

# ФИНАНСОВАЯ И БАНКОВСКАЯ ЭКОНОМИКА

UDC 351

## THE CONTEMPORARY STATE OF THE FINANCIAL MARKET IN UKRAINE

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**Annotation.** In countries with developed market economies, the financial market is also a necessary environment for the successful functioning of the economy and the social sphere. The vast majority of economic relations between market participants are realized with the help of intermediaries, thanks to which the problems of the functioning of the financial services market are being addressed. The financial market consists of various institutions that provide specific professional services, directing the flow of financial resources from creditors and investors to recipients. The efficiency of its functioning largely depends on the level of development of intermediary activity in the financial services market.

**Key words:** financial market, financial services market, banks, insurance companies, resources, recipients, international financial markets.

At the present stage of the development of the Ukrainian economy, the availability of an efficiently organized financial market that is able to meet the needs of the economy in investment through the accumulation of temporarily free financial resources becomes increasingly important. Given that the financial market of the country is formed in the conditions of transformation processes, it requires careful research both from the theoretical and practical point of view. Given the short period of operation compared with economically developed countries, the financial market in Ukraine has certain shortcomings that need to be eliminated, but for this it is necessary to carefully study the trends that have developed both within the domestic market and within the international market.

In countries with developed market economies, the financial market is a necessary environment for the successful functioning of the economy and the social sphere. It arose as a result of the emergence of the need for an additional form of fund-raising for the financial provision of the development of the state's economy. A perfect financial market is a market that can accurately and timely reflect the demand and supply of financial resources and, with the help of intermediaries, to build with each other suppliers and consumers of money or capital with the help of intermediaries. In addition, the financial market is also a certain financial barometer of the economy. It effectively works at low inflation rates in the state, successful economic development, stable legislative and regulatory framework, favorable political climate and a certain balance of interests in the society.

The main indicator of the development of the financial system of the country is the localization of operations on migration and the transformation of free capital – in developed economies they occur fully in a developed, appropriately regulated and transparent financial market. At the same time, the presence of a developed institutional infrastructure is the key to the successful implementation of the functional purpose of both the financial system in general and the financial market in particular, since the financial intermediation system, being a subsystem of the financial market, not only contributes to the transformation of savings into investments, but also participates in the organization of the system Accumulation of capital. At the same time, the synergistic unity of the categories of the system and the subsystem stipulates that the stage of development of the financial market is decisive in analyzing the system of financial intermediation [4].

The financial market is a system of economic relations that ensures the distribution and accumulation of financial resources by buying and selling financial market instruments through the system of credit and financial institutions.

The following factors can be attributed to the main factors of the formation and development of the financial market: the emergence of new elements of the financial market; Cross-border movement of financial resources; Technical progress and the development of information technology.

Thus, the financial market is a complex open economic system, which is a combination of economic relations and institutions associated with the redistribution of capital [4].

Today, the active institutional participants in the financial market of Ukraine are commercial banks, insurance companies, stock exchanges, because they constitute the largest share of financial resources and have a direct impact on the development of the country, the investment climate and the welfare of the population.

In the modern world, the role of banking services is very significant. For example, Onikienko A.V. And Perederieva SA Note that the banking market provides an uninterrupted cash turnover and capital turnover. Combined in the economic and organizational and legal structure – the national banking system, it manages money and resources, realizing the economic interests of society [1].

The banking sector is the largest component of the financial market of Ukraine with assets, constitute the dominant share of assets of all financial institutions. That is why the negative trends in the financial sector of the country were most noticeable here. Analyzing the main indicators of the activity of Ukrainian banks in 2013–2015, million, it can be seen that in 2013–2015 the number of banking institutions tends to decrease, respectively, the number of banks with partial and 100% foreign capital is also decreasing. Beginning in 2014, with respect to 72 banking institutions, a decision was made to eliminate them [3].

Notable is the reduction in not only the number of banking institutions, but also their structural divisions. So, if at the beginning of 2014 there were 14972 operating structural divisions of banks, by the beginning of 2015 their number decreased by 13.6% and amounted to 12939 units, and by early 2016 the value of this indicator again decreased (this time by 8%), and Stopped at the mark of 11873 units [2].

At the same time, since the beginning of the assets of the banking system of Ukraine had a positive trend towards growth, so in 2015 they grew by 11.28% compared to 2013. During the analyzed period, the volume of loans provided by Ukrainian banks to legal entities and individuals increased by 18.37%. However, the high cost of a credit resource, as well as a limited number of borrowers with a sufficient level of creditworthiness, significantly hamper the development of lending.

Given the low quality of assets of the Ukrainian banking system and loss-making activities, the liabilities of banks decreased by 38.75% in 2013–2015. Regulatory capital of Ukrainian banks in December 2015 increased by 30.5 billion. UAH The growth was due to the beginning of the liquidation of two banks, the regulatory capital of which was negative (Bank Finance and Credit JSC and PJSC UBR), and also due to the growth of the regulatory capital of a number of banks with foreign capital. Given the high value of the discount rate, as well as limited access to external financing and loans from the NBU, the main source of support for the liquidity of banking institutions now is the population's funds. A significant number of banking institutions in order to maintain the client base and to support liquidity maintains high interest rates on deposit accounts, which indicates that such banks have adopted a high-risk strategy [3].

Thus, the analysis of the current state of the banking sector of the Ukrainian economy makes it possible to identify several problems in the banking sector: political and financial instability in the country; Low quality of bank assets; Decrease in liquidity of bank assets; Low confidence in the banking system among the population; Imperfect and unstable legal and regulatory framework in the state; A high degree of vulnerability of the banking system to the currency exchange rate policy in the country, conducted by the NBU. To strengthen their own positions in the financial market by banking institutions, they need, first and foremost, to improve their liquidity indicators through interaction with other financial intermediaries, securities traders, the use of non-standard schemes of work with other players in the banking services market; Search

for informal approaches in relationships with customers by developing individual debt repayment schedules, replacing collateral, arranging transactions between the depositor and the borrower on terms favorable for the bank and informing about such opportunities of clients; Raising standards for the provision of traditional banking services; Development of fundamentally new banking products and services; Creating a positive image of the bank and the like.

Thus, it can be stated that in Ukraine the banking system is dominant among other segments of the financial sector, and any unstable phenomena in the economy, first of all, are reflected in it. The instability of the domestic financial system is connected, first of all, with the aloofness of financial market participants from stimulating the development of the economy, their focus on receiving quick profits, and also due to the lack of public confidence in financial and credit institutions and the lack of an effective borrower. The financial market should become one of the main mechanisms for mobilizing free resources for the development of the economy and the formation of reliable savings instruments for the population. This can be achieved by: 1) stabilizing the foreign exchange market, reducing and keeping inflation at an acceptable level for the development of the economy (no more than 10%); 2) stabilization of the financial sector, restoration of public confidence in financial market institutions; 3) the formation of an effective system of redistribution of resources with their priority direction for the implementation of economic development projects [5].

**Conclusions.** The stability of the state financial system, its efficiency and solvency, mobilization and redistribution of financial resources, primarily depend on the development of the financial market in the country. Considering this, in Ukraine it is necessary to introduce a holistic long-term strategy for the development of the financial market, namely: monitoring the activities of financial institutions by regulators to timely identify problem issues in the current work of financial institutions and respond to threats in a timely manner; The rehabilitation or liquidation of insolvent banking institutions, the resolution of the sale (transfer) of distressed assets through the formation of a legislative framework for the operation of institutions whose main function will be to work with distressed assets; Solution of the issue of loan restructuring; improvement of the financial system through government support and support from the owners of financial institutions, the introduction of mechanisms for converting deposits into bank shares; Stabilization, which requires the functioning of an effective supervision system aimed at preventing the emergence of threats; Strengthening the system for protecting the rights of investors and consumers by introducing an appropriate legislative framework; Restoration of public confidence in the banking system; Refinancing of the financial sector with control over the use of the funds provided, in some cases – state participation in the capital of banks; Creation of a state development bank through which it is possible to direct the flow of public funds to support priority investment and innovation projects, to ensure access of business entities to long-term credit resources, which in turn will stimulate the development of export potential.

Thus, the strategy for developing the financial market of Ukraine will ensure its transparency, create favorable conditions for potential investors and increase the liquidity of financial instruments of the market.

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