

15. Ways to improve the financial condition of Ukrainian banks

Yelyzaveta Zakharina, Olena Harkusha

National University of Food Technologies, Kyiv, Ukraine

Introduction. The prevention of the financial crisis and the rehabilitation of individual banks depend on the general macro- and microeconomic climate in which the entire banking system operates. In such circumstances, it is important to take steps to eliminate or counteract the causes of the banking system crisis.

Materials and methods. For the study general scientific and special methods were applied: the method of analysis and synthesis and generalization. Information base of the study is the works of domestic and foreign scientists.

Results. Recently, due to the beginning of hostilities in the Donbas region, the general crisis and significant devaluation of the national currency, the financial state of the banking systems of Ukraine has worsened. Despite this, the economic situation started to improve quite quickly: inflation and output decelerated, GDP declined by just 1.4% in Q4 2015 compared to the previous quarter, much less than the Q1 2015 drop of 17, 2%. It is important to analyze the banking activities at the NBU macro level. Development of methodology for analysis of banking activities allows to determine the state of liquidity, profitability and degree of risk of individual banking operations, identify sources of own and attracted funds, structure of their placement, etc. The legal basis for the work of banking institutions in our country is the Law of Ukraine "On Banks and Banking" dated 07 December 2000 No. 2121-III, which is in force and is constantly being revised. However, one is not enough, since the document does not take into account the specific nature of the external environment of the banking system of Ukraine. It also cannot be used as a tool for developing this system. In order to eliminate the problematic phenomena in the banking system of Ukraine, to overcome their negative consequences, a program of rehabilitation of the banking system is required [1].

The following measures may be the basis for the rehabilitation program of the banking system of Ukraine: 1) introduction of an effective system of early warning measures and response to financial problems in the activity of commercial banks; 2) improvement of economic standards for determining bank capital; 3) rehabilitation of banking institutions and liquidation of viable structures; 4) improvement and clear regulation of the mechanisms of rehabilitation and bankruptcy of banking institutions; 5) promoting of the capitalization of banks by attracting additional share capital, capitalizing of their profits and reorganizing by merger or acquisition; 6) expanding of the presence of foreign capital in the banking system; 7) organization of departments of controlling in banks, which would fulfil information, planned, consulting, analytical and control functions.

The implementation of these anti-crisis measures will help to neutralize the most significant causes of the crisis of both individual banking institutions and the financial and credit system of Ukraine as a whole.

Conclusions. The problem of the financial condition of Ukrainian banks is one of the major threats not only to economic growth but also to the socio-economic development of the country, which adversely affects the quality of life of the entire society.

References

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