

LEGAL CHANGES ON DEPOSIT INSURANCE REGULATION

Two consecutive devaluations in Azerbaijan in 2015 had a serious negative impact on the banking system as a whole. In fact, many banks have had their licenses revoked in various years as they have been more severely affected, and twenty of them are still in the process of being revoked [1, p. 1]. In order to solve this problem, it was inevitable that the state would take steps to keep deposits in banks, ensure their liquidity, as well as ensure that banks could continue their financial intermediation effectively.

Evidently, one of the most important steps was to protect the liquidity of banks and ensure that the population's deposits are kept in banks. The state could not force people to keep their deposits in the bank. Thus, as stated in Article 29 of the Constitution of the Republic of Azerbaijan [2, p. 9], the right to property, including the right to private property, is protected by law. It is obvious that the state can keep deposits in banks only by encouraging and persuading people to do so on other legal grounds.

One of such important steps is the strengthening of deposit insurance by the state. In general, the main purpose of forming a deposit insurance system is to ensure financial stability [3, p. 45]. At the same time, it has a significant impact on the formation of liquidity in banks [4, p. 224; 5, p. 2]. The insurance mechanism is applied differently in different countries around the world. The main factors influencing this are the scope, payment structure, nature of participation, public-private participation [3, p. 45].

This mechanism was first introduced in the United States. The legal basis for its application was the Law adopted in 1933 under the name The Glass-Steagall Act. According to the law, the Federal Deposit Insurance Corporation was established [3, p. 45].

It should be noted that the Deposit Insurance Agency was established in the Russian Federation by the Law "On Insurance of Deposits of Individuals in Banks of the Russian Federation" of 2004 [6, p. 103]. In the Republic of Ukraine, a similar mechanism was formed on the basis of a Presidential Decree on the establishment of the Individual Deposit Insurance Fund in 1998, and the legal framework was strengthened by the adoption of the Law "On Households Deposit Guarantee System" in 2012 [7, p. 1; 8].

On December 29, 2006, the Law "On Deposit Insurance" [9] was adopted in the Republic of Azerbaijan, as well. State the deposits were insured within the annual interest rate set by the Azerbaijan Deposit Insurance Fund, the amount of compensation for these deposits was up to 30,000 manat (national currency).

The Law of the Republic of Azerbaijan “On full insurance of deposits” [10] was adopted on January 19, 2016 in order to eliminate the previously mentioned problem and stop the withdrawal of deposits from banks. As stated in Article 1 of the Law, the purpose is to maintain financial stability in the country against the processes taking place in the global economy, to ensure the stability of the banking system, to strengthen the confidence of depositors in the banking system.

According to the new regulation all insured deposits, which are already within the annual interest rate set by the Deposit Insurance Fund, are fully insured, regardless of the amount. According to Article 3 of the Law, initially full insurance was provided for a period of 3 (three) years, but taking into account the existing economic and financial indicators, the Law of February 19, 2019 prolonged this period for 4 (four) years, and then it was extended for an additional 9 months by the Law of March 13, 2020. Finally that period prolonged until December 5, 2021 by the Law of December 18, 2020 [11; 12; 13].

One of the main reasons for the adoption of the law can be considered the exposure of the banking sector to the negative effects of both the pandemic and the military situation. Thus, in order to prevent the COVID-19 pandemic, starting from March 2020, restrictions were imposed on many business activities within the framework of various measures [14, p. 1]. With the exception of food, medicine, medical services, and financial services, many businesses of sales and services have been shut down. Also, the application of martial situation in the country by the Decree of the President of the Republic of Azerbaijan dated September 27, 2020 has affected the reduction of economic activity [15]. As a logical continuation of all these processes, the decline in the profitability of bank customers had a serious impact on their financial situation.

It should be noted that the introduction of a full deposit insurance mechanism has significant advantages, but requires significant financial resources. That is, the countries implementing it must have sufficient financial resources. In addition, the long-term application of this mechanism may lead of increasing the reluctance of depositors on deliberately choosing the banks, an irresponsible increase in deposits in banks with relatively low financial resources [16, p. 2]. This, in turn, increases the risk that the state, as an insurer, may lose money.

Another Law dated December 18, 2020, changed the Law “On Deposit Insurance” with introducing a number of innovations [17]. Firstly, the amount of compensation for insured deposits in one bank has been increased from 30,000 to 100,000 manat. Another important change is the inclusion in the compensation mechanism of funds in the bank accounts of individuals opened for entrepreneurial activities up to 20,000 manat, as well as all funds belonging to individuals deposited in the notary’s deposit account. This will be the first experience of insuring funds in Azerbaijan that belong to businesses.

It should be noted that the introduction of deposit insurance is a mechanism that has a positive impact on financial stability and increasing people's confidence in banks. On the other hand, especially from a long-term perspective, the financial burden of the mechanism and the abuse of this opportunity by banks pose a threat [18, p. 19]. Therefore, government control should be strengthened and necessary measures should be taken to reduce the possible negative effects of insurance.

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ЭТАПЫ СТАНОВЛЕНИЯ МЕЖДУНАРОДНОГО ВОЗДУШНОГО (АВИАЦИОННОГО) ПРАВА

Момент, когда международное регулирование предшествует национальному регулированию, является редким примером в процессе кодификации международного права. Международное воздушное право является одним из таких примеров в дополнение к международному праву космического пространства и небесных тел. По мнению Лоика Града, тот факт, что нормы международного права лежат в основе его развития, создал полный и последовательный универсальный правовой порядок, «согласовывающий» национальные законы с положениями международных конвенций [3, с. 3].

Со строго юридической точки зрения международное воздушное право основано на двух конкурирующих принципах: государственном суверенитете и свободе воздуха. Роджер Сен-Алари считает моментом зарождения этой отрасли международного права 23 апреля 1794 года, когда французское национальное законодательство, мотивированное последствиями, которые судебные процессы над братьями Монгольфье могли иметь для безопасности жителей, провозгласило постановление полиции, запрещающее полеты на воздушном шаре без предварительного