

23. The financial crisis and its influence on the banking sector of Ukraine

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Introduction. Quick development of the banking sector demands more attention to the activities connected with financial and credit institutions. This is the reason why the risk management gets extra relevant for the management of any bank because except being a means of loss prevention it additionally helps to make extra profits. According to the permanently increasing influence of different risks on financial activities the problem of banking risk management is getting especially relevant.

Materials and methods. A banking system is a complex of institutions that provide different financial services for their clients. These institutions are responsible for providing and operating a payment system, providing loans, taking deposits, and helping with investing process. Different statistics characterizing state of modern banking as well as the methods of logical analysis and synthesis, comparative analysis were used.

Results and discussion. Different problems connected with formation and development of the banking sector have always been interesting for foreign researchers (this is explained by that fact that the banking sector has a considerable impact on the whole economic processes over the country). There are the internal causes of functional failure of the Ukrainian banking system:

1). Ukrainian capital banks – governmental intervention in lending policies of public banks with the main mission of solving current financial problems; the uncertainty of the state policy of overcoming the economic crisis and, consequently, the uncertainty of the role public banks play in economic processes.

2). Western capital banks – a disparity between their current presence in Ukraine and their strategic objectives; the technological disability to provide crediting; troubles with earning funds from parental banks.

3). Informal or "shadow" economy. It is very simple knowledge that the shadow economy is a complex of uncontrolled and hidden illegal economic relations between the subjects of economic activity. It is focused on such strategic directions of economic activity as industrial, commercial and financial sectors of economy.

It is generally said that the simplest ways of reducing the level of risks in the Ukrainian banking system in middle term are next:

- the diversification of bank assets and creation of new deposit programs for different groups of customers;
- the minimization of operating expenses and growth of income with bank charges;
- creation of conditions for attracting investment in the internal banking system in amounts that will not be critical in generating of banking risks.

Conclusion. Thus, the brief analysis of the Ukrainian banking sector demonstrated the following major problems: the availability of fragmented processes, a critically high level of banking risks, a significant impact of the "shadow" economy and a poor level of banking capitalization. Nevertheless, despite all bad factors, one of the simplest ways of solving the problems, mentioned above (primarily, regarding the improvement of risk management system) is the gradual transformation of traditional banks into creative banks.