

PROBLEMS AND PROSPECTS FOR THE DEVELOPMENT OF UKRAINIAN BANKS' REFINANCING

Kalyta O.V.

Candidate of Economic Sciences,
Assistant Lecturer at Department of Banking,
Kyiv National University of Trade and Economics

Kulyk Ye.V.

Student,
Kyiv National University of Trade and Economics

Refinancing is one of the main instruments of monetary policy of the NBU, in the broad sense, is providing funds to banks that are currently in need. This mechanism has some problems such as imperfect legal framework; no mechanism of control over the targeted use of funds; lack of transparency of bank accounts; withdrawal of funds through offshore channels and shifting responsibility to the Deposit Insurance Fund, their use for the speculation in the foreign exchange interbank market.

Refinancing is not a function of the NBU, as a necessary measure in a crisis to support liquidity, which is why in all other cases, refinancing leads to negative consequences. It is necessary to amend the legislation and to transfer authority to refinance the state structure that would exist at the level of the National Bank, to ensure active cooperation with the departments responsible for implementing the indicative regulation as such. You must create a special analytical and revision office at the Deposit Insurance Fund that would work with problem banks.

The highest executive body of the Bureau may be the Executive Board, which determines whether or not to provide funds to refinance one or another. The final and ultimate result of this Council can be regarded as a decision on funding a banking institution: to leave it self-financed or provide a certain amount of money for the purpose of the capital increase. If the bank, in accordance with the decision of the Executive Board, is considered as problematic and insolvent, the case is further transferred to the NBU.

This model has 3 regular subjects: NBU, Analytical Audit Office and banks, and the fourth, temporary, can be curative resources – at the time of the introduction of the bank temporary administration and declaring it insolvent.

The next stage of improving the mechanism a refinancing – expand the list of non-marketable assets that can serve as collateral for refinancing NBU and the establishment of adequate risk management system designed to minimize the risks when refinancing banks.