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BANKING REGULATION AND ANTI-CRISIS MEASURES TO MINIMIZE BANKING RISKS IN THE CURRENT ENVIRONMENT

Risks that shape the working conditions of banks in the current environment are a determining factor in their operations. The martial law slows down the development of the financial and banking system and the financial sector, but the situation in the banking sector is quite stable, and banks continue to perform their functions, provide services and serve legal entities and individuals.

The study examines the components and content of banking regulation aimed at modernizing it to adapt to the current conditions. The author identifies the measures taken by the National Bank of Ukraine to stabilize the banking system, which allowed banking institutions to maintain their ability to perform their functions and avoid significant financial shocks.

Continuous monitoring, revision of regulatory mechanisms, strategies, and appropriate response to current challenges (by both the NBU and banking institutions) will remain an important task in ensuring the stability and further development of the Ukrainian financial system.

Keywords: *banks, regulation, risks, anti-crisis measures, financial stability*
JEL classification: *E52, G21*

БАНКІВСЬКЕ РЕГУЛЮВАННЯ ТА АНТИКРИЗОВІ ЗАХОДИ ДЛЯ МІНІМІЗАЦІЇ РИЗИКІВ БАНКІВНИЦТВА В СУЧАСНИХ УМОВАХ

У статті розглядається зміст регуляторної політики в сучасних умовах, яка спрямована на зниження ризиків, підвищення прозорості діяльності банків та захист інтересів вкладників. Не дивлячись на те, що постійна модернізація регуляторного середовища є викликом для банків, це характеризує її адаптивність до викликів та створює основу для післявоєнного розвитку. Воєнний стан сповільнює розвиток фінансово-банківської системи, фінансового сектору, але ситуація в банківському секторі досить стабільна, банки продовжують надавати виконувати покладені на них функції, надавати послуги та обслуговувати юридичних та фізичних осіб.

В умовах війни банківська система України зіткнулася з безпрецедентними викликами, серед яких ризики ліквідності, значне зростання проблемних кредитів, фізичне руйнування інфраструктури та зниження довіри населення. Для стабілізації ситуації Національний банк України запровадив низку заходів (регулювання валютного ринку, підтримку ліквідності банків, тимчасове послаблення регуляторних вимог і обмеження на рух капіталу), реалізація яких дозволила комерційним банкам переглянути свої стратегії, адаптувати операційні моделі, розширюючи онлайн-сервіси, підтримуючи клієнтів через реструктуризацію боргів та фінансування гуманітарних ініціатив. Важливою складовою стало збереження функціонування платіжної системи та доступу населення до фінансових послуг навіть у зонах активних бойових дій.

Запроваджені регуляції забезпечили належну роботу всієї банківської системи з обслуговування клієнтів та сприяють не тільки контрольованій роботі банків, а й підтримують належне інформаційне поле прозорим, надійним та позбавленим причин для розповсюдження паніки. Завдяки координації дій НБУ та банків вдалося забезпечити відносну стабільність фінансового сектору в умовах надзвичайного тиску. Ці заходи стали основою для подальшого відновлення та зміцнення банківської системи України.

Постійний моніторинг, перегляд стратегій та належне реагування на поточні виклики (як Національним банком України, так і банківськими установами) залишатиметься важливим завданням у забезпеченні стабільності фінансової системи України, зараз та у післявоєнній період.

Keywords: *банки, регулювання, ризики, антикризові заходи, фінансова стабільність*

Statement of the problem. The main condition for the development of any economy is its focus on meeting the needs of economic agents. An efficient and functionally effective banking system plays a significant role in this process, which should ensure the smooth operation of the entire market mechanism. Only a stable and reliable banking system is the key to sustainable interaction of all economic participants and economic development.

The problems in the development of Ukraine's economy that it has faced since the beginning of the full-scale invasion have set new challenges for the financial and credit system, the realization of which is largely the result of post-war development. These include: reducing the number of inefficient banks, increasing the level of financial stability and reliability of banks, reducing the growing volume of non-performing loans, and others.

The regulatory system for the banking sector plays a key role in maintaining economic stability and ensuring the efficient functioning of all banking institutions. The main objective of the regulatory system is to ensure stability, transparency and fairness of the financial environment, which helps to protect the rights of investors, depositors and consumers of financial services.

This is the reason for the need to conduct a study aimed at determining the list of problems faced by the Ukrainian banking system since the beginning of the war, as well as outlining the anti-crisis measures that resulted from the interaction of both the National Bank of Ukraine and commercial banks aimed at minimizing banking risks and ensuring financial stability.

Analysis of recent research and publications. The study on this issue was conducted on the basis of generalization, comprehension and systematization of the results of scientific works and practical achievements of leading Ukrainian scholars, including O. Baranovskyi, A. Moroz, O. Vovchak, A. Epifanov, J. Dovgan and many others. Foreign researchers, including S. Borio, A. Crockett, T. Jacobson, F. Minsky, D. Shinazi, and many others, do not leave these issues without their scientific attention. The works devoted to the study of the peculiarities of banking development, especially under martial law, are always relevant. However, the importance and dynamism of the development of financial and banking systems for the development of the economy and society and constant external and internal influences indicate the need for ongoing research for the scientific and practical development of this issue. It is these features that made it necessary to conduct this study, determined its purpose, objectives and content.

Objectives of the article are to identify the problems faced by the banking system of Ukraine in the context of war and to study the peculiarities of the NBU's use of anti-crisis monetary instruments to support liquidity and ensure financial stability in Ukraine in these conditions, as well as to identify opportunities for ensuring coordination of actions of the NBU and banking institutions for further recovery and strengthening of the banking system of Ukraine.

Summary of the main results of the study. The Ukrainian banking system faced unprecedented challenges during the war, including liquidity risks, a significant increase in non-performing loans, physical destruction of infrastructure, and a decline in public confidence. To stabilize the situation, the National Bank of Ukraine has taken a number of measures, including regulating the foreign exchange market, supporting banks' liquidity, temporarily relaxing regulatory requirements and capital restrictions. Commercial banks, in turn, have adapted their operating models, expanding online services, supporting clients through debt restructuring and financing humanitarian initiatives.

The regulatory system in the financial sector of Ukraine has a multi-level structure that allows for effective control over both the activities of banking institutions and other financial market participants. The main tasks of the regulatory authorities are to supervise compliance with legislation, implement regulations and ensure transparency of financial institutions [1].

Through banking regulation, the state primarily oversees the following:

- capitalization level (by setting minimum equity capital requirements, which helps to reduce bankruptcy risks and increase banks' resilience to possible losses);

- solvency and liquidity of banks (through liquidity provision, which is critical for banks to fulfill their obligations to customers. Regulators require banks to maintain a certain level of reserves and liquid assets);

- financial transparency (through regulatory requirements that promote greater reporting, which helps to increase customer confidence in banks).

The main instruments and methods of banking regulation that ensure the stability of the banking system, which are divided into: direct, indirect, and methods of micro- and macroprudential regulation [2]. Table 1 summarizes the main instruments and methods of banking regulation, broken down by characteristics and application:

The purpose of the government regulation of banking activities is not only to protect the interests of depositors and creditors, but also to comprehensively promote the stability of the banking system as the main mechanism for redistributing financial resources in the economy. Through the effective use of these approaches, the NBU can control credit, liquidity, and operational risks of banks, promote stability of the hryvnia exchange rate, and ensure the resilience of the financial system even in times of economic uncertainty.

Since the outbreak of war, the banking system has faced new complex challenges that require urgent response and adaptation. These challenges, including financial losses, reduced liquidity, and insolvency risks, require revised strategies and management approaches. Let's take a closer look at these challenges and determine how the banking sector can cope with them in a time of war.

First and foremost, the war has brought significant financial challenges to Ukraine's banking sector, which negatively impact its stability and ability to provide liquidity.

Table 1

Comparative characteristics of the main instruments and methods of banking regulation

Control tool title	Tool characteristics	Features of the application	Advantages	Disadvantages
Direct methods of regulation				
Bank licensing and operation	Issuing a banking license after assessing compliance with the NBU's requirements	It is used to control access to the market for new banks, checking financial reliability	Protects consumers and improves the quality of banking services	May restrict competition
Capital and reserve requirements	Establishing minimum capital requirements to ensure the stability of banks	Requires banks to maintain capital to cover risks	Increases banks' resilience to financial crises	May limit investment opportunities
Liquidity standards	Minimum requirements for banks' liquid assets to cover short-term liabilities	It is used to ensure that banks are able to fulfill their obligations	Prevents liquidity crises, increases confidence	Restricts banks' activity, reduces profitability
Interest rate policy	Regulating interest rates to influence lending and economic activity	Affects the cost of loans and savings	Controls inflation, stimulates the economy	The impact may be slow, depending on external factors
Indirect methods of regulation				
Establishing mandatory reserves	Requirement to keep a portion of deposits in a liquidity reserve	Ensures stability and control over the money supply	Reduces the risk of bankruptcy of banks	Limits the ability of banks to lend
Foreign exchange market interventions	Direct operations of the NBU to buy or sell foreign currency to regulate the hryvnia exchange rate	It is used to stabilize the exchange rate in crisis situations	Helps reduce inflation and stabilize the market	Requires significant reserves, may result in costs
Micro and macro prudential regulation				
Micro-prudential regulation	Controlling risks and resilience of individual banks through capital and liquidity	Supervising the financial stability of individual banking institutions	Ensures the stability of individual banks	Requires a lot of resources, does not prevent systemic crises
Macro-prudential regulation	Impact on the stability of the entire financial system through control of systemic risks	Identifying and preventing risks that threaten the economy as a whole	Prevents systemic crises and ensures stability	It can be difficult to foresee all possible risks
Systemic stress testing	Assessment of the banking system's resilience to negative scenarios	It is used to determine the readiness of banks to shock situations	Allows to identify weaknesses in the financial system	Results depend on assumptions and modeling
Counter-cyclical capital buffer	Additional capital requirements during the economic upturn to prepare for a possible downturn	Ensures banks' resilience to cyclical changes in the economy	Reduces the risk of systemic crises, stabilizes the economy	Reduces profitability during periods of economic growth

Source: formed based on [3, 4, 5, 6, 7].

Banks have suffered significant financial losses due to a decrease in asset yields and an increase in bad loans. As a result of the hostilities, many businesses suspended operations or lost their facilities, which reduced their solvency. This led to a rapid increase in the level of non-performing loans in banks' portfolios [8]. Banks were forced to create additional provisions for doubtful loans, which significantly reduced their profitability and limited their lending opportunities.

The volume of service transactions, such as card account servicing, international transfers and foreign exchange transactions, also declined. During the war, the decline in bank revenues was due to restrictions on foreign exchange transactions, loss of clients and the closure of bank branches in the war zone [9].

Liquidity issues became critical as the war led to an outflow of funds from deposits, especially from local currency accounts [10]. Individuals and companies are withdrawing funds in the face of uncertainty to secure cash in case the banking system escalates or is blocked. This outflow of funds reduces the amount of resources available to banks to support current operations and lending.

In addition, due to the unstable economic situation and restrictions on foreign exchange transactions, banks are losing access to international capital markets [11]. This exacerbates the liquidity problem, as the need to raise foreign currency funds to support international payments and loan servicing is growing.

Insolvency posed a serious threat to many banks, especially those that had a significant number of clients in the war zones or were closely associated with the industries most affected by the war (agriculture, metallurgy, and machine building). Clients of such banks were unable to meet their loan obligations on time, which increased the risk of default [12]. As a result, some banks were threatened with insolvency and needed recapitalization or support from the National Bank of Ukraine.

Many banks have lost access to their assets in the regions affected by the hostilities. Due to the active hostilities in the eastern and southern regions of Ukraine, banks have faced the physical loss of their branches, ATMs, self-service terminals, and other infrastructure. This means not only a loss of capital, but also a reduction in the availability of banking services to the local population. Security systems may not always protect banking facilities from destruction, resulting in losses in the form of physical assets.

In addition, banks have significant assets related to companies located in the combat zone and cannot assess the condition of these assets, which complicates risk management [13]. Some of these assets are investments in real estate, equipment and other long-lived assets that become unavailable for maintenance and valuation.

Blocking financial flows is another serious consequence of the war for banks. Delays and interruptions in payment processing are caused by logistical difficulties and problems in communication systems. In some cases, access to bank accounts for clients in the areas of active hostilities is restricted or even blocked.

Banks are forced to impose restrictions on transactions, especially on international payments, to avoid capital outflows. At the same time, special measures are being introduced for humanitarian aid transfers and defense financing. In many cases, Ukraine's banking system has to operate with limited capacity to service payments in the war zones or occupied territories [14].

The ongoing hostilities in the respective regions have a significant impact on the physical condition of customers (which is on the verge of constant stress) and the resulting financial decisions (often wrong). Uncertainty and fear for the future encourage people to keep their money in cash and make transfers abroad, and some customers switch to foreign banks. People who have lost their jobs or income due to the war are often unable to service their loans, which further creates risks for banks.

In addition, many customers are still experiencing a loss of confidence in the banking system, as the war creates a risk of physical loss of their funds and restricted access to services [15]. This leads to massive account closures and the transfer of funds to safer assets, such as gold or real estate, or to storing funds in dollars and euros abroad.

By the way, bank staff working in a war zone are also under psychological pressure. In many regions, bank employees are forced to work in unsafe conditions, and some have lost their homes or had to change their place of residence and work. In addition, bank employees face an additional emotional burden in connection with servicing customers under stress [16]. This also puts a significant strain on the psychological state of the staff and reduces their work efficiency. To support employees, banks offer psychological assistance, stress management training, and flexible working conditions. Some banks also support their employees financially by providing one-time payments or reimbursing evacuation and relocation costs.

The main challenges faced by banks during the war are summarized in Table 2.

Table 2

The main challenges for Ukrainian banks during the war

Challenge type	Characteristics	Key aspects	Impact on banks' operations
Financial challenges	Reduced liquidity, increased risk of insolvency, non-performing loans	Reduced liquidity, non-performing loans, additional stabilization costs	Complication of core operations, rising interest rates, lower bank revenues
Operational challenges	Closure of branches in combat zones, problems with infrastructure and access to services	Security of branches and staff, relocation of ATMs, service failures	Decreased customer confidence, limited access to financial services, possible loss of customer base
Technological challenges	Increased risks of cyberattacks, the need to strengthen cybersecurity	Cybercrime, customer data protection, problems with digital infrastructure	Loss of trust, increased security costs, difficult access to online banking
Staffing challenges	Evacuation and support of staff, remote work, loss of motivation	Evacuation and remote work, psychological support, staff retention	Reduced productivity, possible loss of professional staff, increased operating costs
Social challenges	Support for affected customers, cooperation with charitable organizations, social responsibility	Financial support for victims, social initiatives, maintaining trust and reputation	Increased burden on the system, risk of losing financial stability due to social obligations
Regulatory challenges	Compliance with new requirements introduced by the central bank, control of foreign exchange transactions	Compliance with NBU requirements, control of currency transactions, adaptation to policy changes	Increased operating costs, complicated decision-making, impact on operational flexibility

Source: formed based on [17, 18, 19].

The war in Ukraine creates complex and multidimensional challenges for the banking sector. Crisis conditions require banking institutions to take adaptive measures and pay special attention to supporting both customers and their own staff, as well as to further develop mechanisms that will help minimize risks and, accordingly, ensure financial stability and reliability of the banking system in times of war.

The NBU's stabilization efforts proved to be effective, as it developed and implemented a number of measures aimed at stabilizing the banking system in times of war. The main steps were aimed at ensuring financial stability, maintaining bank liquidity, and protecting the interests of depositors and creditors. The NBU introduced anti-crisis regulatory solutions to help banks preserve liquidity and maintain their ability to serve customers (Table 3). In particular, the NBU lowered reserve requirements for banks, which allowed them to retain more liquidity and use the funds to support their operations. In addition, it actively cooperated with international financial organizations to attract external funding to support the banking sector and provide stabilization loans.

Table 3

Stabilization Measures of the National Bank of Ukraine in the Time of War

Measures name			
Measures characteristics	**Examples of use**	**Advantages**	**Disadvantages**
1. Reduced reserve requirements			
Reduced mandatory reserve requirements, allowing banks to retain more liquidity for operating activities	Banks reduce the amount of mandatory reserves to use additional funds for current customer needs	Provides additional liquidity for banks	Could reduce the stability of banks, limiting the possibility of returning to normal standards
2. Refinancing on beneficial terms			
Providing banks with long-term loans on favorable terms to maintain liquidity and fulfill their obligations to depositors	The NBU provides commercial banks with concessional loans to maintain their solvency in the face of deposit outflows	Allows banks to meet their obligations while maintaining stability	Dependence on the NBU may pose risks to the financial autonomy of banks
3. Implementation of currency restrictions			
Restrictions on foreign exchange transactions to protect the country's foreign exchange reserves and prevent sharp exchange rate fluctuations	Restrictions on the withdrawal of capital abroad, restrictions on the purchase of foreign currency	Contributes to the stability of the national currency and protects foreign exchange reserves	May create difficulties for businesses and investors that depend on imports or foreign exchange transactions
4. Simplification of the procedure for obtaining refinancing			
Simplifying the requirements for banks to receive funds from the NBU, which contributes to the banks' operational liquidity and effective customer support	Banks can receive financial support from the NBU more quickly to meet their needs during the crisis	Increases the speed of response to financial challenges	May lead to reduced control over banks' credit risk
5. Supporting the stability of the hryvnia			
Measures to support the hryvnia exchange rate, including foreign exchange interventions and restrictions to stabilize the national currency	Conducting foreign exchange interventions in the market to stabilize the hryvnia exchange rate and introducing currency restrictions	Maintains price stability and reduces the risk of inflation	Requires significant reserves and can be effective only in the short term
6. Cooperation with international organizations			
Increasing external financing to support the liquidity of the banking sector and stabilize the economy	Obtaining loans from the IMF, the EU and other organizations to stabilize foreign exchange reserves and the banking system	Provides additional funding to support the economy	Increases the country's external debt and dependence on international financial institutions
7. Special programs for banks in combat zones			
Implementation of special conditions and relaxation of regulatory requirements for banks operating in the regions affected by the hostilities	Reduced reporting requirements for banks in eastern and southern Ukraine that have limited access to their assets	Reduces the administrative burden on banks in conflict zones	May create additional risks for banks operating in these regions due to lower reporting standards
8. Simplifying reporting requirements			
Introducing reporting privileges for banks operating in difficult war conditions, allowing them to focus on their operational activities	Reduced frequency of reporting for banks operating in combat zones or serving clients from these regions	Allows banks to focus more on supporting customers in times of crisis	May lead to a decrease in the quality and accuracy of financial statements
9. Providing technical assistance			
Supporting banks through training, advisory and technical assistance programs to reduce risks and increase efficiency in war time	Conducting trainings for bank staff on risk management during the crisis	Improves the professional competence of bank employees	Requires additional training resources and may distract staff from core business
10. Protection of depositors' interests			
Introducing measures to guarantee the safety of household deposits to prevent a massive outflow of funds from the banking system	Guarantees of security of deposits for households, strengthening information about the stability of the banking system	Strengthens confidence in the banking sector and prevents panic among depositors	May require significant reserves and resources to compensate depositors in case of emergency

Source: formed based on [20, 21, 22].

The NBU also decided to introduce currency restrictions aimed at protecting international reserves and stabilizing the hryvnia. In particular, the NBU restricted the withdrawal of foreign currency abroad and introduced control over exchange rate fluctuations. These measures were aimed at curbing currency speculation and maintaining the stability of the hryvnia, which is especially important in the context of military aggression.

The NBU provided banks with the opportunity to obtain refinancing on favorable terms, which allowed them to improve their liquidity and continue to serve their customers. Some banks were provided with preferential financing, in particular in the form of long-term loans. The NBU also introduced measures to simplify the refinancing procedure, which allowed banks to quickly raise funds in the face of growing risks. In addition, the NBU intensified communication with banks on risk management and stability. Special support programs were introduced for banks that suffered significant losses as a result of the hostilities, and eased reporting and regulatory requirements were introduced for banks operating in the war zones or with clients from these regions.

Ukrainian banks have adapted to the new environment by implementing measures aimed at reducing the financial burden on clients and maintaining their solvency in the war. The main measures included debt restructuring, deferred payments, and temporary loan freezes. Let us consider them in more detail (Table 4).

Table 4

Actions of commercial banks in war conditions

Action characteristics	Usage	Advantages	Disadvantages
1. Debt restructuring			
Providing borrowers with the opportunity to change loan terms (terms, rates) to ease their financial burden	Restructuring of loans for businesses affected by the hostilities	Reduces the financial burden on customers and helps to avoid insolvency	Decrease in the bank's income, possible risks of debt default
2. Temporary freezing of loans			
Suspension of interest and loan payments for customers in the combat zone	Freezing loans for individuals in the conflict zone	Helps customers maintain financial stability in times of war	Reduces the bank's income, may lead to the accumulation of problem assets
3. Supporting defense capabilities			
Development and implementation of special products aimed at supporting the country's defense measures	Opening special accounts to raise funds to support the army	Supports the country's defense capability and promotes social responsibility of banks	Does not always bring direct financial income to the bank
4. Opening charitable foundations			
Establishment of charitable funds to help victims of hostilities	Creating funds to support displaced people and military families	Increases the bank's social responsibility and improves its reputation	Additional costs that cannot always be covered without external assistance
5. Support for small and medium-sized businesses			
Providing special loan programs for small and medium-sized enterprises in need of support during the war	Introduction of preferential loans for small businesses in the agricultural sector	Promotes economic stability and business recovery	Risk of loan default, reduced liquidity of the bank
6. Digitalization of banking services			
Expanding access to online banking and contactless payments so that customers can use services from a distance	Implementation of additional functions on mobile applications, contactless cards	Increases convenience and accessibility of services for customers, reduces dependence on physical branches	May require significant investment in technology and cybersecurity
7. Developing crisis plans			
Implementation of anti-crisis measures to respond quickly to threats and maintain the bank's stability	Developing plans to resume operations in the event of an escalation of the conflict	Reduces risks for the bank and ensures emergency preparedness	Requires additional costs to develop and implement plans
8. Implementation of staff support programs			
Introduction to psychological assistance programs, insurance and social benefits for employees	Life insurance for employees, psychological support for the team	Improves employee well-being and productivity, increases loyalty	Requires additional financial resources
9. Postponement of payments on deposits			
Offering customers the opportunity to postpone deposit withdrawals without losing interest	Deferred deposit withdrawal programs for individuals	Helps to preserve the bank's liquidity and maintain financial stability	May lead to a decrease in confidence in the bank if customers experience difficulties in accessing funds
10. Expanding remote customer support			
Introducing additional channels for remote customer service, including hotlines and chatbots	Launch of hotlines for consultations, introduction of chatbots	Improves the availability and quality of customer service, reduces the burden on physical branches	Requires investment in technical support and staff training

Source: formed based on [23, 24, 25].

Many banks have implemented loan restructuring programs for individuals and businesses that have lost stable sources of income due to the war. The restructuring allowed borrowers to change the terms of their loan agreement, including extending the maturity of the loan, reducing interest rates, or (even) temporarily deferring payments. As a result of these measures, borrowers can continue to service their loans without exposing themselves to the risk of bankruptcy or insolvency.

Some banks temporarily froze loan payments for the most affected categories of clients, including individuals who lost their jobs due to the military operations or businesses that suffered significant losses. In these circumstances, banks gave customers the option of not making regular payments for a certain period of time without incurring additional fines or penalties.

Loan freezes were also made available to mobilized military personnel and other categories of citizens directly involved in the defense of the country. This helps to reduce the financial burden on those who are temporarily unable to earn money due to participation in the war.

In addition to customer support measures and loan restructuring, banks are also actively working on new financial products to help raise funds for the country's defense. Some of the new products include special bonds, charitable contribution programs, and defense loans.

Banks have started offering their clients investment instruments aimed at supporting state defense programs. For example, wartime domestic government bonds (OVDPs) were introduced, which can be purchased by citizens and businesses to finance the armed forces. These bonds have a guaranteed return and are becoming a popular vehicle for those who want to not only preserve their savings but also contribute to strengthening the country's defense capabilities.

Many banks have established programs that allow customers to make charitable contributions to support the army and humanitarian initiatives. In particular, special accounts have been set up to raise funds for the treatment of victims, assistance to refugees, and the provision of military equipment and medicines. Banks have been actively supporting these initiatives by providing incentives for such transfers or reducing fees.

Some banks have also introduced crowdfunding programs that allow citizens to join forces to support specific initiatives. For example, bank customers can make regular transfers to the army, as well as make voluntary contributions through the banks' mobile applications.

In addition to private initiatives, banks also support the state by lending to businesses working to meet the country's defense needs. Loan programs for businesses engaged in the production or supply of equipment for the armed forces often have preferential terms and simplified procedures for obtaining financing. Such loans allow businesses to quickly increase production and provide the armed forces with the necessary resources.

Overall, Ukraine's commercial banks demonstrate high flexibility and responsiveness to the challenges of war, actively implementing initiatives that help stabilize the financial system, support customers, and contribute to the country's defense capabilities. With the support of the NBU and international partners, the banking sector continues to adapt to the new conditions, contributing to the stability of the economy and supporting citizens in times of war.

Conclusions. Ukraine's banking system has significant potential and demonstrates resilience in a challenging environment. In recent years, it has adapted to rapid changes by introducing innovative technologies and developing digital services. However, since the outbreak of war, banks have faced numerous challenges, such as reduced liquidity and insolvency risks. During the war, many banks were forced to revise their strategies to maintain stability and support their customers. Despite these difficulties, the banking system remains an important player in economic recovery and ensuring the financial stability of the country.

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