

Melnichenko O.V.

**Postgraduate**

Kyiv National University of Trade and Economics

## **METHODOLOGICAL BASIS OF ANALYSIS REFINANCING OF UKRAINIAN BANKS**

Refinancing of banks as on IMLR and by the National Bank of Ukraine is a source of replenishment of bank resources. However, liquidity crisis which are common in banking dictate that theoretical and practical aspects of knowledge this problem are not enough. It is important research questions of mutual influences refinancing banks and the condition of their free liquidity.

In most countries refinancing is the main channel restoration of banking resources in case of shortage of liquidity. The liquidity of the banking system is its dynamic state that provides timeliness, completeness and continuity of all monetary obligations and adequacy of resources to meet the needs of economic development. Banking liquidity characterized by constant change as dynamic state.

As a result of trading on the interbank loan market (IMLR) banks attract additional liquidity (loans and deposits), as for further credit and investment, and to maintain a free liquidity in the correspondent account. The central bank controlling parameter free liquidity, a creditor of last resort in times of critical shortage or reduction of its volume in the banking system (bank or individual).

When making decisions about refinancing banks, National Bank balances between the dual purpose: to ensure stability of and support liquidity in the banking system at a sufficient level.

The liquidity of the banking system is investigated by the central bank as the current (correspondent) bank accounts at the central bank. Its main structural components are formed by means of the mandatory reserve requirements held in correspondent accounts of banks with the central bank's liquidity and free (free reserves).

Calculating the free liquidity for the period 2007-February 2014 years can be seen that during the 2008 crisis marked decrease in free liquidity required by the National Bank of Ukraine refinancing banks. From mid-2009 to the autumn of 2011 there was a surplus of liquidity. Domestic banks experienced liquidity deficit in mid-2012. Last month in 2013 and the beginning of 2014 are characterized by a significant lack of liquidity

The role of lender of last resort traditionally entrusted to the central bank. However, in Ukraine for many years, especially the crisis of 2008-2009, the National Bank of Ukraine refinanced domestic banks for small amounts.

In the study clearly bank refinancing and liquidity freely clearly observed that the National Bank of Ukraine does not support permanent refinancing of banks, depending on the condition of their free liquidity, but only provides a one-time support in exceptional cases, such as during the banking crisis.

In the study clearly bank refinancing and liquidity freely clearly observed that the National Bank of Ukraine does not support permanent refinancing of banks, depending on the state of their free liquidity, but only provides a one-time support in exceptional cases, such as during the banking crisis.

Thus, the result of analysis of the practice of refinancing banks in Ukraine in the interbank lending market, are as follows.

To maintain liquidity, the bank make loan and deposit transactions on IMLR, which is part of the global market and to fully take advantage of the globalization of finance, gaining access to additional liquidity and additional revenue globally.

In cases of shortage of free liquidity, the National Bank of Ukraine provides them with refinancing loans. However, there is a close correlation between these two parameters. And then there are other factors within the monetary policy that affect the decision of the NBU refinancing banks of expediency.

One of the main tasks of the National Bank in deciding whether to refinance banks is to determine a certain minimum free liquidity which achievement automatically switches mode support bank liquidity.

## References

1. Baranovskyi, O.I. (2009), *Finansovi kryzy: peredumovy, naslidky i shliakhy zapobihannia* [The financial crisis: background, consequences and ways to prevent], Kyiv, Ukraine, 754 p.
2. Moroz, A., Pukhovkina, M., Savluk, M. (2005), *Centralnyi bank ta hroshovo-kredytna polityka* [The central bank and monetary policy], Kyiv, Ukraine, 556 p.
3. Mishhenko, V.I., Somyk, A.V. etc. (2008), *Likvidnist bankivskoi systemy Ukrainy* [The liquidity of the banking system of Ukraine], Kyiv, Ukraine, 180 p.
4. Tahirbekov, K.P. (2004), *Osnovy bankivskoi diialnosti* (Bankivska sprava) [Basics of banking activities (Banking)], Moscow, Russia, 720 p.
5. Mishhenko, V.V. and Somyk, A.V. (2009), «The liquidity of the banking system of Ukraine: current condition, factors and ways to increase the effectiveness of regulation», part 3, *Bulletin of the National Bank*, no 1, pp. 34-41.
6. *Pro rehuliuivannia Nacionalnym bankom Ukrainy likvidnosti bankiv Ukrainy: Polozhennia Natsionalnoho banku Ukrainy vid 30.04.2009, № 259* [On the regulation of the National Bank of Ukraine bank liquidity Ukraine: resolution of NBU from 30. 04. 2009 no 259], available at: <http://zakon4.rada.gov.ua/laws/show/z0410-09>.
7. *Pro nadannia bankamy Ukrainy informatsii za uhodamy z kupivli ta prodazhu kredytnykh resursiv u natsionalnii valiuti na mizhbankivskomu kredytnomu rynku: Polozhennia Natsionalnoho banku Ukrainy vid 21.01.2004, №20* [On the banks to provide information on Ukraine transactions of buying and selling of credit in local currency in the interbank credit market: resolution of NBU from 21.01. 2004 no 20], available at: <http://zakon2.rada.gov.ua/laws/show/z0170-04>.
8. *Pro nadannia bankamy Ukrainy informatsii za uhodamy z kupivli ta prodazhu kredytnykh resursiv u natsionalnii valiuti na mizhbankivskomu kredytnomu rynku: Polozhennia Natsionalnoho banku Ukrainy vid 10.12.2012 №515* [On the banks to provide information on Ukraine transactions of buying and selling of credit in local currency in the interbank credit market: resolution of NBU from 10.12. 2012 no 515], available at: <http://zakon4.rada.gov.ua/laws/show/z2168-12>.
9. *Ofitsiinyi sait NBU* [The official website the NBU], available at: <http://bank.gov.ua/control/uk/index>