

## ГРОШІ, ФІНАНСИ І КРЕДИТ

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### **UKRAINE BANKING SYSTEM: STATE AND PERSPECTIVES**

Having responsibility for the stability of banking system is of the priority tasks which need to be addresses on the way of integrating the country into European economic space. The powerful banking system is essential for achieving economic growth in The Ukraine.

The foreign researchers paid a considerable attention to banking system operation: J. M. Keins, A. Pigu, E. Show, P. Rose, E. Zhukov, V. Kolesnikov, L. Krasavina. A lot of our talented scientist wrote numerous works on this topic as well: O. Batanovskiy, I. Lutyi, O. Vasyrenko, A. Galchinskiy, V. Krotiyuk, V. Lisitskiy, V. Mishenko and others.

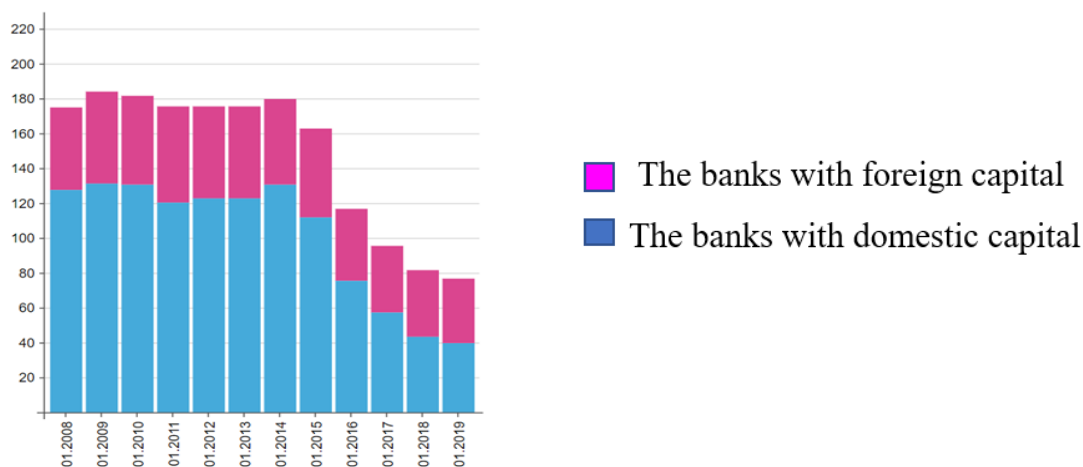
Nowadays the most confident feel on the market relates to governmental banks or those ones which possess the major part of governmental money in share capital because of receiving funding from the budget. It also seems to be complicated to determine the increase of market share of foreign capital and the importance of it for Ukrainian banking sector: there is a good reason for holding the first four top positions on the list of fifteen top most reliable banks of the country [1].

The Ukrainian banking system has faced the issues, main of which are:

- low levels of competitiveness in the banking systems;
- absence of long-term debts on the internal market;
- insufficient level of capitalization;
- independence of Ukrainian National Bank [3].

To enhance the Ukrainian banking level of competitiveness following methods should be implemented: to improve the legislative basis for increasing the transparency of the bank's activity; to implement the increase of own capital; improve the quality of management; to incorporate the new

technological developments; to expand the range of bank services; gain the confidence of population and so on [4].



**Fig. 1. The number of commercial banks in the Ukraine from 2008 to 2019 [2]**

The low level of capitalization leads to crowding out of national banks. With the help of increasing the level of capitalization, banks also increase the competitiveness both on the domestic and external markets and ensure the financial stability of Ukraine stability.

But the major problems remain the low quality of services as well as their high cost. One of the core indicators which characterizes the situation created as baseline reporting rate, which is set in line with bank policy. The higher the interest rate, the more expensive loans are provided, hence to the enterprises and the public.

The characteristic of present sage of Ukrainian baking system development is transition from operations running at deficit to profit. It is related to reducing costs for reserves from 21 % in first seven months in 2017 to 11,7 % in January – July 2018, so at the absolute amount – from 21,4 bln to 11,6 bln hryv during this period [5].

The National Bank of Ukraine promotes targeted policy clearing the banking system from establishments with non-transparent structure of ownership, and from those with illicit financial activity and violated the legislation. A return deposits to physical persons mechanism has been developed and realized in practice.

The Guarantee Fund for Individuals Deposits has been developed to operate the program for the recovery of lost savings. It was founded in order to protect the rights and legitimate interests of bank depositors and performs

special functions in the field of guaranteeing deposits of individuals and the withdrawal of insolvent banks from the market [6].

Now the task is to introduce a system of measures at the state level, in order to further increase customer confidence in the banking system. In order to simplify certain aspects of banking, it is advisable for the Ministry of Finance of Ukraine, to initiate changes to the Tax Code of Ukraine, Bankruptcy Law, and other laws to strengthen the regulatory framework for debt collection [1].

Given the study, it can be concluded that those processes that we observe in the banking system of the country are, in the vast majority, the consequences of the negative impact of both external and internal factors. They have a subjective and objective character. Reducing the impact of individual factors will not lead to overall improvement of the system. Therefore, measures and reforms should be systematic.

Provided that the level of growth of the country's economy is achieved, the establishment of stable export of products produced in Ukraine, the attraction of international investors and the latest technologies will be a powerful driving force not only to stabilize the banking system, but also to its stable and gradual development [3].

### References:

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