

## **THE KEY AREAS OF RAISING THE QUALITY AND COMPETITIVENESS OF REGION'S BANKING SYSTEM**

The banking system is the strongest segment of Ukraine's financial sector. At the beginning of 2010, Ukraine had 196 banks; assets of the Ukrainian banking system totaled UAH 619 billion. Research of the Dnepropetrovsk's banking system status and analysis of its development trends leads one to the conclusion that the banking system has been largely formed and is in line with the current requirements, including the recommendations of the Basel Committee on Banking Oversight.

At the same time, it should be noted that this development has a discrete and erratic nature, its overall level significantly lags behind average European parameters and does not meet growing demands of the national economy.

In spite of its high formation dynamics, Ukraine's banking market is yet to become a key and convenient mechanism of implementing investment programs for the businesses in regions. The settlement infrastructure is inconvenient, costly, and incomplete. Banking institutions provide a rather narrow range of financial services to their customers

Uncertainty regarding the development ways, on the one hand, leads to the limits of self-regulation of banking practices and, on the other hand, makes it impossible to involve intellectual and organizational resources of region business in the banking market development. Underdeveloped collective investment institutions and trust management make it impossible to have business fully contribute their savings to the investment process.

Analysis of the current status of Dnepropetrovsk's banking system points out the presence of symptoms indicating the need to improve further its stability, transparency and competitiveness. The major problems of the banking system development are as follows:

- the need to further increase banks' capitalization in order to ensure sustainable economic growth based on adequate level of resources in terms of their volume, cost and terms;
- the need to improve the quality and competitiveness of banking services.

The key areas of raising the quality and competitiveness of region's banking

services first of all are as follows:

- activate the processes of banks' consolidation;
- implement up-to-date and reliable bank technologies – automated systems and their backup (duplication), restoration of seamless operation of the above systems after a negative impact of external factors; laying the groundwork for expanding the range of electronic banking technologies; stimulation (promotion) of factoring and leasing development;
- creating the environment for a significant increase in the volume of non-cash;
- settlements in the economy through the introduction of non-cash payment instruments instead of cash transactions to be used in the up-to-date labor compensation and pension payout techniques and through the expansion of non-cash public payments for goods and services, including via plastic cards;
- stimulate S&MB and households services, develop new segments of the bank services market oriented on wide-range services provision, including retail consumer lending and mortgage;
- raising the staff qualification level; develop the banking system structure pursuant to the optimal combination of major banks with extended branch networks, regional, cooperative and specialized banks for the purpose of bringing bank offices closer to the population;
- provide favorable environment for the development of up-to-date lending and improve mechanisms for protection of lenders and consumers of bank services;
- stimulate lowering of bank services cost and leveling the terms of lending in foreign and national currency;
- establish criteria for assessment of business reputation of bank founders, participants and top managers.