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CONCEPT AND CLASSIFICATION OF NON-BANKING FINANCIAL INSTITUTIONS

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Abstract. *The purpose* of this article is to define the concept and classification of non-bank financial institutions. *Subject of the research* – concept and classification of non-bank financial institutions. The concept of a non-banking financial institution is presented; the characteristics of a financial institution are defined; the classification of non-banking financial institutions has been carried out; the classification of financial intermediaries has been carried out; the concept of investment funds is defined; the classification of NFIs by lending method has been carried out; the functions performed by financial intermediaries between creditor and borrower are defined; the concept of a credit union is presented. Credit unions are a relatively new and understudied type of financial institution. Looking at them in the context of the system of subjects of administrative law, it should be noted that they occupy a special place because, thanks to them and their activities, the state in a certain way performs its functions and tasks. Credit unions do not exist in a legal vacuum, they are not completely separated from the state, they are not subject to regulation by only one branch of the law, nor are they the subject of research in only one branch of the law. Credit unions are in constant close interaction with the state, its bodies, systematically feel its influence or the influence of the legal and political processes taking place in the state. *Methodology* – the article uses general scientific methods of formal logic (analysis, synthesis, deduction, induction, analogy, abstraction and modelling). *Results*. The concept of a non-banking financial institution is defined – as a legal entity that is not a bank, has a special legal status of a financial intermediary, is registered in the Unified State Register of Financial Institutions on the basis of a licence issued by the National Bank of Ukraine, provides one or more financial services in the markets of insurance, credit cooperatives, accumulating pension funds, attracting investments from business entities and the population; has been classified as a non-banking financial institution; has demonstrated that important elements of the system of administrative and legal regulation and supervision are in place: requirements for reporting by NFIs, conducting scheduled and unscheduled inspections of their activities and ensuring compliance with legal requirements, in particular by applying certain influence measures in case of detection of violations of legislation.

Key words: non-banking financial institution, the concept of a non-banking financial institution, classification of non-banking financial institutions.

JEL Classification: F38, G20

1. Introduction

Ukraine's transition to a socially oriented market economy requires the creation of a competitive financial sector that will provide the country's economy with the necessary amount of financial resources to ensure its development. Effective functioning of the economy requires constant mobilisation, distribution and redistribution of financial resources between its spheres and sectors. Such functions are performed both with the help of the state and with the help of the financial market, which mobilises savings on a voluntary basis, provides loans or investments, and regulates the financial and economic situation of the country. (Soloshkina, 2013)

The existence of the financial services market is a necessary condition for the development of a modern economy, an indicator of its efficiency and the development of the state. The financial

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services market contributes to the financial support of the development of the state economy through the accumulation of funds and other financial assets for the purpose of their effective use and obtaining economic benefits. Such a market in Ukraine is represented by banks, insurance companies, non-state pension funds, credit unions, pawnshops, investment and leasing companies. A significant part of the financial services market belongs to NFIs, which are legal entities other than banks that also provide one or more financial services. The list of financial services provided by NFIs is quite diverse. The essence of financial services is to ensure the circulation of financial assets. Therefore, this is an entrepreneurial activity, which is not manufacturing, trade or banking. (Teslenko, 2019)

It should be noted that individual and corporate participants in the financial market carry out their activities by acquiring various financial instruments with the aim of increasing assets and making profits. The provision of financial services on the market is carried out with the active participation of intermediaries, i.e. banks and various non-bank financial institutions. Financial institutions that are part of the state's financial system, carry out operations with financial resources and are registered in the appropriate register established by law have the right to carry out operations for the provision of financial services. (Buha, 2021; Buha, 2022)

In the field of domestic scientific research, such scientists as N. Versal, A. Dovgopolyk, O. Kartamysheva, V. Kornieiev, T. Teslenko and others have devoted themselves to the issues of the concept and classification of non-banking financial institutions. However, the disclosure of a number of problematic issues requires special attention, which emphasises the relevance of the subject of the article.

The purpose of this article is to define the concept of a non-banking financial institution; to consider the classification of non-banking financial institutions.

2. The concept of a non-bank financial institution

The system of administrative and legal relations for the provision of financial services is characterised by specific and separate state regulation of activities for the provision of financial services, the presence on the main financial markets of a specially authorised body in the sphere of regulation of a separate market, the presence of special economic competence of financial institutions on the basis of licensing. And if the mechanism of state regulation and the role of a specially authorised body do not cause significant contradictions, then it is necessary to consider in detail the special economic competence of financial institutions.

General requirements for economic legal relations, which are financial services, are defined in the laws of Ukraine. In order to determine the place of NFI in the market of financial services, it is necessary to establish restrictions and requirements of the legal definition of financial services:

– financial services include all operations with financial assets, which are carried out in the interest of third parties and in the cases provided for by law, at the expense of financial assets borrowed from other persons, for the purpose of making profit or maintaining the real value of financial assets (Part 1, Article 1 of the Law "On Financial Services and State Regulation of Financial Services Markets");

– the exclusive right or other restrictions on the provision of certain financial services are established by laws on the activity of the relevant financial institution and regulatory legal acts of bodies carrying out state regulation of financial services markets, if there are no additional restrictions in subordinate legal acts – it is possible to qualify the competence as a special economic competence;

– except for the activities specified in Part 1 of Art. 4 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets", types of activity, financial institutions are prohibited from attracting funds from individuals (except members of such institution) with the obligation to return them, in particular by obtaining a loan, unless it is expressly provided by the law on the activity of the relevant financial institution;

– financial services, the provision of which is regulated by other laws, are subject to inclusion in the list specified in Part 1 of Art. 4 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets". The provision of financial services not included in the specified list is prohibited. The NBU in accordance with Part 3 of Art. 4, Art. 21 of the Law of Ukraine "On Financial Services and State Regulation of Financial Services Markets", the NBU may take a decision on the classification of certain activities as financial services or on the impossibility of classifying a separate listed activity as a financial service and on its prohibition on the basis of this (On Financial Services and State Regulation of Financial Services Markets: Law of Ukraine of 12 July 2001. № 2664-III; Savchuk, 2021). Letter of the State Committee of Ukraine for the Development of Entrepreneurship № 14/3556 of 02.12.1999 "On consideration of the issue of defining the term "financial and credit and non-banking financial institution" (On consideration of the issue of defining the term "financial and credit and non-banking financial institution": Letter of the State Committee of Ukraine on Development of Entrepreneurship dated 02 December 1999. № 14/3556), a more or less clear definition of a

non-banking financial organisation is given; more precisely, this definition follows from this letter: an enterprise that carries out the activity of providing loans and other financial services and is not obliged by law to create an insurance reserve is a financial and credit institution or NFI. (Buha, 2022)

The interpretation of this concept is available in two NBU resolutions. Moreover, the definitions contained therein are practically the same. According to paragraph 1.4 of the NBU Resolution "On Approval of the Regulations on the Procedure for Issuing Transfer Licenses to Non-Banking Financial Institutions" dated 26 February 2013 № 57, an NFU is a legal entity that is not a bank under the legislation of Ukraine, provides one or more financial services and is registered in the relevant state register of financial institutions in accordance with the procedure established by the legislation of Ukraine (On Approval of the Regulations on the Procedure for Issuing Transfer Licenses to Non-Banking Financial Institutions: Resolution of the National Bank of Ukraine dated 26 February 2013. № 57). In accordance with clause 9 of the Resolution of the National Bank of Ukraine "On Approval of the Regulation on the Operation of Domestic and International Payment Systems in Ukraine" dated 4 February 2014 № 43 (On Approval of the Regulation on the Operation of Domestic and International Payment Systems in Ukraine: Resolution of the National Bank of Ukraine dated 4 February 2014 № 43), NFI is a legal entity registered in the relevant state register of financial institutions. 43), an NFI is a legal entity that is registered in the relevant state register of financial institutions and, in accordance with the legislation of Ukraine, has obtained a licence to transfer funds in the national currency without opening accounts and, in the case of foreign exchange transactions, a general licence for foreign exchange transactions. The wording "a legal entity that is not a bank" used in the first definition is legally incorrect, so the second of the given definitions should be used as a basis. At the same time, it should be noted that in December 2021 was adopted a new law "On Financial Services and Financial Companies", which will enter into force on 1 January 2024 and establishes clear requirements for the work of financial institutions (On Financial Services and Financial Companies: Draft Law of Ukraine № 5065 of 15 February 2021), which defines a non-banking financial group as a group of legal entities having a common controller (other than a bank), consisting of two or more financial institutions, in which financial institutions other than the bank perform the predominant activity.

3. Characteristics of a financial institution

The concept of a financial institution as defined by the legislator and the above considerations allow us to define its characteristics, which include the following:

1. NFIs are set up to provide financial services as an exclusive type of activity.
2. In terms of organisational and legal form, NFUs are set up as a business partnership (entrepreneurial and non-entrepreneurial) and as a cooperative based on any form of ownership.
3. A legal entity acquires the status of NFI from the date of its registration in the State Register of Financial Institutions.
4. The activities of the NFU in providing financial services are subject to mandatory licensing by the State Financial Service of Ukraine.
5. The NFU is a legal entity with special legal capacity – it is created for the purpose of carrying out certain banking operations.
6. The purpose of NFU activity is to make a profit, as they are usually commercial organisations (Buha, 2022).

4. Classification of non-banking financial institutions

In general, the NFU includes:
– Credit Unions;
– pawnshops;
– leasing companies;
– trust companies;
– insurance companies;
– institutions for occupational retirement provision;
– investment funds and companies;
– other legal entities whose sole purpose is the provision of financial services (non-banking financial institutions).

In 2021, companies that were not active and voluntarily surrendered their licences left the market. A significant number of companies were removed from the market by the regulator for breaching the requirements of the law.

At the same time, the NBU began to take measures against violators of regulatory requirements, in particular by suspending the validity of licences and cancelling them. This helped to improve the discipline of compliance with regulatory requirements in all segments of the non-bank financial market and, in particular, to increase the financial stability of its participants.

The NBU set requirements for the ownership structure of financial service providers, requiring all players to disclose their ownership structure and submit this information to the regulator for further analysis.

Despite the recovery in bank and NFI lending, their contribution to economic growth remains low.

In the corporate sector, the recipients of new bank loans are mainly solvent companies: loans to honest companies that have not defaulted since the beginning of the crisis are growing at a rate of more than 25% per year.

The volume of consumer credit is actively growing, but the level of its penetration in Ukraine is still significantly below the indicators of other Central and Eastern European countries. Against the background of a decrease in the number of subjects of supervision in the markets of non-banking financial services, in the last two years there has been an increase in the main indicators of development: assets (+22.7%), insurance payments (+40.4%), factoring (+184.8%), loans (+88.6%), the value of leasing contracts (+126%). However, the role of lending in supporting economic growth remains insignificant: according to the results of 2021, the share of bank loans in capital investments is only 7.8%, while the investment of own funds of enterprises is 71% (Strategy for the development of the financial sector of Ukraine in 2025. National Bank of Ukraine).

5. Classification of financial intermediaries

However, in economic and legal science there is no common view on the classification of financial intermediaries. For example, V.V. Kornieieiev, taking into account foreign experience and national Ukrainian practice, considers it expedient to divide financial intermediaries into two types: banking institutions (various types of banks) and non-banking institutions: investment funds and investment companies; trust companies; insurance companies and pension funds; brokerage and dealer offices; investment funds. (Kornieiev, 2000) For its part, N. I. Versal notes that NFIs, like banking institutions, provide financial intermediation between the borrower and the creditor (intermediation in crediting), as opposed to financial intermediation in settlement. The researcher divides the entire set of financial intermediaries in lending into three main ones: the banking system, the para-banking system and the supra-banking system. The para-banking system includes: credit unions, pawnshops, pension funds, insurance companies, investment funds, financial companies and others. (Versal, Doroshenko, 2007)

K.D. Hurova, O.L. Shelest and I.V. Kolupaieva (Hurova, Shelest, Kolupaieva, 2018) consider as non-banking financial and credit institutions such institutions as leasing companies, factoring companies, brokerage and dealer companies, insurance companies, pension funds, finance companies, pawnshops, credit unions, which are mainly consolidated with the list provided by K.F. Kovalchuk, N.V. Arkhireiska and N.V. Valeniuk. They note that credit unions are financial intermediaries in the market of non-banking financial services, as well as financial companies; institutions of accumulative pension provision; pawnshops; leasing companies; insurance companies; trust companies; investment funds (companies); other legal entities whose exclusive type of activity is the provision of financial services; legal entities that do not have the status of financial institutions, but may provide financial services in accordance with the law. (Kovalchuk, Arkhireiska, Valeniuk 2018)

According to the direction of activity of credit institutions, S.V. Glushchenko divides them into the following types: 1) consumer loans provided by commercial banks and credit cooperatives; 2) consumer loans provided by credit unions, savings banks, pawnshops; 3) card loans provided by commercial banks, which are the main issuers of credit cards; 4) micro (mini) loans for small business representatives provided by commercial banks, credit cooperatives, savings banks, etc.; 5) operational leasing provided by commercial banks, leasing or financial companies; 6) factoring provided by commercial banks, factoring or financial companies. (Hlushchenko, 2015)

Thus, scientists consider the activity of non-banking financial and credit institutions as credit and refer these institutions to the subjects of the financial and credit market. For example, K.F. Kovalchuk, N.V. Arkhireiska and N.V. Valeniuk use the term "pawnshop loan", which means a short-term loan secured by movable property that can be quickly realised (Kovalchuk, Arkhireiska, Valeniuk 2018). S.V. Hlushchenko proves that the leasing operation has the character of a credit operation, as it corresponds to the principles of timeliness, reversibility and payment upon transfer of the property for use. (Hlushchenko, 2015)

However, most researchers classify financial intermediaries according to one criterion – their participation in the formation of the money supply – and distinguish two types:

a) banks, which are able to influence the money supply through the money multiplier;

b) non-bank financial intermediaries, which do not have such ability (Savluk, Moroz, Pukhovkina (2011); On Compulsory State Social Insurance: Law of Ukraine of 23 September 1999 № 1105-XIV).

Non-banking financial intermediaries can be classified according to the way in which they work with funds:

– legal entities with a special legal status that accumulate funds (insurance organisations, non-governmental pension funds, investment funds, etc.) and grant loans;

– legal entities with a special legal status that do not accumulate funds (guarantee institutions,

institutions that carry out transfers of funds, services of accounting firms for the valuation of real estate, etc.). NFIs performing payment functions still occupy an insignificant place among financial institutions. (Kartamysheva, 2012)

6. Investment funds

For example, the main providers of investment capital are investment funds. Thus, according to the Regulation on Investment Funds and Investment Companies of Ukraine (1994) (Regulation on Investment Funds and Investment Companies of Ukraine: Decree of the President of Ukraine of 19 February 1994. № 55/94), an investment fund is a legal entity established in the form of a closed joint-stock company in accordance with the requirements set forth in the Regulation, which conducts activities exclusively in the field of collective investment. According to the Law of Ukraine "On Joint Investment Institutions" (2012) (On Joint Investment Institutions : Law of Ukraine of 05 July 2012. № 5080-VI), investment funds conduct joint investment activities on behalf of and at the expense of participants (shareholders) by investing funds in securities of other issuers, corporate rights, real estate and other assets permitted by the laws of Ukraine. Pursuant to Art. 7 of the Law, a joint investment institution, depending on the procedure for carrying out activities, may be:

– open – the institution (its asset management company) undertakes to repurchase securities issued by such an institution (its asset management company) at any time at the request of the members of that institution;

– interval type – the institution (its asset management company) undertakes, at the request of the participants of this institution, to purchase securities issued by such an institution (its asset management company) during the term (interval) specified in the issue prospectus;

– Closed type – the institution (its asset management company) does not undertake the obligation to repurchase the securities issued by such an institution (its asset management company) until its termination (On Joint Investment Institutions: Law of Ukraine of 05 July 2012. № 5080-VI).

7. Classification of NFIs by credit method

The following types of NFIs can be distinguished according to the way in which they provide credit:

– NFIs that provide credit directly to borrowers, their relations with the latter being governed by the relevant credit agreement (credit unions, savings and loan associations, etc.);

– NFIs providing indirect credit through the purchase of debt securities and their relationship with the borrower are mainly regulated by law (collective investment institutions, pension funds and insurance companies).

Depending on the administrative subordination to the bodies carrying out state regulation of financial services markets, NFIs can be divided into those whose activities are regulated by the National Bank of Ukraine and the NSSMC.

NFIs can be divided into commercial and non-commercial institutions. Undoubtedly, the majority of NFIs are commercial, where one of the purposes of the activity is to make a profit, but among them there are also non-commercial institutions, which include credit cooperatives, which are engaged in lending to their members without the purpose of making a profit.

According to the authors, the NFU should be divided into:

– contractual financial and credit institutions: insurance companies; non-state pension funds; leasing companies; factoring companies; pawnshops;

– investment financial and credit institutions: investment funds; financial companies; credit societies; credit unions.

8. Functions performed by financial intermediaries between creditors and borrowers

Researchers identify the following main functions of financial intermediaries between creditors and borrowers:

1) Information and advisory services, in the course of which financial intermediaries provide information: to potential creditors – on various investment opportunities for depositors and creditors; to potential borrowers – on the forms and methods of lending in each specific case;

2) transformation functions:

– Transformation of financial resources by region – balancing the supply and demand for financial resources by region;

– the transformation of the amounts – the coordination of the disproportion of the funds raised and placed in terms of size (provision of large loans at the expense of small contributions);

– conversion of terms – coordination of long-term needs and short-term commitments, or short-term needs and long-term commitments (provision of long-term loans at the expense of short-term investments or vice versa);

– currency conversion – attarcting funds in one currency and placing them in another;

– risk transformation – the reduction of risks to depositors and creditors arising from direct creditor-

borrower relationships through the diversification, rationing and selection of risks by financial intermediaries;
– liquidity transformation – the ability of financial intermediaries, mainly banks, to predict to a certain extent the financial behaviour of clients who can demand the return of funds at any time, which results in a certain part of the financial intermediaries' funds being in liquid form;
– control – intermediaries monitor the rational and targeted use of funds by borrowers, which in turn reduces the risks of creditors and depositors (Kartamysheva, 2012; Versal, 2002).

Thus, the main function of NFIs is the redistribution of financial resources, in the process of which they perform a number of sub-functions, namely:
– consolidation (accumulation) of savings of individual investors (the activity of the NFI leads to the separation of the function of saving and the function of investment, which increases the efficiency of capital allocation. The process of capital circulation through financial intermediaries makes it possible to avoid the difficulties of direct contact between the owners of savings and the borrowers, which arise as a result of discrepancies between the proposed and required amounts of funds, conditions and directions of their use, etc.);
– investment;
– promoting market equilibrium (through portfolio management of assets, financial intermediaries harmonise the relationship between suppliers and consumers of capital, eliminating the imbalance between the supply and demand for free funds, while ensuring the effective distribution and redistribution of resources in the primary and secondary markets);
– ensuring high liquidity of financial investments;
– redistribution and reduction of financial risks (NFOs reduce investment risks by diversifying and redistributing them across a wide range of financial market participants);
– promotion of economic growth through effective placement of investments in the economy, stimulation of entrepreneurial activity (with the help of NFUs, temporarily free funds are taken out of circulation and directed to high-tech sectors of the national economy, which contributes to the development of the economy), etc.

Justifying the important role of financial intermediaries in the functioning of the money market and thus in the development of the economy, M.I. Savluk notes that the purpose of these financial institutions is as follows:
– to provide each creditor with the opportunity to quickly invest free funds in earning assets, and to provide the borrower with the opportunity to quickly mobilise additional funds necessary for solving production or consumption tasks;
– reduction of costs of the money market subjects for formation of free funds, their placement in income assets and borrowing of additional funds, which is carried out by a consolidated representative of the financial market – a financial intermediary. Due to the large number of operations performed by financial intermediaries, the cost of each operation is much lower for the intermediaries and the society than if it were performed directly by creditors and borrowers;
– decrease of financial risks for the basic subjects of the money market, since a significant part of them is transferred to intermediaries. This is made possible by the wide diversification of intermediary activities and the creation of special insurance and protection systems against financial risks;
– increasing the return on loan capital by reducing financial risks, lowering the cost of financial transactions and opening up access to large businesses. This is because intermediaries have the opportunity to channel a significant amount of small savings to finance large, highly profitable operations and projects;
– opportunities for intermediaries to provide additional services, in particular, insurance of creditors against various risks, satisfaction of pension needs, provision of housing, acquisition of property rights and management of certain objects, and so forth. (Savluk, Moroz, Pukhovkina 2011)

9. Credit unions

Credit unions are a relatively new and under-studied type of financial institution. Looking at them in the context of the system of subjects of administrative law, it should be noted that they occupy a special place, since it is precisely through them that the State carries out its functions and tasks in a certain way.

Credit unions do not exist in a legal vacuum, they are not completely separate from the state, they are not subject to regulation by only one branch of the law, nor are they the subject of research by only one branch of legal science. Credit cooperatives are in constant and close interaction with the state and its bodies, and systematically experience its influence or the influence of legal and political processes taking place in the state.

As rightly stated in the textbook "Administrative Law of Ukraine", compiled by the team of authors consisting of Y.P. Bytiak, V.M. Harashchuk, O.V. Diachenko and others, enterprises and institutions performing economic, socio-cultural, administrative-political and other functions to meet the material and spiritual needs of citizens, society and the state must operate within the limits established by the state. The main direction of state activity, where enterprises and institutions are directly related to the state and its institutions, is the executive power (from the local level to the

central bodies of executive power) and local self-government.

In their relations with these subjects of the state and society, enterprises and institutions solve practically all issues – from their creation, through the implementation of their activities, to their termination. In addition, enterprises and institutions enter into administrative and legal relations with executive authorities and local self-government bodies with regard to operational and accounting results of their activities, statistical reporting, taxes, production and labour safety, fire and environmental safety, sanitary and hygienic standards and requirements for the protection of the health of their employees, the population, consumers of products, protection of the environment from pollution and other harmful effects, compensation for damage caused by irrational use of land and other natural resources and pollution of the environment, payment of fines in appropriate cases, creation of special jobs for persons with limited working capacity and organisation of their professional training, non-core work in case of natural disasters, circumstances related to emergency situations, etc. (Bytiak, Harashuk, Diachenko, 2005) Thus, credit unions are undoubtedly subjects of administrative law and their activities are accordingly subject to administrative and legal regulation. According to S.T. Honcharuk, the subject of administrative-legal relations is the one in relation to which they arise, develop and terminate.

First of all, these are social relations that embody the nature of activity of individual legal subjects (their actions or inactions), the legal consequences of their behaviour, certain legal interests, including property or non-property, etc. (Honcharuk, 1995) When considering credit unions from the point of view of the subject of administrative and legal regulation, it should be borne in mind that administrative law is a branch of law, a branch of public law, the main task of which is to ensure general (public) needs and interests in the process of power-management activities, the party in power (or the party with a larger legal personality) of administrative-legal relations should primarily regulate not the behaviour of other subjects (in horizontal relations it cannot actually do this), but the processes related to the realisation of specific public needs in a certain part of the management sphere (administration). Thus, credit cooperatives, as subjects of administrative law, in the process of exercising their legal rights, are primarily confronted with public needs and interests represented by the subject of public administration. In turn, there is a kind of opposition between some interests (private) and others (purely public), which are much larger and more significant for society. If these interests are not in conflict with each other, according to normative definitions, the above-mentioned needs are realised within the framework of the activity of power administration or in other forms of state activity related to it, the implementation of which is regulated by the norms of administrative law. Conversely, if the above-mentioned groups of interests do not coincide and enter into certain contradictions, the process of their implementation is either terminated or postponed until the causes of these contradictions are eliminated. (Dovhopolyk, 2009)

10. Conclusions

To sum up, an NFI is a non-bank legal entity with the special legal status of a financial intermediary, registered in the Single State Register of Financial Institutions on the basis of a licence issued by the NBU, providing one or more financial services in the markets of insurance, credit cooperatives, accumulative pensions, attracting investments from business entities and the population.

It should also be mentioned that the financial system is key to the effective functioning of the country's economy and its economic development.

According to the Strategy for the Development of the Financial Sector of Ukraine until 2025, Ukraine must create a financial system capable of ensuring sustainable economic development through effective redistribution of financial resources in the economy based on the development of a fully competitive market environment. At the same time, the reforms of the Ukrainian financial sector must be carried out in accordance with international standards, in particular, the comprehensive regulation of market relations requires the implementation of international standards IAIS, IOPS and IOSCO, as well as the requirements of the acts of the European Union, in particular, Solvency II, MiFID II and MiFIR, MAR and MAD, CRR and CRDIV, BRRD.

In this respect, important elements of the system of administrative and legal regulation and supervision are: reporting requirements for NFIs, conducting scheduled and unscheduled inspections of their activities, and ensuring compliance with legal requirements, in particular by applying certain influence measures in case of detection of violations of the law.

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