

BANKING SYSTEM OF UKRAINE

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The current banking system in Ukraine is two-tiered, comprising the central bank of the country and commercial banks. The central bank of Ukraine is the National Bank of Ukraine (NBU). It controls the national currency, supervises the banking system and issues current banking regulations. Commercial banks operate under the authorization and supervision of the NBU.

The National Bank of Ukraine is the central bank of Ukraine, the main responsibility of the bank is providing stability of the Ukrainian national currency, the hryvnia (UAH), assisting in implementing the united state policy in the sphere of money turnover.

The highest governing body of the NBU is the 15-member Council. Seven members are appointed by the Verkhovna Rada and seven by the President. The Bank Governor, who is nominated by the President and appointed by the Rada, acts *ex officio* as the 15th member. The Council develops the principles underlying the country's monetary policy.

The main functions of the National Bank of Ukraine: the National Bank of Ukraine is the central bank, which pursues comprehensive state policy in the domain of monetary circulation, crediting and providing stability of the national monetary unit. It is, at the same time, the money issuer, the body of currency regulation, the body of bank supervision, the bank of banks, the state bank, and the organizer of inter-bank settlements.

Being the central bank of the state, the NBU pursues monetary-credit policy, establishing and applying appropriate instruments. It represents the interests of Ukraine in relations with the central banks of other countries, international banks, and financial-credit organizations. The National Bank of Ukraine enjoys the monopolistic right to issue money into circulation, as well as to issue national monetary marks (bank-notes, coins).

Commercial banks are formed as joint-stock companies or as companies on an equal footing with both legal and natural persons involved. The range of commercial banks activities includes: receiving deposits of enterprises, institutions and households, crediting of economic entities and households, investments in securities, formation of cash balance and reserves, as well as other assets, cash and settlement servicing of the economy, foreign exchange operations and other services to natural persons and legal bodies. Numerous Ukrainian commercial banks have joined the Society for Worldwide Interbank Financial Telecommunications (SWIFT).