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## **THE ESSENCE AND WAYS OF IMPROVEMENT OF MONETARY POLICY IN UKRAINE**

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Foreign exchange policy is a complex of economic, institutional, legal, administrative and other measures, methods, forms, tools and mechanisms implemented by the state in the field of monetary, financial and credit relations in accordance with current and strategic goals of the general economic policy of the state, primarily to ensure the stability of the exchange rate of the national currency and the balance of payments of the country.

The main objective of currency policy as a component of monetary policy is the stabilization of the national currency and the balance of payments of the country.

The mechanism of the monetary policy of Ukraine is rather ambiguous in its character and influence on the national economy. Most of the measures applied in the monetary sphere do not correspond to world trends, or do not bring the expected result. The currency policy is intended to ensure the stability of the exchange rate of the national currency, to promote the attraction of foreign investment in the economy, to regulate external payment relations with other countries, to ensure the balance of external payments and the accumulation of centralized foreign exchange reserves. At the same time, the behavior of individual participants in the foreign exchange market, in certain circumstances, may lead to significant exchange rate fluctuations and, as a consequence, to market destabilization.

However, the monetary policy can also indicate that if necessary, an increase in the hryvnia exchange rate may favor non-market methods (in particular, currency intervention for the sale of the dollar) and more administrative measures (for example, revaluation). Such a system of regulation of the exchange rate makes the Ukrainian currency market insufficiently liberalized and does not correspond to the world trends in exchange rate policy. On the other hand, an increase in foreign exchange reserves may be associated with significant volumes of foreign currency purchases in excess of its supply over demand, that is, in this case, the possibility of an objective market appreciation of the hryvnia is limited.

According to the IMF an important problem is dollarization the use of foreign currency (usually US dollar or euro) in calculations and for the accumulation of funds on a par with the national currency.

In determining the prospects for the development of the monetary regulation system of Ukraine, it is necessary to take into account the peculiarities of foreign exchange policies of foreign countries since the economy of Ukraine is open and, therefore, depends to a certain extent on the actions of the main foreign economic partners. Therefore, we can say that the monetary policy of Ukraine needs an effective state strategy for ensuring currency security and stability to be developed and requires for this the implementation of reforms by the NBU. The effectiveness of both short-term and long-term foreign exchange policy depends largely on the image of the country in the world. Its improvement, besides stable economic growth, requires an increase in Ukraine's role in international financial organizations and strengthening its positions in the world political arena.

In order to stabilize the national currency, implementation of the following measures in the field exchange rate policy is necessary:

1) the transition to a new scenario of regulation of the exchange rate by the NBU, the key features of which should be the concentration of efforts to create the appropriate institutional and organizational conditions for the development of market principles of exchange rate formation;

2) more rational use of currency funds, strengthening the motivation of subjects of currency relations to maintain balanced currency positions and insurance of currency risks;

3) to improve the policy of currency interventions in order to increase its consistency with interest rate policy;

4) accelerated development of the term segment of the currency market and the system of instruments of currency risks insurance;

Consequently, the main task of the monetary policy in Ukraine is to restore the stability of the exchange rate of the national currency. The confidence restoration to national currency should be an integral part of the process of implementing the state economic policy, which in the current conditions should be directed not to restore the previous model of economic growth, which provided expansion of domestic demand for account for import deliveries, but in fundamentally different positions.

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