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DIRECTIONS OF BANKING SYSTEM DEVELOPMENT OF UKRAINE AT THE PRESENT STAGE

Banks in connection with the specifics of their activities have a special place in the economy and, being closely associated with all its levels, significantly affect the vital functions of society. Thus, the stability of banking system is essential for the gradual social and economic development of the national economy of Ukraine, so the relevance of research is caused.

The second half of 2008-2009 has been the most difficult period for the national banking sector over the last decade: only the period from 01.10.2008. till 01.02.2010 total outflow of individual, business and non-bank financial institutions means exceeded 90 billion USD (25,7 %), losses of Ukrainian banks in 2009 amounted to 31,492 billion UAH (among 179 operating banks only 53 banks received a total profit of 3,141 billion UAH, and 126 banks received a total loss of 34,633 billion UAH), only in 2009 it was statistically fixed that problem debts increased in 3,9 times – up to 69,935 billion USD (although the actual amount of problem loans is much higher – up to 35 %, and in some banks – 50-70 %).

General credit investments of banks in Ukraine increased three times as large as the GDP grew in real prices from 2005-2008. Herewith, for the support industries, which provide about 60 % of Ukraine’s exports, banks directed only 7 % of credits, that indicates the consumer’s orientation of Ukrainian economy.

The international reserves of the NBU have amounted to 38,062 billion USD in August 2008 and in June 2009 – 27,343 billion USD. Thus Ukrainian hryvnia devalued by 60 % from October 2008 till July 2009. The process of dollarization of Ukrainian economy coincides chronologically with increasing presence of foreign banks in the domestic market (table 1).

Table 1

Number of operating banks in Ukraine, 2005-2010

Indicator	Date					
	01.01.2005	01.01.2006	01.01.2007	01.01.2008	01.01.2009	01.01.2010
Total amount of banks	160	165	170	175	184	182
among them: banks with foreign capital	19	23	35	47	53	51
including banks with 100 % foreign capital	7	9	13	17	17	18

Source: according to the National Bank of Ukraine. – [electronic resource]. – Access mode: <http://www.bank.gov.ua>.

Considering the prospects of the banking system of Ukraine on the stage of postcrisis recovery, the necessary measures are:

- the improvement of legal basis and development of program documents of the banking system functioning;
- the transparency increase of refinancing procedures of commercial banks and the strengthening of control of the NBU for their activity;
- the decrease of cash circulation;
- the ensure of credit availability to domestic producers;
- the strengthening of public and businesses trust to banks;
- the increase of government guarantees on bank deposits;
- the increase of market capitalization of the banking system;
- the improvement of credit risk management;
- the development of a two-level system of circulation credit information that will be provided by the State Credit Bureau at the NBU (which could be based on the unified information system “Register of borrowers”) and private credit bureaus;
- the improvement of the quality and competitiveness of banking services;
- the development of institutional infrastructure of banking services.

Thus, realization of these measures is the foundation for solving urgent problems in the banking system of Ukraine at the present stage.