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PROSPECTS FOR STRENGTHENING THE SUSTAINABILITY OF THE FINANCIAL SYSTEM OF UKRAINE

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The stability of the country's financial system is considered its ability to actively respond to the effects of external shocks and internal imbalances, while maintaining the ability to constantly reproduce their original - pre-set qualities or their purpose as part of a higher-order mega system (Aguilar & George, 2019; Awojobi, 2019; European Commission, 2016).

For its assessment in Ukraine, indicators were used, each of which reflects certain aspects of financial stability systems of the national economy using existing methodological approaches, including developed on the basis of the methodology of the IMF, the European Commission, the World Bank, in particular, the approaches of the NBU (to assess financial stability in the banking sector) and the Ministry of Finance of Ukraine (to determine the debt and fiscal stability of the state) (European Commission, 2016).

The current global economic crisis, provoked by the reaction of most countries to the spread of coronavirus COVID-19, first revealed the accumulated problems with dollar liquidity in the financial system and corporate debt problems, and then - moved from the financial sector to the real economy. And now the world economy is experiencing a unique combination of two shocks at once - falling demand due to quarantines and declining supply of goods due to the shutdown of enterprises and disrupted logistics. Although not fully immersed in international logistics chains, Ukraine is sensitive to turbulence in the world economy, as it is a small and open economy with a predominantly raw material export structure. Falling export earnings, capital outflows, and a sharp reduction in the inflow of workers' funds can ultimately negatively affect the stability of the national currency, and then the devaluation may provoke other problems. And all this is superimposed on the huge debts accumulated before the beginning of the crisis (significant volumes of their return in the current and next years) together with budgetary problems caused by the shutdown of enterprises due to quarantine (Boutchouang, 2019; Bublyk et al., 2017).

The analysis and assessment of the latest complex risks associated with the global crisis and the need to combat the spread of COVID-19 showed the existence of significant risks to the stability of Ukraine's financial system in the budget, debt and banking, which necessitated rapid action by the state to maintain financial stability in the short term and to continue reforming public finances (Basic Basel principles).

The analysis of fiscal sustainability factors in terms of budget revenue generation showed the weak functionality of the tax system, which is manifested in the lack of fiscal, limited regulatory potential and distrust of the supervisory function of taxes. In order to strengthen the stability of the financial system in the process of acceleration socio-economic growth, the following priorities should be implemented: improving the functionality of the tax system, simplifying procedures and reducing the cost of tax administration through the development of electronic services and income tax evasion, modernization of customs technical and IT infrastructure to prevent smuggling and "gray" imports (Dudchenko, 2020; George, 2020; Giebe et al., 2019; He, 2018; Kendiukhov & Tvaronaviciene, 2017; Levchenko et al., 2018).

The analysis of the state of public debt in Ukraine showed the existence of problems and trends that negatively affect the debt sustainability of the state, the key of which, in particular, are: large amounts of public debt with excessive currency component; high cost of borrowing and significant pressure of debt payments on the budget; low efficiency of use (sampling) of borrowed funds for MFI investment projects; lack of effective tools for managing state-guaranteed debt and accumulation of overdue debts of borrowers to the state for the provision of state guarantees on loans; risks of making additional payments on GDP warrants (Lopez & Alcaide, 2020; Lyulyov & Pimonenko, 2017; Musa et al., 2017). Despite some improvement in some indicators, Ukraine's debt sustainability remains low and the national economy is too vulnerable to both external shocks and internal imbalances. The priority of the state policy in the debt sphere should be purposeful improvement of the structure of public debt in order to reduce its value, increase the repayment period, and minimize debt risks (currency, budget and refinancing risk) with a gradual transition to establishing a direct link between government borrowing and government investment expenditures.

The analysis of the state of the banking sector of Ukraine showed that the negative factors for achieving stability of the financial system remain extremely slow recovery of bank lending, high share of problem loans in banks' loan portfolio, significant outstanding refinancing loans, high share of foreign exchange assets and liabilities. In government securities; weak growth rates of profitability and capitalization of the banking system (Ahmad & Atniesha, 2018; Poliakh & Alikariyev, 2017; Stavrova, 2019; Subeh & Boiko, 2017; Umadia & Kasztelnik, 2020; Vashchenko & Cherniavskyi, 2017; Vasylieva et al., 2018). The priorities of Ukraine's monetary policy should be, in particular: recovery of banks' problem loan portfolio, reorientation of bank investments from government securities to lending to businesses, growth of bank deposits as the main source of resources for bank loans, restoration of banking system capitalization, return funds lost by the state, which were provided to banks in the form of refinancing; reduction of currency risks by improving the currency structure of bank assets and liabilities (Comprehensive program for the development of the financial sector of Ukraine until 2020).

Obstacles to ensuring the financial stability of the banking system of Ukraine are, in particular, the following key problems of the Deposit Guarantee Fund: incorrect definition of the objectives of the deposit guarantee system, lack of adequate interaction of the deposit guarantee system with other elements of financial stability, limited resources and lack of resources. instruments of profitable placement of own funds, a small amount of the guaranteed amount of reimbursement of bank deposits and a limited number of applicants for reimbursement. The key measures to improve the Deposit Guarantee Fund of individuals are creation of an effective system of management and sale of assets of insolvent banks, solving the problem of debt restructuring of DGF to the Ministry of Finance, approximation of Ukrainian banking legislation to guarantee deposits to the European Union. Attribution to the tasks of the Fund for the protection of the rights of all depositors, expansion of the Fund's powers, acquisition of participation in the Fund by other financial market participants, changes in the Fund's financing system, changes in the Fund's investment principles, reduction of the term DGF (Comprehensive program for the development of the financial sector of Ukraine until 2020).

Inflation dynamics in Ukraine has a positive trend due to the regulator's adherence to tight monetary policy, moderate fiscal policy of the Government and favorable price situation on the world energy market, as well as growth in the supply of food products in the domestic market. At the same time, there are still risks of price growth associated with deteriorating foreign trade conditions, rising rail freight and excise duties on tobacco products. The purpose of the monetary policy of the state for the coming years should be to reduce inflation to certain targets, which is a prerequisite for stability in the monetary sphere, including exchange rate stability of the hryvnia and intensification of bank lending through: accumulation of international reserves and their rational use; compliance with a positive level of NBU interest rates relative to projected core inflation; keeping the money issue within the parameters set by the state budget; reduction of recapitalization of state-owned banks; implementation of a set of measures to de-shadow the economy (The National Bank of Ukraine).

In Ukraine, there are no perfect institutional mechanisms that would ensure the coordination of actions of economic authorities to overcome existing imbalances and prevent new ones. In this context, it is necessary to identify the institution responsible for monitoring imbalances and making appropriate recommendations, including on the application of European experience in forming a "scoreboard" of macroeconomic imbalances and crisis prevention. Another important conclusion from the European experience is the need to consider macroeconomic stabilization in the inseparable context of structural reforms. Implementation of mechanisms for assessing the sustainability and coordination of financial policy components will require the NBU to cooperate with the executive branch within a single system for identifying and overcoming macroeconomic imbalances, which should include testing of draft state budgets, discount rates, government and NBU planning actions public debt, etc. in terms of their likely effects on macroeconomic stability and financial stability (The National Bank of Ukraine).

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