

Topik 3

The reform of the financial sector covers 52 different areas, from liberalizing capital flows, improving the protection of creditor and consumer rights, ensuring sustainable development of cashless payments, financial technologies, and the insurance market to providing tax incentives for the development of the financial sector and enhancing its infrastructure.

The fundamental principles below underlie the reform:

- approximating regulation of the Ukrainian financial market to EU rules and standards;

- liberalizing financial markets and joining the EU's internal market of financial services;

- balancing economic interests by creating a market-driven competitive environment;

- independence and performance of regulators, risk-based supervision;

- transparency and high standards of disclosure by financial sector participants and regulators;

- responsibility and trust between financial sector participants and regulators;

- integrity of the financial system, comprehensive protection of creditor, consumer, and investor rights.

The reform concerns all segments of the financial sector — banking, non-bank financial institutions, capital markets.

To make the reform effective, thorough changes are required:

- financial sector regulators — reinforcing the institutional capacity of regulatory bodies and the Individual Deposit Insurance Fund and creating conditions required for effective supervision and impact, increasing the robustness of the country's financial system, growing its credit and investment potential;

- financial sector participants (of different forms of ownership) — getting rid of "ballast" and troubled institutions, improving financial robustness and solvency of participants, restoring and strengthening trust in market players, encouraging development, transparency, and competition in all segments, providing for the equality of financial sector participants.

What has the reform changed already?

Key results of three years of reforms in the financial sector:

- galloping inflation curbed. Now it is controlled and proceeds according to NBU forecasts;

- transparency of the banking system improved (disclosure of ultimate beneficial owners);

- the banking sector develops steadily and generates profits;

- currency regulation significantly mitigated (by adopting the Law On Foreign Currencies and Foreign Exchange Transactions);

- conditions created for FinTech development;

- a system launched for remote customer identification to simplify remote access to financial services (Bank ID);

creditor rights protection enhanced (by adopting the Law On Creditor Rights Protection);

transparency provided for the creation of supervisory boards of state-owned banks (introduction of corporate governance in progress, the Independent Directors School created);

NBU loan register launched;

modernization, consolidation, and development of the stock exchange, settlement, and clearing infrastructure of capital markets secured;

NBU internally transformed;

electronic document flows introduced for banks (the Paperless project).