paid provided the terms of the contract are met.
5. Until the contract is ... payment will not be made.
6. Letter of credit on a time basis calls for immediate payment against the documents evidencing the ... of goods.

Exercise 2. Translate into English.

11. Банківська справа це така галузь економіки, від якої все інші залежать, коли йдеться про фінансове обслуговування.

2. Для фінансування світової торгівлі банки надають великі суми грошей.

3. Австралійська компанія попросила місцевий банк оформити безвідкличний акредитив на користь експортера зі Швейцарії.

4. Акредитив захищає покупця гарантією того, що оплата не буде зроблена доти, доки не будуть виконані умови договору.

5. Американський ринок ввіз у країну товарів на тисячі мільйонів доларів.

Question test

1. What situation has led to the growth in the overseas operations of major banks?
2. Why do banks play a key role in the import and export trade?
3. What is the most frequently used international service provided by banks for customers?
4. What does a letter of credit guarantee?
5. What kinds of letters of credit do you know?
6. What is the issuing or opening bank?
7. What is the advising bank?

Lesson 7

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Financial News

Active vocabulary

to affect currency exchange rate - проводити курс обміну валюти

barrage of accessible information – потік доступної інформації

bounce - скакати вгору і вниз (про виручку, що різко скаче, або прибутку), підстрибувати

commodity prices - товарні ціни, ціни на готові вироби, ціни на сировинні товари

to discern trends - визначити тенденції

durable goods - товари тривалого користування, споживчі товари тривалого користування
forex volume – обсяг ВКВ, обсяг іноземної валюти (скорочено від foreign exchange)
glut - надлишок, пересичення, надвиробництво, достаток, перенасичення ринку певними фінансовими інструментами
interaction of supply and demand - взаємодія попиту та пропозиції
interest income - "Дохід (прибуток) у вигляді відсотків", процентний/рентний дохід
leaseback - зворотний лізинг, зворотна оренда, оренда продавцем проданого ним майна, продаж власності з умовою отримання її назад в оренду
to make news - готувати новини
to rise/increase a demand - підвищити попит
setback - зниження цін, регрес, рух назад, спад
short position - коротка позиція - продаж - "сиджу в шорті", коротка позиція щодо опціону, зобов'язання за терміновими угод при грі на зниження
stock market price - курс цінних паперів на фондовому ринку, ціна на фондовій біржі
to transmit news - передавати (розповсюджувати) новини
worldwide crash-світова (глобальна) криза (спад)

Modern information technology has led to news being transmitted worldwide quicker than ever before. Time differences around the world mean that financial news is being made twenty-four hours a day, and it is this barrage of readily accessible information that serves as a basis for many of the business decisions that are made concerning international banking and financing. Techniques of analysis are applied to information to determine its implications and to try to discern trends in the future.

Many prices are determined by a complex interaction of factors. With regard to currencies, it may be said that one factor governing prices is the interaction of supply and demand. Interest rates prevailing in different countries affect currency exchange rates. If interest rates rise in the UK for example, US investors may move funds to the UK to earn higher interest income. They will then sell dollars for sterling, and the demand for sterling will rise, while at the same time the supply of dollars will rise too. The dollar will therefore fall in value, while the price of sterling will rise.

Trade between countries may also affect currency rates. If, say, Japanese exports to Germany rise, and German exports to Japan remain the same, there will be an increase in the supply of Deutschmarks as Japanese exporters sell them for dollars. This will normally increase the value of the Yen in relation to Deutschmarks. Government intervention may also affect exchange rates. If sterling is weak, for instance, the Bank of England may enter the market to buy sterling with some of its reserves of other currencies.

This will reduce the supply of sterling, thereby increasing its value. Stock market prices in a particular country are often affected by stock market prices elsewhere in the world, and markets tend to move together, as indicated by the worldwide crash in the autumn of 1987. The share price of any one company will obviously tend to be influenced by the financial performance of the company, details of which are released at various times during the financial year. The factor of supply and demand mentioned earlier will also tend to affect commodity prices. A bad coffee harvest in Brazil will increase the price of coffee because demand will exceed supply. The over-production of oil, on the other hand, will lead to a fall in the price of the commodity, since there will be a glut of oil available on the market.

Exercise 1. Choose the necessary word.
a. interaction, b. exchange, c. trends, d. value, e. tend, f. affect

1. Techniques of analysis are applied to information to determine its implications and to try to discern ... in future.
2. Many prices are determined by a complex ... of factors.
3. The dollar will fall in ...., while the price of sterling will rise.
4. Trade between countries may also ... currency rates.
5. Government intervention may also affect ... rates.
6. The share price of any one company will obviously ... to be influenced by the financial performance of the company.

Exercise 2. Translate into English.
Exercise 2. Translate into English.
1. Різниця в часі по всьому світу означає, що фінансові новини народжуються 24 години на добу і цей потік новин служить основою для серйозних рішень у світі бізнесу та фінансів.
2. Якщо у Великій Британії відсоткові ставки збільшуються, можна направити фінанси до цієї країни, щоб заробити Вищий прибуток на відсотках.
3. Ціни на фондовій біржі у певній країні часто залежать від цін у будь-якому іншому регіоні світу.
4. Різні технології застосовуються для обробки інформації, щоб визначити сферу застосування одержуваних даних.
5. Фактор взаємозв'язку попиту та пропозиції визначає динаміку цін на товари.

Question test
1. Why is news being transmitted at present much quicker than ever before?
2. What factor serves as a basis for many business decisions concerning international banking and financing?
3. How does the interaction of supply and demand govern prices?
4. In what way do interest rates in different counties affect currency exchange rates?
5. What factor is the share price of any company influenced by?
6. Will the factor of supply and demand affect commodity prices? Prove it.

Lesson 8

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності

Projects

Active vocabulary
buyer credit-кредит покупцю, споживчий кредит
bid – пропозиція ціни, курс покупця, заявка на торгах, конкурсна пропозиція
bidder - покупець на аукціоні, особа, яка пропонує ціну; підрядник, який бере участь у торгах на поспіль
consortium - об'єднання незалежних компаній для виконання проекту
ECGD – Департамент страхування експортних кредитів (Export
Credits Guarantee Department)
exchange rate fluctuation - коливання валютного курсу
front-end loan - разова позичка, початкове запозичення, фінансування, що забезпечується на перших стадіях виконання контракту

to grant big advances - виділяти великі позички (транш)
to handle a loan - справлятися із позикою (контролювати)
lead manager - інвестиційний банк, який виступає головою синдикату кредиторів, провідний керуючий, головний організатор та гарант кредиту
long-term funds – довгостроковий капітал
multiples – аналітичні показники, що характеризують акції
package deal - комплексна операція, акордний контракт, угода про купівлю кількох видів товарів за паушальну суму
preferential fixed rate of interest – фіксована норма позичкового відсотка на пільгових умовах
progress payments – поступові платежі, проміжні виплати, збільшення кредиту у міру будівництва об'єкту
provision of credit - видача кредиту, надання кредиту
to raise money - вишукувати кошти, позичати гроші (мобілізувати капітал), отримувати позику
to refer a proposal - спрямовувати пропозицію, пропонувати
subscription – відрахування, внесок, підтвердження (скріплене особистим підписом), підписання документа; угоду про намір придбати цінні папери нового випуску
supplier credit - кредит постачальникам, комерційний кредит
to syndicate – об'єднувати в консорціум чи синдикат
syndicated lending - синдикатне кредитування (організоване кількома учасниками)
syndicated loan – синдикований банківський кредит, банківська позика, надана членам консорціуму
tendering - подання заявки, участь у торгах
turnkey basis - здавання "під ключ", постачання під ключ
underwriting – гарантування розміщення цінних паперів, прийом на страхування, андеррайтинг, гарантування розміщення позики, розмір страхової премії
when due - коли настав термін платежу, після настання терміну платежу

The provision of credit is one of the primary functions of a bank. It allows the borrower to finance major projects which would have otherwise not been possible. A company building a new production plant or a country building a new dam both need to raise very large sums of money in order to get the job done. The provision of funds by banks for specific projects is thus an important part of international financing.

For practical or legal reasons, a bank may decide that a particular loan is too large to handle alone. Banks often therefore refer loan proposals to other banks, frequently their larger correspondents, and invite them to participate in the loan. Syndicated lending therefore allows a bank to share with other banks (sometimes 100 or more from different countries) the risks involved in granting big advances. The borrower is able to obtain more than would be possible from a single bank, even though he or she deals with only one bank which organizes the participation of the other banks. The lead manager, as this bank is called, decides the rate of interest to be charged, collects payments from the borrower when due, and distributes the money to the participating banks.

International lending normally requires a clear understanding of the political and economic situation of the country in question, since granting credit naturally involves a degree of risk. Banks therefore examine exchange control regulations, balance of payments difficulties, payment records and so on before undertaking an international loan for a major project.

In Britain, the Export Credits Guarantee Department was set up in 1919 to help British exports. One of its range of services is to guarantee banks against losses resulting from loans made to the
exporter (supplier credit) or to the buyer overseas (buyer credit). Such credits are used for loans of more than two years' duration and for large contracts such as ships. In the case of a buyer credit, the ECGD lends up to 85 % of the contract price to the buyer, or a bank in the buyer's country, so that the exporter can be paid.

A similar organization in the USA is the Export - import Bank (Eximbank), a government organization set up in 1934 to aid trade between the United States and other countries.

Exercise 1. Choose the necessary word.

a. loan, b. the provision, c. due, d. to raise, e. clear understanding, f. proposals, g. duration, h. lead manager

1. ... of credit is one of the primary functions of a bank.
2. A company building a new production plant or a country building a new dam both need … very large sums of money.
3. A bank may decide that a particular ... is too large to handle alone.
4. Banks often refer loan ... to other banks.
5. The ... decides the rate of interest to be charged, collects payments from the borrower when ..., and distributes the money.
6. International lending normally requires a ... of the political and economic situation of the country in question.
7. Credits are used for loans of more than two years' ... and for large contracts such as ships.

Exercise 2. Translate into English.

1. Виділення кредиту дозволяє позичальнику фінансувати великі програми.
2. Якщо банк вважає, що позика занадто велика, вона може запропонувати іншим банкам взяти участь у позиці.
3. Банк-інвестор вирішує, яку відсоткову ставку нарахувати.
4. Одна з численних послуг департаменту – це гарантія того, що банки не зазнають втрат від кредитів, виданих експортером.
5. Експортно-імпортний Банк США допомагає торгівлі між США та іншими країнами.

Question test

1. What function of the bank aids to finance major projects?
2. When do banks refer loan proposals to other banks and invite them to take part in the loan?
3. What kind of lending allows a bank to share risks with other banks?
4. What is the lead manager responsible for?
5. Why does international lending require a clear understanding of the political and economic situation of the country in question?
6. What organization was set up in Britain in 1919?
7. How is a similar organization set up in the U

Lesson 9

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності

Trends

Active Vocabulary
accounting records- бухгалтерські звіти
ATM withdrawal - зняття грошей через банкомат (Automated Teller Machine)
authentication measures - прийоми встановлення ідентичності,
заходи щодо посвідчення або засвідчення під
лінності документа, способи засвідчення справжності документа
balance of payment difficulties- труднощі платіжного балансу
to commit sum- вкладати капітал
concessionary rate - пільгова (концесійна) процентна ставка
contingency planning - планування дій в екстремаль
них умовах, планування на випадок надзвичайних обставин
dealing room-операційний зал, дилерська кімната
deficit-нестача, недостатність, недолік, недостатня сума, дебетове сальдо рахунки нерозподіленого прибутку
EFT - електронний переказ коштів, ЕПС, електронна пересилка фондів, електронні платежі (electronic fund transfer)
encryption - зашифрування, кодування, засекречування
financial conglomerate - фінансова багатопрофільна корпорація, диверсифікована фінансова компанія, що має філії, що торгують різними товарами та послугами
growing demand for finance - зростаючий попит на фінанси
IC-Intermediate Cross-Connect, Identity Card
interest payments- сплата відсотків, процентні платежі
interface- сполучна ланка, узгоджуючий пристрій
ledger- прибутково-видаткова книга, бухгалтерський регістр, головна бухгалтерська книга
loan portfolio- портфель виданих позик, загальна сума дебіторської заборгованості, позичковий портфель
to meet obligations - виконувати зобов'язання
OECD – організація економічного співробітництва та розвитку (Organisation for Economic Co-operation & Development)
to offer financial services- надавати фінансові послуги
over-the-counter transactions- позабіржові (що проводяться за готівку або без посередників) угоди
personnel costs-витрати на утримання персоналу
portfolio- портфель цінних паперів, капітал у цінних паперах, перелік цінних паперів,
ratio - пропорція, коефіцієнт, співвідношення, відносний показник
real-time data-оперативні дані; дані, що надходять у реальному масштабі часу
repayment installments- чергові внески (погашення)
repercussions – вплив, наслідки, результати
to reschedule loans- перерозподілити позики
to restructure – змінювати структуру, перетворювати, реорганізовувати, перебудовувати структуру
securities house - фірма, що торгує цінними паперами
security operations- операції, що забезпечують безпеку, операції служби безпеки
statutory means - нормативний інструмент, передбачений законом засіб; операція, що підлягає виконанню згідно із законом

SWIFT– Міжнародна міжбанківська організація з валютних та фінансових розрахунків за телексом (Society for
Worldwide Interbank Financial Telecommunications), міжбанківська електронна система передачі інформації та здійснення платежів, СВІФТ
to transmit (transfer) electronically- передавати електронним способом
up-to-the-minute data– останні дані, щохвилинні повідомлення, інформація про те, що трапилося,
world recession-світова рецесія (спад)

Banking has faced considerable external change over recent decades, and major changes have taken place in the industry itself. Developments have been many and rapid. One of the most important developments during the 1980s was the growth in international debt problems, a situation which had begun to evolve in the previous decade. In addition to the growth in the financial needs of large companies, government agencies around the world also formed an area of
growing demand for finance in the 1970s. International banks assisted countries with balance of payments difficulties, that is those which were importing much more than they were exporting, by
lending them large sums of money, and this assistance increased after the sharp rise in oil prices in 1973, since the higher prices meant even greater balance of payments problems for some countries. Banks were at this time able to lend out more money, deposited with them by oil producing countries, to countries with payment deficits. Some leading banks committed sums which exceeded their capital and reserves, ignoring the principle of a well-spread loan portfolio.

During the 1980s, however, high interest rates and world recession prevented several countries from meeting their repayment obligations. Banks have had to reschedule loans, that is arrange for
interest payments and repayment installments to be delayed, and the debt crisis, as it has been termed, has put banking in the industrialized countries under a certain amount of strain. Some observers see the financial strength of the banks depending on the financial strength of the debtors. In this way, they claim, the debt problem threatens both the development of the debtor countries and the stability of the banking system of the industrialized world.

A second challenge faced by banks recently is the increasing competition from other organizations, both in terms of numbers and in the range of financial services offered. Banks are generally very closely regulated, examined, restricted and supervised, making it sometimes difficult to meet new competition from institutions operating under different regulations, such as insurance companies.

Laws and regulations restraining the activities of banks and other financial organizations have been changing, and continue to change. One example in the UK is the so-called Big Bang, which in 1 986 deregulated the traditional procedures for dealing in UK securities. The changes taking place in the financial services industry are not confined to any one country, however, and innovation and development are contributing to general market evolution, both nationally and internationally.

A third trend in banking during recent years has been the growth in the application of technology in the industry. Accounting records are maintained with the aid of computer systems, where ledgers were once kept by hand. Messages can now be transmitted
and funds can be transferred around the world electronically in a matter of moments. Dealing rooms often use the latest technology, with electronic hardware and software. The information systems used may include a transaction input capability, an interface with main office systems,

large high resolution colour displays, and soon, to provide the up-to-the-minute data on which effective trading decisions are based.

While electronic systems reduce time and paper, they do involve certain risks, such as those of computer system failure and fraud. Security operations in both cases are therefore of vital importance to modern banks. If a system breaks down, it is imperative that in formation is not lost. With large sums of money being sent around the world electronically, it is also imperative that banks prevent outsiders or unauthorized users from penetrating their systems and diverting funds for their own use. One professional survey in the UK in the mid-1980s estimated that computer fraud involving funds transfer in the UK totaled some 50 million pounds a year.

Banking services offered to the general public are also becoming increasingly automated, as banks try to reduce their costs associated with branch over-the-counter transactions, such as personnel costs.

Exercise 1. Choose the necessary word.

a. records, b. imperative, c. assisted, d. personnel, e. loan, f. failure, g. payments, h. market, i. competition

1. Many banks try to reduce their ... costs offering their automated services.
2. International banks ... countries with balance of payments difficulties.
3. During the sharp rise of oil prices in 1973 the higher prices meant even greater balance of ... problems for some countries.
4. Some leading banks ignored the principle of a well-spread ...portfolio.
5. Recently banks faced the ... from other organizations both in terms of numbers and in the range of services.
6. Financial services industry development and innovation are contributing to general ... evolution.
7. Accounting .... are maintained with the help of computer systems.
8. Electronic systems do involve certain risks, such as computer system ....
9. If a system breaks down it's ... that information is not lost

Exercise 2. Translate into English

1. За останні десятиліття у сфері банківських послуг про відбулися великі зміни.
2. Банки зіткнулися з постійно зростаючою конкуренцією з сторони інших організацій.
3. Бухгалтерські документи ведуться за допомогою комп'ютерних програм.
4. Хоча електронні системи заощаджують час та папір, вони схильні до певного ризику

Question test

1. What was the most important development in banking industry during the 1980s?
2. What countries did international banks assist and why did the assistance increase in 1973?
3. Which principle was ignored by many banks committing sums which exceeded their capital and reserves?
4. What facts prevented several countries to meet their repayment obligations?
5. What was the result of the debt crisis for industrialized countries?
6. What does the financial strength of banks depend on?
7. Why is it difficult for banks to compete with insurance companies?
8. What changes have taken place after the application of technology in the banking industry?
9. Why are security operations of vital importance to modern banks?

10. What are the advantages of banking automated services offered to the general public?

Lesson 10

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Stock Exchange

Active vocabulary.
major [ˈmeɪdʒər] головний, значний, основний
to host [həʊst] проводити, організовувати, приймати гостей
to establish [ɪˈstæblɪʃ] встановлювати, заснувати, заснувати, сформувати
regulation [regjəˈleɪʃən] припис, правило, інструкція, положення
to refer [rɪˈfɜːr] посилатися, віднести, ставитись, послатися
requirement [rɪˈkwaɪəmənt] вимога, необхідні умови, потреба, необхідність
blue-chip [bluːˈtʃɪp] престижний, авторитетний, вищого класу
to issue [ˈɪʃuː] випускати, видавати likely [ˈlaɪkli] ймовірно, швидше за все, можливий, напевно
stake [steɪk] частка, ставка, пай, участь
estate [ɪˈsteɪt] майно, власність, нерухомість
tie up [ˈtaɪʌp] зв'язувати, стягувати, прив'язати, в'язати
possession [pəˈzeʃən] володіння, володіння, майно, власність
to sign over [saɪn ˈəʊvər] відписувати, передавати
mutual fund [ˈmjuːtʃuəl fʌnd] взаємний / пайовий фонд
convenience [kənˈviːniəns] зручність, комфорт thriving [ˈθraɪvɪŋ] процвітаючий, квітучий, що розвивається
to handle [ˈhændəl] справлятися, керувати, обробляти
to participate [pɑːˈtɪsɪpeɪt] брати участь, брати участь gain [geɪn] прибуток, приріст, вигода, дохід
proposal [prəˈpəʊzəl] пропозиція
listed exchanges (термін для позначення тих бірж, які не входять до офіційного списку та продають акції методом OTC) OTC (Over-The-Counter) (використовується для опису акцій, які торгуються безпосередньо між дилерами, тобто люди та організації, які купують та продають для інших, а не на фондовому ринку)
to pass away [pɑːs əˈweɪ] померти, померти
hedge fund [ˈhedʒ ˌfʌnd] хеджевий фонд security [sɪˈkjʊərəti] цінний папір
to absorb [əbˈzɔːb] поглинати, абсорбувати, споживати, вбирати
to merge [mɜːdʒ] об'єднувати, з'єднати

The world of exchanges is a very interesting place. It might seem terrible for beginners, but learning about stock exchanges shows that there is nothing scary about them. To start with, there are dozens of stock exchanges all over the world. For example, when one exchange closes in China, another one opens in Germany, it allows to create the endless circle of transactions and operations. The amount of money which some stock exchanges profit may cover budgets of several third-world counties. But let’s start with simpler things and then go deeper and learn about OTC (Over-The-Counter) markets, purpose and significance of exchanges, how people bought and sold securities during World War I and finally the main stock exchanges in the world.

First, what is an exchange? Let’s put it simply; an exchange is an institution, organisation, or association which hosts a market where stocks, bonds, options, futures, and commodities are traded. Buyers and sellers come together to trade during specific hours on business days. Exchanges establish certain rules and regulations on the firms and brokers that are involved with them. If a particular company is traded on an exchange, it is referred to as “listed". Securities that are not listed on a stock exchange are sold OTC, which stands for Over-The-Counter. Companies that have shares traded OTC are usually smaller and riskier because they do not meet the requirements to be listed on a stock exchange. However, sometimes those firms might go up. Many giant blue-chip stocks, such as Berkshire Hathaway, at one time traded on the over-the-counter market now they migrated to the so-called "Big Board," or New York Stock Exchange.

What is the purpose of a stock exchange?

When a business raises capital by issuing shares, the owners of those new shares will want to sell their stake someday. There are many reasons for selling their shares. Maybe they have a child going to college and they need to cover the costs. Perhaps they relatives pass away, and their estate is a subject to some estate taxes they have got to pay. Without a stock exchange, these owners would have to go around to friends, family members, and community members, hoping to find someone to whom they could sell their shares. Technically, you can do this. You do not have to sell your shares on a stock exchange. You can take physical possession of your stocks in certificate form, endorse them, and sign them over to someone in exchange for payment in your lawyer's office, or at your dining room table if it suits you. When the stock exchange was closed during World War I, many people did just that, creating a secondary shadow market. The downside is that there is no transparency. Nobody knows what the best price is for a given stock at any given moment in time. You could be selling your shares for $50 while the guy two towns away is getting $70)

With a stock exchange, you will never know the person on the other end of the trade. He, she, or it could be halfway around the world. It could be a retired teacher. It could be a multi-billion dollar insurance group. It could be a publicly traded mutual fund or hedge fund. The need for convenience is what led to the establishment of the biggest stock exchange in the world.

In the United States, a group of stockbrokers met under a tree in New York City. On May 17th, 1792, twenty-four of these stockbrokers got together outside of 68 Wall Street to sign the now-famous Buttonwood Agreement, which effectively created the New York Stock & Exchange Board. Almost three-quarters of a century later, in 1863, it was more efficient for finding liquidity so that an investor in California could just as easily sell his or her shares to someone in Zurich.

London Stock Exchange

What are the major stock exchanges in the world? At one time, the United States had thriving regional stock exchanges which were located in particular parts of the country. In San Francisco, for example, the Pacific Stock Exchange had a system where brokers would handle buy and sell orders for local investors who wanted to purchase or liquidate their ownership stakes. Most of these were shut down, purchased, absorbed, or merged following the rise of the microchip, which made electronic networks much

As of January 31st, 2015, the biggest stock exchanges in the world by market capitalisation of listed securities are:

1. The New York Stock Exchange is located in New York City with $19.223 trillion in listed market capitalisation.

2. NASDAQ is short for the "National Association of Securities Dealers Automated Quotation," this electronic stock exchange is located in New York City with $6.831 trillion in listed market capitalisation.
3. London Stock Exchange is located in London, England with $6.187 trillion in listed market capitalisation.
4. Tokyo Stock Exchange is formally known as the Japan Exchange Group, located in Tokyo, Japan with $4.485 trillion in listed market capitalisation.
5. Hong Kong Stock Exchange is located in Hong Kong, Hong Kong with $3.325 trillion in listed market capitalisation.
6. TMX Group is the Canadian stock exchange is located in Toronto, Canada with $1.939 trillion in market capitalisation.
7. Deutsche Börse is the German stock exchange, located in Frankfurt, Germany with $1.762 trillion in market capitalisation.

The significance of the stock market. The stock market is one of the most significant components of a free-market economy. It allows companies to raise money by offering stock shares and corporate bonds. It lets common investors participate in the financial achievements of the companies, make profits through capital gains, and earn money through dividends, although losses are also possible. The stock market works as a platform where savings and investments are getting together into productive investment proposals. In the long term, it helps in capital formation & economic growth for the country.

Ex. 1. Explain the following words or phrases.

1. Regulations – ___________________________________
2. To pass away – ______________________________
3. Possession – ____________________________________
4. To handle – _________________________________
5. To issue shares – ________________________________
6. Proposal – __________________________________
7. Estate –____
8. To sign over a certificate – ____________________
9. To trade – _______________________________________
10. Blue chip firms – _______

Ex. 2. Choose the correct word.

1. When a business raises capital by issuing shares, the keepers / owners of those new shares are likely going to want to sell their stake someday.
2. Securities that are not listed / entered on a stock exchange are sold OTC, which stands for Over-The-Counter.
3. An estate might be a subject to some estate taxes / fines one has got to pay.
4. Buyers and sellers come together to deal / trade during specific hours on business days.
5. You can take physical possession of your stocks in certificate form, and sign / emblem them over to someone in exchange for payment.
6. The stock market allows companies to raise / expand money by offering stock shares and corporate bonds.
7. The need / demand for convenience is what led to the establishment of the biggest stock exchange in the world.
8. New York Stock & Exchange Board was recalled / renamed almost three-quarters of a century later, in 1863.

9. In San Francisco, for example, the Pacific Stock Exchange had a system where brokers would host / handle buy and sell orders for local investors who wanted to purchase or liquidate their ownership stakes.
10. When the stock exchange was closed during World War I, many people sold their shares to one another, creating a secondary black / shadow market.

Question test
1. What is the purpose of exchanges?
2. Does everyone have a possibility to buy shares?
3. What are "listed" companies? What is the difference between "listed" companies and those who trade on the over-the-counter market?
4. Why do people and firms buy and then sell their stakes?
5. How did people sell their shares during World War I, while the exchanges were closed?
6. What is the NYSE? How was it established?
7. What are the biggest and most important exchanges nowadays?
8. According to the source, the Russian exchanges are not listed in the TOP major exchanges around the world. Why? What Russian exchanges do you know?
9. Why are exchanges so significant for the world economy?
10. What would happen if all the exchanges around the world were closed?

Ex. 5. Translate into English.
1. Формально перша у світі фондова біржа була відкрита в Амстердамі на початку 1600-х.
2. На даний момент у Росії налічується 10 фондових бірж. Проте, торги цінними паперами відбуваються лише з 3.
3. Цінні папери випускають для того, щоб залучити додаткові гроші. Перед випуском емітент оцінює скільки грошей йому потрібно і в якій формі.
4. Брокер – посередник між інвестором та емітентом, професійний учасник ринку, який здійснює угоди з цінними паперами для інвестора.
5. Власникам цінних паперів можуть бути виплачені дивіденди, це рішення приймається самою компанією на основі її фінансових результатів.
6. Однією з основних функцій фондової біржі є забезпечення фінансового кругообігу, здатного проводити світову економіку як позитивно, і негативно.
7. Біржа дає можливість фірмам та приватним інвесторам здійснювати угоди з різними фінансовими інструментами, такими як акції, облігації, кредитні деривативи тощо.
8. Фінансові інструменти відрізняються різними ризиками. Чим менший ризик, тим менше можна заробити і навпаки.
9. Ринок цінних паперів здатний залучати грошові запаси населення, що у своє чергу може негативно позначитися попиті товари.

Lesson 11

Мета навчання: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

FinTech firms

Technological innovation holds great promise for the provision of financial services, with the potential to increase market access, the range of product offerings, and convenience while also lowering costs to clients. At the same time, new entrants into the financial services space, including FinTech firms and large, established technology companies ('Big Tech'), could materially alter the universe of financial services providers.1 This could in turn affect the degree of concentration and contestability in financial services, with both potential benefits and risks for financial stability.

Greater competition and diversity in lending, payments, insurance, trading, and other areas of financial services can create a more efficient and resilient financial system. Notwithstanding these clear benefits to financial stability, heightened competition could also put pressure on financial institutions' profitability. This could lead to additional risk taking among incumbents in order to maintain margins. Moreover, there could be new implications for financial stability from BigTech in finance and greater third-party dependencies.

While markets have developed differently across jurisdictions, there are commonalities that warrant international discussion. While these commonalities may be global in scope, their impact on each jurisdiction depends on the state of development of the financial services industry and the regulatory environment. Some key considerations from the FSB's analysis of the link between technological innovation and market structure are the following:

• To date, the relationship between incumbent financial institutions and FinTech firms appears to be largely complementary and cooperative in nature. FinTech firms have generally not had sufficient access to the low-cost funding or the customer base necessary to pose a serious competitive threat to established financial institutions in mature financial market segments. Partnering allows FinTech firms to viably operate while still being relatively small and, depending on the jurisdiction and the business model, unburdened by some financial regulation while still benefitting from access to incumbents' client base. At the same time, incumbents benefit from access to innovative technologies that provide a competitive edge.

• Yet there are exceptions to this trend, as some FinTech firms have established inroads in credit provision and payments. FinTech credit is growing rapidly, but is still small as a proportion of overall credit in most jurisdictions. To the extent that technology permits a further unbundling of profitable services traditionally offered by banks and other institutions, the profitability of such institutions may be negatively affected in the future.

• The competitive impact of Big Tech may be greater than that of FinTech firms. Big Tech firms typically have large, established customer networks and enjoy name recognition and trust. In many cases, these companies could also use proprietary customer datagenerated through other services such as social media to help tailor their offerings to individual customers' preferences. Combined with strong financial positions and access to low-cost capital, Big Tech firms could achieve scale very quickly in financial services. This would be particularly true where network effects are present, such as in payments and settlements, lending, and potentially in insurance. Cross-subsidisation could allow Big Tech firms to operate with lower margins and gain greater market share. Hence, while Big Tech firms could represent a source of increased competition for incumbent financial institutions, in some scenarios, their participation may not result in a more competitive market over the longer term. A greater market share of Big Tech may be associated with unchanged or higher concentration, along with a change in composition away from traditional players. A striking example is the mobile payments market in China, where two firms account for 94% of the overall market.

• Reliance by financial institutions on third-party data service providers (e.g. data provision, cloud storage and analytics, and physical connectivity) for core operations is currently estimated to be low. However, following the trend in other industries, some analysts predict that reliance will increase going forward. If high reliance were to emerge, along with a high degree of concentration among service providers, then an operational failure, cyber incident, or insolvency could disrupt the activities of multiple financial institutions. Thus, while increased reliance on third-party providers specialising in cloud services may reduce operational risk at the individual firm level (idiosyncratic risk), it could also pose new risks and challenges for the financial system as a whole, particularly if risks are not appropriately managed at the firm level, and if the complexities and interconnectedness of third parties and their usage continue to grow. This was noted in the conclusions of the FSB's 2017 report on FinTech to the G20,

Exercise 1. Compose an assay on one of the following topics:
"The reasons for creating a more efficient and resilient financial system"
"Characteristics of FinTech firms"
"The competitive impact of Big Tech "

Question test
1.What are the functions of FinTech firms?
2.Does FinTech provides financial stability?
3. What are the relationship between incumbent financial institutions and FinTech firms?
4.How can you characterize FinTech credit?
5.What kind of competition is there between Big Tech firms and FinTech firms?
6.What is the prediction of analyst as to reliance by financial institutions on third-party data service providers?
7. Can increased reliance on third-party providers specialising in cloud services reduce operational risk?

Lesson 12

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності

Financial innovation and links to market structure. Part 1

Earlier FIN papers have highlighted the drivers of FinTech innovations, including technology, regulation, and evolving consumer preferences, including customisation. Here we focus on some specific drivers that could influence the market structure of the financial sector in key ways. On the supply side, these include the use of application programming interfaces (APIs) over the internet, cloud computing, and changes in consumer behaviour driven by smart phone technology. The utility of certain technological applications has increased dramatically with big data and greater computing power. Although it is too early to predict, going forward, applications of distributed ledger technology (DLT) may have significant impact. Moreover, the pace of adoption of financial innovations has increased, meaning that market structure impacts could be felt more quickly than in past eras. Some elements of financial regulation, such as licensing requirements and competition aspects in regulation, can also be relevant supply-side drivers as discussed below. Finally, there have been a number of changes in customer demand. This section considers each of these factors in turn.

Supply factors – technological developments

Use of APIs. The use of APIs allows different software applications to communicate with each other and exchange data directly, without the need for human inputs. APIs have been used for decades, for example, in the US to enable personal finance management software to present billing at bank websites, and to connect developers to payments networks. They have become the de facto standard for sharing data, and recently became the mechanism of choice for use over the internet to enable organisations that hold large amounts of data to become platforms for third party innovation.

Newer deployments, including 'open APIs,' facilitate service improvements, particularly more immediacy in payments. It is reported that the programmable web, a public directory of web APIs, has grown the size of its records from just one in 2005 to more than 17,000 in 2017. Several jurisdictions have or are developing frameworks for the application of APIs. APIs can also support greater unbundling of services. Yet the use of APIs, if not well deployed and securely managed, could in principle lead to new risks. In particular, poorly deployed API's could lead to increased market structure fragility.

Supply factors – regulation Since the global financial crisis, the G20 regulatory reforms have made the global financial system materially more resilient. In addition to the G20 reforms, a number of other policy interventions may impact on the development of FinTech firms, Big Tech firms and incumbents.

Licensing and supervision regulation Changes in licensing and prudential supervision frameworks can impact the emergence of new FinTech business models. As noted in the recent BCBS report, most current supervisory and licensing frameworks predate the emergence of FinTech. That report recommends to supervisors, where appropriate, to monitor the impact of new business models and financial services delivery systems to determine how they affect their ability to supervise end-to-end financial transactions. BCBS surveys indicate that authorities are comfortable with the applicability of regulatory requirements to banking services provided by FinTech firms and nearly half the regulatory authorities surveyed also are considering new regulations or guidance related to emerging FinTech services.

Exercise 1. Compose an assay on one of the following topics:
"The impact of Application programming interfaces (APIs)"
"Licensing and prudential supervision frameworks"

Question test
1.Why do (APIs) play so important role in FinTech innovations?
2. How do newer deployments, including 'open APIs,' facilitate service improvements?
3.What is the target of G20?
4.What can you say about the changing in licensing and prudential supervision frameworks?

Lesson 13

Мета заняття: Використовувати професійну аргументацію для донесення інформації, ідей, проблем та способів їх вирішення до фахівців і нефахівців у фінансовій сфері діяльності

Financial innovation and links to market structure. Part 2

Competition aspects in financial regulation After the financial crisis, new models emerged with respect to the role of competition and the financial services sector. For example, in 2015 the UK Financial Conduct Authority gained concurrent powers for enforcement of competition policy. Supervisors in other jurisdictions have also been granted competition-related powers, or introduced new methods of cooperation with competition authorities. In many cases, ensuring contestability and a level playing field is an explicit policy objective, and some authors have suggested assessing the application of antitrust tools, such as merger controls, alongside regulation to ensure financial stability.

A particularly salient example of regulation aimed at promoting competition is in policies around open banking. In the European Union, this was decided in 2015 through the revised Payment Services Directive (PSD2). PSD2 intends to make it easier and safer to use internet payment services; better protect customers against fraud, abuse and payment problems; and promote innovative mobile and payment services. PSD2 mandates open access to certain types of customers' banking data38 for non-bank licensed providers of payment initiation services (PIS) and account information services (AIS). The latter providers are thus allowed to acquire information pertaining to personal online banking accounts, if customers explicitly so choose, and banks are not entitled to deny their access right. Under PSD2, customers should be able to open one app for one account and see a list of all their accounts, even those with other banks; authorise licensed third parties to access a certain set of their payment-related banking details without having to provide login details; and decide which information they want to share with what provider and for how long.

Similarly, the EU interchange fees regulation (IFR), which entered into force in 2015, aims to enhance competition by reducing interchange fee flows for card-based payments and increasing transparency in this market sector. In other jurisdictions, comparable developments include 2017 revisions to the Banking Act in Japan, which included provisions to encourage banks to open their APIs, as well as banks' ability to acquire FinTech firms and/or collaborate with them to promote innovation and efficiencies.

The Canadian competition authorities in 2017 also completed a similar review of the payments sector (along with a review of lending and equity crowdfunding, and investment dealing and advice). The recently passed Mexican FinTech Law (approved on 1 March 2018) also includes requirements for financial entities, including FinTech firms, and novel models (such as a regulatory sandbox) to open data through APIs to third parties and allows them to collect fees for this; to prevent these fees from being excessive or incongruent, financial authorities will authorise the proposed fees and can veto them. In Australia, the government has announced that a 'consumer data right' (giving customers a right to direct that their data be shared with others they trust) will be applied sector by sector, with open banking to be the first application.

In addition to these areas, the regulatory approaches to the oversight of cloud service providers may be relevant. In some cases, these approaches have considered concentration risks and cloud services.

Moreover, data protection regimes can have an impact on both the degree of competition and contestability of markets (i.e. the ability of new players to enter), and the potential for firms to expand internationally. Specifically, the cross-border application of different regimes may hinder global business operations. As one commentator noted, "fragmentation and market barriers are emerging around requirements for privacy and data flows across borders that make international operability a growing challenge." Moreover, there may be a risk that firms located in jurisdictions with restrictive data protection regimes are not permitted to operate in third countries on the grounds of the firms' inability to subject themselves to effective supervision from third-country regulators. Another financial stability concern raised by data protection regimes is that third-country authorities' ability to supervise foreign firms from operating in their jurisdiction (either directly or in cooperation with a foreign regulator) may be hindered. This would be mitigated if data protection frameworks offer a mechanism that ensures that third-country authorities have access to the personal data needed to conduct their supervisory and enforcement activities.

Exercise 1. Compose an essay on one of the following topics:
"The impact of competition in financial regulation"
"The EU interchange fees regulation"
"Data protection regime"

Question test
1.What new models were used in the UK with respect to the competition?
2.What kind of regulation was made around open banking?
3.What fees regulation entered in force in 2015 in the EU?
4.What was the situation with competition authorities in Canada in 2017?
5.What are the measure in Australia authority?
6. Did data protection regimes can have an impact on both the degree of competition and contestability of markets?

Lesson 14

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Impact to date of FinTech firms

Various FinTech services are being used by substantial shares of retail clients in specific markets, particularly in China. Yet to date, FinTech firms have typically found new niches – e.g. platforms for P2P lending, crowdfunding, and cross-border payments – and underserved clients, such as small businesses or people who lack a credit history. In other cases, they have cooperated with incumbents or Big Tech firms. Cooperation gives FinTech start-ups access to clients (for example, through selling white-label and co-branded products) while, depending on the jurisdiction and the business model, potentially reducing their regulatory compliance burden. In turn, incumbents get access to innovative technologies and products and can gain advantage by being the first ones to offer their clients new products and services.
One area that may see more competitive pressure from FinTech is lending, particularly to underserved segments of the population. As described in previous FIN work, a range of new lending platforms, including P2P and marketplace lenders, have appeared in jurisdictions around the world.

These platforms often have access to online methods of client interaction; new data sources and methodologies for analysing data (such as machine learning); and new business models. In theory, this can create competitive pressure for incumbents, and force them to streamline their own loan underwriting processes and employ better and faster data analytics systems. So far, competitive pressures on incumbent lenders in most established market segments appear limited. Available data suggest that despite rapid growth, FinTech credit is still small as a proportion of overall credit in most jurisdictions, including China, Korea, and the UK. Credit quality of P2P lending platforms has also been a concern.

On the other hand, cooperation between incumbents and FinTech firms has been observed in a number of markets. Often, incumbents outsource to FinTech firms some of their lending business, while FinTech firms benefit from access to incumbents' client base and reputation.

Lending platforms have also entered segments where they have no competition from the incumbents, e.g. among unbanked clients (providing online services to those who cannot apply for loans from traditional players) and underserved segments (small businesses, subprime customers, and clients with insufficient credit history or lower job security). Partnerships are also common in the payments space.

Exercise 1. Compose an essay on one of the topics:
"New niches of FinTech firms"
"New lending platforms"

Question test
1.What is the position of FinTech services in China?
2. Does the cooperation FinTech and BigTech firms give start-ups access to clients?
3.What client interaction do you know?
4. Do lending platforms have entered segments where they have no competition from the Incumbents?

Lesson 15

Мета заняття: Спілкуватись в усній та письмовій формі іноземною мовою у професійній діяльності.

Impact of Big Tech firms

In some jurisdictions, large, well-established technology firms have recently entered financial services markets. These firms can provide financial services as part of the products or services that they normally provide. Big Tech firms can partner with incumbents and act as distributors of their payment, lending and insurance products (which is being significantly simplified through APIs). Alternatively, their access to a large quantity of client data could allow them to carry out risk assessments, which could underpin the provision of credit.

Some data provides an overview of financial activities currently provided by Big Tech firms. The Chinese Big Tech firms (Alibaba, Baidu and Tencent) in particular are active across a range of financial services. In many cases, these firms partner with incumbent financial institutions or new FinTech players to offer credit, insurance, wealth management services over their platforms. In the United States, Amazon lending, launched in 2011, offers loans to merchants selling goods through its marketplace. As of December 2017, Amazon had $2.6 billion in seller receivables related to its seller lending programme.

Recently, Amazon has begun apartnership with Bank of America on small business lending, and is reportedly in talks with banks around a checking account product. In Australia, Japan, and the UK, PayPal Working Capital is also increasing lending to businesses. In East Africa, Egypt and India, Vodafone MPesa reports having 32 million active users in payments, and in Kenya offers credit and deposits products through M-Shwari. In Latin America, e-commerce platform

Mercado Libre had lent $127 million in various markets as of late 2017, and is experimenting with asset management and insurance products.

A traditional commercial bank's business model relies heavily on establishing a large number of preferably stable customer relationships; at its simplest, allowing it to raise deposits from customers with a liquidity surplus and grant loans to businesses and consumers with funding needs. In this intermediation process, the bank earns revenues: (i) from the net interest margins and fees on the intermediation process, and (ii) from cross-selling (through the long-term relationship) of other financial services and products (e.g. payments, savings, insurance, wealth management) where fee and other income may be earned.

With their access to client data, Big Tech firms may be able to acquire market share in the second area, in particular, which is often a high-revenue part of banking activities. There has for instance, been some expansion into mobile payments, though, at present, they have largely been overlays onto existing payments infrastructure. Yet even in its current form, this can have an effect on existing institutions both by levying fees on institutions for access to the technology, and by altering the customer relationship. For the Chinese Big Tech firms and MPesa, there is a separate payments infrastructure.

Similarly, in the insurance industry, technology is already changing the distribution of products and the interactions with customers. Big Tech firms are able to provide services quickly, in a convenient way, 24 hours a day and without the need to contact an insurance broker. Customer experience is additionally improved through the use of such amenities as game-like interfaces ('gamification'), the internet of things (IoT), usage-based insurance, robo-advisors and so on.

While Big Tech firms that provide financial services could be thought of as a subset of FinTech, they differ from other FinTech firms in some key regards. First, Big Tech firms often already have established networks and a very large customer base. Because of their size, Big Tech firms are usually well capitalised and do not face the same constraints accessing external funding as FinTech firms. Secondly, technology companies may be able to use proprietary customer data from their non-financial-service operations, providing a competitive advantage in the provision of financial services. Third, Big Tech firms may have ready access to the forefront technologies to process big data, including cloud computing, artificial intelligence and machine learning. Thus, they may enjoy some competitive advantages over financial services firms.

Exercise 1. Compose an essay on one of the topics:
"The place of Big Tech firms in financial services markets"
"An overview of financial activities provided by Big Tech firms in different countries"
"Big Tech firms acquire market share in a high-revenue part of banking activities"

Question test

1.Can Big Tech firms provide financial services as part of the products or services?
2.What examples of the Big Tech firms activity in different countries can you present?
3.Do Big Tech firms activity influence on stable customer relationships?
4.What is the role of the Big Tech firms in the insurance industry?
5.Do Big Tech firms differ from other FinTech firms?