“Specialized innovative investment banks in Ukraine”

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Specialized innovative investment banks in Ukraine

Abstract
The paper explains the necessity and determines the conceptual frameworks and organizational economic mechanisms of forming the system of specialized innovative investment banks in Ukraine, investigates the present state of banks’ specialization in the sphere of investment securing the innovative development.

Keywords: innovative development, investment securing, specialized banks, bank for reconstruction and development, state innovative investment bank.

JEL Classification: G21.

Introduction
The process of economic globalization, begun in the 20th century, determined the necessity to accelerate the processes of financial resources mobilization, which had led to substantial transformations in credit-banking systems in the majority of countries. The main tendencies of these transformations have been expressed in enforcing concentration and centralization of credit institutions, increasing groups of banks-giants functioning as transcontinental formations and in the process of banking universalization. At the same time there separated one more global tendency of dominating the model of economy financing based on the stock market at simultaneous weakening the role of traditional bank crediting. Development of financial institutions specializing in investment operations, their intrusion into traditional banking market niches, their blending with unification of financial and corporate economic sectors have led to fusion between banking and non-banking market segments. In such conditions the specialization of banking has increased, namely positions of investments banks strengthened especially taking into account modernization of their structure and functions that unite “centers of responsibilities” of the classical banks, investment company or commercial agent. Modern specialized banks are private and state credit institutions having special duties and performing a number of functions to stimulate certain spheres of national economies.

Recognizing the role and priority of innovative activity, transforming the competitive forms from the sphere of prices to scientific and technical areas, need in forming investment component of innovations create the necessity of initializing innovative investment specialization into credit institutions activities. Unfortunately, undeveloped legal and institutional infrastructure of the Ukrainian investment market, the low level of specialized financial institutions development, imperfection of legal principles of using a number of banking and financial technologies, forms and instruments in the sphere of investment to a great extent restrain growth of investments in general and in innovation sector of economy in particular.

1. Analysis of the latest publications
Individual aspects of banking institutions’ specialization in the sphere of investment securing in Ukraine were investigated by the famous Ukrainian economists, namely O. Amosha, M. Aref’yev, Y. Bazhal, Y. Veslylenko, O. Vasyurenko, Y. Halushko, A. Halchynsky, V. Heyetz, A. Hryniov, B. Danylyshyn, H. Dobrov, P. Zavlin, M. Krupka, A. Kuznetsova, T. Kosova, S. Onyshko, A. Peresada, P. Pererva, M. Chumachenko, A. Yakovlev, etc. Despite the great number of scientific researches in this area there still remains material control area that needs further investigation including formation of the complex system of specialized innovative investment credit institutions, improving organizational economic mechanism of their functioning.

The object of the paper is to explain the necessity and to determine the conceptual framework and organizational economic mechanisms of forming the system of specialized innovative investment banks in Ukraine, investigate the current state of banks specialization in the sphere of investment securing of the innovative development.

2. Presentation of the basic material
Currently the Ukrainian banking system is developing to form the European-like model of universal banking institutions and the majority of experts emphasize certain advantages and disadvantages of this system. On one hand, universalization can be viewed as a guarantee of bank stability despite its size, location, and number of connections. On the other hand, the riskiness of banking operations increases: project investing is performed simultaneously with the main banking activity, which in its turn threatens to reduce liquidity of banking investments. According to leading experts, in transitional economies the most stable are banks combining universality with branch
and problematic specialization. Ukrainian specialized banks must pass a long way to become stable financial institutions, which is difficult in itself and requires additional time to overcome skeptic attitude towards investment financial institutions.

Innovative business is highly specific sphere of capital investment that demands special technologies, instruments and schemes of banking investments, proper qualification of banking personnel, procedural guidelines for assessment of specific innovations risks and evaluation of the innovative projects effectiveness, etc. Given the low level of development of infrastructural support of investing the innovative activity of enterprises (practical inability of credit-rating bureaus, problems in development of the depositary network, deficiency in qualitative services concerning marketing analysis of successful innovations in the market, services of investment designing etc), universal banking institutions are extremely reluctant in supplying financial resources to innovators as bank risks during financing and taking part in innovating projects management are rather high. Factors mentioned above form the grounds for banking institutions specialization in the sphere of investments in innovations.

Because of the great need of innovative sector of economy in investments as well as market participants, professionally working in this sphere, development of specialized innovative investment banking is rather perspective kind of activity nowadays, being the most popular among the agents of innovative activities and at the same time difficult for banks with wide range of services, concerned with assets management of business innovator (primary distribution of its capital issues, operations with its issues in the secondary market), servicing settlement and cash, crediting (in different forms including syndicates, consortiums, etc), project financing (including consulting services and services of innovative projects management), sponsoring the given enterprise due to resources of inner banking venture.

Nowadays in Ukraine there must be formed an integral two-tier system of banking institutions specialized in investment securing the agents of innovation activity in terms of the second order of the banking system of Ukraine (see Fig. 1). Specialized innovative investment banks are banks specialized in portfolio and real investments into innovative sector of economy based on commission or at own expense by conducting operations with stocks (issuing, placement, purchasing), long-term lending of separate innovative projects, emissive and founding activities of enterprises-innovators as well as additional investment servicing regular customers.

It should be mentioned that such banks have spread only in some countries. European banks, for example, restrict financing of innovative enterprises and projects and in fact concentrate on effective risk management. European Investment Bank (EIB) to the full extent provides financial security of small employers of business activity. In Israel innovative business is supported by Luomi Bank and Israel Discount Bank, in Canada – Business Development Bank of Canada (BDC), in Germany – Credit institution for reconstruction (KfW – Kreditanstalt für Wiederaufbau). As for banks for reconstruction their creation is mostly a result of political initiative, appropriation of funds from the government budget for bank capital and defining its tasks by a state. In general European development banks in most cases are group banks, which at first elaborate products then find intermediaries (other financial institutions), with the help of which the final distribution is realized. In Canada banks for reconstruction directly contact with a final client. This provides the profound analysis of clients needs. In Germany the close collaboration of private sector and development banks is widely introduced in terms of complex form of innovations financing, at that success to a great extent depends on intermediaries’ activity and their skills in the sphere of innovations financing. The main features of specialized innovative investment banks and the list of core services, which they can furnish to their clients, are presented in Figure 2.

Examining organizational mechanisms of forming specialized innovative investment banks four possible variants of their creation can be marked (see Fig. 3).

According to the first variant, bank in a full state ownership should be authorized for function of finance-credit securing of innovative activity. On one hand, state form of ownership will undoubtedly simplify the process of a given bank functioning as in this case it’s more simple to solve the problem of state support, for example, by partial compensation of risks at the expense of state and private supporting fund of innovative business, state guaranteeing of the given credits, using a differentiated system of defining the norms of obligatory reservation depending on bank specialization, sum of credit, types of banking transactions on innovations crediting, etc. At the same time, accumulation of funds in state banks can result in lack of control from the part of scientific institutions and agents of innovative
entrepreneurship. Only specialized bank of the first order can be in a state ownership. In conditions of the Ukrainian banking system it is The State innovative investment bank, creation of which is foreseen by the State economic target program of capital markets modernization in Ukraine [1]. Table 1 shows the predicted classification of expenditures connected with creation of this bank.

Table 1. Predicted expenditures connected with the state innovative investment bank creation

<table>
<thead>
<tr>
<th>Predicted expenditures (at the expense of the government budget)</th>
<th>Predicted amount of financing, 2008-2012, mln. hrn.</th>
<th>Including the years, mln. hrn.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formation of the statutory capital of the national innovative investment bank</td>
<td></td>
<td>Total 2000 2009 2010 2011 2012</td>
</tr>
<tr>
<td></td>
<td>250,0</td>
<td>75,0</td>
</tr>
</tbody>
</table>

It’s just this type of bank that has to fulfil the functions of state stimulation of banking activity in the sphere of investment securing of innovative development, like, for example, credit administration of loans at reduced rates for banks, which are the most active participants of investment securing, their consulting support and partly recovery of expenses, guarantee for credits for enterprising-innovators, participation in insurance schemes (separate aspects), etc. Thus, all those functions should be passed from the National Bank of Ukraine to the state innovative investment bank, which will considerably reduce the functional loan upon the National Bank and let concentrate the whole complex of determined specific functions in one specialized banking institution.

In terms of the second approach the activity of innovations financing can be performed by an operating commercial bank. Advantages of the given approach are usage of the mature banking structure and possibility for innovator to take part in banking profit. Among the drawbacks are financing delays of scientific organizations and innovative enterprises because of the necessity to secure the sales of financial resources by crediting not only innovating activities but also profitable commercial projects, traditional intermediary banking servicing. Moreover, the fact that innovating projects are characterized by quite high risk level and long lifecycle increases the probability of insolvency of such bank in conditions of absence of the state as part of its founders. Delivery of budget allocations into commercial structure even with full reinvestment of the whole received profit into science doesn’t exclude the probability of risky situation and loss of budgetary funds. Nowadays there is no fully operating investment bank with long-term crediting, which reflects in negative way on the work of the whole banking system, as commercial banks get uncharacteristic functions [2]. The law of Ukraine “About banks and banking activity” [3] declared the activity of investment banks, to which belong those banks with 50% of the same assets (investment loans and capital issues), but taking into consideration the assets structure of banking institutions there is not a single Ukrainian bank meeting the said demands [4]. The following banks position themselves as specialized private innovative investment ones: Ukrinbank (for the 1989-1991 period performed settlement and cash services for the newly formed commercial structures and lend innovation projects (search for scientific and technical projects and getting into production) [5]); Inprombank (innovative industrial bank specialized in lending and financing of innovation projects, assistance of wide application of scientific and technical development from designing to participation in common production, first of all with Ukrainian science parks and high-tech concerns, oriented on short-term and long-term credits for 5-7 years [6]); incorporated commercial innovating bank “UkrSibbank” which, despite the stated “innovativeness” unfortunately doesn’t work in this sphere but at the same time it is the generally acknowledged leader in the service sphere of the Ukrainian investment banking [7].

Abroad there were many tries to create commercial specialized innovative banks, like, Menatep, Incomebank, Mosbusinessbank, Moscow industrial bank etc. In Russia there was created the venture fund based on means of large commercial banks. But despite the fact that these banks positioned themselves as specialized innovative financial and credit institutions, in fact, a part of investments directed to financing innovations took only 1-2%. The majority of analysts of banking market are unanimous in the thought that attempts to create exceptionally commercial innovative bank in Ukraine will not yield any results.

The third variant provides the possibility of creating the specialized financial and credit institution where scientific and innovative organizations will take part as its founders. It provides the fullest control of a bank activity, its activity orientation towards investing into innovating sphere (despite profit reduction comparing to other banks). Alongside the whole profit remains available for scientific and
innovative organizations, including the specialized bank as an agent of a certain innovative process. Moreover, creation of incorporated innovative bank can become rather interesting given that control stock belongs to scientific institutions and innovative organizations.

According to the fourth variant, a specialized financial and credit institution can be created with state as well as private investors being the founders.

In Ukraine such organization is the *Ukrainian Bank for Reconstruction and Development*, founded in 2003 as the Closed Joint-Stock Company, i.e. not having the status of the state bank. The given bank was formed led by the Ukrainian State Innovation Company (USIC) owning from the very beginning 99,9% of its assets, but nowadays a number of private domestic and foreign investors are among its shareholders [9]. In 2004 USIC stated about its plans to sell 49% of its assets to foreign investors, but this idea hasn’t been realized yet. In 2007 the Malaysian financial group Hong Leong, which is planning to take part in innovations financing and infrastructural projects in the sphere of construction and transport in Kyiv region, held negotiations concerning the controlling parcel of shares of UBRD. The same year Ukreksimbank stated its plans to acquire a share in the capital of UBRD by participating in the additional issue (50% shares + 1 share) in order to control them [10]. But international financial organizations such as IMF and the World Bank were against the creation of UBRD as a credit institution of the first order. There exists an opinion that Western banks, investing in UBRD, will supersede/extrude these financial and credit institutions from the Ukrainian financial market [11, 12].

UBRD is specialized as investment industrial bank aiming at financial securing of innovations for market promotion, budget crediting of innovative operations, provision of well-priced and vast resources to the agents of innovative activity. It is stated in the UBRD statute that its mission is in creating the favorable conditions for the development of the Ukrainian economy by assisting the development of innovation and investment activities as well as backing of home producer keeping the optimal balance between interests of clients, shareholders and the bank itself. UBRD was created for credit arrangement to legal and individual bodies in order to finance and implement research of USIC being its founder. Ukrainian analysts state that if the bank lives up to the expectations invested in it UBRD and USIC will become the greatest monopolists in the sphere of innovations crediting because it is very difficult to compete with the state giant operating budget-priced and “long” assets.

UBRD clearly planned its activity for the 2004-2009 period, notably when in 2004 the statute capital of this bank made 200 million hryvnyas it’s been planning to increase it up to 500 million hryvnyas by the end of 2009. In the long term (in 15 years) UBRD is planning to become the powerful banking structure possessing about 1 billion dollars. Unfortunately, considering the amount of its statute capital the ability to finance large scaled innovation economic operations is doubted, as according to the norms of the National Bank of Ukraine the maximal credit size for individual at the statute size only 200 mln hrn makes only 50 mln hrn. Understanding this situation UBRD however doesn’t make concessions as for changing its norms.

Unfortunately, lately UBRD has met a number of problems. For example, in 2007 the Individual Deposit Guarantee Fund (IDGF) made UBRD a temporary participant and at the end of 2006 NBU prohibited this bank to take deposits from individual and legal units because of non-fulfilment of liquidity requirements of NBU [13].

Taking into consideration the current state of commercial banks, i.e. lack of financial resources for innovation activity crediting operations, more profitable alternative spheres of investment (short-term credits, “short” money, exchange transactions, etc.), raising the efficiency of functioning this type of bank will be a substantial step for improving financial-credit mechanism providing Ukraine’s going to innovative way of development. According to the leading scientists the source of funds for UBRD can become: a part of budget means, emission and credit resources of NBU, a part of money from the state capital issues realization, state property privatization, surplus funds of commercial banks (providing net liquidity in the market of interbank lending) in form of purchase or taking part in placing long-term debt securities among the clients of this bank emitted by UBRD [14].

As the state has a considerable part in UBRD capital the safety of its financial instruments actually will not be inferior to the long-term government stocks. Due to the constant bilateral exchange quotation, for example, through the institute of market-makers in the FSTS, fixed-income stocks can be in demand with a broad spectrum of investors (banks as well as non-banking institutions). At that banks can use loan securities of UBRD as liquid collateral in refinancing operations on the part of NBU along with government and VAT obligations [15]. Moreover, one of the main UBRD activities can be attraction of private investments into the private sector by placing hybrid financial instruments of state enterprises, like some specific types of
corporate bonds spread in the home stock market, voting bonds, convertible bonds and bonds with changing rate [16, 17].

In order to tune up an effective work of UBRD a number of problems should be solved, including the banking system reform, which would predict the existence not only universal but also specialized banks and this requires changes of the relevant legislation as well as differentiation of approaches of NBU to the banking control as “limited” banking specialization forsees taking more risks than in universal commercial banks. Besides, the functions of UBRD shouldn’t duplicate the functions of another state banking institution – Savings Bank, it goes about the development of the optimal scheme of their interaction, for example the Savings Bank can attract funds, which through UBRD are invested in perspective high tech branches, and notably for using the attracted money UBRD pays the Savings Bank that rate, which will give the opportunity to be competitive in the deposit market. UBRD could sell pools of their credits issuing stocks which must be guaranteed by the state. In such a way the firm operating system of attracting money resources into economy could be created [18].

In comparison with Russia where the bank for development was created in 1999 and 100% of stocks is in the state ownership represented by the Russian Federal Property Fund. The main line of the bank’s activity is long-term crediting the real sector of economy. The government of the Russian Federation defines the goal of activity of the Russian bank for development as the active help of the realization state investment policy by crediting the real sector of economy in the spheres of higher priority (innovation projects, financing import-substituted branches of industry, financing modernization of the basic funds of enterprises). It should be mentioned that for the present day this bank is among the big “twenty” of Russian banks [19, 20].

The National Bank of Ukraine, Cabinet of Ministers and the German banking group KFW initiated another investigatory bank – the Ukrainian Bank for Development Assistance (UBDA) with the statute capital about 20 mln hrn. This bank will be created on the basis of the German-Ukrainian Fund, which is the “virtual” structure. There are no employees there and decisions concerning its funds management are made by the NBU itself, precisely the group of projects management of international credit lines of the NBU. But NBU can’t determine the strategy of GUF as it is created in association with KFW.

UBRD is planned to become the lender of last resort for banks that promote programs of microlending and will take a part of functions stimulating microcrediting which before were carried out by EBRD and GUF, will take part in compensation of rates and guaranteeing the subjects of small and medium business. But Ukrainian bankers ambiguously accept the idea of creating such type of bank, stating that, on one hand, banking refinancing is essential to reduce the credits cost for clients and, on the other hand, the market is rather self-regulated as banks can reduce rates due to competition, which is now making them to simplify procedures and requirements to pledges. The state guarantees and rates compensation don’t always result in positive effect. If a lender doesn’t have personal interest in payment of credit, on the basis of guarantee the quality of credit servicing can suffer. Efficiency of rates compensation is also doubtful as it will be difficult for banks to offer market rates to clients who got used to such kind compensation. It can’t be affirmed that banks will succeed in attracting more clients since efficiency, servicing quality and trust to bank are more important nowadays.

The formation of specialized institutions providing financial-credit support of innovative entrepreneurship at both local and regional levels can be an example of cooperation between state and private investors while forming the specialized innovative investment banking institution. In this case it goes about creation of regional and local innovative banks, banks for reconstruction and development, banks of project financing aiming at attracting funds of different extra budgetary funds (pension, social insurance fund, etc.) as well as using them for long-term investments in innovations. Local or regional authorities as bank shareholders can facilitate the compromise between investees’ profit and their social importance. Specialized regional innovative investment banks should be first counted on as the main factor of financial securing innovation development, because 1) they are mostly interested in development of that region where they invest being completely economically depended; 2) they invest in that very region where they attract it unlike national banks for development, which invest in those regions with the most favorable investment climate, and that leads to disproportion of investment securing of innovation development in a country; 3) in contrast to national banks for development the regional banks are familiar with investment and innovating environment in the given region and consider its characteristic features elaborating their own investment policy, cooperate with the defined client base and apply individual approaches.
Conclusion
The search for stimulating mechanisms of correlation and cooperation of banking capital and innovations as guarantors providing stable economic growth presents an acute topicality. The fact that banking investments are directly connected with structural economic changes and its innovative development is of principal meaning because to increase agglomeration rate and investment attraction of the national economy the main structural and functional factors (investments and innovations) must combine, correlation of which forms the basis for economic modernization and its macroeconomic balance. Without banking investments as a source of financing innovation development the intensive development of economic system is impossible but at the same time it should be bared in mind that only their presence as it is won’t be sufficient to provide economic growth. The necessity to promote banking share in the process of investment securing of innovative business is a result of interdependence of successful development of the banking system and economic system as a whole. On one hand, banks are interested in economic situation stabilization as it is a prerequisite of their activity, but on the other hand, the stability of economic development to a great extent depends on steadiness and flexibility of banking system and its effective functioning as well.

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Fig. 1. Conceptual frameworks of forming two-tier system of specialized innovative investment banks with the second stage of the banking system of Ukraine

- solving specific financial-innovative problems of micro-entrepreneurship, crediting small innovative business at the regional or local levels
- servicing investment needs of innovative sector of a corresponding branch
- servicing investment needs of FIG members, investing in innovative enterprises, activities of which meet the interest areas of FIG owners
- accumulation of national funds for investment securing of the priority orientation towards innovative development with its direct allocation into certain innovation projects
- opening bank lines for representative banks of the first order to innovate projects; accumulating of national funds for investment securing of the priority orientation towards innovative development without its direct allocation into certain innovation projects

BANKS OF THE SECOND ORDER

- Universal banks
- Specialization with a legal entity
- Branches of international specialized innovative investment banks, banks for reconstruction and development
- Regional and local innovative investment banks, regional banks for reconstruction and development, project financing banks, cooperative banks
- Specialization without a legal entity

BANKS OF THE FIRST ORDER

- State innovative investment bank
- Resources of private investors

- Branches of private specialized innovative investment banks
- Incorporating in FIG
- Private specialized innovative investment banks
- Branches of innovative investment banks incorporated in FIG
- Branches of innovative investment banks
- Ukrainian bank for Reconstruction and Development
- State innovative investment bank
- Resources of private investors

SECOND STAGE OF THE BANKING SYSTEM OF UKRAINE
**Specialized Innovative Investment Banks**

- Specialized in accumulation and provision of funds for a long term
- One of the core trends of their work is activity on funds raising due to stocks, which are the basis of their portfolio, are mostly oriented to non-state securities
- One of the core trends of their work is long-term crediting of enterprises of innovative sector and special specific projects on implementation of high technologies
- Unite the majority of admissible kinds of activity in the capital market with classical banking operations
- Oriented on servicing, participation in emission-founding activity as well as long-term crediting only companies-innovators
- Use specific technologies, instruments and schemes of financing, which meet the peculiarities of innovating activity implementation
- Additional requirements to skills of banking personnel concerning peculiarities of innovating entrepreneurship, considering innovation risks, assessing the efficiency of innovation projects, preinvestment investigations to launch innovations into market
- In most cases being active participants of national programs of investment support of innovative development
- In most cases actively use the mechanisms of governmental support of bank financing of innovations (guarantees, interest rates compensation, reserve ratio differentiation, insurance programs, etc.)
- Services on management of assets of enterprise-innovator
- Actively conduct operations on project financing of innovations, including consulting and services on innovation project management
- Give the priority to long-term and medium-term investments at the same time developing the programs of micro crediting of separate innovators
- Are active participants of national programs of venture business development, create intra-banking venture funds, take part in capital of private or state venture funds
- Take part in integration associations as initiator, participant or agent, programs of syndicate or consortium crediting

**Peculiarities**

- Brokerage services (purchase and sale of securities), mediation at placement of international securities (Eurobonds, Euroequities) in the market of Eurocurrency
- Venture capital and mutual funds with the participation of client, services of financial managers for pension funds
- Financially accompanying services during complex projects investing, project financing and direct investments
- Investment portfolio management services
- Long-term and medium-term crediting
- Mortgage management, real estate activities
- Calculation and clearing servicing
- Analytical treatments, financial consulting and advising, information servicing
- Depository and custodial services (custody, care, discounting of securities and other financial assets)
- Guarantee servicing
- Services on business restructuring by mergers and take-overs (consulting activity determining optimum alternatives of business restructuring, attraction of financial resources, accumulation large stockholdings in the market under client’s order, disposal on big equity investments, restructuring a separate company and sale of its parts, working and implementation of efficient client protection from merging)
- Services on financial resources mobilization to form the necessary amount of finance for innovations (taking part in founding activity, distribution of client’s securities, funds raising by means of venture funds creating, using the mechanisms of investment crediting, financial consulting a client who wants to attract financial resources by issuing securities. Debt financing due to bond issues or bills, underwriting syndicating, i.e. creation and management of underwriters’ syndicates)

**Clients’ Services**

- Specialized in accumulation and provision of funds for a long term
- One of the core trends of their work is activity on funds raising due to stocks, which are the basis of their portfolio, are mostly oriented to non-state securities
- One of the core trends of their work is long-term crediting of enterprises of innovative sector and special specific projects on implementation of high technologies
- Unite the majority of admissible kinds of activity in the capital market with classical banking operations
- Oriented on servicing, participation in emission-founding activity as well as long-term crediting only companies-innovators
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- Additional requirements to skills of banking personnel concerning peculiarities of innovating entrepreneurship, considering innovation risks, assessing the efficiency of innovation projects, preinvestment investigations to launch innovations into market
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- Are active participants of national programs of venture business development, create intra-banking venture funds, take part in capital of private or state venture funds
- Take part in integration associations as initiator, participant or agent, programs of syndicate or consortium crediting

**Fig. 2. Main peculiarities and services of specialized innovative investment banks**
Fig. 3. Organizational mechanisms of forming specialized innovative investment banks

**Creation of specialized financial-credit institution, in which scientific and innovation organizations are acting as founders**

**Creation of specialized financial-credit institution, in which state and private investors are acting as founders**

**Specialized innovative investment bank in full state property**

**Turning into specialized innovative investment bank of the existing commercial bank**

**In Ukraine:**
The State innovative investment bank, creation of which is foreseen by the State economic target program of capital markets modernization in Ukraine; in Russia:
The Russian Bank for Development

**In Ukraine:**
Ukrinbank, Inprombank, UkrSibbank; in Russia:
Menatep, Incombank, Mosbusinessbank, Moscow Industrial Bank

Ukrainian Bank for Reconstruction and Development, banks for reconstruction and development, banks of project financing.