

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
Lviv Polytechnic National University

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**NEXUS BETWEEN MONETARY
INSTRUMENTS AND UKRAINIAN
ECONOMY INDICATORS**

Monograph

Recommended by the Academic Board of
Lviv Polytechnic National University

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The monograph outlines the major monetary instruments used today by the National Bank of Ukraine and identifies their impact on the macroeconomic indicators dynamics. Thus, detailed attention is paid to inflation targeting as a new regime of the monetary policy for Ukraine, the world experience of its application and realities for Ukraine, to the impact of the National Bank of Ukraine interest rate on banks credit and deposit rates, to the international reserves management in the context of transition to the free capital circulation regime, to the refinancing operations of banks in terms of regulating the banking system’s liquidity of Ukraine, to the Ukrainian economy dollarization and the mechanism of its reduction.

The use of the monograph is recommended for students of economic specialties of higher education institutions, graduate students, teachers, researchers and practitioners.

CONTENT

INTRODUCTION	5
CHAPTER 1. INFLATION TARGETING AS A STRATEGY OF MONETARY POLICY: FOREIGN AND DOMESTIC EXPERIENCE	7
Problem statement	7
Goal and tasks	8
Main research.....	9
Conclusions.....	19
CHAPTER 2. IMPACT OF NBU INTEREST RATE ON CREDIT AND DEPOSIT RATES DYNAMICS.....	20
Problem statement	20
Goal and tasks	22
Main research.....	22
Conclusions.....	36
CHAPTER 3. NBU INTERNATIONAL RESERVES MANAGEMENT AND ITS IMPACT ON ECONOMIC DEVELOPMENT OF UKRAINE	37
Problem statement	37
Goal and tasks	39
Main research.....	40
Conclusions.....	73

CHAPTER 4. THE REQUIRED RESERVE RATIO AND ITS IMPACT ON MACROECONOMIC INDICATORS.....	74
Problem statement	74
Goal and tasks	76
Main research.....	77
Conclusions.....	98
CHAPTER 5. REFINANCING OPERATIONS AND THEIR IMPACT ON THE UKRAINIAN BANKING SYSTEM’S LIQUIDITY.....	100
Problem statement	100
Goal and tasks	104
Main research.....	104
Conclusions.....	119
CHAPTER 6. RESEARCH OF ECONOMY DOLLARIZATION LEVEL IN UKRAINE	120
Problem statement	120
Goal and tasks	122
Main research.....	122
Conclusions.....	134
CONCLUSIONS	136
REFERENCES.....	139

INTRODUCTION

In modern economic environment, which is characterized by increasing globalization processes, it is becoming increasingly important to implement the best global practices of monetary regulation by central banks, since monetary policy of central banks is one of the most important factors of investment activity and economic growth of national economies. The recent change in the regime of monetary regulation in Ukraine is a consequence of the implementation of the above processes by the National Bank of Ukraine. Since, at present, the period of realization of inflation targeting in Ukraine is insignificant, the researches of efficiency of the transmission mechanism's functioning in general and of particular monetary instruments, in particular, become especially relevant.

The purpose of writing the monograph is to research the peculiarities of the impact of monetary policy instruments on the economy in general and the effectiveness of the application of certain monetary instruments by the National Bank of Ukraine in particular.

During the writing of the monograph, the following tasks were formed: to analyze the effectiveness of inflation targeting in Ukraine and the experience of foreign central banks in implementing such a monetary strategy, to identify the impact of the National Bank of Ukraine interest rate on the dynamics of credit and deposit rates in Ukraine, to analyze the impact of managing international reserves (as a monetary policy instrument) on the economic development of Ukraine, analyze the impact of the required reserve policy on the ability of banks to provide the economy with money and identify its impact on the economic development of Ukraine, to identify the impact of refinancing on the banking system's liquidity of Ukraine and to investigate the level of dollarization of the economy Ukraine, factors such events and to develop

INTRODUCTION

and prove measures to enhance the policy de-dollarization of the Ukraine's economy.

During the writing of the monograph, general scientific research methods were used: systematization, generalization, comparative analysis, grouping, expert evaluation, economic analysis, economic and mathematical modelling, etc.

The information base of the monograph is formed by the papers of domestic and foreign scientists, statistics data of international and domestic financial-credit organizations (in particular, the National Bank of Ukraine), regulatory acts of the legislation of Ukraine, etc.

The main results of the theoretical, methodological and applied character, which are obtained in the monograph, are: developed by the authors the methods of analyzing the links between National Bank of Ukraine interest rate and the value of loans and deposits, models of dependence of change of value of credits and deposits in national currency on change of National Bank of Ukraine interest rate, methods of analyzing the link between the volume of gold and international reserves and the hryvnia exchange rate against the US dollar, as well as the main macroeconomic indicators of Ukraine.

The monograph has theoretical value and reflects the main theoretical and applied principles of the research of the impact of monetary regulation on the Ukraine's economy state. The monograph can be recommended for scholars, graduate students, teachers of higher education institutions, students, as well as heads of banking institutions.

The authors are grateful to the reviewers for the recommendations.