JEL classification codes: Е 400

***IRINA CHKAN***

*PhD in economic, associate Professor of Finance and Credit Department*

*Tavria State Agrotechnological University*

**CASHLESS PAIMENTS – CURRENT METHOD OF PAYMENT**

*The article highlights the theoretical foundations of cashless payments, traces the main trends and current status of cashless payments in Ukraine.* *It was determined that the structure of the country's share of cash flow cashless payments is small, but every year it increases.* *Revealed that as the main instrument of cashless payments took the credit cards.* *Also, switching to a system of cashless payments, as a modern form of payment is a priority for authorized persons in the financial sector.*

***Keywords:*** *cash, cashless payments, credit cards.*

**Problem.** With the development of market relations is constant adaptation of undertakings to the new rules of the game on the market. Ukraine's economy has long been in need of significant global changes in all its spheres. Improve cashless payments is no exception and is always pressing issue. Proof of this is the development of the financial market of Ukraine, which is characterized by the emergence of new innovative products to make payments.

The development of new technologies not leave aside the banking system, which is the main creator of payments. Cashless payments are widely used, they are really comfortable and effective. The use of cashless payments results in cost savings for their implementation, to accelerate settlement operations and cash flows. In addition, the cashless money supply is accumulated in the banks, and the conditions for monitoring their intended use.

**Analysis of recent research and publications.** The study of the financial market and its components, including the nature, problems of implementation and development of cashless payments, subject of many works of domestic and foreign scientist, such as B. Ivasiv, D. Kovalenko, T. Kurylenko, I. Kosareva, A. Minyaylo, V. Mishchenko, M. Nikonova, A. Orlyuk, M. Savluk, N. Solovey and many others.

**The purpose and tasks of the study.** The purpose of the study is to highlight the main trends and prospects of cashless payments in Ukraine. To achieve this purpose it is necessary to perform the following tasks:

– explore the current state of the country's money supply, particularly in the form of non-cash;

– identify the main benefits of cashless payments over cash;

– justify the need and effectiveness of cashless payments in the use of payment cards.

**The main material.** In Ukraine, the legal framework of cashless payments is determined by several laws regulating banking activities («On Banks and Banking», «On the National Bank of Ukraine»). As for the details of the calculations themselves, they are determined by the National Bank of Ukraine approved the instruction of 29.03.2001 «On cashlesspayments in Ukraine in the national currency».

Scope of cash in the economy is limited compared to cashless settlements, and mainly used by people. Therefore, cashless transactions have several advantages over cash money:

– first, reduced labor costs and interest associated with the use of cash (stamping, printing, transportation, storage, sorting);

– secondly, contributes to the continuous circulation of. Between cash and non-cash turnover there is a close interdependence: the money is constantly moving from one area to another, changing the form of cash currency on deposit in the bank, and vice versa. Therefore cashless payment transactions inherent cash from circulation and creates with them only cash turnover of the country;

– thirdly, the maximum accelerated payment of purchased goods and services and repayment of debts, all of which country improves business relations between all entities [4, p. 45].

Cashless payments – transfer a certain amount of funds from the payer's account of beneficiaries of funds and the transfer of banks on behalf of companies and individuals funds supplied by them in cash bank accounts for recipients of funds. These calculations are made by the bank on the basis of settlement documents on paper or in electronic form [3].

Article 1088 of the Civil Code of Ukraine notes that cashless payments made through banks, other financial institutions, which are open accounts, unless otherwise follows from the law and not due to type of cashless payments [8, Art. 1088].

According to Art. 51 of the Law of Ukraine «On Banks and Banking» cashless payments are made on the basis of settlement documents on paper or electronically. Banks in Ukraine can be used as payment instruments payment orders, claims, orders, bills, checks, credit cards and other debit and credit payment instruments used in international banking practice [2].

The outflow of deposits from the banking system led to accelerated growth of cash in circulation. So cash outside banks in January - September 2014 increased by 21,5% – to 289,0 billion UAN. As a result, the share of cash in the money supply during this period increased from 26,2% to 29,1%.

Money supply growth was largely due to the increase of foreign currency (26,9% – up to 314,2 billion UAN), which is primarily due to the exchange rate revaluation. The amount of money in national currency for the period increased by 2,8% – to 680,1 billion UAN [5].

To avoid negative situations in the financial sector, as well as to counter money laundering illegally obtained, reducing the cost of maintaining the volume of cash in circulation, increase bank liquidity, improve control over tax revenues, reduce risks robberies in regulatory practice developed foreign countries and emerging economies, has been actively becoming more common measures of restrictions on cash payments in the country, including for individuals [1, p. 32].

On this occasion of September 1, 2013 for the improvement of cash circulation, yet effective rules introduced by the National Bank of Ukraine of 06.06.2013 № 210 «On establishing threshold payments in cash». According to the resolution of a threshold amount of cash transactions: enterprises (businesses) together for a day of 10 000 UAN; individual now (entrepreneur) within one day for goods (works, services) of 150 000 UAN; individuals with each other for contracts of sale to be notarized, of 150 000 UAN [6]. This transfer can be initiated by, for example, a payment card. These calculations also can be made by making cash for further payments of current accounts of legal entities, individual entrepreneurs - recipients of funds.

The introduction of restrictions on payments of cash transactions will improve the liquidity of the banking system, increase the share of cashless payments, as buyers will have to use their card accounts or make payments on current accounts.

However, recent measures restricting cash circulation in developed countries apply in terms of available opportunities provide cashless shopping and payment calculations using special means of payment, ie mostly complement them.

International experience also shows the benefit of cashless payments, in most European countries has similar restrictions from 1 to 10 thousand Euro, for example, in Belgium - 5 thousand Euro, in Greece – 1,5 thousand Euros, in France and Italy - 1 thousand Euro.

Thus, the problem of large amounts of cash payments, which in the present conditions hamper economic development, and improving the efficiency of monetary policy regulator requires the development of cashless retail payments and special payment facilities for the population [1, p. 33].

In 2013, the positive trend continued to increase cashless payments. As 01.01.2014 their number increased by 67,9% to 584 million operations, and their share – to 43,6%. Also during 2013, an increase in the volume and number of cashless payments using credit cards, as well as the growing number of cards and branching infrastructure of their service. As 01.01.2014 number of banks – members of payment card systems was 143 bank (80% of the total), serving nearly 50 million bank customers [7].

Over the last decade as the main instrument of cashless payments assumed credit cards. Over the last five years, the share of cashless payments using payment cards increased by 4 times, thanks to the development of electronic banking, payment cards market, increasing the number of payment terminals. At present 10 people released 15 charge cards.

National Bank of Ukraine in November 2013 reported the launch of a modernized national system of mass electronic payments (NSMEP), the result of modernization which will improve the quality of settlement payment cards in the country, reducing the cost and improving the safety of such calculations. National system of mass electronic payments (NSMEP) - internal, nationwide payment system, created on the initiative of the National Bank since 2004.

As 01.01.2014 members and participants NSMEP were 61 bank (including the National Bank), 10 non-banks (including State Fiscal Service of Ukraine and UDPPZ «Ukrposhta»). The total number of issued payment cards NSMEP exceeded 9 million. The total number of ATMs and payment terminals NSMEP – about 24 thousand units. During 2013 using NSMEP cards were made about 18 million operations. The volume of transactions on payment cards NSMEP 2013 increased compared to the year 2012 by 50,7% - to 32,6 million UAN, with an increase in cashless transactions occurred in 88,4% [7].

Although payment cards in Ukraine will issue a significant number of institutions (bank 141), a leader in this segment preserve traditional leaders PC PrivatBank (30,9 million cards), JSC Sberbank (11,4 million), JSC Raiffeisen Bank Aval (4,1 million), JSC Delta Bank (2,1 million), and UkrSibBank (1,9 million).

There is a trend of non-cash payments, although their share in money supply remains low, despite the dynamic development of payment cards. Intensively developed only card salary projects. Not performed basic function card systems – transfer of retail cash flow in non-cash form. Cards issued by Ukrainian banks used more than 20 times greater in the case of cash withdrawal, than to pay for goods and services.

Practice shift to cashless payments a priority and improves the efficiency of the entire financial system.

**Conclusions**. Situation in the country and, in particular, the financial market has caused a significant outflow of deposits from the banking system of the population with a corresponding increase in demand for cash. Huge amounts of cash outside the banking system were payments and not actually working on the economy.

In such circumstances, the National Bank of Ukraine creates the right conditions to support financial stability in the country, supporting banking system liquidity at a level sufficient to fulfill its obligations.

Experts also point out that the banking system infrastructure is ready for an increase in cashless payments and can serve them at a high level. This is evidenced by the presence in the country over 30 thousand ATMs around 140 thousand payment terminals, a sufficient number of bank branches of banks, and almost every Ukrainian is the owner of one or more cards. Banks are also actively developing remote control finances.

However be aware that the number of payment cards in total payments for trade operations will depend on the situation and development of the banking system and the economy, devaluation and inflation expectations. Transfer of savings in cashless form for the current state of the banking system may increase the risk of losing to the public in the event of financial crises. Given the nature of this administrative and regulatory measures should not be hard, and measures to stimulate growth in the share of cashless payments advisable to concentrate on eliminating technical problems using special means of payment and develop their infrastructure [1, p. 42]

**Reference:**

1. Bublyk Ye.O. Obmezhennia hotivkovykh rozrakhunkiv v Ukraini / Ye.O. Bublyk // Ekonomika i prohnozuvannia. – 2013. – # 2. – S. 34-42

2. Zakon Ukrainy «Pro banky i bankivsku diialnist» vid 07.12.2000 r. # 2121-III [Elektronnyi resurs]. – Rezhym dostupu : http://zakon1.rada.gov.ua/laws/show/2121-14

3. Instruktsiia pro bezghotivkovi rozrakhunky v Ukraini v natsionalnii valiuti // Postanova Pravlinnia Natsionalnoho banku Ukrainy vid 21.01.2004 r. # 22. [Elektronnyi resurs]. – Rezhym dostupu : http://zakon4.rada.gov.ua/laws/show/z0377-04

4. Kovalenko D.I. Hroshi ta kredyt: teoriia i praktyka : Navch. posibnyk. – K. : Tsentr uchbovoi literatury, 2010. – 344 s.

5. Monetarnyi ohliad za sichen-veresen 2014 roku / Ofitsiinyi sait Natsionalnoho banku Ukrainy. [Elektronnyi resurs]. – Rezhym dostupu : http://www.bank.gov.ua

6. Pro vstanovlennia hranychnoi sumy rozrakhunkiv hotivkoiu // Postanova Pravlinnia Natsionalnoho banku Ukrainy vid 06.06.2013 r. # 210 [Elektronnyi resurs]. – Rezhym dostupu : http://zakon1.rada.gov.ua/laws/show/z1109-13

7. Richnyi Zvit NBU za 2013 rik / Ofitsiinyi sait Natsionalnoho banku Ukrainy. [Elektronnyi resurs]. – Rezhym dostupu : http://www.bank.gov.ua

8. Tsyvilnyi kodeks Ukrainy vid 16.01.2003r. # 435-IV [Elektronnyi resurs]. – Rezhym dostupu : http://zakon1.rada.gov.ua/laws/show/435-15