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How Do Leaders of State-owned Microfinance Organizations Perceive Their Business Environment?

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ABSTRACT

The article is devoted to the study of attitude of representatives of State-owned Microfinance Organizations to their clients and to the regulators as well as the understanding of their own role in these relationships. **The aim** of the study was to analyze the State-owned Microfinance Organizations leaders' perception of the business environment. **The subject** of the study includes a subjective assessment of the role of their organization in the financial system of the region, the attitude towards consumers of the services of their organizations (Entrepreneurs), the expected attitude of Entrepreneurs to the services provided by their organizations, and relations with regulatory authorities. **The relevance** of the study is associated with the growing importance of State-owned Microfinance Organizations in the implementation of the tasks set by the government of the Russian Federation, so there is a need for an additional study of subjective assessment of their own position in the system of business relations. **The scientific novelty** is that the business environment has been structured based on the main participants in the interaction. The authors used **methods** of descriptive statistics, in particular, frequency analysis. As a **result**, the perception by representatives of state microfinance organizations of their role as participants in the financial market was studied in three aspects of the scheme proposed by the authors: their importance for the economy of the region, the attitude of consumers to their services, and the peculiarities of interaction with regulators in their perception. It is **concluded** that representatives of state microfinance organizations assess their field of activity as socially significant and prestigious, the regulator as trustworthy, but admit that some costs for mandatory requirements could be reduced.

Keywords: state-owned microfinance organizations; trust; regulator; semantic differential; optimization of regulation

ОРИГИНАЛЬНАЯ СТАТЬЯ

Как руководители государственных микрофинансовых организаций воспринимают свою бизнес-среду?

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АННОТАЦИЯ

Статья посвящена изучению отношения представителей государственных микрофинансовых организаций к своим клиентам и регуляторам, а также их понимания собственной роли в этих отношениях. **Цель** исследования заключалась в изучении восприятия руководителями государственных микрофинансовых

организаций своей бизнес-среды. **Предмет исследования**: субъективная оценка роли своей организации в финансовой системе региона, отношения к потребителям услуг своих организаций (предпринимателям), ожидаемое отношение предпринимателей к услугам, предоставляемым их организациями, и отношения к контролирующим органам. **Актуальность** исследования связана с возрастающей значимостью государственных микрофинансовых организаций в реализации задач, поставленных правительством Российской Федерации, поэтому возникает необходимость в дополнительном изучении их субъективной оценки собственного положения в системе деловых отношений. **Научная новизна** состоит в том, что осуществлено структурирование бизнес-среды на базе основных участников взаимодействия. Авторами использовались **методы** дескриптивной статистики, в частности частотный анализ. В **результате** изучено восприятие представителями государственных микрофинансовых организаций своей роли как участников финансового рынка в трех аспектах предложенной авторами схемы: их значение для экономики региона, отношение потребителей к их услугам и особенности взаимодействия с регуляторами в их восприятии. Сделаны **выводы**, что представители государственных микрофинансовых организаций оценивают свою сферу деятельности как социально значимую и престижную, регулятора — как заслуживающего доверия, но признают, что некоторые расходы на обязательные требования можно было бы сократить.

Ключевые слова: государственные микрофинансовые организации; регулятор; семантический дифференциал; оптимизация регулирования; доверие

Introduction and literature review

Financial security is the most important factor in a sustainable national economy. The financial sector is characterized by dynamism and sensitivity to various trends specific to periods associated with external challenges. Precise and prompt actions of all participants in the financial market, including the heads of financial institutions, their clients and the regulator, are important, and the requirements of the latter are mandatory for all participants in financial relationships. Finding a balance between "Citizen Security" and "Freedom of Business" is a constant and complex work carried out by the state.[1]

Microfinance market participants are Microfinance institutions (MFIs), namely: microfinance organizations (MFOs), consumer credit cooperatives (CCCs), agricultural consumer credit cooperatives (ACCs), housing savings cooperatives and pawnshops.[2] The need to study relations between microfinance institutions (MFIs) and other market participants, improve the regulatory framework and ensure that microfinance institutions can carry out their social mission has been emphasized in a number of studies (see systematic review [1]).

The activities of microfinance institutions differ significantly from those of, for example, banks in terms of efficiency, business orientation, stability and asset quality. They have "higher intermediation, non-interest income, wholesale funding and liquidity, but lower efficiency and asset quality" [2, p. 1]. One of the objectives of the MFIs is the fight against poverty. In this connection, their clients are also different from the clients of banks. Usually, these are people with low incomes, the rural population and ethnic minorities as well as small businesses. The researchers note that, unlike banks, microfinance organizations can issue small loans, achieving a high level of both financial and social efficiency [3]. Another feature of microfinance institutions (MFIs) is that they use an alternative financial intermediation system (business model) to provide financial services. They facilitate unsecured lending through close monitoring of credit and have a clear ability to collect savings through donations (other than deposits). The unique intermediation model is shown to present MFIs with lower credit risk; however, this comes at the cost of higher business risk [4]. In this regard, one of the research questions may concern the role of trust in such relationships. Another issue the authors raise is that strong competition in the microfinance industry may force MFIs to abandon their mission-oriented behavior and behave like conventional profit-oriented firms. Such pressures may influence MFIs to follow the lending practices of their commercial partners, i.e., maximize their income and allow less cross-subsidization of weaker client groups. This, in turn, will be contrary to their

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[1] Decree of the President of the Russian Federation of July 21, 2020 No. 474 "On the National Development Goals of the Russian Federation for the period up to 2030".
[2] Bank of Russia. URL: https://www.cbr. ru/eng/about_br/bank-structute/dmr/

social mission and is believed to be detrimental to their economic sustainability and social performance [5].

If we turn to the Russian experience, the majority associate microloans with small payday loans at a high interest rate. However, there are also state-owned microfinance organizations (State MFOs), which provide for persons belonging to small and medium-sized enterprises (SMEs) the opportunity to obtain loans at preferential interest rates. For example, 3% per annum on a loan in the amount of up to five million rubles and for a period of up to three years. The federal budget provides subsidies to the budgets of the regions of the Russian Federation, which in turn are transferred to the State MFOs by increasing the capitalization of these organizations. Thus, unlike, for example, subsidizing the interest rate of soft loans provided by commercial banks, control over the transferred funds is not lost. In addition, the Ministry of Economic Development of the Russian Federation, in Order No. 142 dated March 26, 2021 (hereinafter — Order-142),[3] defines the requirements for the implementation of measures aimed at ensuring preferential access for SMEs to borrowed funds, and for the State MFOs themselves. For example, the maximum interest rate should be (clause 2.1.2.14.1 and clause 2.1.2.14.2 of the Appendix to Order-142):

• no more than the key rate of the Bank of Russia for priority projects (youth entrepreneurship, export activities, a female founder, and others, including those determined by a constituent entity of the Russian Federation);

• no more than 1/2 of the key rate of the Bank of Russia for social entrepreneurship, priority projects in single-industry towns.

In accordance with clause 2.1.2.19 of Order-142, the activities of the State MFOs should be evaluated, among other things, by the following indicators:

• by the end of 2022, the current portfolio of microloans should be at least 80% of the funds received for the implementation of the microfinance program.

• "Portfolio risk more than 30 days" (the current portfolio of microloans with overdue payments of more than 30 days) should not exceed 12% of the total active portfolio of microloans.

The activities of the State MFOs are organized through regional executive authorities. Due to the combination of entrepreneurial microfinance and the activities of the centers "My Business", a synergistic effect is achieved. It is possible to take into account the needs of financing types of economic activities that are relevant for specific territories, see *Table 1*.

Each region of the Russian Federation, as a rule, creates a single state microfinance organization to receive subsidies for state support for SMEs in accordance with Order-142. However, at present, the general list of existing State MFOs compiled by the SME Corporation[4] includes 161 organizations. Perhaps some of them do not actually carry out microfinance activities. This is evidenced by the absence of the text "microfinance company" or "microcredit company" in the full name of a number of organizations, which is a violation of the Federal Law of July 2, 2010, No. 151-FL "On microfinance activities and microfinance organizations". So, for example, in the list of "SME Corporation" with the type "Microfinance Organization" there is "Bobrovsk fund for support of entrepreneurship of the Voronezh region" (TIN: 3602008644).[5] However, in the state register of microfinance organizations, there is no entry with such a Taxpayer Identification Number.[6]

State MFOs ensure the achievement of certain results within the framework of federal projects (*Table 2*).

Thus, State MFOs contribute to the implementation of:

• The National Development Goal of the Russian Federation "Decent, Efficient Work and Successful Entrepreneurship": by 2030, to ensure an increase in the number of employed in the field of

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[3] Order of the Ministry of Economic Development of dated March 26, 2021 No. 142 "On approval of requirements for the implementation of activities carried out by constituent entities of the Russian Federation, whose budgets are provided with subsidies for state support of small and medium-sized businesses, as well as individuals applying the special tax regime "Tax on professional income", in the subjects of the Russian Federation, aimed at achieving the goals, indicators and results of regional projects, ensuring the achievement of the goals, indicators and results of federal projects that are part of the national project "Small and medium-sized businesses and support for individual entrepreneurial initiatives", and requirements for organizations that form the infrastructure for supporting small and medium-sized businesses".

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[4] List of organizations that, according to the SME Corporation, are included in the support infrastructure. URL: https://corpmsp.ru/infrastruktura-podderzhki/ (accessed on 07.03.2023).

[5] Unified Register of Organizations that form the infrastructure of SMEs. URL: https://monitoring.corpmsp.ru/reestroi.html (accessed on 15.03.2023).

[6] Registers of subjects of the microfinance market. URL: https://cbr.ru/microfinance/registry/ (accessed on 07.03.2023).

Table 1
Examples of financial products provided in different regions of the Russian Federation

Region	Link
Arkhangelsk Region	https://cmf29.ru/calculator
Moscow Region	https://www.mofmicro.ru/programs/
Republic of Altai	https://мойбизнес04.рф/structure/mkk-nko-fond-podderzhki-msp-ra/mikrofinansirovanie/kreditnye-produkty/
Udmurt Republic	https://www.fond.udbiz.ru/zaymy/
Khanty-Mansi Autonomous Area	www.fundmicro86.ru

Source: Compiled by the authors.

Table 2
Examples of activities of State MFOs in the implementation of federal projects

Federal project	Result
Self-employed support	Self-employed citizens are provided with microloans at a reduced rate by state microfinance organizations in the amount of 500 million rubles annually (2021–2024)
Preacceleration of SMEs	Starting entrepreneurs were provided with preferential financial resources in the form of microloans by state microfinance organizations. Number of active microloans by years: 2021–3,924; 2022–4,230; 2023–4,431; 2024–4,731
Acceleration of SMEs	SMEs are provided with preferential access to borrowed funds of state microfinance organizations. Number of active microloans by years: 2021–38,900; 2022–41,600; 2023–43,900; 2024–46,800

Source: Compiled by the authors.

small and medium-sized businesses, including individual entrepreneurs and self-employed, up to 25 million people.

• State program "Economic development and innovative economy".[7]

• National project "Small and medium business and support of individual entrepreneurial initiative".[8]

In connection with the growing importance of State MFOs in the implementation of the tasks set,

there is a need for an additional study of their subjective assessment of their position in the system of relations.

Based on the theoretical analysis carried out, the analysis of business environment of state MFOs should include three aspects: (1) attitude towards oneself — an assessment of one's social role, since this aspect is the most vulnerable [5], (2) attitude towards consumers of services of state MFOs, since these the relationship differs from the borrower-bank relationship [3, 4] and (3) the attitude to regulatory structures, since state MFOs are subject to systematic regulatory pressure.

The aim of the study was to study the perception of the leaders of the State MFO of their business environment. The subject of the study was threefold and included a subjective assessment of the role of their organization in the financial system of the region, the attitude towards consumers of the services of their organizations (Entrepreneurs), the expected attitude of Entrepreneurs to the services provided by their

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[7] Decree of the Government of the Russian Federation of April 15, 2014 No. 316 (taking into account the edition of Decree of the Government of the Russian Federation of December 25, 2021 No. 2489) «On approval of the state program of the Russian Federation «Economic development and innovative economy». URL: https://www.economy.gov.ru/material/dokumenty/postanovlenie_pravitelstva_rf_ot_15_aprelya_2014_g_n_316.html (accessed on 16.03.2023).

[8] Passport of the national project "Small and medium-sized businesses and support for individual entrepreneurial initiatives". URL: https://www.economy.gov.ru/material/directions/nacionalnyy_proekt_maloe_i_srednee_predprinimatelstvo_i_podderzhka_individualnoy_predprinimatelskoy_iniciativy/ (accessed on 16.03.2023).

organizations, and relationships with regulatory authorities.

In this regard, we hypothesized that representatives of state MFOs differentiate their professional activities, perceive their business environment (clients and regulators) as professional, responsible and interested in development, but at the same time, they have a clear idea of how to optimize the regulatory impact based on their own experience.

Methodology

The questionnaire was compiled on the basis of a series of interviews with representatives of State MFO from five regions. The survey was conducted by targeted sending an electronic link to the response collection form to specific representatives of 42 State MFOs through one of the messengers used by the respondents, the email also included a motivational video. Thus, organizations in 42 constituent entities of the Russian Federation in seven federal districts (Central, Northwestern, Southern, Volga, Urals, Siberian, Far Eastern) are targeted. In addition, an electronic mailing was carried out from the National Association of Microfinance Market Participants "NAUMIR" (https://наумир. рф) to all State MFOs. The expected number of responses was 126; actually, 44 questionnaires were received. Thus, the response rate was 0.35. We consider this indicator quite good since this category of respondents is not numerous and difficult to access.

Sample. The study involved representatives of State MFOs ($N = 44$) among those — 10 are CEOs of the organization, 25 are heads of the level making strategic decisions in areas of activity, and 9 the level of management of operational activities in areas. Regional representation of the sample: 6 — Central Federal District, 3 — Northwestern Federal District, 2 — Southern Federal District, 15 — Volga Federal District, 6 — Urals Federal District, 6 — Siberian Federal District, 6 — Far Eastern Federal District. The organizations that participated in the study are at the following phases of the life cycle, in accordance with clause 8.5 of the Development Concept of the State MFO (Order 745): newly created MFOs operating from the moment of creation up to 1 year 0%; young MFOs operating from 1 to 3 years 2.4%; mature MFOs operating for more than 3 years 97.6%. The size of the portfolio of microloans (the value is known as of the date closest to the survey) of the studied organizations is: 500 million rubles 26.2%;

over 500 million, up to 1 billion rubles 38.1%; over 1 billion rubles 35.7%. Approximate share of SMEs and self-employed (hereinafter — Entrepreneurs) covered by the organization's services in the region where the organizations whose management was interviewed in the study operate: up to 10% of Entrepreneurs — 22 (50% of the sample); from 10% to 50% Entrepreneurs — 15 (35% of the sample); over 50% of Entrepreneurs — 7 (16% of the sample).

In accordance with the objectives of the study, MFO representatives' perception of the role of their organizations as participants in the financial market (importance for the economy of the region, consumers' attitudes to their services and characteristics of interaction with regulators as the most significant partners for the organization) were assessed.

In order to identify an objective assessment of the role of the State MFO in the financial system of the region, the question was asked: "What is the approximate share of the organization's coverage of SMEs and the self-employed (hereinafter referred to as Entrepreneurs) in your region? (in %)".

To identify a subjective assessment of the role of the State MFO, the semantic differential method was used, which, according to a number of authors, allows measuring the "personal meaning" of something for a particular person. The semantic differential measures the connotative meaning, which is subjective, individual and valuable and is opposed to the denotative — objective, interpersonal, cognitive [6, 7]. The subjective significance of the State MFO for the region, in our opinion, can be determined through the characteristics of the activities of their employees as prestigious, approved and socially significant, which made up the positive pole of the bipolar scales of the semantic differential, the negative pole, respectively, made up antonymous adjectives. As another indicator that does not have a social context, a scale was added that describes the professional activity of the State MFO as "highly paid — underpaid". Thus, the respondents were asked to evaluate their activities on four bipolar graduated scales (descriptor scales), the poles of which are set using verbal antonyms that reflect both the value and financial aspects.

To assess the attitude of the State MFO representatives to consumers of their services (Entrepreneurs), a variant of the semantic differential method was used — a personal differential, which allows evaluating other people as an object. The following bipolar scales were given: Undisciplined — Disciplined; Democratic — Authoritarian; Passive — Active; Slug-
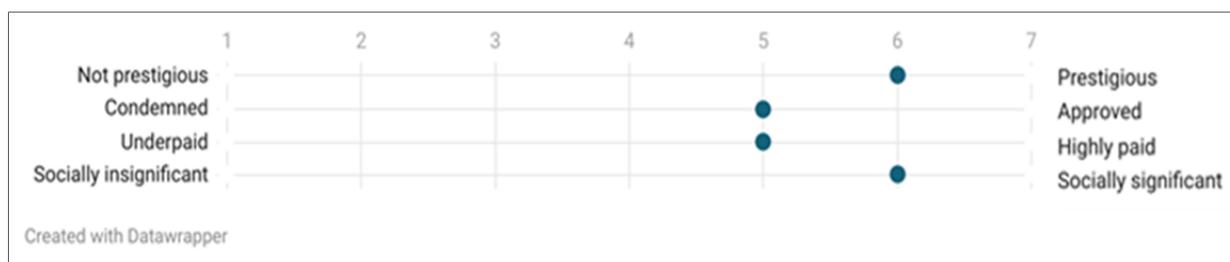
Fig. 1. **The results of the assessment of the State MFOs heads' attitudes to their profession (SD method, Medians)**

Source: Compiled by the authors.

gish — Energetic; Not-business — Business; Poor quality — High quality; Unprofitable — Profitable; Poor — Rich; Backward — Progressive; Irresponsible — Responsible.

The expected attitude of Entrepreneurs to the services provided by the State MFO was assessed through the question "Evaluate the level of trust of Entrepreneurs in the services of the State MFOs?", followed by a 5-point Likert scale from "1 — do not trust at all" to "5 — completely trust".

Relations with regulatory authorities, as the most significant partners for the organization, were assessed as follows. Firstly, in accordance with the traditions of organizational trust research [8], three components were considered as indicators of trust in the regulator (meaning the Central Bank of the Russian Federation): Competence — "The regulator understands how our business works", Consistency — "The regulator, in most cases, complies with assumed obligations" and Benevolence — "The regulator is interested in the successful development of our business".

Secondly, the interviewed representatives of the State MFOs had to express their opinion on the regulatory function (the current scale of regulatory activity, the cost for regulated companies to comply with regulatory requirements) of the following state structures:

1. Central Bank of the Russian Federation (Bank of Russia).
2. Federal Financial Monitoring Service (Rosfinmonitoring).
3. Regional executive authorities.
4. Self-Regulatory Organization (SRO).
5. Corporation "SME".
6. Federal Tax Service of Russia (FTS).
7. Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor).
8. Federal Antimonopoly Service of Russia (FAS RF).
9. Prosecutor's Office of the Russian Federation.
10. Financial Ombudsman.

Due to the small size of the sample, only nonparametric descriptive statistics were available. This allowed us to ascertain general trends in the perception of MFO managers of their organizations as participants in the financial market, without giving an answer to the cause-and-effect relationships and factors of these results.

Results were processed in SPSS 22.

Results and Discussion

First, we will consider the role of State MFOs as participants in the financial market. The results are presented in *Fig. 1*.

Fig. 1 shows that the assessments of the professional activities of the State MFOs are shifted towards positive values, especially in terms of their social significance and prestige, the payment and approval of the profession are rated somewhat lower but still positive.

If we turn to the frequency analysis, then, 80.9% of the heads of the State MFOs consider the scope of their professional activity prestigious, 69% socially approved and 80.9% socially significant. At the same time, 74.1% of the surveyed managers believe that Entrepreneurs trust the services of State MFOs. In particular, 69% of the surveyed executives believe that Entrepreneurs are not embarrassed by the presence of the text "microfinance organization" in the name of the company.

The attitude of representatives of State MFOs to their clients can be obtained by analyzing the median values of the semantic differential scales (*Fig. 2*).

From *Fig. 2*, we can see that representatives of State MFOs highly value discipline, responsibility, energy, business activity and profitability in their clients, to a lesser extent general activity and progressivism, but at the same time they consider them not rich.
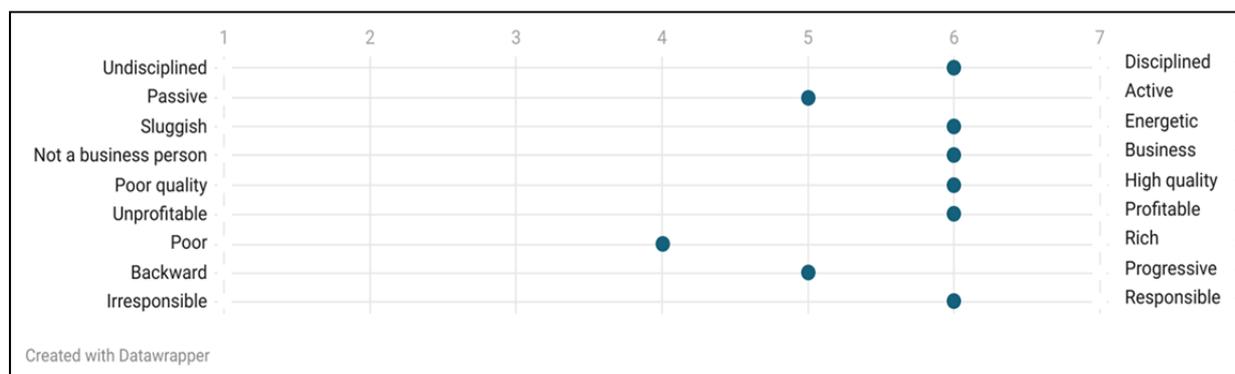
Fig. 2. **The results of the assessment of the State MFOs heads' attitudes to their clients (SD method, Medians)**

Source: Compiled by the authors.

Turning to the frequency analysis, we can note the following number of respondents who agreed with these assessments: Disciplined (61.9%), Active (78.6%), Energetic (80.9%), Business (80.9%), Qualitative (80.9%), Profitable (83.3%), Not rich (71.5%), Progressive (61.7%), Responsible (83.3%).

Thus, in the understanding of the leaders of state MFOs, their activities are significant and prestigious, the profile of consumers of their services (in the perception of leaders) can be described as positive with a predominance of qualities that reflect the focus of Entrepreneurs on results and responsible business conduct.

The next stage of the analysis is the relationship with regulatory structures.

First, we analyzed the trust in Bank of Russia, frequency analysis is presented in *Fig. 3–5*.

Trust in the regulator can be described as follows: the representatives of the State MFOs who participated in the study are convinced that the regulator understands how their business works, is interested in business development and fulfills its obligations; that is, it is Competent, Consistent and Benevolent. Thus, the attitude towards the regulator is characterized by a fairly high level of trust.

We then looked at interactions with regulators in the following areas:

1. Requirements for activities for the issuance, repayment of loans.
2. Control of targeted use of subsidies.
3. Reserves (loans, receivables, etc.).
4. Risk management system.
5. Interaction with SME Corporation.
6. Accounting.
7. Tax accounting.
8. Supervisory reporting: Bank of Russia.
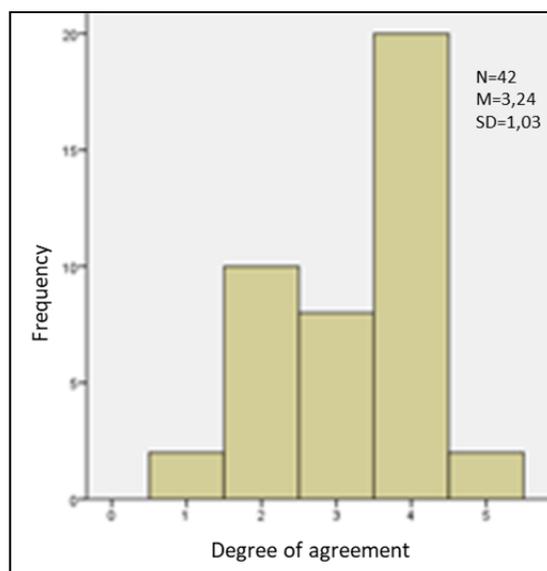9. Supervisory reporting: Ministry of Economic Development of the Russian Federation.

Fig. 3. **The number of respondents who expressed varying degrees of agreement regarding Regulator Competence (here and in Fig. 4–5 Answer options: Strongly disagree — 1 point, Rather disagree — 2 points, Neither/difficult to say — 3 points, Rather agree — 4 points, Strongly agree — 5 points)**

Source: Compiled by the authors.

10. Supervisory reporting: regional executive authorities.
11. Anti-Money Laundering / Countering the Financing of Terrorism / Countering the Financing of Proliferation of weapons of mass destruction (AML/CFT/CPF).
12. Protection of personal information.
13. Compliance with antitrust laws and requirements in the field of advertising.
14. Basic standards.
15. SRO internal standards.

Respondents assessed the current scale of regulatory requirements in the context of each of the state structures, the reasons for the difficulties in meet-
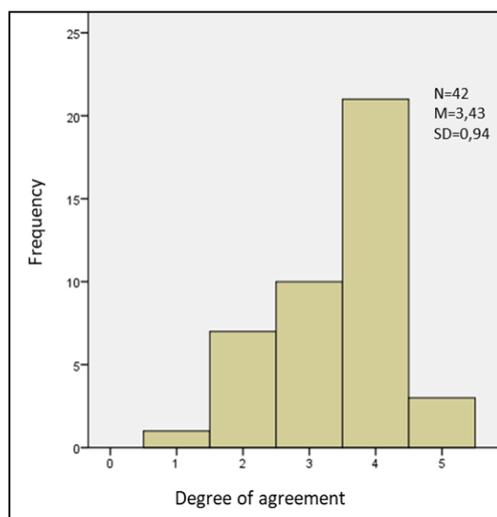
Fig. 4. **The number of respondents who expressed varying degrees of agreement regarding Regulator Benevolence**.
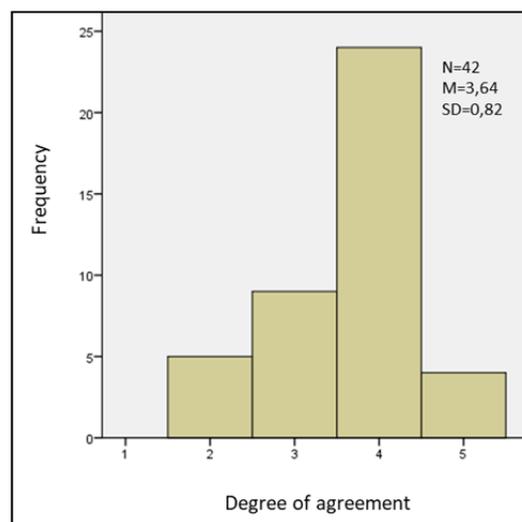
Source: Compiled by the authors.

Fig. 5. **The number of respondents who expressed varying degrees of agreement regarding Regulator Consistency**.

Source: Compiled by the authors.

ing these requirements, the level of expenses of the organization for the implementation of mandatory requirements in these areas, and also gave a forecast of a potential reduction in their costs in case of optimization of regulation (in % of the existing level).

Table 3 provides descriptive statistics of respondents' answers to the question about the existence of excessive regulation in the context of interaction with different structures.

As can be seen from *Table 3*, three state structures turned out to have increased values: the Bank of Russia, Rosfinmonitoring and SME Corporation. Thus, we can say that the heads of State MFOs associate the greatest difficulties in meeting regulatory requirements with these state structures. No difficulties in meeting regulatory requirements from the Federal Tax Service, the Federal Antimonopoly Service and the Financial Ombudsman.

Another aspect of interaction with regulatory organizations is its cost. Let us consider how our respondents assessed the organization's costs of meeting the mandatory requirements. Descriptive statistics are given in *Table 4*.

According to the data presented in *Table 4*, State MFO representatives associate the main costs of compliance with regulatory requirements with such areas as requirements for activities for the issuance, repayment of loans, reserves (for loans, receivables, etc.), the risk management system, interaction with the Corporation SMEs, accounting, tax accounting, supervisory reporting (Bank of Russia), AML/CFT/CPF, personal data protection, basic standards.

At the same time, the interviewed managers see a potential reduction in their costs in case of optimization of regulation by 45–50% in the following areas: reserves (for loans, receivables, etc.), interaction with the SME Corporation, supervisory reporting: Bank of Russia, supervisory reporting: Ministry of Economic Development of the Russian Federation, supervisory reporting: regional executive authorities, AML/CFT/CPF, personal data protection.

When assessing the impact of various reasons on costs when meeting the mandatory requirements, it was found that the listed reasons were assessed by the respondents as significantly affecting costs (*Table 5*). At the same time, it should be added that the degree of automation of mandatory requirements was assessed by the respondents as average (5 points out of 10).

Conclusions

Based on the study, the following conclusions can be drawn. Due to the media's influence in the minds of the inhabitants, the term MFO has a negative connotation, which can also apply to their key representatives. However, based on the results obtained, it can be noted that the key representatives of the MFOs (State) themselves perceive their business environment as trustworthy, which is an essential driver for the economy [8, 9]. Such attitudes create the prerequisites for the development of the region's economy. Respondents evaluate the consumers of their services (Entrepreneurs) as hardworking, active, responsible and believe that

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Table 3
Descriptive statistics of the results of respondents' assessment of the presence of the problem of excessive regulation (in the context of each regulator)

Bank Regulators	M	Med	SD	Percentile		
				25	50	75
1. Bank of Russia	3.21	4.00	1.071	2.00	4.00	4.00
2. Rosfinmonitoring	3.36	4.00	.983	2.00	4.00	4.00
3. Regional executive authorities	3.29	3.00	1.255	2.00	3.00	4.25
4. SRO	2.31	2.00	.780	2.00	2.00	3.00
5. Corporation "SME"	3.81	4.00	1.131	3.00	4.00	5.00
6. FTS	2.64	2.00	.906	2.00	2.00	3.00
7. Roskomnadzor	2.79	3.00	.842	2.00	3.00	3.00
8. FAS RF	2.38	2.00	.731	2.00	2.00	3.00
9. Prosecutor's Office of the Russian Federation	3.21	3.00	1.071	2.00	3.00	4.00
10. Financial Ombudsman	2.19	2.00	.740	2.00	2.00	3.00

Answer options: *Absolutely no problem − 1 point, No. problem − 2 points, Difficult to assess − 3 points, There is a problem − 4 points, Serious problem − 5 points.*

Source: Compiled by the authors.

Table 4
A descriptive statistic of an organization's estimated costs of meeting mandatory requirements

Requirements	M	Med	SD	Percentile		
				25	50	75
1. Requirements for activities for the issuance, repayment of loans.	3.60	4	3.60	4.00	.857	3.00
2. Control of targeted use of subsidies.	3.07	3.50	1.135	2.00	3.50	4.00
3. Reserves (loans, receivables, etc.)	3.79	4.00	1.025	3.00	4.00	4.25
4. Risk management system	3.33	4.00	.954	2.75	4.00	4.00
5. Interaction with SME Corporation	3.36	4.00	1.100	3.00	4.00	4.00
6. Accounting	3.62	4.00	.882	3.00	4.00	4.00
7. Tax accounting	3.40	4.00	.857	3.00	4.00	4.00
8. Supervisory reporting: Bank of Russia	3.45	4.00	.942	3.00	4.00	4.00
9. Supervisory reporting: Ministry of Economic Development of the Russian Federation	2.95	3.00	1.011	2.00	3.00	4.00
10. Supervisory reporting: regional executive authorities	3.21	3.50	1.116	2.00	3.50	4.00
11. AML/CFT/CPF	3.67	4.00	.721	3.00	4.00	4.00
12. Protection of personal information	3.69	4.00	.715	3.00	4.00	4.00
13. Compliance with antitrust laws and requirements in the field of advertising	2.88	3.00	1.017	2.00	3.00	4.00
14. Basic standards	3.36	4.00	.958	3.00	4.00	4.00
15. SRO internal standards	2.95	3.00	.962	2.00	3.00	4.00

Comments on the table. *Answer options: No costs − 1 point, Almost no costs − 2 points, Difficult to estimate − 3 points, There are costs − 4 points, Excessive costs − 5 points.*

Source: Compiled by the authors.

Table 5

Descriptive statistics of assessments of the impact of various reasons on costs when meeting mandatory requirements

Mandatory requirements (MT)	M	Med	SD	Procentile		
				25	50	75
1. Large volume of MT	3.93	4.00	.745	3.00	4.00	4.25
2. Ambiguity of MT	3.79	4.00	.925	3.00	4.00	4.00
3. Variability of MT	3.95	4.00	.731	3.00	4.00	4.25
4. Regional differences in understanding of MT	3.74	4.00	.857	3.00	4.00	4.00
5. Insufficient interaction between the regulator and IT	3.81	4.00	.862	3.00	4.00	4.00
6. Lack of automation	4.05	4.00	.825	4.00	4.00	5.00

Comments on the table. *Answer options: Absolutely no effect on costs − 1 point, Almost no effect on costs − 2 points, Difficult to assess − 3 points, An impact on costs − 4 points, A significant impact on costs − 5 points.*

Source: Compiled by the authors.

Entrepreneurs, in turn, trust the services provided by their organizations.

State MFO representatives assess their field of activity as socially significant and prestigious, which may reflect their tendency towards responsible business conduct. Controlled entities (State MFO) consider the actions of regulators (the Bank of Russia, the Ministry of Economic Development of the Russian Federation and others) to be highly professional, mandatory and positive. Thus, regulators are assessed as professional partners, interested in business development, and benevolent.

At the same time, it should be noted that the study revealed issues that impede the activities of State MFOs, in the form of certain areas of state regulation, in which the interviewed managers see some redundancy, incurring additional costs for organizations, which theoretically can be significantly reduced (up to 50%). They are mainly related to redundancy, supervisory reporting, AML/CFT/CPF and personal data protection. The results of the study may be useful for regulatory authorities to optimize the administrative burden, including by receiving and processing proposals from controlled entities.

The study has **limitations**. The main reason is the small sample size, which does not allow for division into sub-groups, internal comparisons and identification of factor structure. However, it can be assumed that the resulting small sample is representative of a relatively small group of leaders of state MFOs as well. The conclusions obtained in the study are methodologically adequate to the tools used, especially since they are not extended by the authors further than the description of the judgment and assessment of a narrow professional group.

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