

FEATURES OF FUNCTIONING OF DEVELOPMENT BANKS

Stoika V.S.

Candidate of Economic Sciences, Associate Professor,
Senior Lecturer at Department of Finance and Banking,
Uzhhorod National University

Banks for development are a special tool for the state economic policy implementation. Such a bank fulfils functions on assurance of long-term lending of socially important projects, which implementation shall contribute to economic growth as well as economy modernization.

In spite of presence of a significant number of scientific publications, the study of activities of development banks is a hot issue and is of practical interest for our country. During the independence of Ukraine there were undertaken a few attempts to create such a financial institution, but all of them were ineffective. Thus the purpose of this article is to determine features of functioning of development banks and their role in the economic policy of the state.

A large quantity of banks was established more than three decades ago and they still

operate today regardless of strong criticism of banks for development in 80-ies and 90-ies and increased role of private financial institutions. Over the last 20 years, while governments throughout the world privatized state financial institutions, a few countries created new state banks for development. This suggests that the most of governments continue to consider development banks as a tool for promotion of economy and realization of the state priorities.

In 2005 the Department of Economic and Social Affairs of UN distinguished five goals for national development banks: economic development, innovative development, social development, environment protection and maintaining financial stability. The main criterion of efficiency of development banks is the stimulation of socio-economic development by financing of investment projects.