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CORPORATE GOVERNANCE PERFORMANCE MEASURES: IS THE RIGHT TIME FOR GETTING ESSENTIALS RECONSIDERED?

Good corporate governance is very important for sustainable development, not only for the individual bank, but also for the economy as a whole. The quality of governance should be continuously improved and good governance should be promoted. However, what is not measured cannot be improved. Hence, there is a need for a model to measure the quality of corporate governance. New specific measure of the corporate governance in Ukrainian and Italian banks will help take into account the features of corporate governance in different countries, including different levels of their development. Assessment of corporate governance and searching the integrated indicator can be used in analysis of: the current level and dynamics of corporate governance in Ukrainian and Italian banks, the effect of activities aimed to improve the quality of corporate governance on investment attractiveness of the banks, and correlation between corporate governance and effectiveness of bank performance.

Corporate governance is not a concept that can be directly observed. Consequently, it is necessary to identify suitable proxy variables. Many indicators have been developed at international level to evaluate the quality of corporate governance. The paper emphasizes the difficulty of using indexes to reflect the type of governance that characterizes banks operating in continental European countries (as Italy) and Post-Soviet Area (as Ukraine). In order to evaluate the quality of corporate governance in banks, a specific model should be constructed, taking into account the main variables useful in understanding the asymmetry existing between minority and majority shareholders.

Corporate governance operating in different national, legal and cultural contexts, active at global level, pose some problems concerning measuring of effectiveness of measures of corporate governance. It would therefore be difficult for an index, or any one variable, to capture nuances critical for making informed decisions. Thus, we decided to analyze differences of two systems of corporate governance adopted in Italy and Ukraine with intent take into account their peculiarities in measuring of corporate governance in banks. The Italian corporate governance system belongs to the Latin sub-

group, although it has its own individual features, and does not fit completely into the international standard models. There we can see resemblance with Ukrainian corporate governance model because it also has its own peculiarities. But, neither system is perfect.

In recent years, comparative corporate governance has focused on the systems of Germany, Japan and the United States. This has given the impression that the only alternative among rival corporate governance systems exists between the system of bank governance in Japan and Germany and the protections provided by the legal system and the market for corporate control in the United States. If nothing else, a study of the Italian and Ukrainian corporate governance system shows that there are alternative systems. The Italian system appears to be a failure in the sense that it provides only extremely modest legal protection for minority shareholders, and does not provide a mechanism for constraining managerial excess, either through institutional investor monitoring, a market for corporate control, or strong legal rules. The Italian model of corporate governance is characterized by a high degree of ownership concentration. In the absence of an institutional framework facilitating more dispersed ownership, as in the Anglo-Saxon countries, or mechanisms for financial supervision, as in some Continental European countries, a limited degree of separation between ownership and control is achieved mainly by using pyramidal groups.

Therefore, the most effective governance performance measurement depends on context, on banks' specific circumstances and systems' of corporate governance as a whole.

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REMUNERATION IN BANKS: INDEPENDENT DIRECTORS' PERSPECTIVE

Appropriate monitoring and controlling of the banks is very important issue to solve, especially after the financial crises. Lots of conclusions were made after crises of 2008. Great number of laws and other documents were issued in corporate governance and banking regulation. However, the results of such changes, obviously, we will see later.

The role of independent directors in the boards is significant in terms of monitoring and controlling the decision-making process. One aspect as for the independent directors' practice after the crises is their increasing role in risk committees. The issue of directors' remuneration is also under the scope of scientific interest.