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Problems and Prospects of Development of Leasing in the Republic of Moldova

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Abstract: *In a market economy, leasing, as a modern form of lease, is a type of business activity aimed at investing financial assets of leasing companies, acquiring modern equipment and transferring this property to the lessee. The importance of leasing for economic entities is due to the fact that the lessor invests money without exposing himself to maximum risks, and the lessee acquires the property necessary for him if he does not have large funds or if he does not need to resort to buying too expensive property. At the same time The industry is poorly understood in terms of development prospects. In this regard, the article analyzes the concept of leasing and its economic essence.*

The basics of the origin of leasing in the world and the Republic of Moldova are studied, on the basis of which the basic concepts, stages and participants of this process are highlighted. The dynamics of the number of leasing operations is presented. It has been established that the leasing services market in the Republic of Moldova has proved its viability and competitiveness along with other methods of financing investments. The advantages and disadvantages of leasing are described. It was established that the relevance of the development of leasing in the Republic of Moldova is primarily due to the condition of the equipment fleet and the possibility of its renewal, which is primarily due to their high cost.

Keywords: *leasing, leasing operations, leasing market, financial leasing, development prospects.*

Introduction

In recent decades, the use of leasing as an effective mechanism for the activation of production, consumption and the financial sector is extremely important and relevant for the entire economy. Due to the fact that at present, investments in fixed assets of an enterprise are carried out mainly at their own expense, which significantly limits their modernization opportunities, leasing becomes a tool for modernizing and renewing production potential and a factor in activating investment processes. Thus, leasing allows you not only to update fixed assets, but also to solve the issue at the same time with the financing of this process.

At the same time, bank loans make up an insignificant share. In this regard, leasing financing, as a progressive form of investment, is actively developing. In many countries of the world it is widely used, as it is considered the most appropriate way of organizing business activities.

The development of leasing in the Republic of Moldova, as a means of forming a transparent and efficient investment policy mechanism, has great potential. International experience in leasing application plays a significant role in this. Without requiring large, one-time costs of own funds from enterprises, leasing at the same time guarantees targeted development of financial resources, which ultimately will make it possible to attract capital market opportunities that have not been fully utilized to date, as well as foreign investors. Taking into account international experience in the development of leasing can be an important tool for enhancing the innovation activities of enterprises, expanding the range of products, as well as a tool for managing the competitiveness of products. In addition, the expansion of the leasing market can play a significant role in minimizing the crisis in the national economy.

1. Trends in the Development of the Global Leasing Market

It is known that leasing, as a special type of entrepreneurial investment activity, is a complex of organizational and economic relations in which the ownership, use and disposal relations are interrelated. As it is a form of investing funds on a returnable basis, the lessor receives a reward for his service in the form of commission. In terms of its content, it is close to credit relations, and since the borrower and lender use capital not in cash, but in commodity form, it is similar to capital investments. Moreover, leasing allows the lessee to update or expand its production base without major capital expenditures, increase capacity, introduce more modern technology, and develop new products.

Features of leasing are manifested in the right to use the property. The lessor retains the owner's right for the entire leasing period, which is transferred to the lessee only after full payment of the agreed payment upon expiration of the contract.

Leasing relations consist mainly of a number of important factors of production: labor and capital, which together provide, on the one hand, the participation of leasing entities in budget formation and, consequently, in solving social and economic problems of society, and on the other hand, reproduction and provision of the market with necessary products.

Thus, the active formation and improvement of leasing relations allows in a short time to update the morally and physically obsolete fixed assets, accelerate the growth of the scale and intensity of the financial and production sphere, and, as a result, lead to an improvement in the competitiveness of the country. In this regard, the formation and improvement of leasing relations and the prospects for its development is one of the most pressing and significant topics in the global economy.

The main purpose of the established leasing companies is the intention to receive income from investment activities through the acquisition of property by the company and leasing it to the lessee. At the same time, the creation of leasing companies depends mainly on: the availability of investment projects for the acquisition of property and its transfer to the lessee, as well as the minimum necessary funds; the level of development of investment schemes for several leasing projects that minimize the funds of the lender - the founder of the leasing company; the possibility of establishing a leasing margin level that is beneficial for a leasing company; flexibility of depreciation policy; availability of reliable schemes that provide guarantees to the leasing company; others.

As is known, the idea of leasing is far from new, although the term "leasing" as such was not. According to historians, the very idea of leasing arose in the days of Aristotle, who argued that wealth is in the use, not the right of ownership, i.e. in order to receive income, a business executive does not need to own any property, it is enough to have the right to use it and as a result receive income.

In literary sources it is noted that the earliest rental documents are dated 2000 BC and belong to the ancient state of Sumer. Agricultural tools and animals were leased. Provisions on rental relations are contained in the laws of Hammurabi, adopted in 1775-1750 BC, providing for all cases of rental and rental rates, conditions for the pledge of property. At the same time, such ancient civilizations as the Greeks, Romans, Egyptians, considered renting an attractive, affordable, and sometimes the only possible way to acquire equipment, land, and livestock. The ancient Phoenicians, being excellent sailors, practiced renting ships both on a long-term and a short-term basis.

Somewhat later, in the XI century, the Venetians used lease-related transactions. They rented out very expensive anchors to merchants and ship-owners. At the end of the voyage, they returned to the owners, who again rented them. And in 1248 a rental transaction was registered in which the knight Bonfis Manganella Gaeta rented armor to participate in the Seventh Crusade. He then paid rent for them, which ultimately exceeded the original cost of this armor.

However, the first regulatory document regulating rental relations - the law of Wales, was adopted in Great Britain in 1284, which was replaced by a new legislative act in 1572. The need for replacement

is due to the fact that by that time, as a method of covert transfer of property for misleading creditors, transactions had become frequent in order to hide the true situation: who is the user, who is the owner. Subsequently, in the 19th century, as a result of industrialization, intermediaries appeared acquiring property for production purposes with the subsequent transfer to the temporary use of entrepreneurs, and from the 20th century, in Western countries and in America, financial leasing became widespread. In the era of rapid development of railways in the United States and Great Britain, leasing of railway cars was used. The telephone company Bell installed telephones on a rental basis. During the Second World War, the United States supplied its allies with military equipment and property on a leasehold basis, which has become known in history as "Land Lease". [1]

In the modern sense, for the first time, leasing appeared in the United States in 1952, as a result of the creation of the company United States Leasing Corporation, which today is called U.S. International Inc. (U.S. Leasing). Due to the fact that leasing was a progressive means of updating equipment and financing investment projects, a special development program was introduced for its use in the USA. The objects of leasing were engineering products, for which tax benefits in the form of accelerated depreciation were established. Significant merit of the American government was the recognition of leasing as a progressive investment source of equipment renewal and stimulation of its use through the introduction of a special development program.

In the late 1950s of the last century, leasing began to develop intensively both in the USA and in Australia, Canada, and the United Kingdom. At the same time, in the 60s of the last century, there was a real revolution in rental relations, leasing began to spread in Europe, primarily in France, Great Britain, Germany, Switzerland, Austria, and the volume of investments in equipment through leasing increased 5 times. [2]

Production facilities, technological equipment, automobiles, ships, airplanes and other property were leased. In Japan, leasing operations began to be used in the late 1970s. Such a delay can be explained by the closeness and backwardness of the then Japanese economy and its unwillingness to integrate into the world economic space. After successful use of leasing in the USA, Europe and Japan, it quickly spreads, changes, improves and acquires new forms. The most widespread in this period received direct financial and indirect leasing transactions, as well as transactions on movable property.

From 1963 to 1975, specialized leasing companies began to be intensively created, as well as the involvement of financial institutions in leasing activities. At the same time, the concept of leasing referred only to agreements in which it was noted that the term of the contract should be 40–80% of the economic life of the equipment; the value of the option, at the time of purchase, must be related to the value of the property; periodic payments, if the contract is prolonged, should be minimal; if the subject of the transaction is special equipment needed only by the user, then the user becomes its owner.

By the end of this period, there were 120 leading holding companies in the United States, including leasing companies. Of the 50 largest commercial banks, 49 carried out leasing operations, and the volume of direct investment by credit banks grew more than 10 times. The second place after the USA, according to the number of leasing companies, was Germany, but the amount of leasing operations was 1.5–2 times less than in the USA.

This is followed by the allocation of leasing as an independent source of financing of fixed assets. During this period, the regulatory and legal framework for a new type of economic activity begins to form; the first leasing companies appear, as mentioned earlier, the implementation of financial leasing services is reaching the international level. The leasing transaction at this stage represents the transfer of the property to the lessee for temporary use, during which he pays the full value of the leased asset and finally redeems it at the end of the term of the lease agreement at a symbolic cost. Often, the manufacturer or the seller of the property acted as the lessor.

The third stage (1976-1986) was characterized by a booming growth in the number of leasing companies, by about 70%, by expanding the range of leased assets, increasing the number of separate leasing transactions with the participation of several firms and banks with clearly distributed functions of the organization and financing of transactions. [3]

These stimulated leasing companies to more actively export their services to other countries where the industry has not yet reached this level development. In addition, in order to make their product more attractive and competitive, lessors changed the approach to the formation of lease payment schedules. Innovation was that now the charts were focused on the needs of customers: they could be annuity, descending, ascending, seasonal, in addition, the redemption value began to vary and was not always symbolic. [4]

Such transformations gave financial leasing advantages in relation to alternative sources of financing, for example, such as a loan, while the lessees received more favorable and convenient conditions for optimizing the expenditure part of their budget.

In this situation, lysine companies faced a high level of competition in this market. These forced leasing companies to more actively export their services to other countries where the industry has not yet managed to reach this level of development, as well as to change its approach to the formation of leasing payment schedules.

In the period after 1987, in order to maintain competitiveness and profitability, the leasing industry was forced to use more flexible forms of organization, the incentive to implement scientific and technological progress increased, the range of leasing products offered to the client expanded, innovative leasing options began to be included. Specialized problem centers and institutions for the generation of original ideas and technological solutions, which became the basis for large-scale programs or projects.

All this led to the fact that by 1990 the level of development of leasing in the USA amounted to 28% of the total investment in the Australian industry — more than 30%, Great Britain — 20%, France — 17%, Germany — 15%, and steel business leaders USA, Japan and Western Europe. During this period, the global market for leasing services to one degree or another covered subjects from more than eighty countries of the world. Thus, a feature of the development of the global leasing business is its concentration and consolidation in the financial market of developed countries.

In the modern world market of leasing services, to one degree or another, subjects from more than eighty countries of the world participate. However, mainly the leasing services market is accumulated in the USA, Western Europe and Asia, which account for about 90% of transactions, and the share of four leaders (USA, Japan, Great Britain and Germany) account for more than 70%. [5]

However, depending on the specific features and the legal order of the region, the sectoral structure of leasing operations varies. The main subject of the leasing market is leasing associations, which are mostly independent voluntary associations. “National associations unite lessors by industry, they include mainly lessors of motor vehicles in countries where the share of operations with these objects is significant”. [6]

Despite the crises facing the economies of many countries, leasing continues to grow, especially in regions such as North America, Europe and Asia. In accordance with the data presented in the Global Leasing Report, steady growth in the industry was achieved in 2016, and the 50 leading countries of the world increased the volume of leasing transactions compared to 2011 by 38%, and compared to 2014 by 16.5%, reaching level of \$1099.77 billion. The leasing industry experienced significant growth and introduced new and innovative ways of financing equipment for companies around the world. In the top five largest US leasing markets remain in first place. However, in recent years, China continued its rapid growth, becoming the second largest leasing market in 2016, reaching a volume of \$206 billion, in third and fourth place, the largest leasing market in the world, is the United Kingdom

with \$81.77 billion and Germany with \$64.3 billion. Remaining the dominant players in Europe, they accounted for 42% of the entire European market, and in Japan, there was a slight decrease in the volume of lease transactions in 2016 by 1.3%. However, it still remains Asia's second largest market for China. [7]

One of the largest international leasing associations in the world is Leaseurope, which unites 46 member associations from 34 European countries that provide over 90% of leasing services in Europe. The dynamics of new leasing transactions in Europe over the past 7 years are presented in table 1. As can be seen from the table, the volume of new leasing transactions in 2017 increased compared to 2011 by 49.7%. This indicates a high degree of saturation of the European leasing market.

Table no. 1. The leasing market in Europe for 2011-2017, bln. Euro

No.	Country	The volume of new leasing transactions, billion Euro							Deviation,%	
		2011	2012	2013	2014	2015	2016	2017	2017 to 2011	2017 to 2016
1	Germany	47.6	45.0	45.8	49.8	53.1	55.0	58.7	23.3%	6.7%
2	France	39.6	39.0	37.4	40.2	43.6	47.8	51.7	30.6%	8.2%
3	Great Britain	38.1	44.7	49.6	60.8	76.9	73.8	73.2	92.1%	-0.9%
4	Italy	27.4	18.5	16.2	18.0	19.5	22.8	26.6	-2.9%	16.7%
5	Russia	18.1	19.6	18.2	13.6	8.2	10.1	16.7	- 7.7%	65.3%
6	Sweden	10.3	17.1	12.1	12.3	13.4	15.3	16.6	61.2%	8.5%
7	Spain	8.8	11.0	6.8	9.1	10.9	12.1	13.6	54.5%	12.4%
8	Netherlands	8.5	7.1	8.7	8.8	10.9	11.4	12.3	44.7%	7.9%
9	Switzerland	8.4	7.1	7.3	8.5	10.2	9.2	9.1	8.3%	- 2.1%
10	Poland	7.6	6.8	8.4	10.2	11.9	13.3	15.9	109.2%	19.5%
11	Other	42.2	36.7	41.4	44.4	56.3	62.9	89.7	137.0%	42.6%
	Total	256.6	252.6	251.9	275.7	314.9	333.7	384.1	49.7%	15.1%

Source: Written by authors based on information from [8; 9; 10; 11; 12; 13; 14]

The largest volumes of transactions were provided by leasing companies of four European countries, in particular, Germany, France, Great Britain and Italy. Over the past 7 years, there was a rotation of leadership in terms of the volume of new leasing transactions among these countries: if in 2011 the UK was third in terms of the volume of transactions, in 2017 it reached the first one, reaching a growth of 92.1%. Thus, demonstrating a stable annual volume of transactions, Germany achieved an increase of 23.3%, and France by 30.6%. The market in Italy for 7 years declined slightly by 2.9%.

In 2017, the total amount of new leasing transactions in Europe amounted to 384.1 billion Euro, which is more by 49.7% than in 2011. The portfolio of leasing assets (outstanding position) in Europe increased significantly by 12.6%, reaching 802.2 billion Euro at the end of 2017. At the end of 2017, the UK market became the largest European leasing market, having a volume of new leasing transactions in the amount of 73.2 billion Euro, followed by Germany with 58.7 billion Euro and France - 51.7 billion Euro. The leasing markets of other European countries, including those of Southern Europe, more than doubled in 2017 compared to 2011. However, in the Russian market, there was a decline in the volume of new leasing transactions compared to 2011. [15]

Thus, the process of formation and transformation of the leasing services market, in addition to global trends of integration and globalization of the economy, are influenced by such factors as: supply and demand, the level of production development, tax policy, the availability of incentives to stimulate the development of leasing, the state of national and global financial market, legislation in the field of leasing and others.

Considering that leasing is a type of investment activity, when assessing its effectiveness, it is necessary to take into account political, economic, national, psychological and other factors.

Moreover, in conditions of political instability or tightening of state regulation, the effect of political factors is manifested to the greatest extent. In this regard, when determining the effectiveness of a leasing transaction, it is required to identify the feasibility of investment and its consequences, emerging risks, time factor, degree of responsibility for obligations, leasing payments, tax payments, and alternative options for transactions. Moreover, when choosing an investment option, it is necessary to conduct a comprehensive assessment of investments; ensure maximum investment efficiency; link past decisions with future ones; estimate the value of the lowest cost, the payback period of investments, the rate of profit.

In international practice, the assessment of the leasing market is carried out on the basis of the degree of its penetration into the investments of the corresponding state. It can be calculated as the share of leasing in the volume of investments in fixed assets, or as the share of leasing in the gross domestic product.

2. Development of Leasing Activity in the Republic of Moldova

At this stage of economic development, leasing is the most effective means of increasing investment activity, involving funds from private investors in the investment process. It can play a decisive role in reviving the market for basic means of production. The state, using economic leverage, such as tax breaks, can direct the leasing business to the priority solution of the most pressing problems. Leasing is dominated by the financial function, since it is a form of investing in fixed assets, complements the traditional financing channels: the company's own funds, long-term loans and other sources. Leasing expands channels for raising funds, narrows the scope of long-term loan and expands the attraction of borrowed sources.

However, the process of formation of the national leasing services market in the Republic of Moldova faces a number of problems, among which the following are distinguished: the imperfection of the legal framework and tax regulation; lack of a developed theoretical base; terms of tax benefits; a rather low market volume compared to Europe and the USA, weak development of secondary equipment markets, lack of free cash for long-term investments, slowdown in growth rates; financial problems associated with determining the forms and sources of financing, and others. At the same time, the level and depth of development of leasing in the country is determined by: regulatory and legislative framework; government regulation; macroeconomic conditions, such as investment incentives, the level of bank interest, features of taxation, the degree of inflation and others; accounting system.

In a national economy, leasing compared to buying machinery and equipment on credit is beneficial in that it significantly reduces investment risks, and this leased equipment is much more difficult to misuse than a loan. And in the case of the lessee's bankruptcy, the lessor loses nothing at all.

The financial function of leasing, which plays the leading role in modern economic conditions, is that it is a form of investing funds in fixed assets, an additional source to traditional financing channels. Turning to financial leasing, an enterprise-lessee gets the opportunity to use the necessary property for it without a one-time mobilization of its own for this purpose or borrowing. The lessee is exempt from one-time full payment of the value of the property, which distinguishes leasing from ordinary sale and purchase.

Leasing can open access to the necessary property both in case of any credit restrictions, and in case of impossibility of attracting borrowed funds for these purposes. With the help of leasing, as a rule, those enterprises that either do not have the financial possibilities to purchase equipment in their property or because of the characteristics of the production cycle do not need to be permanently owned, are involved in consumers.

However, a necessary condition for the implementation of a lease agreement is the availability of free funds for the realization of the lessor or access to money of other financial structures. In our conditions, as the experience of creating leasing companies in the country shows, such structures are mainly banks, credit institutions or subsidiary leasing companies established with or without banks.

A very important moment of leasing is to ensure the complete reproduction of fixed assets through the correct and timely accrual of depreciation. The use of accelerated depreciation provides a faster formation of a depreciation fund to update the active part of fixed assets and the production base as a whole, and also allows enterprises to reduce the taxable base. This is one of the tax effects of leasing, allowing the taxable profit to be reduced before the depreciation part is received in the lease payment.

Evaluation of the effectiveness of a leasing operation is carried out by comparing the present value of the cash flow in a leasing transaction with a cash flow for a similar type of bank lending. This is one of the criteria for a leasing transaction.

However, leasing activity in comparison with other forms of financing has both a number of advantages and disadvantages. So at this stage of development of the national economy, the purchase of property through leasing is more profitable compared to a loan, since leasing involves 100 percent financing and does not require a quick return of the entire amount of debt. In addition, it increases flexibility in decision making; provides financing in exact accordance with the needs on a fixed schedule; gives you the opportunity to start a large project for the production of goods, works and services; accounting and depreciation of leased property are made on the balance sheet of the lessor; it is easier to get a lease contract than a loan to acquire the same assets; does not increase the debt; paid lease payments are reflected in the cost and others.

At the same time, for leasing companies, the right of ownership of leased assets allows you to receive tax benefits; the leased property remains in the ownership of the lessor; high liquidation value after accelerated depreciation of the leased asset; return of its part after the sale of the leased asset; reduced risk of no refund; the lessor has the opportunity to seek additional financial resources for the continuation and expansion of activities, directing financial resources to the acquisition of tangible assets, eliminates the problem of misuse of credit funds; investments through leasing guarantees the generation of income covering leasing obligations.

For manufacturers of machinery and equipment, leasing allows you to increase sales, a lot of profit; to expand the network of services for warranty maintenance of the equipment produced, the range of consumers; to conquer new markets for products; expand the network of warranty services for manufactured equipment, equipment, etc. The deal for the seller seems less risky, since the lessor assumes the risk of returning the value of the property through leasing payments.

Alongside the above mentioned advantages, the leasing transaction also contains shortcomings conditioned by the failure to solve accounting problems and the complexity of the business in the case of the involvement of several participants. However, there is a lack of litigation in this regard and the fact that leased payments are related to self-sustaining outputs and low prices, but they are only payable, they are able to pay for the price of the goods and have a competitive advantage. Besides in the financial leasing transaction, leasing payments shall not be interrupted until the end of the reference period, even if the achievements of the technical and scientific progress morally amortize the leasing object; the lessee does not gain from increasing the residual cost of the object; international leasing transactions do not exclude currency risks and others.

The Republic of Moldova was one of the first CIS member states to legalize the lease through a distinct normative-legislative act. Countries like France, Canada, Australia, and Russia have adopted separate laws governing leasing operations.

Initially, the legal basis governing the leasing operations was the Law about Leasing no. 731-XIII of 15.02.96. The adoption of this law was conditioned by the need to develop and implement an effective state leverage mechanism in Moldova during the transition to the market economy. Compared to the legal framework in other countries, this law was narrower, comprising 21 articles, reflecting: the underlying concepts and scope of leasing; the legal and economic aspects of financial leasing operations; the leasing object; forms and types of leasing; the legal basis of the leasing operations; the

rights, obligations and liability of the lessor and the lessee; the terms of the lease; appreciates the way of transmitting the accidental risk to the leasing object and the right to unconditionally reconstitute the leases, other aspects. The law does not specify the issues related to taxation, currency and customs regulation, which were regulated by other normative acts.

It defines the basic notions and the scope of leasing; legal and economic aspects of leasing operations; forms and subject of leasing; the topics of leasing relationships; the rights, obligations and liability of the lessor and the lessee; lease terms and other issues. [16]

The legal relations related to the leasing are regulated by other normative acts, including: Civil Code of the Republic of Moldova; Tax Code of the Republic of Moldova; Law on Entrepreneurship and Enterprises; The National Accounting Standard "Leasing Contracts". [17; 18; 19; 20; 21]

Thus, from a legal point of view, leasing relations are regulated by several normative acts, which, by establishing the various legal regimes, lead to a non-unitary interpretation of the leasing operations.

At the same time, it is necessary to mention that the legislation does not clearly define the concept of leasing. For these reasons, it would be appropriate to formulate this notion as a form of investment activity for the purchase of property and its transmission under the financial leasing contract to natural and legal persons for a fee, for a limited period and under certain conditions stipulated in the contract, repurchase of the good by the user. The main discrepancies between the lessor and the user arise in the event of non-payment of the contractual payments, which is why the lessor must be insured by law to take over the good from the guilty party. According to the law, there are two ways of taking over: the voluntary restitution by the user of the object of the lease under contractual provisions or forced execution under the provisions of the Code of Civil Procedure. [20]

Thus, one of the current tasks is the harmonization of the Lease Act with the provisions of the Civil Code, the Tax Code and other normative acts of the Republic of Moldova. At the same time, the legislative amendments and additions to the leasing activity must be made in strict accordance with the provisions of the Ottawa Convention on International Financial Leasing.

Leasing opportunity in Moldova became evident from the very beginning of the transition period to the market economy. The physical and moral wear and tear of fixed assets and the lack of own resources for the modernization and re-engineering of the technological process constituted the necessary premises for the extension of the leasing transactions. However, in recent years leasing development in the country has been limited, in the first place. One of the main barriers to development is legal and normative contradictory and controversial, which does not reflect the economic essence of leasing.

The 1998 regional financial crisis, which dropped indigenous leasing a few years back. In order to recover from this financial crisis, the leasing market in Moldova took almost two years. A refreshment of the number and volume of leasing transactions has been recorded only since 2000. Regrettably, it is noticed that the Moldovan banking system has a refractory and cautious attitude towards leasing. No commercial bank in Moldova has founded any affiliated leasing company.

The number of independent leasing companies in Moldova was relatively small. Their main problem was the shortage of financial sources for the expansion of activity: they functioned largely from sources borrowed from banks and, respectively, were limited not only in the volume of borrowed loans but also in the terms of repayment of loans, they cannot deliver in leasing machines for a term longer than 3-4 years.

The dynamics of the expansion of the leasing services was in direct correlation with the state of the fixed assets. According to the Center for Reforms and Strategic Research, in the 90's in Moldova, the fixed funds were physically and morally exploited in the 1990s, and in a number of enterprises they were completely excluded from the production cycle. In 2002 compared to 1990, the volume of

investments decreased by more than 10 times. The structure of investments in the 2001 funds shows a decrease in the share of the public sector by 66% compared to 1990 and by 18% compared to the year 2000. Most of the investments are currently generated by the private sector, including the mixed-ownership enterprises the participation of foreign capital. Foreign direct investment over the years averaged \$ 40-80 million. Only in the years 2000-2001 they increased to \$143 million and \$149 million.

According to the Statistics and Sociology Department, on 01.01.2002 in Moldova there were 112 economic agents having as object of activity "Rental of machinery and equipment", out of which 75 companies performed financial leasing transactions, which is 67 % of the total number of leasing companies. At the same time, according to official data, the activity report presents only 60 companies, out of which 8 in the field of financial leasing. According to the situation as at January 1, 2002, there were 112 leasing agents in Moldova, out of which 75 companies in the field of financial leasing. But, according to the Department of Statistics and Sociology, they were only 54% active.

This is the way that the financial markets of Moldova in 2002 have been marked, such as the emergence of perpetual leasing companies, which have become increasingly popular in the banking sector. The Leasing Leasing Company - EuroLeasing - was registered in June 2002, second in September 2002 - MAIB-Leasing, third - IMC Leasing, followed by Express Leasing & Microfinance. In summer 2006 has been the registered lease of the 100% Company Total Leasing. In this period, leasing companies mainly, specialize in the provision and leasing of leased vehicles.

The smallest market participants were registered in 2014 - 18 companies that leased fixed assets by 1,071 million MDL, which is 5.8% less than a year earlier. Of the total funds, 93.2% accounted for the largest share of vehicles, of which 77.6% are cars. Buildings and structures accounted for 3%, or 32.4 million MDL, which is 42 million MDL less than in the previous year; on machinery and equipment 2.5% - 27.3 million MDL, decreasing by 72.4 million MDL. More than half of the fixed assets of 59.7% were issued for up to three years, from three to five years - 38.2%, over five years - 2.1%. The top five included such companies as: MAIB Leasing, Total Leasing, Finance Leasing Company, BT Leasing MD, Capital Leasing, their share was 70% of the total value of fixed assets leased.

In 2015, leasing companies leased out fixed assets in the amount of 1,089.2 million MDL, or 1.7% more than in 2014, which included vehicles in the amount of 981.8 million MDL, or 90, 1% of all fixed assets, of which 824.2 MDL were cars. Machines and equipment were leased in the amount of 60.5 million MDL, or 2.2 times more than in the previous year. The cost of leased fixed assets with a payment period of up to three years amounted to 659.6 million MDL, or 60.6% of the total value of funds, from 3 to 5 years - 401.5 million MDL, or 36.9%, and with a payment term of more than 5 years - 28.1 million MDL, or 2.6%. At the same time, the cost of fixed assets leased to enterprises and non-financial organizations of Moldova amounted to 585.7 million MDL (-6.9% compared with 2014), or about 53.8% of the total, physical individuals - 503.4 million MDL (+ 14.4%), or 46.2% of the total.

In terms of the value of fixed assets leased, the top five largest leasing companies in Moldova in 2015 included: Total Leasing, BT Leasing MD, Capital Leasing, Finance Leasing Company and MAIB Leasing, which accounted for 72.2% of the total value fixed assets leased.

In accordance with the data of the National Bureau of Statistics, in 2016, 26 leasing companies in the country leased fixed assets in the amount of 1,230.0 million MDL that is, increased by 13% compared with the previous year. Compared to 2009, when leasing was issued property worth 412 million MDL, the market grew 3 times and was close to the figures of 2008, 1250 million MDL. At the end of 2016, the share of cars accounted for 88.1% of the total leasing provided, of which 919 million MDL provided for the leasing of passenger cars. The volume of leasing for transport grew by 10.5% compared with 2015. The financing of leasing of machinery and equipment also increased (by 46%) - up to 88.5 million MDL, buildings and special structures (2 times) - up to 55.4 million MDL. The

leasing of other types of fixed assets decreased from 18.8 million MDL in 2015 to 0.5 million MDL in 2016. This is less than in 2015 (90.1%) and in 2014 (93.2%); but more than in 2013 (84%).

In 2016, leasing from 3 to 5 years accounted for 46.7% of the market - 575.5 million MDL, or 43% more than a year earlier, and for a period of up to 3 years 46.3% of funds were issued - 570 million MDL, which is 13.6% less than a year earlier. Thus, the most funds (93% of the total) were issued for a period of up to 5 years. At the same time, as a long-term leasing, although it occupies a small share, it is still growing compared to the period 2009-2010, when leasing for a period of more than 5 years was provided for up to 0.3% of the total amount of funds disbursed. Approximately 55% of leasing recipients were legal entities that issued 676.3 million MDL, or 15.4% more than in 2015. Over 45% of the funds were received by individuals - 555.2 million MDL, which is 10.3% more than the previous year. Financial institutions in 2015 - 2016 did not receive leasing of fixed assets. The top five accounted for more than 78% of all leased fixed assets. There was a small rotation in the list of leaders, and also for the first time appears SRL "Raiffeisen Leasing", which supplanted SA "MAIB Leasing".

Currently, in accordance with the data of the National Bureau of Statistics, in 2017, leasing companies leased out fixed assets in the amount of 1,426.6 million MDL, or 195.1 million MDL, which is 15.8% more than in 2016 year. The prevailing part of the fixed assets issued in leasing are vehicles in the amount of 1,335.6 million MDL, or 93.6% of the volume of fixed assets of which passenger cars make up 1,286.8 million MDL. On real estate - almost four percent, and two and a half - on equipment.

At the same time, in 2017, the value of the leased assets with a payable term up to 3 years amounted to 631.0 million MDL, or 44.2% of the total value of fixed assets leased from 3 to 5 years - 766.2 million MDL, more than 5 years - 29.5 million MDL, which is 53.7% and 2.1% respectively of the total value of fixed assets leased.

In the past, the leadership in the provision of leases in asset-based leasing companies differs. As a matter of fact, for the past few years, the statutory audience has been observed, including the BT Leasing MD, Capital Leasing, Finance Leasing Company, MAIB Leasing, Total Leasing & Finance, Raiffeisen Leasing, Victoria Leasing [22].

Thus, starting from the world experience, let us mention that leasing is a component of the investment flow, and for leasing development it is necessary to perceive it as an investment activity.

Taking into consideration the current state of the leasing services in Moldova and analyzing the existing legal framework and statistical data on some aspects of the leasing activity, it is possible to define the measures and actions of primary importance for the improvement of the leasing mechanism in Moldova, including:

- in the legislative field: definition of leasing as a component of the investment activity; giving the locators the rights, benefits and other benefits that the tenants (users) will have to pay all taxes, charges and other payments for goods received from the lessee (user) within the limits and for the payments for the leasing assets; removing the discrepancies between the Lease Act and the normative acts in the customs and currency domains; provisions in the legislation on budget support in financing leasing operations in the priority areas: agrarian sector, health care and education;
- in the field of the formation of a preferential tax regime: the exemption of the taxpayers from paying the income tax, obtained from the realization of the leasing contracts with a duration of at least 3 years; exempting financial institutions from payment of income tax, obtained from lending to leasing companies for carrying out deleasing transactions with a duration of at least 3 years; exemption from customs duties and other taxes for the temporary importation of furniture and other goods under international leasing contracts; the exclusion of international leasing operations from the nomenclature of foreign exchange operations related to the flow of capital and is approved by the National Bank of Moldova.

Conclusions

Thus, today leasing is the youngest branch of business activity. It continues to actively develop in a world where leasing is used as a tool for investing and financing business processes. Leasing creates new, more powerful motivational incentives in entrepreneurship. It opens a wide scope for initiative and enterprise, rational use of material, financial and labor resources.

The state of the economy, when many enterprises are not able to invest large financial resources in the technical renewal and intensification of production, dictates the need to use leasing for the technical equipment of enterprises. As it is known, leasing services are the main source of renewal of fixed assets of enterprises. In the total volume of industrialized countries, leasing services account for 20% - 30%. This is expressed in the fact that leasing, being a specific form of investing funds in fixed assets, is an additional source of property financing.

Leasing allows an enterprise to a tenant to expand production and adjust equipment maintenance without major one-time costs and the need to attract borrowed funds. The problem of limited liquidity is mitigated, the cost of purchasing equipment is evenly distributed over the entire term of the contract. Funds are released to invest in other types of assets. No borrowed capital is attracted, and the balance of the company maintains the optimal ratio of equity and debt capital. Lease payments are made after installation, commissioning and commissioning of equipment, and thus the leasing company has the ability to make payments from funds received from the sale of products produced on the leased equipment.

The relevance of the development of leasing in the Republic of Moldova, including the formation of the leasing market, is due to the need to finance the process of updating fixed assets, acquiring modern equipment, reducing losses from its moral wear and tear. For a business, leasing is a source of additional capital, which makes it possible to activate its activity. In the national economy, leasing helps to increase employment, improve the social climate, expand the tax base and increase GDP (as a result of capital accumulation, through the purchase of equipment). Since leasing is a younger industry than in a number of other countries, more attention should be paid to foreign practice and try to learn from this experience as effectively as possible.

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