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CHERKASHYNA Tetiana

Simon Kuznets Kharkiv National University of Economics

<https://orcid.org/0000-0003-3675-0391>

e-mail: t.cherkashyna@outlook.com

EVOLUTION OF THE NATIONAL BANKING SYSTEM OF UKRAINE AND PROSPECTS FOR ITS DEVELOPMENT IN THE CONDITIONS OF MACROECONOMIC TURBULENCE

The formation and sustainable development of national banking system of a country is an important factor in ensuring financial stability and economic security of a state. The relevance of studying the evolution of the national banking system of Ukraine is caused by the need for deep understanding of the mechanisms of its adaptation to modern macroeconomic conditions and the searching for effective strategies for further development. The purpose of this article is to study the evolution of the national banking system of Ukraine and analyze the prospects for its development in the conditions of macroeconomic turbulence as well as make practical recommendations how to improve the mechanism for managing the national banking sector during the period of post-war recovery. The study found that the process of evolution of the national banking system of Ukraine consists of seven stages: at the first stage (from 1991 to 1994) the formation of network of Ukrainian commercial banks as a component of the national banking system of Ukraine began; at the second stage (from 1994 to 1999) the corporatization of state-owned banks, the formation of new commercial banks with the expansion of private capital, the openness of a significant number of small banks focused on getting excess profits against the backdrop of hyperinflation in the country began; at the third stage (from 2000 to the first half of 2008) implement of expansionary monetary policy instruments, the deterioration of the quality of bank management, the bankruptcy of a significant number of commercial banks and an increase in the number of banks with foreign capital occurred; at the fourth stage (from the second half of 2008 to 2013) the depreciation of the national currency (hryvnia), the outflow of portfolio investments of non-residents, the conversion of short-term bonds of the domestic government loan and, as a result, the "freezing" of part of financial assets occurred; at the fifth stage (from 2014 to 2019) the access to investment resources of Western investors was simplified that made bank loans cheaper but, at the same time, increased external dependence of the national banking system and channels of influence of instability at the international financial markets; at the sixth stage (from 2020 to 2021) restrictive monetary policy tools, namely increasing the discount rate and the required reserve rate, limiting the emission of money, establishing administrative and legal barriers to securities transactions were used; the seventh stage began with the introduction of martial law (February 24, 2022) and continues now. The defining features of the seventh stage are a slight decrease in the number of commercial banks both based on private capital of domestic investors and those founded with foreign capital, the decrease in the efficiency and profitability of domestic banks while simultaneously increasing and strengthening the positions of foreign financial and credit institutions in the financial services market of Ukraine. For further stabilization and development of the national banking system of Ukraine the following directions are proposed: intensification of lending to the real sector and innovations, digitalization of banking services and strengthening of cybersecurity, expansion of mechanisms for guaranteeing deposits of individuals which in the future will create the basis for financial inclusion and construction of a modern digital banking infrastructure.

Keywords: national banking system, banking sector, banking services, bank liquidity, discount rate, monetary transmission, macroeconomic turbulence.

ЧЕРКАШИНА Тетяна

Харківський національний економічний університет імені Семена Кузнеця

ЕВОЛЮЦІЯ НАЦІОНАЛЬНОЇ БАНКІВСЬКОЇ СИСТЕМИ УКРАЇНИ ТА ПЕРСПЕКТИВИ ЇЇ РОЗВИТКУ В УМОВАХ МАКРОЕКОНОМІЧНОЇ ТУРБУЛЕНТНОСТІ

Становлення та сталий розвиток національної банківської системи країни є важливим чинником забезпечення фінансової стабільності та економічної безпеки держави. Актуальність дослідження еволюції національної банківської системи України зумовлена необхідністю глибокого розуміння механізмів її адаптації до сучасних макроекономічних умов та пошуку ефективних стратегій подальшого розвитку. Метою даної статті є дослідження еволюції національної банківської системи України та вивчення перспектив її розвитку в умовах макроекономічної турбулентності, а також розробка практичних рекомендацій щодо удосконалення механізму управління вітчизняним банківським сектором у період післявоєнного відновлення. Дослідженням встановлено, що в процесі еволюції національна банківська система України пройшла сім етапів: етап 1 (1991-1994 рр.), на якому почалося формування мережі українських комерційних банків як складової національної банківської системи України; етап 2 (1994-1999 рр.), на якому почалося акціонування державних банків, утворення нових комерційних банків із розширенням приватного капіталу, створення значної кількості невеликих банків, зорієнтованих на отримання надприбутку на тлі гіперінфляції в країні; етап 3 (2000 р. – перше півріччя 2008 р.), на якому відбулося впровадження інструментів експансіоністської монетарної політики, погіршення якості менеджменту банків, банкрутство значної кількості комерційних банків, зростання кількості банків з іноземним капіталом; етап 4 (друге півріччя 2008 р. – 2013 рр.), на якому відбулося знецінення національної валюти (гривні), відтік портфельних інвестицій нерезидентів, конверсія короткострокових облігацій внутрішньої державної позики і як результат "заморожування" частини фінансових активів; етап 5 (2014 – 2019 рр.), на якому було спрощено доступ до інвестиційних ресурсів західних інвесторів, здешевлення банківських кредитів, збільшення зовнішньої залежності банківської системи та каналів впливу нестабільності на міжнародних фінансових ринках; етап 6 (2020-2021 рр.), на якому застосовувалися інструменти рестриктивної монетарної політики, а саме підвищення облікової ставки та ставки обов'язкового резервування, обмеження емісії грошей, встановлення адміністративних та

юридичних бар'єрів для проведення операцій з цінними паперами; етап 7 розпочався з введенням воєнного стану (24 лютого 2022 р.) і триває досі. Визначальними рисами сьомого етапу є незначне зменшення кількості комерційних банків як заснованих на приватному капіталі внутрішніх інвесторів, із іноземним капіталом, зниження ефективності та прибутковості вітчизняних банків при одночасному збільшенні та укріпленні позицій іноземних фінансово-кредитних інституцій на ринку фінансових послуг України. Для подальшої стабілізації та розвитку національної банківської системи України пропонуються такі напрями: активізація кредитування реального сектору та інновацій, цифровізація банківських послуг та посилення кібербезпеки, розширення механізмів гарантування вкладів фізичних осіб, що у перспективі створить основу для фінансової інклюзії та побудови сучасної диджитал-банківської інфраструктури.

Ключові слова: національна банківська система, банківський сектор, банківські послуги, ліквідність банків, облікова ставка, монетарна трансмісія, макроекономічна турбулентність.

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STATEMENT OF THE PROBLEM AND ITS RELATIONSHIP WITH IMPORTANT SCIENTIFIC OR PRACTICAL TASKS

The formation and sustainable development of national banking system of a country is an important factor in ensuring financial stability and economic security of a state. The national banking system of Ukraine has undergone a complex evolutionary path accompanied by both periods of development and stabilization in 2001-2008, 2016-2019, 2021, 2023-2024 and serious crisis phenomena in 1991-1999, 2008-2009, 2014-2015, 2020, 2022. The relevance of studying the evolution of the national banking system of Ukraine is caused by the need for deep understanding of the mechanisms of its adaptation to modern macroeconomic conditions and the searching for effective strategies for further development. In particular, transformation of international financial relations, the digitalization of banking services, growth of the role of non-bank financial institutions such as credit intermediaries, financial brokers, insurance companies, pawnshops, accumulative pension funds, investment funds, internal macroeconomic turbulence shape new realities of the functioning of the national banking system. Therefore, the study of the stages of the formation of the Ukrainian banking system, its current state and prospects for further improvement is an important task for both the scientific community and financial sector practitioners as its solution will allow to identify both urgent problems and the potential for recovery and sustainable growth in the conditions of post-war reconstruction.

ANALYSIS OF RESEARCHES AND PUBLICATIONS

The issues of the formation, development and modernization of the national banking system of Ukraine attract considerable attention of both Ukrainian and foreign scholars. Theoretical and practical aspects of the functioning of the banking sector of Ukraine are considered in the scientific works written by M. Blikhar [1], L. Borysova [2], L. Chystokletov [1], O. Chyzyshyn [2], O. Dobrovolska [2], I. Hula [1], S. Ghosh [3], N. Kozii [2], V. Marhasova [2], O. Momot [2], R. Natyrkach [1], M. Posmitna [4], V. Shyshko [1], O. Tur [5] who made a significant contribution to the development of the conceptual foundations of the functioning of banking institutions at the stage of market transformation of Ukrainian economy. For example, M. Posmitna [4] analyzes the consequences of financial market liberalization and focuses on structural imbalances that have arisen as a result of insufficient efficiency of the state regulatory policy. A similar opinion is held by O. Tur [5] who believes that the insufficient level of bank capitalization, limited resource base and high share of problem assets are the main obstacles to the sustainable development of the banking sector of Ukraine. Considerable attention has been paid to the issues relating to stability of the banking system of Ukraine, management of banking risks as well as the impact of financial and credit policy on macroeconomic indicators by such researchers as O. Gura [6], N. Didkivska, P. Ilchuk [7], M. Korol [8], O. Kots [7], U. Krip [10], O. Kryzhanovsky [6], I. Kulikovska [8], A. Kuznetsova [11], A. Levitan [9], D. Martyniuk [7], N. Moroz [10], N. Pohorelenko [11], E. Rak-Mlynarska [7], V. Spivak [8] and N. Shulga. Their works examine the mechanisms of ensuring financial stability and the peculiarities of the development of the banking sector in the conditions of economic instability. In particular, A. Kuznetsova and N. Pohorelenko in [11] study the current challenges to financial stability in Ukraine caused by both internal economic imbalances and foreign policy factors. These scientists analyze in detail the mechanisms for supporting bank liquidity in crisis periods, the role of the National Bank of Ukraine in regulating banking activities as well as the importance of monetary policy for stabilizing the financial sector. In turn, P. Ilchuk, O. Kots, D. Martyniuk and E. Rak-Mlynarska [7] study the features of anti-crisis banking regulation in the context of modern global financial challenges. The authors focus on the need to reform the deposit guarantee system, improve instruments for supporting bank liquidity and increase the financial literacy of the population as one of the tools for ensuring the stability of the national banking system. Some of the scientists (L. Bodenchuk [12], V. Cherelyuk [13], I. Liganenko [12], T. Lobunets [12], A. Meshcheriakov [12], A. Mykysha [14], O. Rybak [12], M. Shvaiko [14]) study the problems of the stability of the national banking system of Ukraine in the conditions of martial law and the future post-war recovery. A separate direction of scientific research relates to the issues of digitalization of banking services, the introduction of financial innovations, the development of fintech companies and the transformation of traditional banking models. These aspects are explored in the works by I. Chugunov, L. Prymostok, I. Repin and others. Thus, I. Chugunov analyzes the change in business models of Ukrainian banks in the conditions of the introduction of mobile

banking, points out on importance of the development of digital channels of customer service and also investigates cybersecurity risks in the banking sector.

HIGHLIGHTING OF UNRESOLVED PARTS OF THE GENERAL PROBLEM TO WHICH THE ARTICLE IS DEDICATED

Despite on significant scientific achievements in the field of studying the functioning of the banking system of Ukraine, the issues relating to the adaption of the banking system to martial law conditions, the functioning of the financial sector in the conditions of macroeconomic turbulence as well as the prospects for the development of commercial banks in the period of post-war recovery remain insufficiently studied. This creates a need for further thorough scientific research aiming to make some recommendations how to ensure the stability and efficiency of the national banking system of Ukraine in the new realities.

FORMULATION OF THE AIM OF RESEARCH

The purpose of this article is to study the evolution of the national banking system of Ukraine and analyze the prospects for its development in conditions of macroeconomic turbulence as well as make practical recommendations how to improve the mechanism for managing the national banking sector during the period of post-war recovery.

PRESENTATION OF THE MAIN RESEARCH MATERIAL

A thorough study of existing scientific sources [1-15] showed that the process of evolution of the national banking system consists of seven stages. Consider each of the specified stages in more detail. The first stage took place in the conditions of structural restructuring of the national economy of Ukraine and was associated with an attempt to establish a banking system on a market basis. This stage covers the period from 1991 to 1994. The main forms of existence of commercial banks during this period in Ukraine were commercial banks ("Prombudbank", AIIB "Ukraine", "Ukrsotsbank", "Oschadbank", "Ukreximbank") that were opened on the basis of institutions of the State Bank of the USSR and continued to operate with the status of state banks; sectoral and departmental commercial banks ("Montazhspetsbank", "Ukrsnabbank", "Transbank"); branches of other Soviet commercial banks ("Inkombank", "Stolichny", etc.); state and cooperative commercial institutions that had the right to engage in intermediary financial and credit activities [9].

The process of re-registration of commercial banks in the Ukrainian Republican Register of Registration of Banks, Currency Exchanges and Other Financial and Credit Institutions began in 1991. Besides, significant changes occurred in the management of most commercial institutions. First of all, state-owned banks ("Prominvestbank", AIIB "Ukraine", "Ukrsotsbank") were corporatized. In early 1992, the Law of Ukraine "On Banks and Banking Activities" was adopted according to the main provisions of which the formation of a two-level banking system and the emergence of the National Bank of Ukraine as the main bank of the country were established [10]. The established licensing conditions provided for a low cost of authorized capital and did not require a high level of professionalism from bank management. This contributed to the emergence of a significant number of commercial banks and at the beginning of 1993 the number of commercial banks exceeded 100 [9].

The second stage in the history of the formation of the national banking system of Ukraine (from 1994 to 1999) is the period of the openness of commercial banks on the so-called "new wave" that attracted private capital of joint and small enterprises, joint-stock companies as well as funds from state budgetary and extra-budgetary funds. During this period despite on background of aggravation of inflationary processes, the emergence of hyperinflation, a reduction in the volume of national production and the volume of gross domestic product, approximately 100 commercial banks were appeared in Ukraine. All of them were oriented towards meeting the demand of the population on short-term loans for carrying out trade and intermediary activities. Thus, the characteristic features of this stage are the formation of the National Bank of Ukraine (NBU), primarily the corporatization of state-owned banks and the reform of the banking planning system. These provisions were as follows: the formation of new commercial banks with the expansion of private capital and the openness of a significant number of small banks oriented towards obtaining excess profits against the background of hyperinflation in the country.

The third stage of the formation of the national banking system of Ukraine (from 2000 to the first half of 2008) was characterized by the beginning of radical economic reforms based on the application of monetary methods of economic management. The key features of this stage of development of the national banking system of Ukraine were a decrease in the rate of mandatory bank reserves, deterioration of the quality of bank management, bankruptcy of a significant number of commercial banks, reduction of bank assets, stagnation of banking activity and concentration of banking capital. During 1994-1996 the National Bank of Ukraine was established and put into practice uniform rules for conducting banking activities that allowed to stop hyperinflation and the further decline in national production. An important role in achieving financial stability in Ukraine was also played by the monetary reform in 1996 that stated the implementation of a new currency that is hryvnia. Another important sign of the successful implementation of economic transformations was the interest in Ukrainian economy from foreign banking institutions. Thus, during the period 1994-1996, 14 representative offices of foreign banks and banks with foreign capital were registered in Ukraine. This significantly revitalized the national economy of Ukraine that was confirmed

by the following data. From 1994 to 1996 the volume of foreign investments in the Ukrainian economy almost quadrupled: from 0.366 billion USD in 1994 to 1.22 billion USD in 1996.

The fourth stage of formation of the national banking system of Ukraine (from the second half of 2008 to 2013) was characterized by the presence of an internal banking and financial crisis associated with the depreciation of Ukrainian hryvnia, the outflow of portfolio investments of non-residents as well as a crisis in domestic government borrowing market. Because of backdrop of the global financial and economic crisis in 2008-2009 decline in industrial output, reduce in the resource potential of banks, increase in inflation, reduce in confidence in the banking sector and currency exchange rate fluctuations in Ukraine were observed. In turn, it led to reorientation of the bank management system to reduce the share of problem loans; the implementation of measures to support banking stability and protect the rights of depositors; reducing the volume of household deposits. The defining features of this stage of development of the national banking system of Ukraine are the following: the functioning of banks in conditions of falling national output; conversion of short-term bonds of the domestic state loan and as a result of the “freezing” of part of the financial assets; limitation of the possibility of receiving profits from currency transactions due to the introduction by the National Bank of Ukraine of a regime of mandatory sale by exporters of 50% of their foreign exchange revenue; emergence and intensification of activity in the banking services market of banks with foreign capital; expansion of the scope of banking services; organizational strengthening of the banking system; ensuring the stability of the banking sector. In addition, globalization processes began to spread actively and led to the introduction of new methods of regulating banking activities and the adaptation of banking legislation to the standards and requirements of the European Union (EU).

The fifth stage of formation of the national banking system of Ukraine (from 2014 to 2019) was associated with the need to harmonize the banking sector of Ukraine with the requirements and standards of the EU after the signing of the European Association Agreement in 2014. The signing of the agreement with the EU had both positive and negative consequences for the national banking system of Ukraine. The positive consequences included wider access to investment resources of Western investors; cheaper bank loans; opening deposits in a Eurobank without special permission; introduction of new standards of corporate governance and customer service; formation of transparent, high-quality and corruption-free schemes of banking institutions, relations between a banking institution and a consumer of services; introduction of the latest banking products and technologies for conducting banking activities. The negative consequences included increased unfair and unequal competition in the banking services market; growth of currency imbalances in the structure of commercial banks' assets and liabilities; widening of the gap between the level of development of the financial and real sectors of the economy; implementation of credit policy that does not always correspond to the national interests of the strategic development of Ukraine by banks with foreign capital; increase in the external dependence of the national banking system and channels of influence of instability at the international financial markets; increased cyclicity of the financial system development. As a result, a number of restrictions have appeared on the path of Ukraine's European integration processes related to depressive trends in the national economic system, problems and risks of the banking sector of Ukraine. Among the problems of the banking system in 2014-2019, it is worth noting the following: significant outstanding external liabilities and the dependence of the balance of payments on the indicators of bank debt restructuring; low profitability and suboptimal cost structure of domestic banks; a significant share of problematic loans and large deductions to reserves; imbalances in the term and currency structure of assets and liabilities which makes it difficult to maintain an adequate level of liquidity in the banking system and fuels currency risks; high cost of attracted resources with insufficient domestic savings to finance the modernization of the national economy in conditions of large-scale capital exports; a narrow circle of reliable and creditworthy borrowers; unfavorable conditions of competition due to the dominance of banks with foreign capital in the most profitable segments of banking services [5, p. 132-134]; limited internal sources of bank capitalization.

The sixth stage of formation of the national banking system of Ukraine (from 2020 to 2021) was associated with prolonged lockdowns due to the spread of the coronavirus disease. During this period a restrictive monetary policy (or a policy of “expensive” money) was applied which involved increasing the discount rate and the reserve requirement rate, limiting the emission of money and establishing administrative and legal barriers to securities transactions. As a result of the use of the specified restrictive monetary policy instruments, the National Bank of Ukraine managed to significantly reduce the inflation rate in the country (from 143.3% in 2015 to 105% in 2020) and balance the national currency exchange rate at the level of 27-28 UAH per 1 USD. At the same time, in the conditions of underdevelopment of the financial sector and low level of public confidence in financial and credit institutions it led to a reduction in the volume of business and consumer lending and an increase in the real cost of funds raised.

The seventh stage of formation of the national banking system of Ukraine began with the introduction of martial law (February 24, 2022) and continues now. The defining features of this stage are a slight decrease in the number of commercial banks including those founded on private capital of domestic investors (from 67 in 2022 to 61 in 2024) and the number of banks founded with foreign capital (from 30 in 2022 to 26 in 2024) (Fig. 1), a decrease in the efficiency and profitability of domestic banks while simultaneously increasing and strengthening the positions of foreign financial and credit institutions in the financial services market of Ukraine. On the one hand, this increases the openness and transparency of the national banking system of Ukraine but, at the same time, leads to a sharp increase in the level of concentration and monopolization of the financial services market, an increase in the cost of credit

resources, an increase in the number of foreign banking groups focused on maximizing profits only in the short term and establishing full control over the solvency of the banking system into which they are integrated.

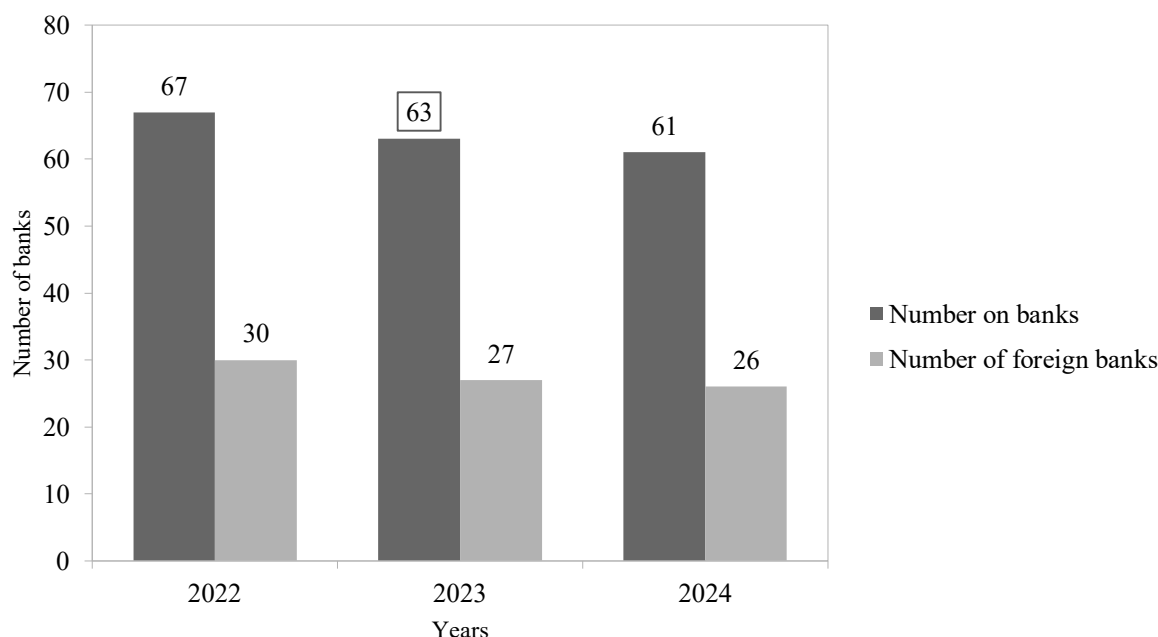


Fig. 1. Dynamics of commercial banks in Ukraine

It was formed by the author based on [16-17]

An integral part of the study of the features of the formation and development of the national banking system of Ukraine is a detailed analysis of indicators characterizing the efficiency of the dynamics of commercial banks. First of all, it should be noted that the trends in the degree of efficiency of the banking sector of Ukraine during 2022-2024 were not stable (Table 1). This is manifested in the simultaneous increase in the volume of assets and liabilities of commercial banks. In the author's opinion, this is explained by the increase in crisis phenomena in the economy of Ukraine, the aggravation of the socio-political situation in Ukraine and the weakening of Ukraine's technological competitiveness in world commodity markets.

Table 1

Dynamics of the ratio of total assets to total liabilities of commercial banks of Ukraine

Indicators			
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i			
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T			
including banks' liabilities, mln UAH			

It was formed by the author based on [16-17]

The data given in Table 1 shows that during 2022-2024 the liabilities of commercial banks increased by 116.85% (from 2.35 billion UAH in 2022 to UAH 3.42 billion in 2024). Along with that, the liabilities of commercial banks based on the private capital of domestic investors increased by almost 65% (from 2.31 billion UAH in 2022 to 3.04 billion UAH in 2024). This indicates a decrease in national wealth of Ukraine, an increase in the level of distrust of the national banking system both from domestic and foreign investments and therefore an increase in the level of tendencies of the "outflow" of contributions from individuals and legal entities and a decrease in their share in the structure of liabilities of the banking sector of Ukraine. It should also be noted that during the analyzed period the funds of individuals increased by 76.23% (from 0.68 billion UAH in 2022 to 1.22 billion UAH in 2024). This indicates an increase in public confidence in the banking system especially in the context of adaptation to martial law and the active use of non-cash transactions.

There is also a significant growth in assets which is due, for the most part, to an increase in lending. Loans granted during the specified period increased from 1.03 billion UAH in 2022 to 1.14 billion UAH in 2024. This increase reflects the intensification of lending activities of banks especially in the post-crisis period. At the same time, there is a decrease in the volume of reserves for active operations: from 0.38 billion UAH in 2022 to 0.36 billion UAH in 2024 which may indicate on decrease in the share of problem assets or a revision of the reserve formation policy.

The specifics of the implementation of monetary policy and its impact on macroeconomic dynamics in Ukraine under martial law are also determined by such instruments as the reserve requirement ratio, the discount rate of NBU and the refinancing rate. Table 2 shows that during 2022-2024 the NBU twice increased the requirements for banks' required reserves in both national and foreign currency to strengthen monetary transmission, maintain exchange rate stability, reduce the risk of a return to emission financing of the budget deficit and gradually reduce inflation. This is due to the fact that only two values of the reserve requirement ratio were established: for term deposits at the level of 5% and for funds in current accounts at the level of 10% regardless of the source of funds, term and currency. This situation is accompanied by an increase in the reserve requirements of commercial banks and the introduction of a number of administrative restrictions on achieving strict quantitative indicators of the money supply in the country. An increase in the reserve requirement ratio not only removes financial resources from the real sector of the economy but also worsens the country's financial capabilities compared to other post-socialist countries, in particular Poland, the Czech Republic, Hungary, Slovakia, Slovenia, which are characterized by monetary expansion. This leads to a further deterioration in Ukraine's investment attractiveness and a decrease in its competitiveness on the world market.

Table 2

Dynamics of the use of monetary policy instruments in Ukraine [16-17]

Indicators	2022	2023	2024
Discount rate, %	17.5	22.5	19.5
Reserve requirement ratio for current accounts in national currency, %	5	10	15
Reserve requirement ratio for current accounts in foreign currency, %	10	15	25
Reserve requirement ratio for deposits in national currency, %	10	10	10

It was formed by the author based on [16-17]

There is also a gradual decrease in the key discount rate of NBU from 25% in 2022 to the projected range of 12–13% in 2025 that reflects the adaptation of monetary policy of Ukraine to stabilize macroeconomic indicators and reduce inflationary pressure while maintaining a sufficient level of attractiveness of monetary regulation instruments for commercial banks. During the analyzed period banks' investments in government bonds also show significant growth: from 800 billion UAH (about 45% of total assets) in 2022 to 1.2 trillion UAH (about 55% of bank assets) in 2024. Such concentration of portfolios in risk-free government securities indicates a conservative investment strategy of banks in the conditions of high uncertainty as well as the role of government bonds as an effective tool for placing excess liquidity. One of the key instruments for sterilizing excess liquidity is the NBU's certificates of deposit. They shows steady growth from approximately 200 billion UAH in 2022 to almost 400 billion UAH in 2024 with this level expected to remain at this level in 2025. It points out on presence of a significant liquidity surplus in the banking system that requires effective compensation to maintain money market stability and control inflationary pressure. The use of refinancing loans has significantly decreased from almost 40 billion UAH in 2022 to minimal values in 2024–2025 which indicates that banks do not have an urgent need for additional short-term financing from the NBU. This is a positive signal regarding the overall financial stability of the sector. As for repo and currency swap transactions, they decreased from 15 billion UAH in 2022 to less than 5 billion UAH in subsequent years. This trend indicates a reduced need for short-term interventions to regulate liquidity that states a more balanced state of the money market.

**CONCLUSIONS FROM THE RESEARCH
AND PROSPECTS FOR FURTHER EXPLORATIONS**

The study showed that in 2022–2025 the National Bank of Ukraine (NBU) implemented a comprehensive policy of regulating the liquidity of the banking system using a wide range of monetary instruments which allowed the financial sector to adapt to extreme economic conditions caused by martial law and macroeconomic turbulence. For further stabilization and development of the national banking system of Ukraine the following directions are proposed.

Firstly, it is necessary to intensify lending to the real sector and innovations. The effectiveness of the banking sector of Ukraine in the post-war period will be determined by its ability to provide financial resources for the restoration of industry, agriculture, infrastructure and entrepreneurship. It is advisable to create targeted credit programs for small and medium-sized businesses which are the main source of employment. Support of high-tech industries, "green" projects and digital economy are very important. Cooperation of banks with state guarantee funds and international donors will reduce risks and make credit resources more accessible. In the short run commercial banks should focus on supporting small and medium-sized businesses (SMEs), which provide the majority of jobs and respond quickly to changes in aggregate demand. One effective tool could be the expansion of state preferential lending programs "5 – 7 – 9%" but with broader state and international support. The medium-term vector should include lending to "green" and digital projects. For example, banks can provide preferential loans for renewable energy, digital infrastructure and innovative startups. In the long run, these measures will reduce Ukraine's dependence on imported energy and make the economy more sustainable.

Secondly, in the context of increased vulnerability of the banking system it is necessary to actualize the role of the state as a stabilizer, namely, to expand mechanisms for guaranteeing deposits of individuals, gradually

increasing the guaranteed amount of compensation that will help strengthen public confidence. The state should develop tools for recapitalizing systemically important banks in cooperation with international financial institutions. An important task is to ensure banks' access to long-term and cheap resources, in particular through special programs of the NBU and international donors. Ukraine has a Deposit Guarantee Fund (DGF) but because of war risks remains limited. Many scientists [7-10] propose a gradual increase in the guaranteed amount of compensation, which will help to restore confidence in Ukrainian banks. This is confirmed by international practice: in EU countries, the guaranteed amount is 100 000 euros which significantly exceeds Ukrainian indicators. Post-war reconstruction will also require recapitalization programs for systemically important banks. For this purpose, not only state resources can be attracted but also funds from international financial institutions (World Bank (WB), European Bank of Reconstruction and Development (EBRD), International Monetary Fund (IMF)). It is advisable to create a banking sector stabilization fund which will be used to support the solvency of the most significant banks.

Thirdly, it is advisable to further digitalize banking services and strengthen cybersecurity. During the war digital services proved their effectiveness. Due to online banking, millions of Ukrainians have been able to receive salaries, transfers and social payments even in risk zones. In the future, digitalization should become a key vector for the development of the banking sector. This is not only about mobile applications or remote account opening but also about the introduction of artificial intelligence for risk management, Big Data for customer analysis and blockchain to increase the transparency of transactions. The introduction of innovative payment technologies, the expansion of the range of mobile banking and the use of artificial intelligence in the field of risk management will contribute to reducing banks' operating costs and increasing the accessibility of financial services for the population, in particular in rural and deoccupied territories. The continuation of the NBU's initiatives to develop the cashless economy as well as support for the "Diya" ecosystem, lay the foundation for building a modern digital banking infrastructure. However, digitalization is accompanied by an increase in the risks of cyberattacks. According to the NBU [17], the number of attempted cyber interventions in the banking sector has increased many times over since 2022. Therefore, the priority should be to create a unified system of cyber protection for banking infrastructure including the exchange of information between banks about threats and coordination of actions with international cyber centers.

Further investigations will be devoted to the working out of practical recommendations how to use an artificial intelligence in the field of risk management in the commercial banks of Ukraine.

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