

DEPOSIT OPERATIONS AS THE BASIS OF SUCCESSFUL BANKING: THEORETICAL ASPECT, REALITIES AND PROSPECTS OF DEVELOPMENT IN UKRAINE

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The paper considers the peculiarities of Ukraine's deposit market functioning in 2020–2023 under the influence of force majeure factors. The current state of the respective market was analysed in terms of types of deposits by duration, namely fixed and demand, by types of currencies in which funds are placed on deposits, by ranges of the size of the deposits themselves, etc. Approaches to the interpretation of the “deposit operation” concept were systematized. Having analysed the definitions it is possible to define a “deposit operation” as an operation involving the deposit institution's attraction of funds (in national or foreign currency, in cash or non-cash form) or bank metals of depositors to deposit bank accounts under the terms of the concluded agreement and following the current legislation of Ukraine. A comprehensive analysis of the dynamics of the deposit portfolio of the banking system was carried out. The dynamics of deposits of individuals in the banking system of Ukraine were analysed. The dynamics of interest rates on deposit deposits in terms of subjects, currencies and duration are highlighted. The increase in deposit rates contributed to the recovery of the growth of fixed deposits of individuals which volume increased for the first time since the beginning of the war. The permission of the National Bank to buy foreign currency to open fixed currency deposits contributed to their growth in dollar equivalent. The peculiarities of the activity of the Deposit Guarantee Fund in Ukraine during the period of martial law were identified, and the impact on the level of public trust in banks was investigated. The obtained results of the conducted research made it possible to determine the main trends in the development of the deposit market of Ukraine and to outline proposals for improving the deposit policy of Ukrainian banks.

Keywords: deposit operations, deposit market, bank deposit portfolio, deposits of individuals and legal entities, rates on deposits.

<https://doi.org/10.31891/mdes/2023-8-15>

STATEMENT OF THE PROBLEM IN GENERAL AND ITS CONNECTION WITH IMPORTANT SCIENTIFIC OR PRACTICAL TASKS

In modern conditions, the formation of the resource base of Ukrainian banks is of great importance for their effective activity. The availability of a sufficient amount of financial resources allows one to carry out active operations to obtain the maximum level of profit and diversification of risks. One of the main sources of formation of the bank's resource base is its deposit operations. Based on deposit operations, the main part of bank resources is formed, which acts as a source for carrying out active operations. Therefore, a comprehensive study of theoretical and practical issues that reveal the content of approaches to the consideration of deposit operations of banking institutions, and the mechanism of their formation and use, is an important and urgent problem of the modern financial market of Ukraine.

ANALYSIS OF LATEST RESEARCH AND PUBLICATIONS

Such leading Ukrainian and foreign scientists as A. Azryliyan, O. Vasyurenko, A. Gryaznova, A. Gerasimovich, A. Yepifanov, V. Kolesnikov, R. Kotsovska made a significant contribution to the study of the theoretical and methodological foundations and practice of the formation of deposit resources of banking institutions. Also, A. Moroz, S. Mocherny, T. Mulyk, L. Snigurska, O. Petruk, M. Prodan, P. Rose in their scientific work considered the economic essence of deposit operations, their impact on the resource base of a banking institution, and the technology of conducting deposit operations. However, despite a significant number of scientific publications, the category “deposit operations” is interpreted ambiguously, and the essence of deposit resources and the problems of their development in the modern realities of martial law and the future recovery of the deposit market of Ukraine are also insufficiently researched.

PURPOSE AND MAIN TASKS OF THE PAPER

The purpose of the paper is to deepen the theoretical and methodological approaches to understanding the essence of deposit operations, the analysis of the current state of the domestic deposit market and solving the problems of the formation of deposit resources by banking institutions of Ukraine.

RESULTS AND DISCUSSIONS

Banking institutions, being the main intermediaries in the financial market, play a leading role in financial resource formation. Banks accumulate funds from financial market subjects with the aim of their

further transformation into funds necessary for conducting active operations, and as a result, the business receives investment. Thus, banks, on a commercial basis, redistribute free funds from economic subjects who have their free funds to those who in need of them at this moment in time. The effectiveness of the redistribution function of banks directly depends on the availability of a sufficient level of deposit resources.

According to the Law of Ukraine «On Banks and Banking» «deposits are funds in cash or non-cash form, in the currency of Ukraine or in foreign currency, which are placed by clients in their personal bank accounts on a contractual basis for a specified storage period or without specifying such a period and are subject to payment to the depositor under the law of Ukraine and the terms of the contract» [1].

Studying the essence of the “deposit transaction” concept, we will analyse the views of various scientists and the provisions of legislative acts regulating the conduct of such transactions in the banking system (table 1).

Table 1

Systematization of approaches to the “deposit operation” interpretation

Author, source	The essence of the definition
	Legislation
Provisions on the procedure for the implementation by banks of Ukraine of deposit operations and operations with bank savings certificates [2]	Deposit operation – a bank operation involving the attraction of cash or bank metals from or for the depositor to the depositor's deposit account with the bank on a contractual basis, including issuing him a savings (deposit) certificate
The Commercial Code of Ukraine, article 340 [3]	Deposit operations of banks consist in attracting funds to deposits and placing savings (deposit) certificates
The Civil Code of Ukraine, article 1058 [4]	Bank deposit agreement – under a bank deposit agreement, one party (the bank) that has received from or for the other party (the depositor) the amount of money (deposit) received, undertakes to pay the depositor such amount and interest on it or income in a different form under the conditions and in the order established by the contract
	Ukrainian and foreign scientists
Shkarlet S.M., Zhariyi Ya.V. [5]	Deposit operations – operations of commercial banks to attract funds into deposits
Stechyshyn T. B. [6]	Deposits are funds placed for safekeeping in the bank on behalf of legal entities and individuals on a contractual basis
Lagutin V. D. [7]	Deposit operations are operations involving attracting or placing funds on deposit
Mishchenko V.I., Slavyanska N.H., Koreneva O.H. [8]	A deposit operation is an operation for raising funds for deposits and placement of savings (deposit) certificates
Rose P. [9]	Deposits are financial claims to the bank from enterprises, private individuals and state institutions.
Wall N. [10]	Bank deposit – sums placed in the bank by its customers

Source: compiled by the authors based on [2, 3, 4, 5, 6, 7, 8, 9, 10]

Having analysed the definitions given in Table 1, it is possible to define a “deposit operation” as an operation involving the deposit institution’s attraction of funds (in national or foreign currency, in cash or non-cash form) or bank metals of depositors to deposit bank accounts under the terms of the concluded agreement and following the current legislation of Ukraine.

Deposit operations of a banking institution are classified as passive operations, which characterize the sources of funds and the nature of the bank’s relations. It is the passive operations that largely determine the conditions, forms and directions of the use of bank resources, that is, the composition and structure of the bank’s active operations.

The purpose of carrying out deposit operations by a banking institution is to attract funds of individuals and legal entities for their further placement in active operations, to replenish liquidity for settlement of obligations, as well as to ensure the economic interests of all subjects of deposit operations and the formation of a stable resource base the bank.

“The peculiarity of the deposit lies in its dual nature, that is, for the depositor, the deposit is potential money that he can put into circulation, but at the same time “bank money” brings income in the form of interest. In other words, on the one hand – these are monetary resources, and on the other – this is capital that brings profit. For financial institutions (banks), deposit operations are beneficial, as they provide them with financial resources to carry out their activities, maintain the current liquidity of banking institutions, etc.” [11].

Attracting temporarily free funds of financial market subjects into deposits plays one of the leading roles in the banking institution activity and contributes to increasing the volume of active transactions and forming their effective structure, increasing the bank’s liquidity, reducing the cost of resources compared to interbank loans and acceleration of non-cash payments.

Considering the current situation in the world in general, which is related to the impact of the pandemic, which has become a challenge for many countries, as well as the military actions that are taking place on the territory of Ukraine, the banking system of the country must continue to function effectively because problems in the banking system can cause serious damage to the domestic economy. That is why it is extremely important for banking institutions to effectively form and manage financial resources, as they ensure the activity and existence of a banking institution, as well as directly affect its profitability, efficiency, liquidity, customers' trust, and rating among other banks and competitiveness.

The analysis of the structure of the funds raised by the banking system of Ukraine in 2020-2022 is given in Table 2.

Table 2

The structure of the funds raised by the banking system of Ukraine during 2020-2022

Indicators	2020 , UAH thousand	Share, %	2021, UAH thousand	Share, %	2022, UAH thousand	Share, %
Amounts due to the National Bank of Ukraine	61853586	3.83	95601502	5.32	38145863	1.79
Amounts due to banks	30490023	1.89	36095771	2.01	21218604	0.99
Amounts due to customers	1377386326	85.37	1539595617	85.64	1931258861	90.42
Financial liabilities at fair value through profit or loss	490086	0.03	205888	0.01	1041457	0.05
Debt securities issued by the bank	508964	0.03	633019	0.04	21071	0.00
Other funds raised	68645044	4.26	53587756	2.98	49983004	2.34
Current income tax liabilities	861877	0.05	2134240	0.12	4644164	0.22
Deferred tax liabilities	1000158	0.06	812458	0.05	603928	0.03
Provision against liabilities	16733854	1.04	7492209	0.42	10749621	0.50
Other financial liabilities	29663331	1.85	36192059	2.01	52023189	2.44
Subordinated debt	9899885	0.61	8396600	0.47	10387040	0.49
Other liabilities	15847785	0.98	16971094	0.94	15789759	0.74
Total liabilities	1613380920	100	1797718211	100	2135866563	100

Source: compiled by the authors based on [12]

Analysing the structure of the funds raised by the banking system of Ukraine in 2020-2022, it can be concluded that the largest share of the funds by banking institutions is occupied by the amount due to customers (see Fig.1), the share of which increases every year despite the negative consequences of the corona crisis and martial law in the country, namely: in 2020 it was 85.37%, in 2021 – 85.64%, in 2022 – 90.42%. That is, the main part of the financial resources of the banking system of Ukraine is attracted resources, which are formed with the help of deposit operations of banks. Since banks are financial institutions, their level of profitability and liquidity depends on the structure, volume and price of the financial resources involved, therefore, the formation of a sufficient volume of deposits becomes particularly relevant.

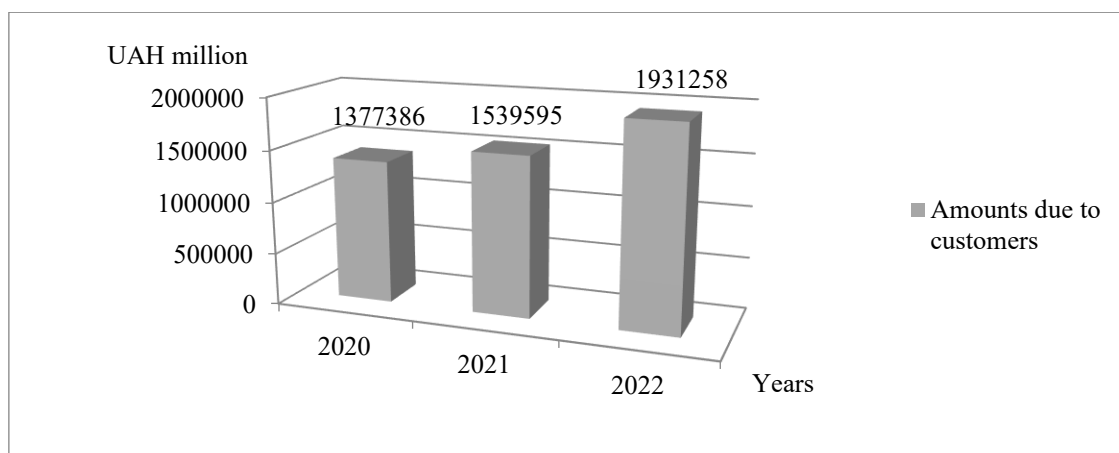


Fig. 1. Dynamics of amount due to customers of banks of Ukraine in 2020-2022

The analysis of the amounts due to customers dynamics of Ukrainian banks in 2020-2022 in terms of legal entities and individuals is given in Table 3.

Table 3

Dynamics of the amounts due to customers in terms of legal entities and individuals of Ukrainian banks in 2020-2022

Indicators	Amount, UAH million			Deviation (+,-), UAH million		Growth rate, %	
	2020	2021	2022	2021/2020	2022/2021	2021/2020	2022/2021
Amounts due to legal entities	681892	799844	942713	+117952	+142869	117.30	117.86
Amounts due to individuals	681195	726897	933240	+45702	+206343	106.71	128.39
Amounts due to customers	1377386	1539595	1931259	+162209	+391664	111.78	125.44

Source: compiled by the authors based on [12]

From the data in Table 3, we can see that during the entire analysed period, amounts due to customers were constantly increasing. In 2021 compared to 2020 they increased by 162 209 UAH million or by 11.78%, in 2022 compared to 2021 by 391 664 UAH million or by 25.44%. If we compare the deposit portfolios of legal entities and individuals, we can conclude that they, too, were constantly growing during 2020-2022.

In 2020 and 2021, there was an increase in deposits of individuals by 45 702 UAH million or by 6.71%. This was primarily due to the fact that during the corona crisis, the population sharply limited consumption; they reduced spending on durable goods, recreation and entertainment. Thus, individuals were able to accumulate certain financial savings. However, these funds were kept mainly in current accounts. It should be noted that the general increase in the propensity to save is a typical phenomenon of the financial market crisis. In 2022, compared to the previous year, there is also an increase in this indicator by 206 343 UAH million or by 28.39%, this is primarily due to the fact that during the war, individuals seek to keep their savings in banks in order to reduce the negative impact of inflation, as well as the fact that interest rates on deposits and especially in national currency have increased significantly. In 2020 and 2021, there is also an increase in the deposit portfolio of legal entities, in 2021 compared to 2020 by - 117 952 UAH million, or by 17.3%, in 2022 compared to 2021 by - 142 869 UAH million or by 17.86 %. This suggests that despite the martial law in the country, the country's economy is developing.

For further research into the deposit activity of the banking system of Ukraine, we will analyse the deposit portfolio of Ukrainian banks in terms of currencies in 2020-2022 (table 4).

Table 4

Dynamics of the deposit portfolio of Ukraine's banks in terms of currencies in 2020-2022

Indicators	Amount, UAH million			Deviation (+,-), UAH million		Growth rate, %	
	2020	2021	2022	2021/2020	2022/2021	2021/2020	2022/2021
Amounts due to legal entities	681195	726897	933240	+45702	+206343	106.71	128.39
in national currency	396834	456960	593074	+60126	+136114	115.15	129.79
in foreign currency	284361	269937	340166	-14424	+70229	94.93	126.02
Amounts due to individuals	681892	799844	942713	+117952	+142869	117.30	117.86
in national currency	448611	566686	625932	+118075	+59246	126.32	110.45
in foreign currency	233281	233158	316781	-123	+83623	99.95	135.87
Amounts due to customers	1377386	1539595	1931259	+162209	+391664	111.78	125.44
in national currency	846450	1024255	1221211	+177805	+196956	121.01	119.23
in foreign currency	530936	515340	710048	-15596	+194708	97.06	137.78

Source: compiled by the authors based on [12]

A decrease in foreign currency deposits occurred in 2021 compared to 2020 by 2.94%, and this is primarily due to a significant decrease in foreign currency deposit rates. This decrease in deposits in foreign currency occurred due to a decrease in such deposits of both individuals by 5.07% and legal entities by

0.05%. In 2022, during the war, foreign currency deposits increased among both legal entities and individuals. This is primarily due to the increase in the interest rate on deposits in foreign currency and the desire of the owners of free money to save it from the growing inflation rate.

The number of UAH funds of individuals increased by 10.45% in 2022 compared to the previous year, mainly due to the growth of balances of individuals' funds in the state banks' accounts. The volume of foreign currency deposits almost did not change. Also, the increase in deposit rates contributed to the recovery of the fixed deposits of individuals' growth which volume increased for the first time since the beginning of the war. The permission of the National Bank to buy foreign currency in order to open fixed currency deposits contributed to their growth in dollar equivalent.

All this reduced the resource base cost, which includes fixed deposits and demand deposits, and made UAH business loans cheaper: from 15.8% per annum (without overdraft) to 8.4% in November 2021.

At the beginning of 2023, the National Bank of Ukraine encouraged banking institutions to raise rates on UAH deposits for individuals. For the central bank, this has turned into the main task, which fulfilment provides grounds for the currency restrictions removal and ensures financial stability in the future.

The reason for such desire of the National Bank of Ukraine is explained by the fact that the share of demand deposits of individuals, from which the depositor can withdraw them at any time, without advance notice, is much higher than fixed deposits in banks.

The regulator feels insecure that in case of a change in financial conditions in terms of easing currency restrictions on the purchase of non-cash dollars and euros, these funds, which the population keeps on demand deposit accounts, will be converted, at least partially, into foreign currencies. And this, consequently, will increase the pressure on International reserves and force the NBU to review the official exchange rate of the national currency.

Therefore, it is crucial for the NBU to force individuals to transfer money from demand deposits to fixed deposits. To do this, the central bank first increased the required reserves for demand deposits and limited the ability of banks to use this resource and earn from it. Therefore, in February 2022, the NBU raised it by 2% regulations for the formation of mandatory reserves by banks for current accounts in UAH and funds in foreign currency to strengthen monetary transmission.

So, starting from February 10, 2022 the standard of formation of mandatory reserves in the national currency by banks for demand deposits increased from 0% to 2%, but for fixed deposits - remained at the level of 0%; the norm of formation of mandatory reserves in foreign currency by banks increased from 10% to 12% [13].

At the beginning of April 2023, the regulator introduced a new monetary policy instrument - three-month deposit certificates. After that, the central bank began to offer banks 25% per annum. Together with the introduction of deposit certificates for three months at a discount rate, the NBU reduced the rate on classic deposit certificates from 23% to 20% per annum. It became less profitable for banks to keep funds raised in them, which stimulated them to raise deposit rates.

The increase in the NBU discount rate (25%) stimulated banks during the third quarter of 2022 to raise interest rates on deposits of both individuals and legal entities. However, as a result, together with the cost of the borrowed funds, the loan rates also went up. "In April 2023, the average rates for three-month deposits of individuals in the 20 largest banks increased from 12.3% to 13.3%, for six-month deposits - from 13.2% to 14.2%, for annual deposits - from 14% to 14.55%" [13].

The liquidity of Ukraine's banking system has generally remained high since the beginning of the full-scale war, and according to some indicators, it even broke the records of the pre-war period. It should be noted that in addition to preserving depositors' trust in banking institutions, this is facilitated by regular and significant receipts of government payments to the bank accounts of individuals. However, the inflow of new funds to the banking sector is uneven, the main amounts of them settle on current accounts in state banking institutions (table 5).

At the end of 2020, depositors kept 56% of funds in current accounts, in 2021 - 69%, and 2022 - 72%. There was also a psychological effect, namely the reduction of rates to single digits in 2020 and 2021 weakened the motivation of depositors to keep money in fixed deposits.

During 2022, the share of fixed deposits of the individuals in banks continued to decrease, so the funding structure in domestic banks is deteriorating. This, in turn, does not create immediate negative risks for the banking system but weakens the resilience of individual banking institutions to possible sharp changes in depositors' sentiments. Therefore, banking institutions should make more efforts to increase the volume of fixed deposits and attract public funds, in particular via raising deposit rates. The high discount rate also prompts banking institutions to raise rates on UAH deposits.

Table 5

Dynamics of the deposit portfolio of Ukraine's banks by terms in 2020-2022

Indicators	Amount, UAH million			Deviation (+,-), UAH million		Growth rate, %	
	2020	2021	2022	2021/2020	2022/2021	2021/ 2020	2022/ 2021
Amounts due to legal entities	681195	799844	942713	+117952	+142869	117.3	117.86
demand	515413	644320	781279	+128907	+136959	125.01	121.26
fixed	165782	155524	161434	-10258	+5910	93.81	103.80
Amounts due to individuals	681892	726897	933240	+45702	+206343	106.71	128.39
demand	337539	412871	606584	+75332	+193713	122.32	146.92
fixed	344353	314026	326656	-30327	+12630	91.19	104.02
In total amounts due to customers	1377387	1539595	1931259	+162209	+391664	111.78	125.44
demand	852952	1057191	1387863	+204239	+330672	123.94	131.28
fixed	510135	469550	488090	-40585	+18540	92.04	103.95

Source: compiled by the authors based on [12]

The tendency of the decrease in individuals' fixed deposits in the banking system is the result, on the one hand, of a significant decrease in interest rates on deposits in 2021, and on the other hand, military actions in 2022, which negatively affected the desire of clients to place funds in bank fixed deposits, and even more so on a long-term basis (table 6).

Table 6

Average interest rates on deposits in the banking system in 2020-2023

In percentages

Date	National currency				Foreign currency			
	short term		long-term		short term		long-term	
	legal entities	individuals	legal entities	individuals	legal entities	individuals	legal entities	individuals
03.01.2020	9,38	15,26	14,67	15,67	2,30	2,34	3,00	3,84
04.01.2021	3,69	8,88	5,32	9,77	1,38	1,10	2,75	3,0
04.01.2022	4,74	7,95	9,18	10,33	0,77	0,57	0,05	1,96
04.01.2023	8,6	12,65	9,1	14,15	0,77	0,55	1,26	1,19

Source: compiled by the authors based on [14]

As we can see, interest rates on deposits of individuals have significantly decreased from the beginning of 2020 to the beginning of 2023. The drop in the cost of attracting resources from the population in national currencies for banking institutions amounted to more than 70%, and interest rates on currency deposits, which at the beginning of 2020 were 2-4% depending on the term of the deposit, were reduced by half - to 0.5-2% depending on the duration of the deposit. However, already in 2023, the trend of interest rate growth is being observed for almost all groups of deposit products, because banks began to "fight" more actively for clients under the regulatory influence of the NBU, which made the volume of purchases of its certificates of deposit by banks dependent on the volume of fixed deposits of the bank itself. With the aim of wider access to investing in this NBU's instrument of the banks increased rates on fixed deposits.

Since the deposits of individuals make up a significant part of the resource base of the banking system of Ukraine, we will further consider the volumes, dynamics and structure of deposits of individuals in banking institutions in 2020-2022 by currencies (Fig. 2).

Figure 2 shows the growth trend of the total volume of individuals' deposits both in national and foreign currency. Thus, the deposits in foreign currency growth in 2022 is explained by the increase of the attractiveness of such deposits, however, not by the increase in interest rates, but by the hyped demand for foreign currency against the background of the fall in the UAH exchange rate in 2022. The regulator allowed those who wish to purchase non-cash currency at the official rate, which was lower than the cash rate, for further placement in a bank deposit from July 21, 2022. According to the regulator's plan, this should reduce the pressure on the cash foreign exchange market and increase the liquidity of banks. The rates on such deposits are quite symbolic because the deposits are short-term - 3 months. But the client's benefit here is the exchange rate difference because the client receives the currency at the end of the agreement and can exchange it at the cash rate.

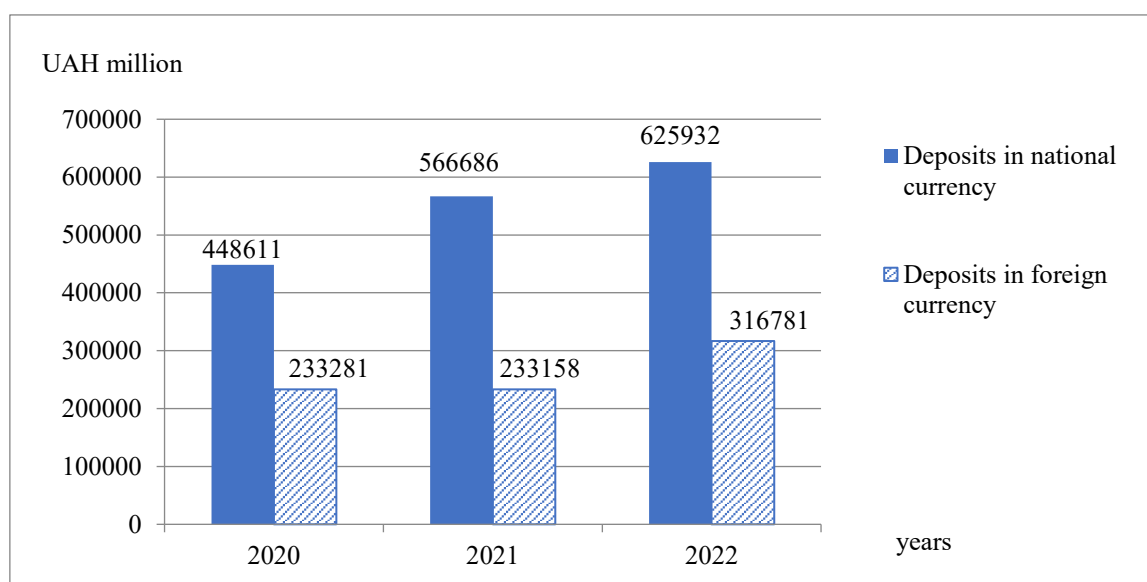


Fig. 2. Dynamics of individuals' deposits in the banking system of Ukraine in terms of currencies in 2020-2022

Table 7 shows the distribution of the number of deposits of individuals by ranges in terms of currencies.

Table 7

Distribution of the number of individuals' deposits by ranges in terms of currencies in 2020-2022

Indicators	2020		Indicators	2021		2022		Changes in the structure	
	quantity	share, %		quantity	share, %	quantity	share, %	2022/2021	2021/2020
Individuals' deposits in national currency									
In total, including by ranges	45 770 064	100	In total, including by ranges	48 905 523	100	64 445 136	100	0	0
up to 10 UAH	17 746 178	38.77	up to 10 UAH	17 512 870	35.81	25 749 104	39.96	-2.96	+4.15
from 10 to 100 000 UAH	27 274 869	59.59	from 10 to 200 000 UAH	31 006 126	63.40	38 145 999	59.19	+3.81	-4.21
from 100 000 to 200 000 UAH	427 562	0.93	from 200 000 to 400 000 UAH	275 612	0.56	364 350	0.57	-0.37	+0.01
from 200 000 to 500 000 UAH	261 237	0.57	from 400 000 to 600 000 UAH	52 052	0.11	88 872	0.14	-0.46	+0.03
more than 500 000 UAH	60 218	0.13	more than 600 000 UAH	58 863	0.12	96 811	0.15	-0.01	+0.03
Individuals' deposits in foreign currency									
In total, including by ranges	6 893 811	100	In total, including by ranges	6 993 553	100	8 869 620	100	0	0
up to 10 UAH	4 028 774	58.44	up to 10 UAH	4 062 393	58.09	5 146 264	58.02	-0.35	-0.07
from 10 to 100 000 UAH	2 429 127	35.24	from 10 to 200 000 UAH	2 696 191	38.55	3 349 249	37.76	+3.32	-0.79
from 100 000 to 200 000 UAH	197 790	2.87	from 200 000 to 400 000 UAH	125 871	1.80	204 612	2.31	-1.07	+0.51
from 200 000 to 500 000 UAH	156 708	2.27	from 400 000 to 600 000 UAH	41 648	0.60	61 196	0.69	-1.68	+0.09
more than 500 000 UAH	81 412	1.18	more than 600 000 UAH	67 450	0.96	108 299	1.22	-0.22	+0.26

Source: compiled by the authors based on [15]

During 2020-2022 there was a general increase in the number of deposits of individuals in the banking system of Ukraine, in particular: by 3 135 459 units in 2021 and by 15 539 613 units in 2022. The majority of the deposits of individuals are in the range from 10 to 100 UAH thousand, and starting from 2021, in connection with the reclassification of the limits of the ranges – from 10 to 200 UAH thousand. The reclassification in 2021 was carried out in accordance with the decision of the Executive Directorate of the Deposit Guarantee Fund dated 11.11.2021 № 1137, which amended the “Regulations on the procedure for calculating, charging and paying fees to the Deposit Guarantee Fund” [16] in terms of numerical limit values (ranges) of deposits sizes.

It is worth noting that during the entire period, the share of deposits up to 10 UAH reached almost 40%, which is explained by the bank's policy regarding the opening of client accounts in order to access banking services, in particular mobile banking, therefore, it can be said that the mentioned funds are not deposits by their nature.

As of January 1, 2023, the banks with the largest number of such deposits were the leaders in the number of individual deposits: JSC Oschadbank with 5 879 745 deposits, which is 47.0% of its portfolio of individuals' deposits, and JSC Privatbank with 4 308 569 deposits, which however, it is only 18.3% of its portfolio of individuals' deposits, JSC Universal Bank is in third place for the number of deposits in general and for the mentioned group of deposits – 3 099 530 deposits up to 10 UAH, or 45.7%. The largest number of deposits in banking institutions ranges from 10 to 200 UAH thousand, however, in terms of the number of deposits in the amount of more than 600 UAH thousand, the leading positions are also held by JSC PrivatBank (76 382 deposits), followed by JSC Oschadbank (30 152 deposits), and the third place went to JSC Raiffeisen Bank (15 373 deposits) [15].

If we consider individuals' deposits by currency, the number of deposits in UAH increased by 41%, while the number of deposits in foreign currency also increased, but only by 29%. More than half of all foreign currency deposits are in the range of up to 10 UAH, and 35-38% are deposits in the range of 10-200 000 UAH. In terms of banks, JSC PrivatBank is in first place with 4 278 131 deposits, JSC Universalbank is in second place with 1 564 382 deposits, and JSC Oschadbank is in third place by a significant margin with only 478 805 deposits [15].

With the easing of foreign exchange restrictions in July 2022, individuals were able to buy foreign currency for placement in bank fixed deposits, so fixed deposits in foreign currency began to grow, for the first time since the beginning of the corona crisis. Banks keep all foreign exchange funds raised from the public in high-quality liquid assets.

The increase in the share of military salaries in the total income and savings of individuals determined the concentration of the inflow of public funds in state banks, which service the relevant accounts. Also the demand of individuals for government securities has increased significantly, but the volumes of these investments are still quite small compared to other savings instruments.

At the same time, a bank deposit is in demand among individuals, as it is a less risky instrument in comparison with other investment instruments. This is explained, first of all, by the existence of the Deposit Guarantee Fund (DGF), which includes all Ukrainian banks. JSC Oschadbank also joined the Deposit Guarantee Fund in 2022. On April 1, 2022, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding Ensuring the Stability of the Deposit Guarantee System of Individuals" № 2180-IX, which provides for "full reimbursement of deposits of individuals by the Deposit Guarantee Fund for the period of martial law and three months after its termination or cancellation" [17].

During the specified period, the Deposit Guarantee Fund "must reimburse each depositor of a banking institution funds in the full amount of the deposit, including interest accrued as of the end of the day preceding the day of the start of the procedure for withdrawing the bank from the market, except for the cases provided for in part four of Article 26 of the Law of Ukraine "On the System of Guaranteeing Natural Person Deposits" [18]. Three months after the termination or cancellation of martial law in Ukraine, the guaranteed amount for deposits by the Deposit Guarantee Fund will be at least 600 UAH thousand. This will apply to all banking institutions declared insolvent after the entry into force of these regulations.

Attracting citizens' funds for deposits is an urgent and important matter, because thanks to this, these funds, which were previously outside economic circulation, begin to "move" and work not only for their owner but also for the country's economy, to replenish the State budget through the passive income tax, expand the credit capabilities of the banking system, etc. In general, each bank is interested in increasing the volume of deposited funds that are temporarily at its disposal. For this, he needs to constantly improve existing and introduce new forms and methods of working with clients, attract different categories of investors by conducting research and analytical work, actively use marketing, conduct advertising campaigns, expand business contacts with clients, etc.

Based on the results of the carried out in the paper research on the state of development of the deposit market in Ukraine, we suggest the following priority directions for improving bank deposit operations (Figure 3).

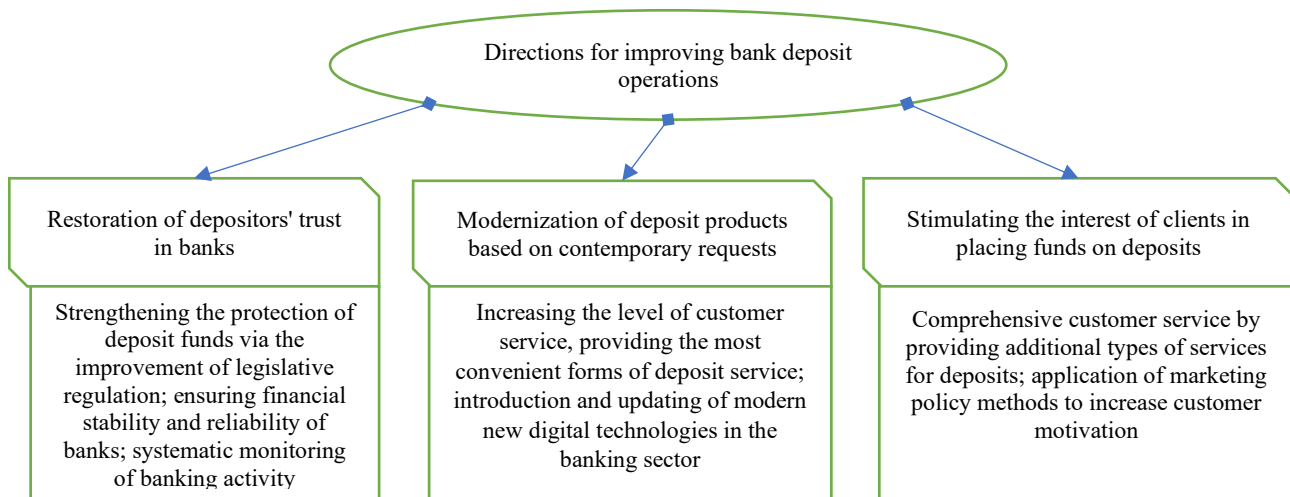


Fig. 3. Directions for improving bank deposit operations

The proposed measures implementation to improve deposit operations will lead to an increase in term, stable deposits in the resource base of banks, and this, consequently, will contribute to increasing the efficiency of the banking system as a whole.

CONCLUSIONS FROM THIS RESEARCH AND PROSPECTS FOR FURTHER EXPLORATION IN THIS DIRECTION

Therefore, the main characteristic features of the deposit market of Ukraine during 2020-2022 are the growth of the share of deposits on demand and the increase of the share of deposits in the national currency, as the crisis circumstances of force majeure have reduced the desire of depositors to place their savings on deposits on a long-term basis, and extremely low rates for deposits in foreign currency made UAH deposits more attractive. Based on the results of the analysis, it is also possible to note a decrease in the share of fixed deposits, which is explained by a constant decrease in interest rates in the first half of the studied period. At the end of 2022, the beginning of the reverse process is observed – the growth of rates and profitability of deposits, as banks felt a lack of funds under the influence of martial law on economic activity. Therefore, in 2023, customers will already be offered more favourable conditions for the placement of funds, although the rates are still below the level of inflation.

Despite the instability of the domestic economy and the influence of “force majeure” circumstances, we can observe positive dynamics in the implementation of deposit activities of Ukrainian banks. The volume of deposits has increased in recent years, which indicates the strengthening of depositors’ trust in banks.

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ДЕПОЗИТНІ ОПЕРАЦІЇ ЯК ОСНОВА УСПІШНОЇ БАНКІВСЬКОЇ ДІЯЛЬНОСТІ: ТЕОРЕТИЧНИЙ АСПЕКТ, РЕАЛІЇ ТА ПЕРСПЕКТИВИ РОЗВИТКУ В УКРАЇНІ

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Стаття присвячена дослідженню особливостей функціонування депозитного ринку України у 2020–2023 роках в умовах впливу факторів непереборної сили. Систематизовано підходи до трактування поняття «депозитна операція». Здійснено комплексний аналіз динаміки депозитного портфелю банківської системи. Висвітлено динаміку ставок за депозитними вкладками в розрізі суб'єктів, валют та строків. Проаналізовано динаміку вкладів фізичних осіб в банківській системі України. Виявлено особливості діяльності Фонду гарантування вкладів фізичних осіб в Україні під час дії воєнного стану та досліджено вплив діяльності ФГВФО на рівень довіри населення до банків. Отримані результати проведеного дослідження дозволили визначити основні тренди розвитку депозитного ринку України та окреслити пропозиції щодо вдосконалення депозитної політики банків України.

Ключові слова: депозитні операції, депозитний ринок, депозитний портфель банку, депозити фізичних та юридичних осіб, ставки за депозитами.