

Yevgeniya Mordan, *PhD student, Department of International Economics*
SHEI "Ukrainian Academy of Banking of the National Bank of Ukraine"

ACTIVITY OF THE DEPOSIT GUARANTEE FUND IN ENSURING THE EFFECTIVENESS OF THE BANKING SYSTEM REGULATORY FUNCTION

One of the most important historical peculiarities of formation and development of banking regulation is the deposit insurance system of individual in the banks of Ukraine. Legal methods of the depositors' interests protection significantly stimulate population's borrowing and strengthen confidence in the banking system. One more important argument for the establishing of deposit insurance system is the following: most banks (in case of their liquidation) are not able to meet the requirements of the depositors even partially.

It has been observing the annual tendency to the deposits amount and financial resources of the Deposit Guarantee Fund (DGF) for the period of its existing (table 1). Financial stability of the deposit insurance system is determined by the optimal size of the financial resources accumulated by the DGF which is sufficient to cover the risk that the system takes over. It is obvious that citizens' deposits amount in the banking sector prevails over the amount accumulated by the DGF, in 01.01.2013 deposits amount of the citizens was 338,5 billion that prevailed over the available financial resources of the Deposit Guarantee Fund by 56 times. Thus on the 1st January, 2013 the DGF had available 6092,1 billion UAH which covered only 1,8% duties to the citizens. Surely this amount is too little and not able to compensate deposits if a lot of banks are in the financial risks zone, especially if at least one bank being the biggest one according to the NBU classification turns bankrupt. For example: on the 1st January, 2013 deposits amount of the individual of "PrivatBank", which is included in the first group according the NBU classification, was 85,7 billion that more than the Fund's resource base by 14 times.

Newness of DGF stipulates a little amount of deposit compensation which was 150000 UAH from October 2008 till October 2012 and nowadays can't be more than

200 000 UAH (USD 25 000) according to the Ukrainian Legislation that is significantly less than the amount of deposit compensation of leading countries in the world. Thus, in the USA guaranteed compensation amount is 250000 USD, in Japan - 120 206 USD and in the European Union the least allowable one is 100000 Euro according to the latest data of Deposit Insurance Association. But there are the discussions in the scientific circles concerning guaranteed deposit compensation amount is overrated and does not correspond to the social-economic development level of Ukraine.

Table 1 – Financial and economic indicators of the Deposit Guarantee Fund in Ukraine

	Total amount of individual deposits, UAH million	Fund's financial resources, UAH million	Guaranteed compensation amount, UAH
1999	3700,0	50,5	500
2000	5600,0	74,3	500
2001	9300,0	68,8	1200
2002	16600,0	155,4	1500
2003	29200,0	242,8	2000
2004	38400,0	407,0	3000
2005	67900,0	629,7	5000
2006	100400,0	867,0	15000
2007	155200,0	1335,5	25000
2008	204900,0	2987,3	50000
2009	198000,0	4302,7	150000
2010	254200,00	3390,3	150000
2011	282600,00	4827,3	150000
2012	338500,00	6092,1	200000

Thus, the analysis of the table 1 shows that raising of guaranteed insurance compensation amount corresponded to the leads to the increasing of the individual deposits total amount in the banking sector that proved the right fixed guaranteed amount by the country. Thus, it was found out that deposits compensation amount was correspond to the social and economic development of Ukraine and guaranteed amount was raised suitably both in 2008 and 2012, and hence the ensure the effectiveness of the banking system regulatory principles.