

## ARTICLE

# PROSPECTS FOR REGULATION OF RELATIONS IN THE SPHERE OF SAFE-DEPOSIT BOXES SECURITY

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## ABSTRACT

This article is devoted to the problem of insufficient level of security and reliability of material values storage in safe-deposit boxes. The sphere of banking services develops quite dynamically. At the same time, the popularity of safe deposit boxes as an instrument for storage of luxury goods, money, and also when making the deals, related to the sale or purchase of both immovable and movable property, increases every year. Despite the significant degree of regulation, there are a wide range of problems, in the framework of rendering of these services. The main factors here are the vulnerability of security systems, and the methods of personnel selection. This study focuses on the prospects for the state or other independent organizations to introduce the method of banks ranking, depending on the quality of services, offered in this segment. Based on the results of the study, the methodology for assessment of services for the provision of safe-deposit boxes was developed. It is assumed, that the developed system of evaluation and assignment of a particular rating will help to increase the level of financial literacy of population, and will allow, to a certain extent, to increase competition among the banks, that will entail an improvement in the quality of services provided.

## INTRODUCTION

Today, banks offer a wide range of services and banking products. One of the traditional banking services, provided to individuals, is the assignment for use of individual safe-deposit boxes, under various conditions. According to statistics from credit organizations, over the past five years, the demand for such services has been growing annually by about 20%, while the occupancy of safe-deposit boxes is on average above 70%, indicating their high demand [1].

In general, safe-deposit boxes, as a product, have a number of features, which need to be taken into account, both when choosing a bank or a safe company, and when analyzing the alternative storage methods, in case of monetary savings. The insufficient amount of offered information on such services causes undesirable consequences for both clients and organizations, providing services. In this regard, the relevance of the study and the search for optimal solutions to existing problems can't be doubted.

## METHODS

The mathematical method was used in this study, as the main tool for data analysis, in order to make a ranked list of the results obtained. Also the survey method was applied in the process of finding the necessary information about the services, provided by the banks.

### Influence of the state

To begin with, it is necessary to understand how this area of legal relations is regulated by the state, and what aspects should be taken into account in further research. We should also note that the mechanism for providing of such services is governed by the following regulatory legal acts:

- Constitution of the Russian Federation;
- Federal Law "On Banks and Banking Activities" No. 395;
- Civil Code of the Russian Federation;
- Law of the Russian Federation "On Protection of Consumer Rights".

In recent years, the state has actively grappled with the issues of money-laundering [9]. And one of the first laws, which the bank is guided when receiving funds (both in cash and non-cash), is the federal law "On the Prevention of Money-Laundering and Financing of Terrorism" of 07.08.2011 № 115-FZ [2]. However, the duality of this law is observed with regard to safe-deposit boxes, since the attractiveness of these boxes for customers lies precisely in the fact, that the banks are not interested in the sources of cash or valuables, placed in them. [2]

At the same time, it is worth to consider the possibility of introduction not only restrictions on concluding a lease agreement for the use of safe-deposit boxes without an inventory list, but also without documents, confirming the sources of funds. After all, when having dealings with safe-deposit boxes, this will help to minimize the theft from these boxes, and will reduce the number of places, available for concealment of proceeds of crime [3].

As for the storage of jewellery, it is possible to use chipping for its accounting. The Ministry of Finance is already going to introduce chips for jewellery. However, the main task of their implementation is to protect

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the consumer in terms of the quality of products, purchased in jewellery networks, and to obtain a market, where all the participants pay taxes. A similar experience, conducted voluntarily in April 2016 with fur products, led to the fact that since December of the same year all manufacturers were obliged to put electronic tags.

However, speaking about jewellery, these chips can be further improved, due to the addition of information about the purchaser. This information would be confidential. The rights to jewellery would be registered in special bodies, on the basis of checks with the original seals of the stores, and they would be transferred (secondary resale) through the purchase and sale agreement [4]. First of all, this method would protect the owners of jewellery from thefts, since the jewels would be personalized and it would not be possible to resell them. Secondly, it would give the state some control over the secondary market of jewellery sale, which is completely absent at the moment.

The additional measures to prevent the thefts from safe-deposit boxes are the following:

1. The prospect of introduction of special permits from the executive authorities to the banks, providing this kind of services, in order to check the security system of the safe-deposit boxes, providing the safety of clients' values in these boxes.
2. The introduction of minimum requirements to ensure the protection of safe-deposit boxes at the legislative level, as well as a system of security monitoring by law enforcement agencies or established commissions [5].

The methodology for analysis of banks rating, in accordance with the quality of services for the provision of safe-deposit boxes

The methodology, developed by us, contains in its structure 4 blocks, which consist of both quantitative and qualitative indicators, presented in [Table 1].

**Table 1:** The structure of indicators of the methodology for analysis of banks rating, in accordance with the quality of services for the provision of safe-deposit boxes

Blocks	Indicators	Weight of the block
"Security"	Quantity of vaults	0.35
	The number of video cameras in the vault	
	The number of safe-deposit boxes in the vault	
	The number of employees, having access to the safe-deposit boxes	
"Cost indicators"	Rent price	0.2
	Additional expenses for maintenance	
	Bank expenses for security (billion)	
	The amount of penalties to the client	
	Loyalty program	
"Image of the Bank"	Rating from international agencies (Moody's, Forbes, Fitch)	0.2
	Rating, according to asset values	
"Qualitative indicators"	Customer reviews	0.2
	Number of customers "returned to the Bank"	

As the objects of analysis, three banks were selected: Sberbank, VTB Bank, Ak Bars Bank [1] [2] [3]. After collection of statistical data, all obtained values were adjusted inside the block, with respect to the maximum and minimum (in case when the indicator was negative), using formulas 1 and 2, respectively:

$$I_v = \frac{v - v_{min}}{v_{max} - v_{min}} \quad (1)$$

$$I_v = \frac{v_{max} - v}{v_{max} - v_{min}} \quad (2)$$

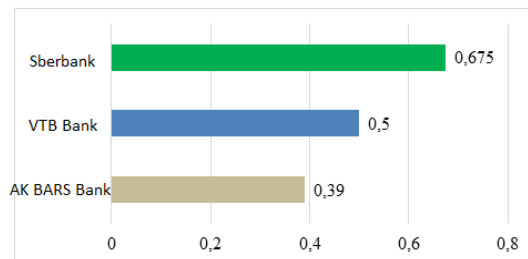
Further, using the product of indicators' arithmetic average and the weight, assigned to the block, the indices of blocks for each Bank were calculated (3).

$$I_B = \frac{\sum I_v \cdot W_v}{n} \quad (3)$$

The final rating was found using the sum of block indices, according to the formula (4).

$$R = \sum I_B \quad (4)$$

Thus, after making all the necessary calculations, we obtained the following results, shown in [Fig. 1].



**Fig. 1:** The final ratings of banks, according to the quality of services for the provision of safe-deposit boxes, calculated by the author's method.

As can be seen, after the analysis of banks rating, according to the author's methodology, the most reliable for this kind of services is PAO Sber bank with a rating of 0.675. At the second place is VTB Bank (PAO), whose rating is 0.5. And PAO AK BARS Bank is at the last position - 0.39.

## CONCLUSION

Taking into account the fact, that several dozens of crimes, related to the theft of material values, were committed during the last years, the developed methodology will allow to protect the population from erroneous decisions in the process of choosing a bank or other organization, providing these services. Based on the above, it can be concluded that these services are characterized by insufficient regulation. This leads to numerous disputes between banks and their customers. In addition, there are a number of other problems, such as money laundering and the anonymity of suspicious transactions, which need to be solved by banks together with the state. [6,7,8]

In fact, storage in safe-deposit boxes is a trustworthy institution of banking services. Losses from safe-deposit boxes occur quite rarely, and banks constantly modernize their storage conditions. At the same time, if the loss from a safe-deposit box happens, the bank is liable only for the violation of conditions of safe's security and integrity. And the client should prove the facts of actual presence of valuables in the safe-deposit box. Nevertheless, the proposed method of building the hierarchy in terms of quality of provided services will allow to solve a number of problems. However, it is worth noting that problems and tasks, which need to be resolved, remain both at the legislative and corporate levels, namely:

- the state needs to introduce uniform standards, applicable to banks, with regard to the safe-deposit boxes, as well as the restrictions on values placed there, imposing on the bank the obligation to list the values in the safe-deposit box, as well as the sources of their receipt; chipping of values will help to decrease the number of thefts, in general, and from the safe-deposit boxes, in particular;
- the introduction of special permits from the authorities to the banks, providing this kind of services, in order to check the security system of safe-deposit boxes, as well as the introduction of minimum requirements to ensure the protection of safe-deposit boxes at the legislative level;
- financial institutions can also contribute to the development of this service, paying attention to foreign experience in insurance of valuables, placed in bank safes [9];
- the increase of financial literacy of population will help to reduce this kind of problems. [10]

Thus, there are a number of mechanisms, the development of which can protect banks, their clients and the state from the occurrence of disputable situations.

## CONFLICT OF INTEREST

There is no conflict of interest.

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None

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