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## **INTEGRATION OF THE BANKING SYSTEM OF UKRAINE INTO THE EUROPEAN BANKING COMMUNITY**

The issue of European integration is constantly in the focus of attention of the National Bank of Ukraine. After all, according to our vision, we see the National Bank as a full member of the European community of central banks. Obtaining the status of a candidate state for EU membership brings us significantly closer to the realization of this goal, commented the results of the summit of the European Council, Head of the National Bank of Ukraine Kyrylo Shevchenko. - We will continue to adhere to the European course in the process of further transformation and development of the financial system of Ukraine. And as the central bank of a candidate country for EU membership, we will have much wider opportunities for its implementation.

The activity of the National Bank in the field of European integration was and remains aimed at the implementation of the Association Agreement between Ukraine and the EU. To this end, the NBU is constantly working on the implementation of EU legal acts into the national legislation of Ukraine, the implementation of international standards in the field of financial services, the implementation of decisions of bilateral bodies of the Ukraine-EU association and other international legal obligations and agreements in the field of European integration, as well as strengthening confidence in the National Bank as a central bank that adheres to European standards in its activities.

In order to ensure the maximum approximation of the regulation of the financial sector of Ukraine to EU standards and rules, the National Bank pays primary attention to the preparation of complex legislative changes and the improvement of the legal framework in the field of banking regulation and supervision, payment systems, insurance, credit cooperation, financial reporting, anti-money laundering money, digital market in accordance with the obligations under the Association Agreement between Ukraine and the EU.

Thanks to the joint efforts of the National Bank and the Verkhovna Rada of Ukraine, in 2021, the regulation of the financial sector of Ukraine came significantly closer to European standards, which made it possible to achieve the greatest progress in the implementation of the Association Agreement between Ukraine and the EU.

Basic laws of Ukraine have been developed and adopted, which are based on the norms of European Union law regarding financial services and implement key EU directives and regulations in this area. In particular:

*in 2022*, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Improvement of Issues of Organization of Corporate Governance in Banks and Other Issues of the Functioning of the Banking System" was adopted (Law No. 1587-IX). The law was developed with the involvement of experts from the International Monetary Fund. It provides for the approximation of banking legislation of Ukraine to EU legislation (takes into account the provisions of Directive 2013/36/EU and Regulation (EU) 575/2013).

A three-year period is provided for the implementation of certain provisions of Law No. 1587-IX, but its implementation and application have already actively begun. The National Bank has already developed and approved a number of legal acts, in particular, on the organization of corporate governance in banks, the process of assessing the adequacy of internal capital in banks and banking groups, supervision on a consolidated basis;

*in June 2021*, the Law of Ukraine "On Payment Services" (Law No. 1591-IX) was adopted, developed taking into account EU legal acts, in particular Directive (EU) 2015/2366 and Directive 2009/110/EU. Its implementation will make it possible to modernize the payment market of Ukraine, create a basis for its development and form a legal basis for the integration of the payment system of Ukraine with the EU payment system.

Currently, the National Bank is actively working on updating and developing regulations in the field of regulation of payment services. In particular, on the issues of non-cash settlements, opening and closing user accounts by payment service providers, conducting transactions with electronic money, performing interbank payment transactions, engaging commercial agents to provide financial payment services, authorizing the activities of payment service providers, registering payment systems, payment system participants and technological operators of payment services, payment infrastructure oversight, etc.;

*in November 2021*, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Insurance" (Law No. 1909-IX), which takes into account the provisions of Directive 2009/138/EU and Directive (EU) 2016/97.

The law introduces a new regulatory model aimed at forming a solvent, stable, competitive insurance market in Ukraine with proper protection of the rights of consumers of insurance services. It includes, in particular, improvement of requirements for licensing insurers, assessment of their solvency and liquidity, construction of an effective corporate governance system, application of risk-oriented prudential supervision, withdrawal of insurers from the market and transfer of insurance portfolios, establishment of new requirements for insurance intermediaries.

Most of the provisions of the law enter into force on January 1, 2024. The National Bank is currently actively working on the development of the regulatory and legal acts necessary for its implementation.

Among other issues in the field of financial services, important for the realization of our European integration aspirations, on which the National Bank continues to work:

- support in the parliament of the draft Law of Ukraine "On Credit Unions" (registration number 5125), which is being prepared for the second reading;
- continuation, together with the experts of the World Bank and the Individual Deposit Guarantee Fund, of the development of a draft law on the settlement of bank insolvency in accordance with Directive 2014/59/EU, which establishes framework provisions for the recovery and rehabilitation of credit institutions and investment companies;
- preparation of a new edition of the Law of Ukraine "On Mandatory Civil Liability Insurance of Land Vehicle Owners" taking into account Directive 2009/103/EU on civil liability insurance in connection with the use of motor vehicles and ensuring the fulfillment of insurance obligations such responsibility;
- continuation of the implementation of currency liberalization steps, which are provided for in the Roadmap for the abolition of currency restrictions developed together with IMF experts - as soon as the situation in the country stabilizes and economic conditions are favorable.

#### **References:**

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