

Paradigm of the Development of Banking Infrastructure of Ukraine

ANATOLIY DROBYAZKO¹

ANDRII KRYSOVATYY²

VIKTOR FEDOSOV³

Abstract: The article deals with the issue of the development of banking infrastructure in Ukrainian banking sector and the analysis of its separate structural components. The processes not regulated by legislative power influencing negatively on banks under the conditions of financial and economic crisis in the leading sectors of economic, financial and monetary & credit systems of Ukraine during 2014-2015 were analyzed in the article. The digression from traditional endogenous analysis of the development of banking system to exogenous was done. The improving proposals for institutional development of banking system were suggested.

Keywords: Banking System • Infrastructure of Banking Sector • Deposit Insurance Fund • Ukrainian Inter-Bank Currency Exchange • Bureau of Credit Histories • Insurance Companies • Collection Business • Information and Rating Agencies & Audit Firm • Autonomous Banking Organizations

Introduction

The development of Ukrainian banking system under the conditions of financial mounting crisis needs a new approach in investigation of inner problems in the development from endogenous to exogenous. Lately insufficient attention was paid to endogenous approach to interference of economy and banking sector. At the same time, current crisis showed what a negative influence on the development of the country can have miscounts not only in banking sector but also in its infrastructure which can also influence on economic processes. Hence, the aim of this article is investigation of the problem concerning the development of the infrastructure of the banking sector of Ukraine.

This article is ready to be published in one of the most dramatic period of Ukrainian state. On the beginning of 2015, the devaluation of national currency of 2014 started to move into inflation spiral. The official exchange hryvnya's rate to US dollar was 30 on February, fell to 275,5 % what intensified risks of government control loss in price dynamics. Under the pressure of devaluation and also administrative price increasing for energy sources, annual inflation rates increased from 24,9% to 60,9% what is the biggest level since October 1996, when national currency hryvnya was adopted.

Financial institutions having quite big resources, on the base of their mobilization and proper turn, can generally support the development of the country and world economy and also provoke and even generate crises. On one side, it means the necessity of forming a reliable and effective system of the state regulation of financial institutions improving continuously with the development of financial relations between business entities in economy. And the other side, its business culture and standards of business conduct that should prevent problems at early stages. Financial crises of 2008-2009 and 2014-2015 greatly

¹ PhD in Economics, Chief Researcher of the Department of Budget-taxation and Monetary & Credit Policy Coordination, Academy of Financial Management, Ministry of Finance of Ukraine.

² Doctor of Economics, Professor, Rector of Ternopil National Economic University, Head of the Department of Taxes and Fiscal Policy.

³ Doctor of Economics, Professor, Honored Scientist of Ukraine, Head of the Department of Finance, Vadym Hetman Kyiv National Economic University.

intensified contradictions existing in the development of banking infrastructure which need to be reinterpreted at new level of the development and it is necessary to find new approaches to solve their problems.

The theoretical bases and organizational grounds of banking system functioning were thoroughly investigated in science of finances. National scholars M. Aleksyenko [1], O. Baranovsky [2], Z. Vasylychenko [3], A. Drobyazko [4], O. Vovchak [5], O. Dzyublyuk [6], V. Kovalenko [7], V. Lahutin [8], I. Lyuty [9], V. Mishchenko [10], S. Naumenkova [11], V. Oparin [13], V. Fedosov [14] and other investigated problems of functioning and development of banking sector. At the same time in scientific publications the endogenous approach is predominating that is investigation of inner problems in the development of banking system. The exogenous factors in its development related to the investigations of interference of financial, banking and monetary system economy was not paid enough attention. At the same time, current situation of heavy and deep financial and economic crisis in Ukraine showed what a great negative influence of miscalculations in banking sector and its financial infrastructure can have on economic development. Some authors suggested some approaches to systematization of institutional development of financial infrastructure of banking sector of Ukraine and its influence on some ways out from financial crisis [15]. But infrastructure of banking system as a separate phenomenon is seldom considered nowadays though it does not mean its absence.

Total income of banking system during 2014 were 210,2 billions of hryvnias, taking into account devaluation processes during the year this sum can be valued as 15 – 16 billions of Euros. By our evaluation, in 2015, taking into account exchange rate, income of banking system will exceed 260 billion of hryvnias in terms of Euros it will be 12–13 billions. Having considerable material resources banking system is already a significant demander in creating new information technologies and means of communication, more and inner banking economic processes are transferred into outsourcing. On one side, banking system is a driver of creating new business services and, on the other side, the representatives of state regulatory policy influence on its development making new frames in banking business development. In table 1 the data of the main cost items of banks' expenditures in 2014 influencing the development of business are shown.

According to modern researchers' opinion, two groups of institutions should be included to banking infrastructure, in broad sense. *To the first group* belong those functioning in the sphere of monetary trade and forming corresponding conditions of trust between banks and clients on the market of capital issues. Deposit insurance funds and bureau of credit histories belong to this group. That is those institutions forming fundamental grounds for reducing prices on monetary market and they influence directly the cost of capital. *The second group* belong institutions supporting banks' activity: credit broker companies; valuers of collateralized property cost; insurance companies; collector firms; international money transfer companies; inter-banking monetary exchange.

Table 1

Main cost items of Ukrainian banks expenditures in 2014 for the support of infrastructure

Cost items in banking balance	Sum (mln. грн.)	Percent of total expenditures (%)
Allocation to Deposit Insurance Fund	3 169,4	1,5%
Expenditures for operating leasing (rent of real estate)	3 158,2	1,5%
Expenditures from revaluation of investment real estate	1 912,5	0,9%
Expenditures for insurance of real estate and operating assets	1 823, 7	0,8%
Mail and telephone expenses	844,1	0,4%
Marketing and advertisement expenses	747,3	0,35%
Other systems of banking connection expenses	736,6	0,35%
Expenditures for financial and legal consultative services	356,5	0,17%
Audit expenses	104,6	0,05%

Source: informational resources of NBU [www.bank.gov.ua/статистика/грошово-кредитна та фінансова статистика](http://www.bank.gov.ua/статистика/грошово-кредитна_та_фінансова_статистика)

Let's consider the main important components of banking sector of financial infrastructure in more details. *Deposit Insurance Fund* is one of the key state financial institution, is formed to support risks of not returning deposits in case of problems in not solvent banks [17]. Banks' subscription for Deposit

Insurance Fund was 4,0 billion of hryvnias in 2015 from banking system. Today on inter-banking market of Ukraine Deposit Insurance Fund functions as a regulator. Propositions according to forming such a fund for credit companies and also for private pension fund & insurance companies were suggested [16].

Undoubtedly, household guarantee is quite specific sphere of activity having positive and negative factors. Positive factors are forming bank depositors' trust to the whole banking system. This trust supports maximal attraction of free costs from natural persons into financial system and directing them into economy. Not in vain, lately, the reason of trust has become one of the key ones in solving problems of the development of banking system of our country. But there are also negative.

State guarantees, absolutely, should be, because it stabilizes system but also depositors should be responsible to some extent, hence state regulatory bodies, as Ukrainian and foreign practice shows (among them there are developed countries), cannot control everybody and everything. Lately, in Russian economic literature the term "serial depositor" appeared. That is natural person who invest sum guaranteed by Deposit Insurance Fund in some banks at maximal interest. The group of suffered people "rent-seeker" formed in 2014-2015, which had considerable losses because of regulator's decision and, as a rule, was an initiator of some judicial claims because of their assets loss.

One more negative factor was because of taking some part of paid bank resources for forming fund for compensatory damage of Deposit Insurance Fund. This decreases volume of banking crediting and influences its rising costs. Institutional acquisition of the development of Ukrainian banking sector was adopting and realization the law about Deposit Insurance Fund, which supported the market with one of the best financial instruments for stimulating money income into the banks. The law was adopted in 1998 but positive effect (trust) to it was on the market only in 5 years when in practice it was proved the ability of Deposit Insurance Fund in solving financial problems and protect savings of the most depositors in the range of bankrupt banks ("Ukraine", "Slovyansky", "OLBank", "Our Bank"). This instrument helped to take out from the shadow and attracted into banking sector about 60 billions of US dollars of the household recourses during 2003-2015 (Figure 1).

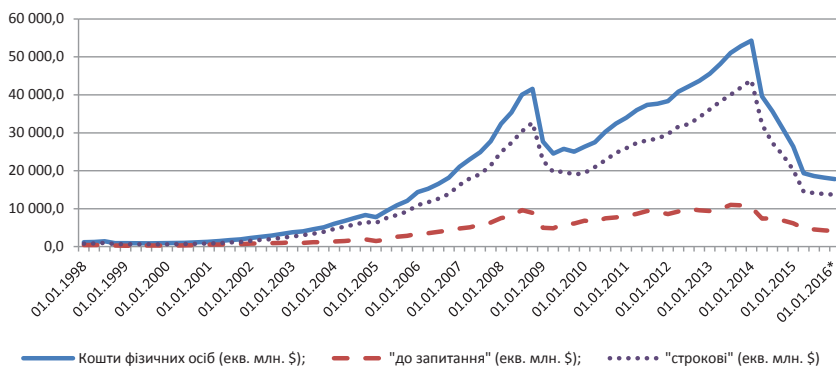


Figure 1. Dynamics of attracted costs from natural persons into banks of Ukraine during 1998 – 2016 according to currency rate (millions of US dollars)

Source: information resource of NBU www.bank.gov.ua/статистика/грошово-кредитна_та_фінансова_статистика/, * - our assessment

In Figure 1 the dynamic of increase of household funding base during 1998-2016 was shown. Statistic data were given taking into account official exchange rate during considerable period of time and devaluation crises in order to have correct analysis of analytical dynamics. The best dynamics of deposits increase was during 2005-2008 when depositors were sure in national economic growth and democratic development. Fast hryvnya devaluation in 2008, caused by disproportions in energy dependent economy, devalued the population's savings in US dollars. But it was the instrument of deposits guarantee that renewed trust and financial flow of resources to banking sector after the crisis of 2008-2009.

Revolutionary and war events of 2014 influenced negatively on trust to banking system and it was

necessary administrative restrictions on deposits from National Bank of Ukraine, a market regulator. But those long term restrictions on money deposits damaged confidence of depositors in banking system. Because of this situation, there were long queues before banks even in case of their enough liquidity. Under the conditions of mass bank bankruptcy during 2014-2015, the Deposit Insurance Fund continued to return deposit sums (200 000 hryvnias). But depositors having 10000 US dollars and more deposits, because of exchange rate devaluation, were in confiscation money trap. Household losses caused rapid shortage of money resources in banking system.

One of the debatable moments of the relations between households and banks was a legislative norm of the possibility to dissolve a terminal contract and return a deposit according to the norms of the Civil Code of Ukraine. The crisis period of 2013-2014 showed that this populist norm in extreme period was not active and it was necessary to review, but, unfortunately, corresponding amendment to the law became active only on June, 2015.

During 2014-2015 60 banks among 178 banks were taken off from the market by NBU and Deposit Insurance Fund. And it is still in process because it has a tendency to continue. The main reason of this process is loss of capital under the conditions of financial crisis and absence of desire in majority of shareholders to support a bank losing its liquidity. Another reason is stronger use of sanctions to banks holding doubtful operations. There is a discussion about violation of rights of juridical persons and depositors by Deposit Insurance Fund. And this process will continue because of that a lot of banks are in liquidate procedure and also a lot of sum of money lost by creditors because of bankruptcy of credit institutions.

Bank sector of Ukraine went out from every financial crisis also owing to its infrastructure development. It is necessary to note that *Ukrainian inter-banking exchange market* start to operate during the crisis period of 1992-1994. At that time of national economic disproportions, absence of currency reserves, legislative and regulatory gaps, the bank community (40 biggest banks) created the market recognized by the World Bank as the biggest achievement in the building of market relations of Ukraine at that period. The results of stock trading were used by National Bank of Ukraine for official currency rate every day. On Ukrainian inter-banking exchange market not only trade ground was created but exchange culture ideas between leading credit specialists essentially influencing the regulatory policy of National Bank of Ukraine was introduced [18].

Since 1990, Ukrainian inter-banking exchange market lost its function as trade ground because of changes of the regulatory policy of NBU and became as a regulator. At the same time, it is necessary to emphasize that in modern conditions there is a problem of creating an additional lever for National Bank of Ukraine to widen market instruments to optimize management of exchange rate dynamics under crisis conditions of currency income. Banks long before need not only additional "spot" ground but futures instruments for hedging the risks of changes in exchange rate in hryvnia. Mass bank bankruptcy had a negative influence on swap operations market and the possibility of currency trade under the conditions of futures contracts. In the conditions of dollarized economy, it is necessary to search new ways of filling economy with national currency for activation of national economy crediting. Crisis situations of 2014-2015 could be overcome effectively by the means of exchange financial instruments as a composite element of currency market of Ukraine.

If the aim of Deposit Insurance Funds is to support the interests of bank clients then bureau of credit histories have to protect banks' interests and in fact the same depositors from dishonest debtors. Nevertheless, bureau of credit histories activity should not be only technical that is to protect banks from dishonest debtors. This is one of the most important social institute, which should support forming the responsibility of each debtor. The separate problem for banks is an interaction with bureau of credit histories formed in Ukraine as independent market institution.

These institutions were based on information ground for debtors as one big or a group of friendly banks. But for many years the regulator (NBU) has been gathering statistic reporting about big debtors (a corresponding form of monthly bank reporting). On this base National Bank of Ukraine controls the database of bad debtors but this resource is not accessible for bank community. At the same time, some commercial bureaus of credit histories are at the market: "Ukrainian bureau of credit histories" [19], "The first Ukrainian bureau of credit histories" [20], "International bureau of credit histories" [20]. Unfortunately, a lot of bureaus of credit histories do not guarantee the quality of these services for banks.

The events during 2014-2015 connected with the loss of some part of territory of Ukraine, destruction of infrastructure added to only bank issues also some problems connected with household destruction, loss of enterprises and working places. Accordingly the level of service became sharply worse as for juridical persons as for natural persons. The necessity of forming of reserves for lost assets decreased sharply bank capital and the possibilities of banks to credit the real sector. In Figure 2 the total dynamics of increase formed by banks of reserves and speed of decrease of balanced capital is shown. Of course, it is necessary some time to cover the total losses even for those banks able to secure the adequacy of capital to available assets in current conditions.

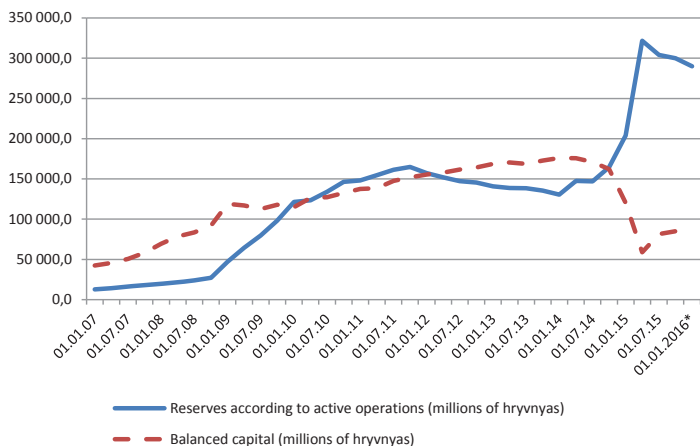


Figure 2. The dynamics of formed reserves and balanced capital of banks of Ukraine during 2007 – 2016 (billions of hryvnyas)

Source: information resource of NBU www.bank.gov.ua/статистика/грошово-кредитна_та_фінансова_статистика/, * – our assessment

In Figure 3 the dynamics of credit relations between households and banks are shown. Taking into account devaluation crises during this period for correct analysis the statistical data were calculated according to official exchange hryvnya's rate to US dollar at date of balance sheet.

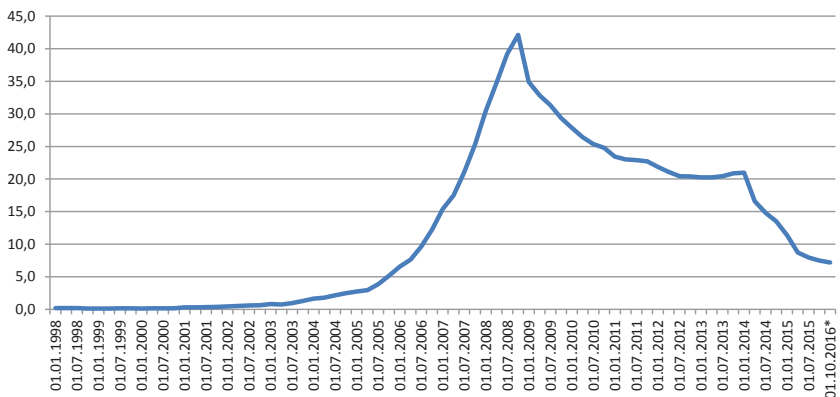


Figure 3. The dynamics of granted credits for natural persons by banks of Ukraine during 1998 – 2016 (in US dollars according to official exchange rate; billions of US dollars)

Source: information resource of NBU www.bank.gov.ua/статистика/грошово-кредитна_та_фінансова_статистика/, розрахунки авторів,* – our assessment

The statistics shows that this segment of the market began to develop rapidly when there were foreign investments into the banks of Ukraine during 2005-2008. People hoped for a long-term constant development of economy of Ukraine, for this period positive expectations of the dynamic development of the country are natural. At that time, the regulator did not set the legislative credit currency restrictions on domestic market. Banks, especially with foreign capital, having technologists of building up of retail bank market, began actively to use mortgage credit programs. Household free currency crediting in more than low percent rate than in hryvnya supported transferring devaluation risks on bank clients.

Crisis of 2008-2009 essentially undermined financial possibility of clients who did not have regular currency income for the service of their obligations. This situation became worse, when there was a devaluation crisis during 2014-2015. Having been stressed it became political.

At the beginning of 2015 mortgage crediting almost stopped and it caused a considerable damage in building sphere. Some banks switched over to consumer household crediting but mass fraud appeared because of underdeveloped information institutions in this segment. Because of such situations, this segment of market has a huge percent load and practice showed that *bureau of credit histories* does not solve thoroughly this problem. That's why the issue about "The only register of credit histories of natural and juridical persons" needs to be solved firstly as the structure of the department of NBU and with possibility of cooperation in future. This instrument must be a central in political prudential control of credit institutions in order to be estimated objectively by risk banks according to active operations.

A considerable deeper problem is in the relations between banks and corporate clients. Unfavorable macroeconomic surroundings during 2008-2015 caused mass bankruptcy especially for those debtors having no regular currency income and were oriented on currency borrowings in low percent rate. Because of the loss of liquidity by clients, banks started juridical process concerning debtors and mortgagors bankruptcy with guarantees and began actively to realize pledged assets. In fact, almost each bank was engaged in legal processes and also with the institute of arbitration business managers appointed by courts and realize liquidation processes of debtors – bankrupts [22]. There are a lot of positions in this process concerning pledged assets which have to be confiscated and realize through the system of National executive agency [23].

Taking into account the specific issue, it is necessary to notify that legislative procedures are not perfect. Economic legal processes between banks and debtors can continue for years and this devalues pledged assets and finally influences financial bank state. A lot of banks with foreign investments essentially reduced the volumes of crediting because of their practice with Ukrainian legal branch in post crisis period. Because of banks' solvency loss much revalued pledged assets were under the control of Deposit Insurance Fund which does not effectively manage these assets.

National Bank of Ukraine intensified transparent policy regarding to banks capital and defining beneficiaries of income from each bank in 2014-2015. Such system work is necessary to do with beneficiaries receiving credit resources. Analysis of assets of bankrupt banks shows that opacity in property concerning credit debtors is worth much for society. Social business responsibility starts from transparence in financial relations between entities of bank credit relations. According to data of Deposit Insurance Fund there are more than 300 billion of hryvnyas of bank assets in fund, which is worth of 45-50 billions of hryvnyas according current estimation. If take into consideration that fact that there are thousands legal processes concerning disputed property in the fund, that it is high time to create specialized national agency for the realization of bankrupt banks property.

In Figure 4 the dynamics of credit portfolio of Ukrainian juridical persons is shown. A considerable increase of crediting was during 2005-2008. Taking into consideration devaluation crises of this period, the statistical data were calculated according to official exchange rate at data of balance sheet for a correct analysis of dynamics. Bank sector supported very much total national economy of Ukraine but in relations between banks and corporate clients there were considerable devaluation risks marked during years of crisis. It was the period when weak sides of interaction of bank institutions and instruments of judicial authority were clearly noticed. On one side, problems concerning exposure of creditors caused mass closing credit programs from foreign investors and on other side – to mass national banks bankruptcy. It was caused because of disability to cover risks by reserves after mass bankruptcy under the conditions of sudden change of macroeconomic components. The regulator had to protect creditors by creating the only bureau of credit histories of juridical and natural persons in order to exclude the possibility of returning stolen money to the market as "new investments" before the previous debts will be covered. But it did not happened.

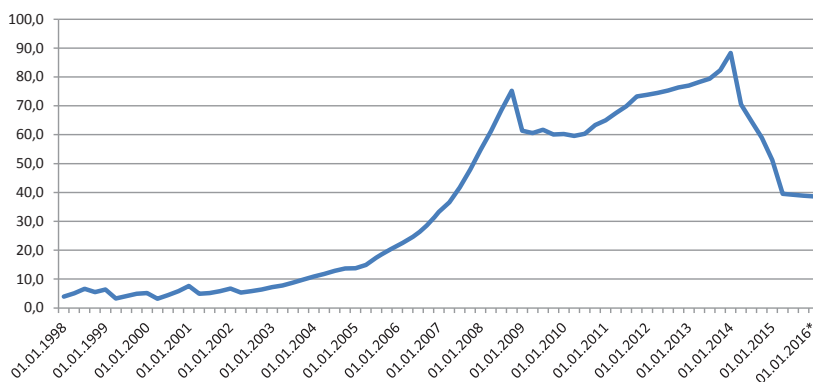


Figure 4. The dynamics of granted credits by banks of Ukraine to juridical persons during 1998 – 2016 (in US dollars by official exchange rate; billions of US dollars)

Source: information resource of NBU www.bank.gov.ua/статистика/грошово-кредитна_та_фінансова_статистика/, * – our assessment

The activity of bank infrastructure establishments, which were in the second group, according to analysis in this article, have a narrow specialized nature. So, in the period of rapid increasing of markets, *credit brokers* chose for bank clients those banks which have the most profitable credit conditions and help them in forming all documents for obtaining credit. In practice, sometimes, banks not specialized in consumer household crediting, but have forked branch of banking subsidiary, deliver broker services to the third financial institutions in consumer crediting and in service of the next financial flows. Especially this approach became popular in implementing the policy of “financial supermarkets” by forked branch of bank system. They proposed traditional bank services (including consumer crediting on the base of scoring technologies) and services of *insurance companies*, another not banking services, for instance, buying railway tickets or credit arrangement directly in supermarket and other services.

As a rule, consumer and mortgage crediting use the services delivered by *insurance companies* undertaking risks in the sphere of crediting. In the period before the crisis, during 2005-2008 in Ukraine mortgage crediting and crediting in buying cars developed actively enough, caused the development of insurance of pledged assets. Some banks established their own insurance companies increasing risks and other banks signed contracts with some companies. In spite of some problems in this sphere, it is necessary to note that insurance was one of the considerable factors of the development of the given crediting directions. At the same time, insurance of credit risks in other directions of crediting still has not developed enough. Bank practice shows that some insurance agencies providing services and having deposits there – insurance reserves are accredited in each bank.

Each financial crisis had its influence on the development of the infrastructure of bank segment at financial market. So, Crisis during 2008-2009 caused the explosion of the development of *collection business*. A considerable volume of bank credit portfolio that was not served because of changes of macrofinancial conditions (a considerable devaluation of national currency) caused shutdown of many enterprises and sudden increase the level of unemployment in the country, including bank debtors. More than 200 such firms were in Ukraine [24] according to the assessment of the Association of Collection Business of Ukraine during 2008-2010. This situation was under the conditions of total legislative indetermination of this segment of financial relations where collectors’ activity is close to the articles of Criminal Code of Ukraine about “panel game” or “violation of bank-client confidentiality”. However evaluate their activity, it is worth to identify that a rule should be confirmed in credit interrelations accordingly a borrower should take it as obligation. Collector firms’ task is, first of all, not to “demand rudely” debts but to help debtors to regulate a problem of debt with a bank.

The most self-regulated body in this area is the Association of Collection Business of Ukraine (ACBU) is the only professional collectors union. It was founded on December, 2008. The Association

members are CCG Credit Collection Group LLC, “Fulfillment of Engagement Service”, Verdict CJSC, “European Agency for Debt Recovery” LLC, “UkrBorg” LLC, Ukrainian Collecting Group. The Association was officially admitted to the Federation of European National Collection Associations (FENCA). In 2009, the Association of Collection Business of Ukraine prepared propositions about legislative regulation of this activity but post crisis events still postponed the decision of this item. Besides, such International Fund as “Black Eagle”, specifying in collection activity during the search of beneficiaries of credit resources for banks in offshore zones, paid attention to a considerable increase of negative classified assets [37]. At first, the fund studies the financial state of debtors in Ukraine and other countries, searches assets in offshore zones (it has its own sources of information). It is a long process but when collectors “funds – carrion vultures” appear in Ukraine we will have interesting legal international processes with assets of ex “unattainable” debtors.

The interaction between banks and *international payment systems*, payment organizations of which are not residents can be distinguished as a separate segment of banking business. The activity of these organizations is regulated by the decision of the Management of National Bank of Ukraine on 04.02.2014 № 43 “About Statute approval about payment systems registration order, participants of payment systems and operators of services of payment infrastructure”. This channel supports currency transfers up to 5 billion of US dollars for Ukraine and banks of Ukraine earn commission income. At present, there is a legislative struggle for a legalization of operations at Ukrainian market of Internet-payment systems, like Webmoney, which is forbidden by active norms of financial monitoring.

Information and rating agencies & audit firms can belong not only to bank segment but also to common infrastructure of financial market because their activity is important for all its national economy entities. Information agencies have to support market with true and full information about common tendencies of the development of economic agents and financial institutions in time. At the last decade, the influence considerably increased on banking business of *rating agencies*. In literature the attention was paid to negative and positive influence of international agencies “Standard & Poor’s”, “Fitch Ratings”, “Moody’s” on the development of the world economy. So, the decision of rating agencies has an essential influence on the risk assessment about bank active operations and on volumes of necessary forming of reserves. The signal of rating agencies about solvency of the government of any country to serve its sovereign debt obligations automatically influences on credit rating corporate borrowings of this country and, correspondingly, increases or decreases possibilities and price of the next borrowings.

“Credit Rating” LLC was almost during 10 years a monopolist at national rating market [25], but in recent years such organizations as RA “Rurik” [26], RA “Expert- Rating” [27], RA “IBI-Rating” [28], “Ukrainian Credit-Rating Agency” LLC [29], “Standard Rating” LLC [30] registered by the State Commission for Regulation of Financial Services Markets in Ukraine approved actively. Rating agencies have a considerable influence on emitter reputation and indirectly on the value of attraction of resources while funds placing at financial markets. Considerably, they define also bank deposit portfolio while attracting costs from insurance companies and private pension funds. Mass bankruptcy of banks during 2014-2015 exposed significant shortcomings in methodologies of risk assessments by national rating agencies.

Today it is impossible to imagine banking business without *audit activity*. Audit report about financial bank activity, by international standards as well as national, is inseparable part of banking business validation. On one side, there are gradual steps of a regulator in setting national business standards according to international ones. On other side, banks, having correspondent relations with foreign partners, cannot run business without audit validation according international standards of accounting audit. Besides worldwide known international agencies Pricewaterhouse Coopers, Deloitte Touche Tohmatsu Limited, Ernst & Young, KPMG, more than 20 national audit companies work under the protection of Audit Chamber of Ukraine [31] at Ukrainian market.

The activity of audit firms is equally important for all market entities. Audit conclusions about functioning of banks as joint-stock companies are important documents in assessment of management bank activity at joint-stock meetings and also in coming to strategic decisions by oversight body of a company. So, for banks of institutional and private investors, audit conclusions about debtors and emitters are important very much for making corresponding decisions about extending credits or investing costs or company entry into open stock market to attract capital.

Establishments, making *valuation of property*, provide services in defining true and real value of collateral supporting to decrease risks of banks. At last years there is a serious struggle for monopolization of activity of valuation agencies. Ukrainian valutors community is a self-governing organization at this service market [32]. Today banks have a problem concerning non-conformity of value of the mortgaged property while extending a credit and it's liquidating value in realization after prosecution through a legal process of credits which were not served by debtors.

Banks are served by valuation agencies regularly: while valuation of the mortgaged property at granting of a credit stage; while revaluation of property value when there is a necessity of capital increase of the second level; while realizing the mortgaged property because of legal procedures concerning disposal of credit guarantee etc. As a rule, some valuation agencies are certified in each bank, conclusions of which are obligatory in taking decisions on concrete financial operations for banks as well as for checking bodies and notary officers where such operations are registered.

Relations on stock market are regulated by National Securities and Stock Market Commission in Ukraine. Since the beginning of their development banks of Ukraine developed as universal banking establishments. The majority of banks in Ukraine have not only license of "a stockjobber" but "a custodian" and also correspondent relations with the Central custody of a country. Moreover, often banks, served by corporations, have licenses of "funds recorder". That's why banking establishments quite often are associated as founders and participants of trade systems having funds of the Government, municipal and corporate funds in Ukraine. Banks in Ukraine, having corresponding licenses of National Securities and Stock Market Commission, are in leading positions in the *infrastructure of stock market* [33]. So, among 386 banking establishments, having licenses of National Securities and Stock Market Commission, there are 125 custodians, among 726 funds traders there are 126 banks having licenses. The analysis of this activity is a subject of other investigations.

Completing the investigation of financial infrastructure of Ukrainian banks it should be mentioned that the activity of *self-governing banking organizations* belonging to legislative initiative of banking activity and regulatory policy of National Bank of Ukraine. The oldest self-governing organization is the Association of Banks of Ukraine [34] with the history of more than 20 years. Kyiv Credit-banking Union [35] and Independent Association of Banks of Ukraine [36] have an essential place and significant word. Although for the activity of each bank association is the aim of building up the relations in banking sector, still there is a competition and different opinions in solving problems in complex bank economy between organizations. Association of Banks of Ukraine is a union making conclusions focuses on conclusions of banks, which have Ukrainian capital. Establishments with foreign capital are leaders in Independent Association of Banks of Ukraine, that's why bank associations are of different opinions about the same regulator.

Conclusions

1. Crisis phenomena during 2008-2015 are still influencing on the state of credit, financial and monetary system of Ukraine: not only narrowing of resource bank data but also reducing trust of household and corporations to national currency are observed. Chronicle deficit of financial resources at macro- and microeconomic levels, national debt increasing, budget deficit and inflation are typical. System contraction of highly available means of accumulation of national wealth into low available assets by household and corporations, increase of demand for a support of objective information of economic agents of infrastructural composites of financial sector are the results of these processes. Overcoming of demonetization of economy is still very important task not only for banking sector but also for the whole infrastructure concerning the development of banks.

2. Totally, financial structure and its banking segment in particular, play a very important role in economy. In its turn, financial institutions, having huge money resources, should support more actively the development of the country, to generate macrofinancial stabilization and economic development by their effective mobilization and optimal directing. The adequate risks assessment of financial institutions activity is the task not only for a regulator but also for all structural composites of banking sector of financial infrastructure.

3. In modern conditions of the development of Ukraine the necessity of forming clear and effective system of state regulation of financial establishment activity is of high importance. There are some main questions concerning supporting reliable investments and the responsibility of regulating bodies and also strengthening place and role of structural composites of financial infrastructure to protect inadequate public assessment of quality of bank assets. The market of financial services needs to be systematized. Special responsibility attaches to the bureau of credit histories. There is an urgent necessity of implementing procedures of “The Unified Borrowers Register of Juridical and Natural Persons” at the National Bank of Ukraine for further clearance of public finances from system fraud.

4. Significant losses because of non-return credit resources are big sums influencing negatively on their financial stability and need building up of further institutional surroundings. There is a necessity of legislative systematization of collection activity because of its defects and drawbacks. It is necessary to return the mortgaged property by non-standard ways for the opacity in credit relations what cannot be done by collection business strictly within the law.

5. In fact, national investment resource is absent in Ukraine. Insurance reserves of private pension funds and insurance companies could be the source of such long resource. But for this it is necessary to support reliable accumulation and money holding. New legislative initiatives concerning Deposit Insurance Fund do not deal with finances, which can be accumulated by pension funds and life insurance companies. New legislative initiatives concerning accumulation and saving of national long-term investment resource are necessary.

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