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INVESTIGATION OF FINANCIAL STABILITY OF UKRAINE

In order to estimate the level of financial stability of the country scientists and analysts use different methods. The basic methodological approach in this case, first of all, is the calculation of financial stability indicators. The generally accepted approach in the world practice is the investigation of the stability level based on the methodology of the IMF, which includes a set of indicators of the current financial state and stability of the whole complex of financial institutions and their customers.

The regulators of financial markets in many countries publish periodical reports on the level of financial stability. The fact of their occurrence is a tool of the central bank`s influence on the financial system to stabilize it. The NBU on its website regularly allocates values of some financial stability indicators. The distinctive feature of financial stability reviews (compared with financial stability reports) is the emphasis on the presence of conditions for identifying, managing and reducing systemic risks [1].

One of the important problem aspects is a lack of research in the question of probability of crisis occurrence. The next one is the lack of statistical data for proper study of ways to solve this issue.

The origin, behavior and consequences of the recent global financial crisis have shown that despite the considerable experience, crises are still unpredictable. Moreover, global scale of crises requires finding the ways to decrease their destructive power.

Relative to this problem scientists and experts from different countries indicate that to achieve the cumulative effect the necessary measures of global governance system rather than local adjustments (for example, shifting the consequences for employees) are needed.

The authors, who study the problem of crises, do not always divide on macro-level between banking crisis, a crisis of the real sector and the global crisis. These concepts are often substituted. There is no unanimity of opinion on the causes of specific crises. However, the recent global crisis had a completely different nature than all the previous ones. Therefore its effects were the most large-scale.

The analysis of the annual GDP growth and financial performance of the financial sector since 2000, carried out on the base of data [2], led to the finding of a significant difference: on the background of minor annual fluctuations of GDP for the financial sector there is a visible period of “excess profits” in 2001-2007, that was changed by the period of “excess losses” thereafter.

According to the Law of Ukraine “On the National Bank of Ukraine” the main function of the NBU is to ensure the stability of monetary union of Ukraine. Also the NBU within its power facilitates the stability of the banking system on conditions that it does not impede achievement of the goal mentioned above. In most countries the problem is set wider – to ensure financial system stability, control systemic risks in financial markets, etc.

The main types of markets that affect the financial stability estimation include: monetary, foreign exchange, securities, real estate, consumer goods, industrial goods, and the world financial and commodity markets. Generally 40 indicators of financial stability of the country are provided, 15 of them relate to non-banking sector and 25 to the banking sector [3].

The main elements of the banking sector stability analysis are: monitoring of the situation, analysis of trends and scenarios, stress testing, early warning system.

The results of investigation of warning indicators, behavior during the recent crisis confirm their ability to “respond” to the coming of the crisis situation.

Since according to modern theories of economic crisis, the banking crisis and the crisis in the real sector, in most cases are interconnected and trigger each other, there is an important issue of the development of anti-crisis measures specifically for the banking system.

Results of the investigation let to form the following summary of the thesis.

Firstly, there is a necessity of reliable banking system buffers (capital, liquidity, trust and reliability) which can reduce the negative macroeconomic consequences of the crisis manifestation and prevent the destruction of the financial system in whole.

Secondly, it should be taken into consideration that a strong financial system is formed not only for national (public) interests, but for the private sector, whose entities largely ensure it.

Thirdly, the financial stability of Ukraine can be ensured by consolidated implementation of principles of various policies, combination of macroeconomic and microeconomic influences, as well as the presence of system of effective supervision for development of the financial infrastructure.

Thus, the author’s investigation is devoted to the identification and evaluation of factors that affect the financial stability of the country. Using the complex of instruments-indicators, worked out on the basis of a comparative analysis of several existing approaches, the appropriate calculations to characterize the level of financial stability of Ukraine are performed.

Results of investigation allow summarizing that the financial stability of the country reduced, first of all because of decreasing of stability of banking-central financial sector of Ukraine.

Literature

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