

## **REFINANCING AS AN EFFECTIVE INSTRUMENT OF MONETARY MARKET UKRAINE**

**Statement of the problem.** Of particular relevance research and improve mechanisms for refinancing becomes in modern conditions, when Ukraine's economy is in a critical condition. That is why there was a need to improve existing and implement new mechanisms of refinancing that would resolve the crisis in the banking system, because at present it is refinancing is the only source of maintaining liquidity in the banking system.

**Review of recent research and publications.** Some questions of the mechanism of refinancing in Ukraine examined the following scientists: Stelmach V.S., Epifanov A. [1], G.A. Shamaev [2], G. Korobov [3], A.A. Lakshyna [4] and others. The focus is on the investigation of the nature and mechanism of refinancing refinancing instruments, however, the domestic financial literature there is not enough research on the use of short-term refinancing instruments. All this testifies to the importance of the subject, and thus led to the choice of direction of research in the scientific and practical aspects.

**Problem.** The aim of the research is to develop theoretical, methodological guidelines and practical recommendations on the scientific understanding of new phenomena in refinancing their understanding of the content, nature and their use in practice. Therefore, it is necessary to introduce mechanisms that would allow commercial banks and the National Bank of Ukraine to better adapt to any changes in economic conditions.

**Results of the research.** National Bank of Ukraine today is the lender of last resort. Pursuing appropriate monetary policy, it can lend to commercial banks

through: open market operations, lending, "overnight", providing a stabilization loan purchase transaction (sale) of government securities in the open market repurchase transactions [5]. To prevent the collapse of the banking system can only through refinancing of the National Bank of Ukraine. [6] However, special attention should be paid to short and ultrashort refinancing mechanisms for rapid liquidity support of banks and ensure timely completion of interbank payments and payments. It is short-term resources of the National Bank is required to maintain the liquidity and solvency of the banking system. In world practice using this tool refinancing as intraday credit. Thus, the provision of loans in many countries is seen as a kind of guarantee safe operation of national payment systems. These loans achieve significant volume and are a significant factor current liquidity support [7].

In the early 90's in U.S. intraday credit granted to the Federal Reserve to complete payments reached \$ 70 billion. [4, p.44]. According to the different levels of development of the money market, the extent of interbank payments and payments between different conditions and the extent of providing intraday credit. For example, in Switzerland, such loans generally are not available. Technically, such a settlement procedure provided by the installation of two control payments and payment terms during the day. The first day closing is done in three hours in the afternoon. Banks summarize your daily balance at the moment and find the amount of payments that have not been implemented and evaluated the extent of one-day loan that they need to engage with the market to balance the daily balances on correspondent accounts with the National Bank of Switzerland. And commercial banks with excess funds in correspondent accounts assess the scope for placing loans. The second day of closing, which takes place against four o'clock mutual transactions one-day interbank overnight loans completed. Then clearing operations are not carried out. Thus, the refusal to provide intraday credit leads to a significant increase volume of transactions in the interbank overnight lending market.

Not available intraday credit and Japan [8]. But as compensation in Japan there was a private market loans that are provided on the day (morning and afternoon credit). However, in most of the intraday credit, as security for the reliability of the national payment systems still available. In the U.S. data loans are a significant scale, and the need for them is connected with technical features of Fedwire, which does not provide other mechanisms for regulating payments related to the transfer of federal funds on accounts with the Reserve Bank. Today in the United States set limits on the amount of intraday credit and charge for their use [4, p.40-48].

Successfully used data credits the national central banks of the European Union. In Sweden intraday credit provided within the prescribed limits and without security, and provided absolute support - without quantitative restrictions. Thus, any of the 11 national banks that are part of the European Central Bank uses a refinancing short-term basis by providing your credit during the trading day, allowing generally provide regular settlements in national Gross Settlement systems and system TARGET. Please note that intraday credit provided by national central banks for free.

In Russia, as your loans are widely used. Of the total loans of the Bank of mainly the demand for intraday credit and loans overnight. Having reviewed the system of refinancing of the National Bank, we see that in Ukraine, as in other countries, until recently, dominated essentially short-term instruments, such as overnight loans. Today most commercial banks in Ukraine need short-term loans to maintain liquidity in the middle of the trading day. The world experience, we see that it is to ensure a smooth functioning of the payment system and to support liquidity-oriented use of intraday credit.

Therefore, in our opinion, this stage is vital introduction to the Ukraine in the use of the National Bank intraday credit. The purpose of intraday credit would ensure the smooth functioning of the payment system. These loans should be provided during the trading day. The basis for their issuance should be outstanding vouchers, which brought commercial banks during the trading day. Providing

intraday credit - is a settlement division of the National Bank of Ukraine during the trading day payment over bank funds in its correspondent account. Thus arise the debit balance that does not exceed the limit refinancing loans to the data. Setting limits for this type of loans we believe is necessary to avoid excessive and thus the speculative growth data credits. A document that would confirm the fact of granting intraday credit may be an intermediate statement of a correspondent account that identity presence intraday debit balance within the set limit. Powered by intra loan has to be repaid by cash inflows to the correspondent account of the bank by the end of the trading day. In the present case the loan is repaid, it is necessary to restructure loans overnight.

Providing intraday loans to commercial banks would expedite the process of operational replenishment correspondent account that can help you maintain the solvency of the bank, thereby avoiding a chain of defaults in the payments system. These loans must be secured and provided for a fee. After providing such loans free of charge can lead to excessive growth in their volumes, increasing their effect on the dynamics of money supply. The advantages of this type of loans is the ease and convenience of their production, as well as the possibility of maximum acceleration of payments while reducing balances on correspondent accounts of commercial banks and referral released in assets that will bring income. As for operations of federal funds in the United States adopted a broad range of financial assets. However, there are a number of restrictions, including restrictions on rating some types of securities does not ensure admission to outstanding obligations, and so on. According to the accepted rules of the European Central Bank, all refinancing operations should be provided on the part of commercial banks. The list of possible software rather wide. The list of possible assets formed by national central banks and shall be approved by the ECB.

**Conclusions and further research.** Thus it should be noted that the system of refinancing and managing interbank market and liquidity of the banking system is constantly in development. Thus, this situation is not unique to developing countries but also in countries with underdeveloped financial systems such

example is the reform of the discount window in the United States. That is why Ukraine needs to develop and improve the system of refinancing. After creating an effective modern system of refinancing promote stability in the banking system and give impetus to its development.

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#### **Кузьмак О.М. РЕФІНАНСУВАННЯ ЯК ДІЄВИЙ ІНСТРУМЕНТ ГРОШОВО-КРЕДИТНОГО РИНКУ УКРАЇНИ**

**Мета.** Метою статті є висвітлення результатів наукових досліджень оцінки сучасних викликів, стратегічних пріоритетів і завдань щодо механізму рефінансування задля забезпечення стійкості банківської системи .

**Методика дослідження.** Теоретичною і методологічною основою дослідження є фундаментальні положення сучасної банківської справи, наукові праці вчених, нормативні та законодавчі акти України з питань банківської діяльності, положення та інструкції Національного банку України. В процесі дослідження використовувалися такі методи: абстрактно-логічний (для виявлення сутності рефінансування як економічної категорії), монографічний (при вивченні особливостей розвитку інвестиційної сфери й основних принципів її поняття), балансовий (при оцінці механізмів рефінансування), системного аналізу (при дослідженні можливостей удосконалення рефінансування) – з метою визначення основних напрямів вдосконалення короткострокових механізмів рефінансування.

**Результати.** Визначено сутність та необхідність рефінансування для задоволення потреб банківського сектору у підтриманні ліквідності. Розроблено концептуальні підходи щодо ефективного впровадження короткострокових механізмів рефінансування, а також створення інституційних умов для підтримки та активізації рефінансування усіх банківських установ. Обґрунтовано стратегію розвитку рефінансування банківського сектору.

**Наукова новизна** полягає у визначенні теоретичних положень та виробленні концептуального підходу щодо короткострокових механізмів рефінансування в обсягах, достатніх для повного задоволення потреб банківського сектору, досягнення умов ефективності, а також створення інституційних умов для підтримки та активізації рефінансування банківських установ.

**Практична значущість.** Отримані результати дослідження є підґрунтям для вирішення практичних проблем щодо вдосконалення механізму рефінансування як умови ефективного функціонування банківських установ.

**Ключові слова:** банківські установи, кредит, рефінансування, грошово-кредитний ринок, овернайт, внутрішньоденний кредит, ставка рефінансування.

#### **Кузьмак Е.Н. РЕФИНАНСИРОВАНИЕ КАК ДЕЙСТВЕННЫЙ ИНСТРУМЕНТ ДЕНЕЖНО-КРЕДИТНОГО РЫНКА УКРАИНЫ**

**Цель.** Целью статьи является освещение результатов научных исследований оценки современных вызовов, стратегических приоритетов и задач относительно механизма рефинансирования для обеспечения устойчивости банковской системы.

**Методика исследования.** Теоретической и методологической основой исследования являются фундаментальные положения современной банковской деятельности, научные труды ученых, нормативные и законодательные акты Украины по вопросам банковской деятельности, положения и инструкции Национального банка Украины. В процессе исследования использовались следующие методы: абстрактно-логический (для выявления сущности рефинансирования как экономического категории), монографический (при изучении особенностей развития инвестиционной сферы и основных принципов ее понятия), балансовая (при оценке механизмов рефинансирования), системного анализа (при исследовании возможности усовершенствования рефинансирования) - с целью определения основных направлений совершенствования краткосрочных механизмов рефинансирования.

**Результаты.** Определена сущность и необходимость рефинансирования для удовлетворения потребностей банковского сектора в поддержании ликвидности. Разработаны концептуальные подходы по эффективному внедрению краткосрочных механизмов рефинансирования, а также создание институциональных условий для поддержки и активизации рефинансирования всех банковских учреждений. Обоснована стратегия развития рефинансирования банковского сектора.

**Научная новизна** заключается в определении теоретических положений и выработке концептуального подхода к краткосрочным механизмам рефинансирования в объемах, достаточных для полного удовлетворения потребностей банковского сектора, создание условий эффективности, а также создание институциональных условий для поддержки и активизации рефинансирования банковских учреждений.

**Практическая значимость.** Полученные результаты исследования являются основой для решения практических проблем по совершенствованию механизма рефинансирования как условия эффективного функционирования банковских учреждений.

**Ключевые слова:** банковские учреждения, кредит, рефинансирование, денежно-кредитный рынок, овернайт, внутрисуточный кредит, ставка рефинансирования.

## **Kuzmak O.M. REFINANCING AS AN EFFECTIVE INSTRUMENT OF MONETARY AND CREDIT MARKET IN UKRAINE**

**Purpose.** The aim of the paper is to report the results of scientific studies to assess challenges and strategic priorities and objectives regarding refinancing mechanism to ensure the stability of the banking system.

**Methodology of research.** The theoretical and methodological basis of the research is fundamental assumptions of modern banking, research work of scientists, regulatory and legislative acts of Ukraine on Banking, regulations and instructions of the National Bank of Ukraine. The study used the following methods: abstract-logical (to identify the nature of the refinancing as an economic category) monographic (the study of features of the investment scope and basic principles of the concept), balance (in the evaluation mechanisms for refinancing), systems analysis (the study of how to improve refinancing) - to determine the main directions of improving short-term refinancing mechanisms.

**Findings.** The essence and the need to refinance to meet the needs of the banking sector in the maintenance of liquidity. Conceptual approaches to the effective implementation of short-term refinancing mechanisms and institutional conditions to support and intensify the refinancing of all banking institutions. The strategy of refinancing the banking sector.

**Originality.** Scientific novelty lies in defining the theoretical propositions and developing a conceptual approach to short-term refinancing arrangements in amounts sufficient to meet the needs of the banking sector, to achieve conditions of efficiency and institutional conditions for the maintenance and revitalization of refinancing banks.

**Practical value.** These research results are the basis for solving practical problems of improving the mechanism of refinancing as a condition of effective functioning of banks.

**Key words:** banks, credit, refinancing, monetary market, overnight, intra loan refinancing rate.