FORMS OF MANIFESTATION AND METHODS OF REGULATION OF THE BANKING CRISIS IN UKRAINE

Oksana Ruda

Abstract. The banking system is the core of the financial sector. It is crucial to examine that crises in banking systems are largely consequences of macroeconomic and political instability. Understanding the nature of banking crises allows developing adequate preventive measures and instruments for timely reaction of regulators and banks themselves to the crisis. With the intensification of globalization processes in the world, the number and scale of banking crises have increased significantly, including due to the presence of various external shocks, including the so-called "contagion effect", the essence of which is a chain reaction in global and national financial markets, when a shock in one of them leads to a shock in another. Along with the growth of the number of banking crises and their scale, the losses from them grow the economy. Thus, the problem of anticipation of banking crises and methods of their regulation is extremely relevant and represents an important scientific task. The aim of the paper is to identify and explain the causes of modern banking crises and methods of their regulation. The study was conducted using an interdisciplinary and integrated approach to a wide range of transformations and phenomena that have long dominated the public life of the country and encompass various types of economic activity and specific natural processes. The article reveals the concept of banking crisis, the classification of modern banking crises. Also, the analysis of the state of the banking system during the quarantine period and before it began, highlighting the main indicators of Ukrainian banks. Three main types of situations that contribute to the emergence of banking crises are identified. The causes and prerequisites of a large number of banking crises in the late twentieth and early twenty-first century and the twenty-first century are described. The first-priority measures to neutralize threats to the security of the banking system as part of the implementation of the anti-crisis management scheme have been proposed. The instruments of anti-crisis policy of the National Bank are presented in their improved form for managing systemic banking crises and overcoming their consequences. At the end, the results of this article are summarized.

Key words: crisis, bank, loans, deposits, financial system, management, regulation.

JEL Classification: G01, G21, G32

1. Introduction

The banking system is the lifeblood of any national economy. Therefore, its effective functioning is an important factor of stability and development of the country's economic life. The current systemic banking crisis in our country is one of the main sources of instability and slowdown of economic development, growth of unemployment, deepening of poverty and aggravation of social and political risks. This crisis is the result of the intertwining of three groups of problems: long-term structural and institutional imbalances in the Ukrainian economy, which create constant risks of worsening financial and currency crises; systemic problems of the banking system, which existed in a latent state for more than a decade; a sharp exacerbation of problems of the banking system in 2014 under the influence of force majeure foreign policy factors and shocks from improper actions of the monetary regulator – the National Bank of Ukraine. This led to a threefold devaluation of the hryvnia and the outgrowth of the banking crisis into a systemic crisis. Banks redistribute cash flows from depositors and assume the risks associated with intermediary functions. In a market economy, banks play a key role in supporting the economy by acting as profit-making institutions and making decisions about their own risks. The importance of analyzing the crisis of the banking system is due not only to the peculiarities of the banking system, but also to its importance for the economy and financial system of the state as a whole and directly for each of its subjects. Therefore, the issue of quality diagnostics of the banking system,
foreseeing probable crises and minimizing their negative consequences for each subject of economic relations, ensuring economic security of the country, and secondly, determining the role of public authorities in this process, is relevant. A significant level of state regulation of the banking system. To predict or predict the crisis of the banking system, to determine the necessary tools and develop any anti-crisis program is impossible without a qualitative detailed study of the nature and essence of the crisis, its characteristics, characteristics and parameters.

The purpose of the article is to identify and explain the causes of modern banking crises and methods of their regulation.

2. The banking crisis: causes and preconditions

In recent decades, two interrelated trends have been clearly visible in the development of the world economy: globalization and growing instability. They are most noticeable in the banking sector of the economy as the most sensitive to all changes, especially external ones, in the economy, politics, and social sphere.

The banking crisis is characterized by a sharp increase in the share of doubtful and bad debts in the loan portfolios of commercial banks, an increase in their losses due to revaluation of uncovered market positions, and a decline in the real value of bank assets. This leads to a large-scale deterioration of banks' solvency and reflects the inability of the banking system to effectively distribute financial resources.

The banking crisis may arise against the background of a relatively stable state of other segments of finance, money and credit and become a "trigger mechanism" that will turn a local crisis phenomenon into a large-scale financial crisis (Kozmenko, Shpyh, Voloshko, 2003).

Banking crises occur when the accumulation of troubled assets in individual banks and their insolvency lead to bank panic, mass withdrawals of deposits, a sharp decline in interbank lending, etc.

As a result, against the backdrop of growing distrust, banks may suspend payments, followed by destabilization of the payment system and financial markets (Pernarivskyi, 2004).

There are two main groups of determinants of banking crises: internal (microeconomic) and external (macroeconomic). The study of internal causes characterizing the quality of management and stability of a credit institution is extremely important for ensuring financial stability of banking institutions; otherwise it would be impossible to explain the fact why some banks go bankrupt even under conditions of strong financial and banking crisis, while others stay afloat.

Internal causes are usually studied by examining the most famous cases of bankruptcy of credit institutions.

Quite often crises arise as a result of inefficient banking business: ill-conceived credit policy, excessive risk taking, poor organizational management, insufficient internal control, as well as miscalculations in monetary policy and differences in requirements and liabilities in terms of timing by banks themselves or their borrowers.

External causes, the main one being an unfavorable economic situation, are crucial for the stability of banking systems. They test banks for sustainability of their management, as a result, after each crisis there is a peculiar selection of the most competitive credit institutions.

External (or macroeconomic) causes of banking crises include: macroeconomic imbalances (severe imbalance of economic sectors, large or growing budget deficits and public debt, low or slow GDP growth, unfavorable business conditions), and ignoring the need for structural change; financial instability, characterized by high inflation, sharp fluctuations in prices for goods and financial assets, outflow of capital from the country and the national economy, declining foreign exchange reserves, strong fluctuations in the national currency; excessive credit expansion during the long economic recovery. Significant growth of domestic lending in the conditions fixed exchange rate leads to a reduction in reserves.

Easier access to liquid resources for banks often leads them to take excessive risks; a decline in public confidence in the financial system of the country as a whole and the national banking sector in particular; a lack of corporate standards in the management of financial institutions. Among the main problems in the corporate governance of Ukrainian banks should be highlighted: the uncertainty of strategy and abstract business models, focus on related party services, the low quality of management personnel, conflicts of interest in the management, inadequate risk assessment system and formal internal control.

The classification of current banking crises, which are taking place in the global economy, and therefore–havecommonfeaturesforallcountriestheyaffect, should be carried out on a small list of basic features, which are shown in the Table I.

There are three main types of situations contribute to the emergence of banking crises (Prymostka, 2004):

1) problems of one or more banks without obvious signs of systemic banking crisis;
2) hidden form of destabilization of the banking system;
3) systemic banking crisis.

Banking crises are a multidimensional and complex combination of interacting factors, ranging from fundamental and structural weaknesses in the economy, risky incentives, weak and ineffective regulatory policies, inadequate official supervision, and the inability or unwillingness of the market to
It is characterized by a decrease in capital, unprofitable activities of some (troubled) banks, a crisis caused solely by domestic macroeconomic imbalances and destructive factors within the economy, and a sudden change in the economic environment under the influence of external factors affecting the banking system.

Crisis characteristics

A crisis involving the entire banking system manifests itself in the mass bankruptcy of banks and negatively affects not only the banking business, but also the entire system of finance, money and credit of a particular country, in the form of inflation, credit restrictions and state and local finance deficits.

Crisis in separate sectors of the banking system (interbank credit market, mortgage market, market liquidity, consumer credit market, etc.) or in a small number of banks that do not have a negative impact on the situation in the banking system.

Crisis caused solely by domestic macroeconomic imbalances and destructive factors within countries.

A crisis involving a group of countries with similar destabilizing factors and crisis prerequisites in major regions of the world (America, Asia, Europe).

The crisis, which has engulfed all world powers, is gaining global momentum, regardless of where it originates or how quickly it spreads.

Causes macroeconomic recession, high inflation and demonization of the economy (usually systemic).

Causes serious problems for a number of banks, which, with the passive policy of the central bank, may be declared bankrupt and liquidated.

Table 1

<table>
<thead>
<tr>
<th>Classification feature</th>
<th>Kind of crisis</th>
<th>Crisis characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>The nature of the occurrence</td>
<td>Cyclical</td>
<td>It is a consequence of a cyclical downturn in the economy of the country and depends on the level of market relations in specific countries, is usually a form of monetary crisis.</td>
</tr>
<tr>
<td>Scale of distribution (degree of systematization)</td>
<td>Systemic</td>
<td>A crisis involving the entire banking system manifests itself in the mass bankruptcy of banks and negatively affects not only the banking business, but also the entire system of finance, money and credit of a particular country, in the form of inflation, credit restrictions and state and local finance deficits.</td>
</tr>
<tr>
<td></td>
<td>Local (partial)</td>
<td>Crises in separate sectors of the banking system (interbank credit market, mortgage market, market liquidity, consumer credit market, etc.) or in a small number of banks that do not have a negative impact on the situation in the banking system.</td>
</tr>
<tr>
<td>Form of manifestation</td>
<td>Latent</td>
<td>It is characterized by a decrease in capital, unprofitable activities of some (troubled) banks, other negative trends that accumulate over time, reach a critical level and acquire an open form.</td>
</tr>
<tr>
<td></td>
<td>Open</td>
<td>Characterized by banks’ failure to meet their obligations to customers, the inability of the banking system to ensure smooth settlements, the mass desire of depositors to take their deposits from banks, a sharp decline in lending, bankruptcy of banks.</td>
</tr>
<tr>
<td>Geography of distribution</td>
<td>National</td>
<td>A crisis caused solely by domestic macroeconomic imbalances and destructive factors within countries.</td>
</tr>
<tr>
<td></td>
<td>Regional</td>
<td>A crisis involving a group of countries with similar destabilizing factors and crisis prerequisites in major regions of the world (America, Asia, Europe).</td>
</tr>
<tr>
<td></td>
<td>World (global)</td>
<td>The crisis, which has engulfed all world powers, is gaining global momentum, regardless of where it originates or how quickly it spreads.</td>
</tr>
<tr>
<td>The scale of the consequences</td>
<td>Macroeconomic</td>
<td>Causes macroeconomic recession, high inflation and demonization of the economy (usually systemic).</td>
</tr>
<tr>
<td></td>
<td>Microeconomic</td>
<td>Causes serious problems for a number of banks, which, with the passive policy of the central bank, may be declared bankrupt and liquidated.</td>
</tr>
</tbody>
</table>

Source: (Vasiurenko, Volokhata, 2006)

Among these problems are, first of all: errors in recognizing reliable and problem loans; the development of herd behavior; the weakening of lending conditions; the spread of lending based on speculative growth in asset prices. In addition, due to the significant growth of bank lending, there is often a concentration of loan portfolios (sometimes with a high content of the property factor). To some extent, this is due to periods of growth in the value of financial assets, property acts as a protected form of collateral for bank loans. However, in fact, such lending is speculative in nature, since little attention is paid to the value of collateral under inflation; the development of crisis phenomena can be accelerated by a change in the perception of the region's economic prospects by foreign investors; the rapid growth of speculative operations, facilitated by modern financial innovations and the development of the derivatives market.

In such an environment, the likelihood of declining net worth encouraged some firms to speculate in the financial markets to "restore financial health"; insufficient level of competition in the banking system, which was especially pronounced in the transition economies, should also be considered as a factor weakening the stability of the country’s banking system; the vulnerability of individual countries' financial systems is greatly increased by so-called "poor banking practices" (or "regulatory deficiencies").

Thus, modern banking crises are a multidimensional and complex combination of interacting influences and weaknesses, typical for all countries, regardless of the level of economic development. Financial instability reveals existing weaknesses in the banking system itself, while a narrow focus on certain causal components creates a distorted view and inadequate policies to reform the banking sector.

A prerequisite for the effective functioning of the economy of any country is the effective development of the banking sector. Banks are financial market institutions that ensure the accumulation and redistribution of free financial resources, ensure the flow of funds between all economic entities and support the processes of economic reproduction (Donets, 2006).
3. The state of the banking system of Ukraine

The banking system is in constant motion, and constant quantitative and qualitative changes in the activities of banking institutions meet the modern needs of the process of providing credit and financial services to market participants. Thus, qualitative changes are connected, first of all, with the improvement of banking technologies, provision of remote services, individual approach to customer service in accordance with the growing needs. In terms of quantitative changes, there has been a significant reduction in the number of bank branches, as well as in the number of employees of individual banks due to the transition to new, more advanced types of customer service (e.g. mobile and electronic banking).

In general, it is possible to name a significant number of factors, both external and internal, which affect the development of the banking system and to which banking institutions need to adapt. However, external influences can be completely unpredictable or simply new, and people are aware of their unpreparedness for them. This necessitates an immediate assessment of both the factor itself and the possible consequences of its impact, which means that anti-crisis measures to minimize possible risks must be taken as quickly as possible. Such factors include the current situation with the spread of the COVID-19 virus, which is taking place all over the world, and its consequences were completely unexpected for all mankind.

Because of the rapid spread of the virus and the large number of infected and dead people in various countries, a global pandemic was declared, which led to many negative consequences.

First of all, it is the closure of borders by most countries and the announcement of a strict quarantine regime, involving the temporary suspension of many areas of society: businesses ceased to function normally, some institutions were forced to work remotely, and some stopped indefinitely, as the quarantine continued depending on the epidemiological situation.

Money and the banking system are rightly called the "circulatory system of the economy", because the economic development of the country largely depends on the speed of funds, the performance of payments, the reliability of the banking system.

In addition, banks, provided effective lending, can become the locomotive of development, market entry of new goods and services, the emergence of new enterprises and industries (Pernarivskyi, Pernarivska, 2018).

The banking sector continues to recover from the COVID-19 pandemic. In July-September 2020, banks' key indicators resumed growth. The share of non-performing loans reached a minimum after the introduction of a new definition of non-performing loans, compliant with international standards.

At the same time, the focus remains on proper risk assessment by banks. Losses from loan portfolio deterioration will continue to be a major problem for banks' profitable operations.

The lifting of strict quarantine restrictions and a further decrease in lending rates in July-September contributed to a recovery in demand for credit from businesses and retailers.

Credit risk remains a major risk for banks in 2021. Despite a significant improvement in the
economic situation in the second half of the year, some bank borrowers are still experiencing financial difficulties.

This may have a negative impact on the quality of loan servicing and, accordingly, will require additional formation of reserves by banks.

To make sure that the quality of the loan portfolio declared by banks corresponds to reality, the NBU will assess the quality of assets in the banking sector, and 30 banks will undergo additional stress-testing.

Since January 2021, the NBU has obliged banks to gradually calculate the value of non-core assets from fixed assets. This rule will encourage banks to get rid of them in time, which will increase financial stability and make their financial statements more reliable. Also from this year the gradual increase of risk weights for securities in foreign currency issued by the Ukrainian government as well as for unsecured consumer loans will begin.

The Net Stable Fund Ratio (NSFR) will take effect in April, prompting banks to reduce maturities in assets and liabilities. Its initial minimum value will be set at 80% and gradually increased to 100% by April 2022 (Official website of the NBU).

The main factor of uncertainty for the financial result of the banks remains the amount of deductions to the provisions for the impairment of the loan portfolio.

Banks must still correctly assess credit risk based on current macroeconomic forecasts and reflect expected losses in their financial statements (Table 2).

Table 2  
Key performance indicators of Ukrainian banks

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank metals</td>
<td>277</td>
<td>358</td>
<td>310</td>
<td>511</td>
</tr>
<tr>
<td>Correspondent accounts opened with other banks</td>
<td>100886</td>
<td>79873</td>
<td>192140</td>
<td>183074</td>
</tr>
<tr>
<td>Loans provided to customers</td>
<td>1059884</td>
<td>1099595</td>
<td>1108052</td>
<td>967664</td>
</tr>
<tr>
<td>time deposits in other banks and loans to other banks</td>
<td>27323</td>
<td>40183</td>
<td>40147</td>
<td>54419</td>
</tr>
<tr>
<td>Loans granted to public authorities</td>
<td>1650</td>
<td>2770</td>
<td>4367</td>
<td>11156</td>
</tr>
<tr>
<td>Loans granted to business entities</td>
<td>882813</td>
<td>894924</td>
<td>885238</td>
<td>750736</td>
</tr>
<tr>
<td>Loans granted to individuals</td>
<td>175386</td>
<td>201834</td>
<td>218411</td>
<td>205739</td>
</tr>
<tr>
<td>Loans to non-bank financial institutions</td>
<td>34</td>
<td>67</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>Investments in securities and long-term investments</td>
<td>436054</td>
<td>470490</td>
<td>524111</td>
<td>768923</td>
</tr>
<tr>
<td>Reserves for active operations of banks (including reserves for operations accounted for on off-balance sheet accounts)</td>
<td>550916</td>
<td>552805</td>
<td>535629</td>
<td>383929</td>
</tr>
<tr>
<td>Liabilities</td>
<td>1295020</td>
<td>1341271</td>
<td>1564275</td>
<td>1835527</td>
</tr>
<tr>
<td>Capital</td>
<td>159081</td>
<td>171338</td>
<td>205817</td>
<td>216715</td>
</tr>
<tr>
<td>Liabilities of banks</td>
<td>1135939</td>
<td>1169933</td>
<td>1358458</td>
<td>1618812</td>
</tr>
<tr>
<td>Liabilities of banks in foreign currency</td>
<td>573471</td>
<td>556729</td>
<td>650604</td>
<td>646330</td>
</tr>
<tr>
<td>Time deposits (deposits) of other banks and loans received from other banks</td>
<td>47174</td>
<td>36091</td>
<td>23272</td>
<td>23661</td>
</tr>
<tr>
<td>Funds of business entities</td>
<td>375106</td>
<td>390778</td>
<td>516145</td>
<td>645858</td>
</tr>
<tr>
<td>Funds of individuals (with savings (deposit) certificates)</td>
<td>474410</td>
<td>515925</td>
<td>610451</td>
<td>687948</td>
</tr>
<tr>
<td>Return on assets, %</td>
<td>2.66</td>
<td>3.81</td>
<td>4.21</td>
<td>2.4</td>
</tr>
<tr>
<td>Return on capital, %</td>
<td>21.94</td>
<td>31.29</td>
<td>30.75</td>
<td>20.48</td>
</tr>
</tbody>
</table>

Source: Official website of the NBU
raised in the domestic market. The banking sector today does not depend on the situation on international capital markets. The liquidity of financial institutions is high both in hryvnias and foreign currencies.

In the first days of the quarantine a significant outflow of individuals began. This reaction of clients is typical of uncertainty and was observed during the two previous crises. However, this time it was very short-term – already in ten working days the balances on the accounts began to grow again. The banks had no trouble paying depositors out in full at short notice thanks to high liquidity. The maximum aggregate outflow of funds in hryvnia was 7%, which is much lower than in previous crises (Iepifanov, Vasylyeva, Kozmenko, 2012).

The liquidity of the banking system is not under threat, the National Bank reports a significant excess of the liquidity norm in the system, and provided more than 13 billion UAH refinancing loans for 30 days in April-June. People have withdrawn about 10% of term foreign currency deposits from banks, but the balances of the population in hryvnia current accounts have increased sharply. The most likely reason for this is that because stores and other establishments were closed, many people simply had nowhere to spend their money, and some people were consciously saving by reducing current consumption. In mid-April, company funds dropped to at least 90-95% of quarantined levels, but are already back to the level of the beginning of the year.

But lending is slowing down (Kuzmak, 2016): banks take into account the risks of non-return of funds, so lowering the interest rate, although it plays a role, but in general is not too great. After the easing of the quarantine, the first (and only) resumed retail turnover of hryvnia, but so far, its pace lags behind the pre-crisis level. Banks place free funds mainly in IGLB, financing the budget deficit.

Decreasing solvency and deteriorating consumer sentiment also affected credit demand. According to the survey of banks, it is constrained by a sharp decline in consumption of services and many groups of goods, especially durable goods. However, the decline in consumer lending, which occurred in the spring, is unlikely to last. This will be facilitated by the gradual recovery of the economy and a significant supply of loans from banks and other financial institutions. The volume of lending will still be somewhat lower than the pre-crisis level.

Uncertainty about quarantine restrictions and the crisis led to a decrease in the share of time deposits. Therefore, the volume of funds in current accounts will increase significantly in the near future, including through payroll and social projects. The share of term deposits will increase only in 2021–2022 due to improved economic expectations (Official website of the NBU).

At the same time, the negative effects of the current crisis may manifest themselves next year. The main threats facing the sector are a decline in demand for banking services and deteriorating credit quality.

4. Anti-crisis management of the banking system

To neutralize crisis processes in the initial stages of the global financial crisis, national governments and central banks provided assistance to banking institutions aimed at providing their liquidity and buying out troubled assets. Priority anti-crisis measures were concentrated in the monetary sphere.

In modern conditions, a set of interrelated measures is needed to overcome the crisis trends in its development and to ensure sustainability, reliability and safe operation in the post-crisis period.

Ensuring stability, reliability and security of the banking system of Ukraine and its institutions should be, in our opinion, the main objective of the anti-crisis policy of the government, National and commercial banks and a pledge to prevent the negative effects of possible banking crises in the future.

To achieve this goal, anti-crisis management of the banking system and its institutions should be carried out both at the general economic level in the framework of the anti-crisis strategy of the state (macro level), and at the intra-branch level – in the policy of the National Bank of Ukraine (micro level) and commercial banks (micro level).

Comprehensive development of anti-crisis strategy of economic security of the banking sector (as part of national security), associated with the active work of state institutions in this area, which would include a set of measures and security mechanisms, risk management system and neutralization of identified threats in the banking system as a whole, and in individual banks. After all, such threats pose a potential danger not only to the banks themselves, but also to their customers (businesses and citizens), which may ultimately affect the economic and then the national security of the state.

Therefore, according to the author, it is important not only to record the threats that have already arisen, but also to identify and diagnose the most likely threats that may arise in the future.

The priority measures to neutralize security threats to the banking system within the implementation of the crisis management scheme include the following (Panchenko, 2018): strengthening the function of ensuring the security of the banking system as a priority for all government and banking bodies that implement supervisory and control tasks in the field of banking; formation of a subsystem for monitoring its economic security in the banking system monitoring system; development of the classification of threats.
to the security of the banking system and preparation of special schemes for neutralization of threats according to the main ones; development of special methodological and practical support for the system of prevention and forecasting of security threats; counteracting mergers and acquisitions, which may be exacerbated in the process of post-crisis resumption of banking activities, including the following measures (maximum use of existing legal institutions to protect property rights; creation in banks of special services capable of resisting potential actions aimed at seizing property; strengthening control over top managers of banks capable of carrying out dishonest transactions with the assets of banking institutions; establishing high-quality information support for the processes of identifying possible threats to the life of individual banks and the functioning of banking systems in general; strengthening the work of supervisory authorities on the practice of unscrupulous banking, fraud and criminal acts in carrying out banking operations).

The following tools of anti-crisis policy of the National Bank in their improved form can be used to manage systemic banking crises and overcome their consequences (Volkov, 2013): refinancing of banks on non-standard terms (emergency liquidity assistance, emergency liquidity financing – non-standard refinancing), aimed at restoring the normal situation with liquidity in the banking sector and supporting the smooth operation of the payment system; administrative measures applied when other, more market-based instruments fail to control the situation, including the securitization of deposits with forced increases in maturities, the introduction of a moratorium on the return of deposits, and restrictions to prevent the outflow of nonresidents from the country’s banking system; financial recovery of banks that have problems with solvency, in particular through their recapitalization and restructuring of troubled assets; reorganization and liquidation of unviable banks; measures aimed at protecting the interests of depositors, including measures provided by the deposit guarantee system, as well as full government guarantees, the use of which is designed to restore confidence in banks by creditors and depositors, reduce negative expectations of market participants, stop the outflow of funds from bank accounts.

The choice of a specific set and conditions for the application of anti-crisis policy instruments will depend on the characteristics of the systemic banking crisis, as well as on its type. Some of these instruments, such as emergency financing or the use of full government guarantees, are aimed primarily at solving liquidity problems, preventing outflows from bank accounts, and ensuring the proper functioning of the payment system. Instruments related to the restructuring of the banking system, support of economically viable and withdrawal of weak credit institutions, as well as protection of the interests of creditors of banks, solve primarily the problems of solvency (Pernarivskyi, Pernarivska, 2018).

Managing banking crises, especially systemic solvency crises, is a process requiring coordination between the National Bank, the government, financial regulatory and supervisory authorities, the Deposit Guarantee Fund, other responsible government agencies, and the coordination of their structural subdivisions. One effective approach in this case could be the creation of a permanent high-level interagency working body, which should include representatives (as a rule, heads) of government agencies, organizations involved in financial supervision, and necessarily representatives of the National Bank. The main function of such a body should be the development of a general strategy of anti-crisis policy and coordination of activities of organizations directly implementing it. The main goals and objectives of this body, the composition and powers of the participants, the main functions and other necessary issues should be enshrined in a separate document, such as a charter, regulation, memorandum, etc. It is also assumed that the organizations that will directly implement anti-crisis policy should have the necessary personnel and infrastructure.

5. Conclusions

The study of banking crises and crisis management has become increasingly relevant in recent years. Most crises have the same nature and prerequisites and are a significant destabilization of the whole or part of the banking sector. Therefore anti-crisis regulation can be defined as a set of systemic regulatory actions of public authorities aimed at preventing, overcoming the crisis, eliminating its negative consequences for banking activities in order to ensure the stable functioning of the banking system and the economy as a whole.

The most important place in this process belongs to the levers of anti-crisis regulation, reflecting the specifics of their technology, which should be based on: the regulation of financial processes; protection of strategic and economic interests of the state related to the stable functioning of the banking sector and its recovery; protecting the interests of depositors and creditors of banking institutions.

Anti-crisis regulation in banking institutions should be daily, constant, continuous throughout the whole period of their functioning, an effective regulatory process, where the subject is the state regulatory bodies, and the object – banks and the banking system. A comprehensive approach to the problem of anti-crisis regulation of the banking
system, qualitative interaction at all levels will give a long-term effect.

Summarizing the above, we note that in the formation of anti-crisis strategy of economic security of the banking system must take into account the fact that its implementation involves appropriate measures both in its normal functioning, and in crisis situations, because the crisis – a critical exacerbation of contradictions in the system. Threatening its stable and safe functioning. The emergence of a crisis usually only exacerbates the threats, and their elimination requires appropriate action at the state level, at the level of law enforcement agencies and at the level of individual banks.

Thus, the main directions of anti-crisis management of banking activity should be aimed at strategic guidelines for the stable operation of banks, the achievement of competitive advantages in the market, taking into account risks in order to stabilize and eliminate or avoid crises.

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