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Information message on the results of the periodic review of the UONIA money market indicator

The Oversight Council for Ukrainian Money Market and FX Market Indicators (the Oversight Council) at its meeting on 29 August 2024 conducted the second periodic review of the [UONIA Money Market Indicator](#).

The review noted that the rapid growth of the banking system's liquidity in recent years continues to pose significant challenges to the UONIA indicator. The money market practically disappeared during the war, making it impossible to calculate the benchmark based on transactions between banks alone. [The calculation of the UONIA is possible only by taking into account the transactions of banks with the National Bank of Ukraine \(the NBU\), which does not fully comply with the IOSCO principles for money market indicators.](#)

The current main forecast scenarios give no reason to expect the interbank lending market to pick up. This makes it important to consider alternative options for calculating the UONIA. The same reason hinders the calculation of other money market indicators based on overnight agreements between banks: the [reference swap index](#) is calculated sporadically.

The UONIA is not currently used by banks to structure floating rate loan and/or deposit products.

The periodic review showed there is a need to continue to study issues related to:

- the expediency of expanding the UONIA calculation basis, in particular through including transactions involving banks raising funds from non-banks
- the possibility of introducing to the Ukrainian money market the institution of primary dealers who will be required to maintain a certain amount of liquidity in the market, with transactions between them forming the basis for calculating the UONIA
- experience in calculating money market indicators in emerging economies.

These issues will be studied with the involvement of international technical assistance.

Based on the results of the review, the following conclusions were made:

although the current methodology for calculating the UONIA is not perfect, the UONIA remains an objective indicator of the money market

that said, there is a need to find ways to improve the UONIA calculation methodology. In particular, the NBU's structural units, involving international technical assistance, are recommended to study the issues of expanding the base of transactions included in the calculation of the indicator and/or developing mechanisms for banks to be more active in the money market.

The next regular review of the UONIA Ukrainian money market indicator is tentatively scheduled to be conducted in February 2025.

Background. The periodic review of the UONIA money market indicator is a special procedure aimed at determining whether or not there have been any structural changes in the market and/or other grounds that may indicate the need to replace the existing indicator, adjust its methodology, or address other important aspects of its calculation and publication (calculation time, publication procedure, and so on).

Periodic reviews are carried out by the [Oversight Council for Money Market and FX Market Indicators](#). The first review was carried out in February 2024. In future, such reviews are planned to be conducted every six months – no later than February and August respectively.

Money and FX market indicators are periodically reviewed to ensure that they comply with the principles set forth in the following [IOSCO document: Principles for Financial Benchmarks Final Report July 2013](#). Principle 10 “Periodic Review” of this document states the following:

*“The Administrator should **periodically review the conditions in the underlying Interest** that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should **periodically review whether the Interest has diminished or is non-functioning** such that it can no longer function as the basis for a credible Benchmark.*

*The Administrator should **Publish** or Make Available a **summary of such reviews** where material revisions have been made to a Benchmark, including the rationale for the revisions.”*