

ASSESSMENT OF THE BANKING SYSTEM OF UKRAINE BY A MULTIPLICATIVE MODEL

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The essential part of market relations in Ukraine is an adequate modern banking system, on which depend real economic sector, flexibility and elasticity of monetary system, soundness of national currency, etc. The level of its stability fully characterizes the state of economy in general and the ability to meet its obligations and to ensure profitability at the level of adequate functioning in a competitive environment. In such circumstances, requirements for stability and efficiency of banking system and individual bank are rising significantly. Financial stability of banking system should be not only short term objective, but also strategic, on which, in its turn, will depend the dynamics of market-style reforms and upturn of social standards.

It also ensures the necessity to search modern forms of analysis and state estimate of banking system of Ukraine by, among the others, mathematical methods that will help to make appropriate conclusions about suitability and possibility to use practically the chosen model.

Design/methodology/approach. The financial stability of banks in the money-market and the banking system of Ukraine will be estimated according to the calculation and monitoring of banks to observe the basic standards, established by the NBU. Analyzing the limits of their usage by a multiplicative model, it will be possible to conclude about the state of some individual banks and the bank system in whole.

Findings. According to the research, it can be concluded that the multiplicative model is suitable for both the analysis of banks and the bank system in whole, and it can be used practically for stability “level” analysis.

Research limitations/implications. The output data for the multiplicative model are economic standards of banking regulation and their observance by the selected banks of the first and the second group (by assets).

The research will be made in two stages. The stability of the individual bank is determined in the first stage, and the stability of banking system in whole or its separate subsystems are determined in the second one.

Practical implications. According to the estimates that were held, it can be assumed that the state of the second group of banks is more stable.

Originality/Value. According to the median indicator the stability assessment in the second group of banks is higher than in the first ($0.03 > 0.025$), while the stability assessment affinity of the second group is lower, that is better ($0.69 < 1.97$).

Keywords: The financial stability of the bank, the banking system, prudential standards, multiplicative model.

Research type: Research paper.