

# THE MONEY MARKET DIAGNOSTIC FRAMEWORK (MMDF) PROJECT UKRAINE

## SUMMARY OF RESULTS 2025



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**OGResearch**

# Outline

- I. MMDF structure
- II. Main findings
- III. Issues with money market environment
- IV. Issues with monetary policy implementation



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# I. MMDF STRUCTURE



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**OGResearch**

# Aim

Develop a practical, but comprehensive tool (scoring system) that can be applied in a wide range of countries

- To help assess the state of development of the money markets
  - Numerical tool
  - Low judgmental element to minimize human factor
- To help identify areas in which progress is needed and/or technical assistance would be beneficial
- To maintain database with results of application
  - To allow for peer comparison between countries
  - To be able to track developments over time



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO

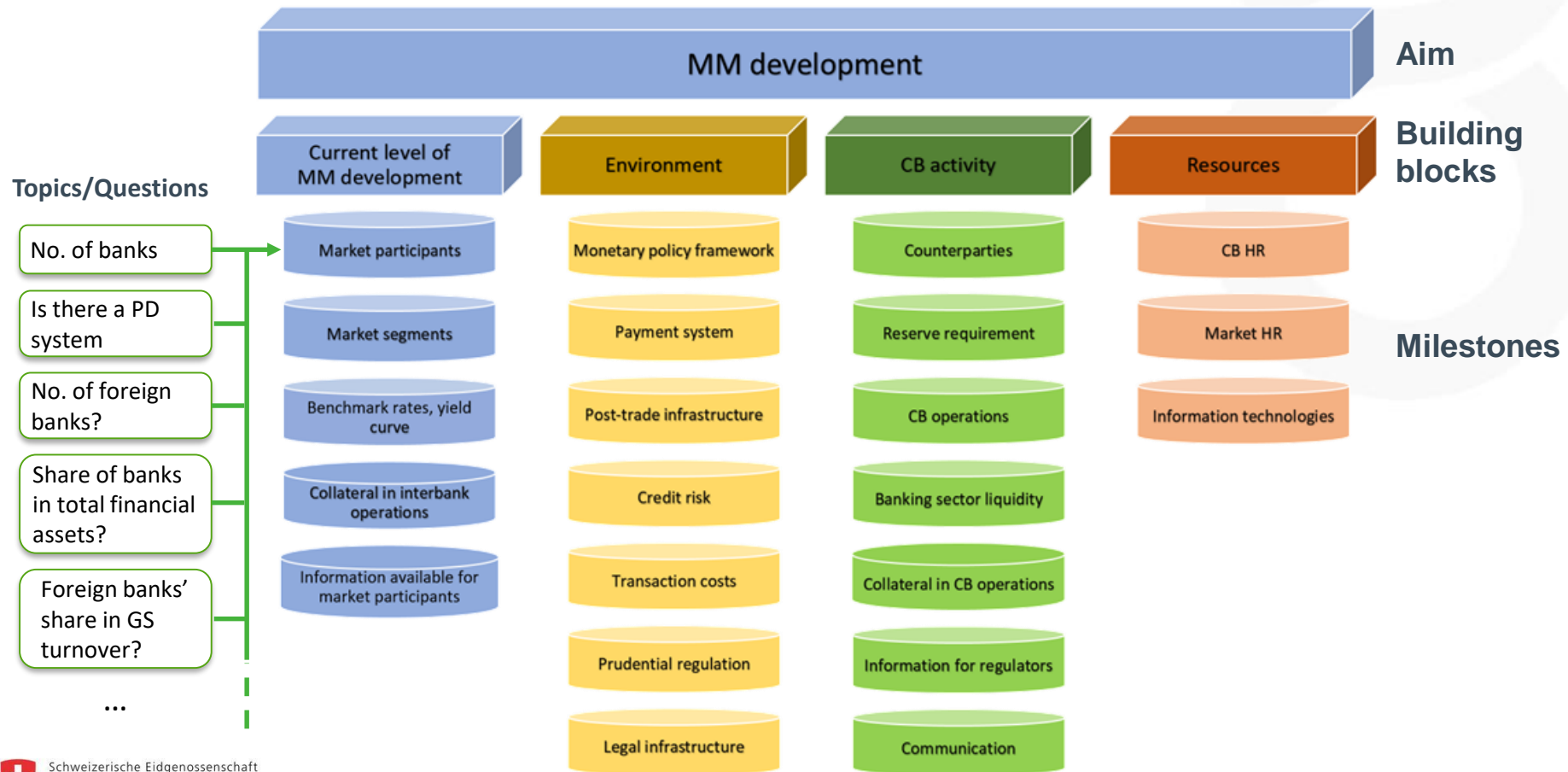


**European Bank**  
for Reconstruction and Development

**CGResearch**

# MMDF structure

Large set of questions linked to milestones of money market development



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# Methodology

- Answers are evaluated and get a numerical score
  - Based on pre-set formulas & weights attached to each topic
  - Percentage scores are calculated at milestone level
- Authorities & market participants have separate scores
  - Answers of market participants are anonymized
- Scores of the authorities and market participants are averaged at the milestone level
- Milestone score is divided by potential maximum score to yield a percentage score



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**OGResearch**

## II. MAIN FINDINGS



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

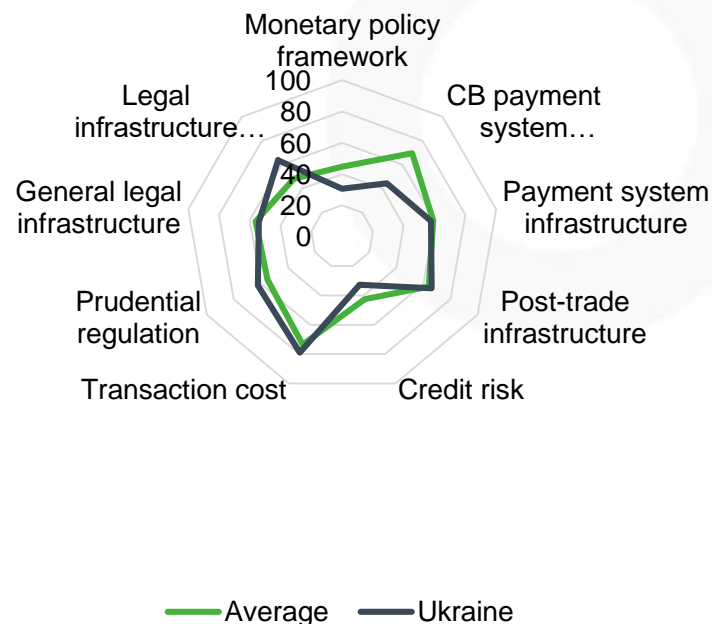
**OGResearch**

# Main spider charts

## Results for money market development



## Results for environment



Points on the radar diagram show the share of the score of the respective milestone (small building block) as a % of the maximum calibrated score. The outside grey line is for 100% (highest score). For instance, "Benchmark market rates" got 77.8% of the maximum, while "Money market segments" got only 19.2%.



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



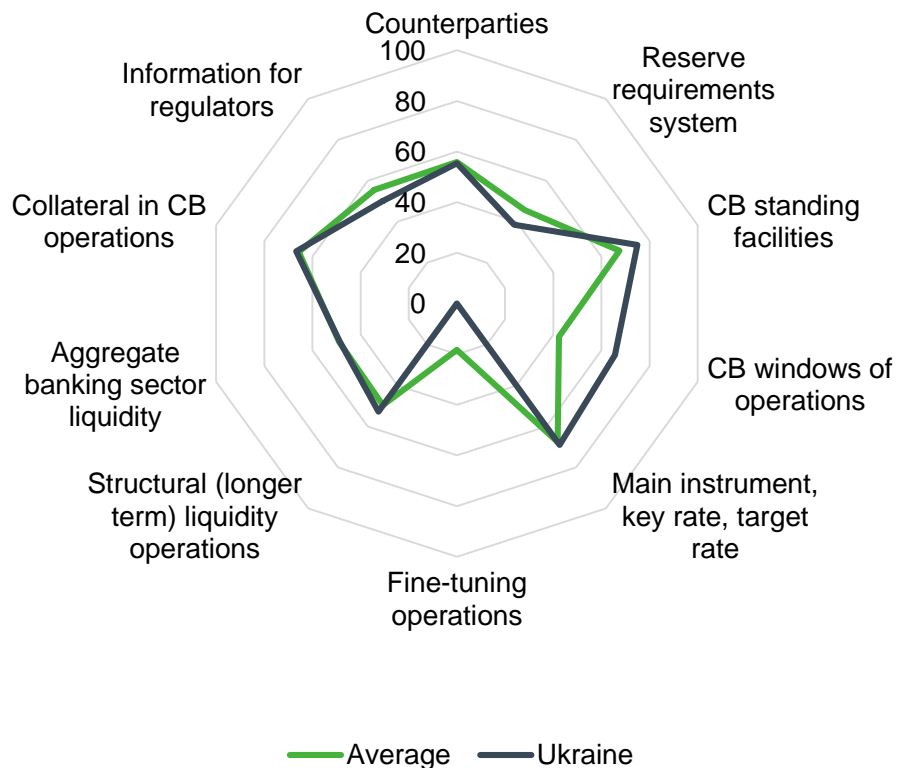
**European Bank**  
for Reconstruction and Development

**OGResearch**

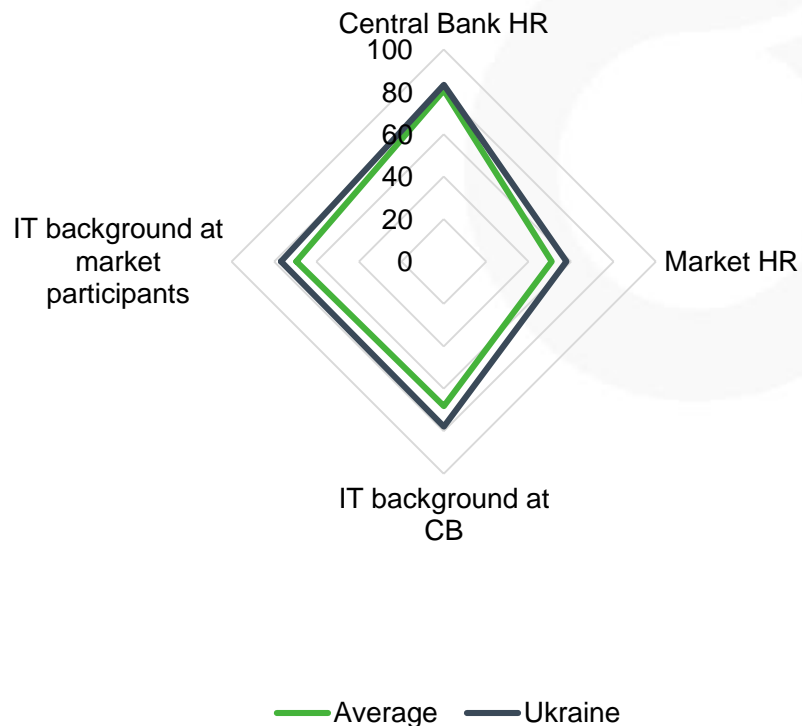


# Main spider charts

## Results for CB activity



## Results for resources



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# III. ISSUES WITH MARKET ENVIRONMENT



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**OGResearch**

# Market environment

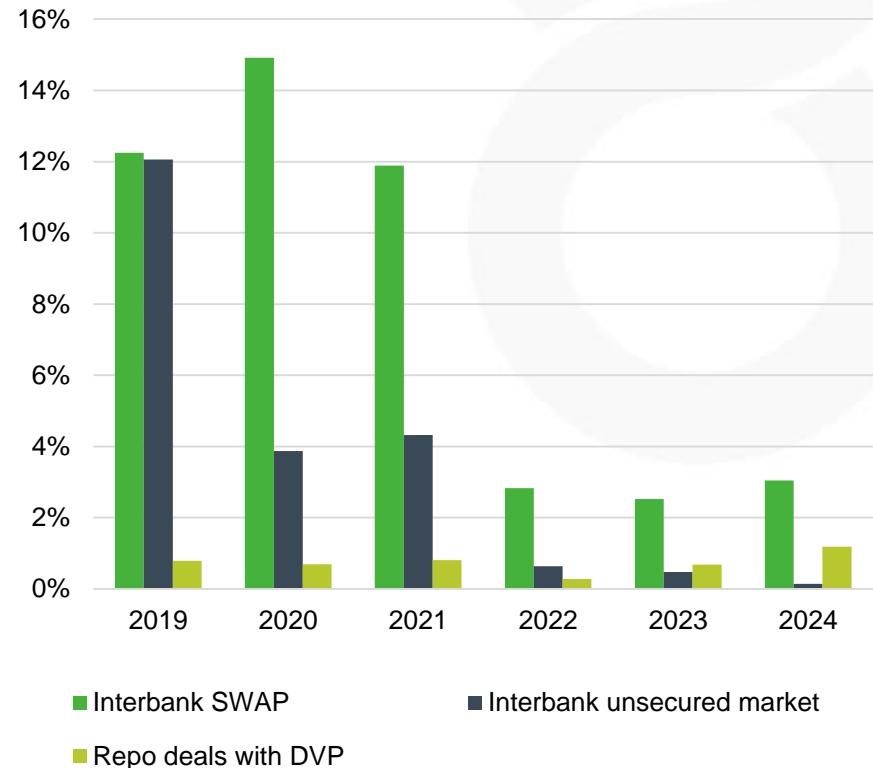
## Findings

- There is heightened credit risk, banks avoid unsecured trading
- Repos via the CCP are gaining importance
- There is no GMRA to conduct OTC repos
- UONIA is based on unsecured trades

## Solutions

- The introduction of GMRA/a local MRA can popularize OTC repos and consequently reduce trading costs
- Consider switching to repos as the base for UONIA if the trend continues

Activity in the interbank market as a % of nominal GDP



Source: National Bank of Ukraine



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO

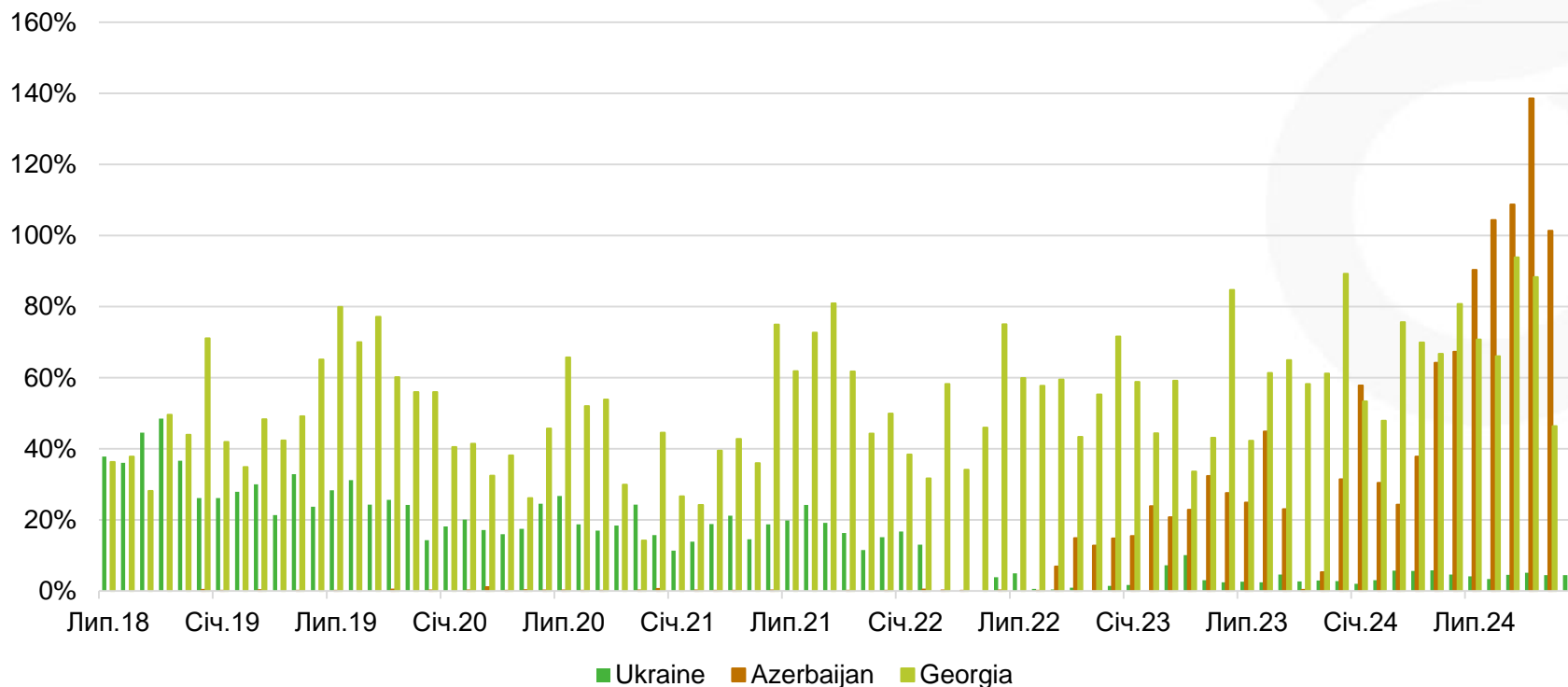


**European Bank**  
for Reconstruction and Development

**OGResearch**

# Comparison with other TA countries

Interbank trading as a % of nominal GDP



Source: National Bank of Ukraine

Note: The volume in Ukraine includes repos, unsecured trading and FX swaps. In the case of Georgia and Azerbaijan, only unsecured trading is shown.



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# IV. ISSUES WITH MONETARY POLICY OPERATIONS



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# Monetary policy operations

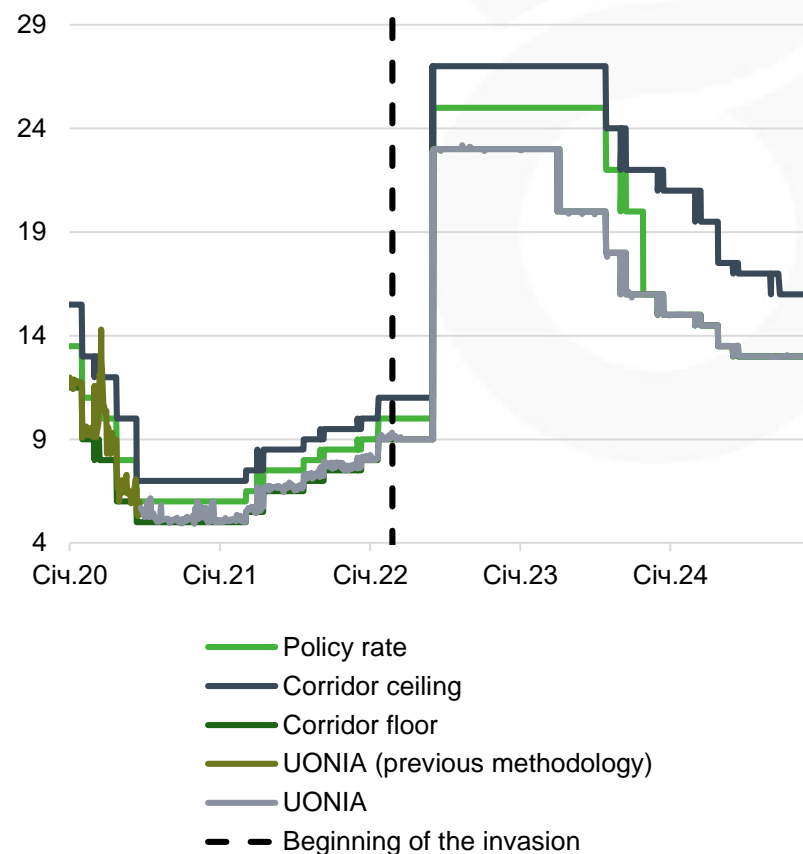
## Findings

- The UONIA is at the floor due to the large excess liquidity
- Currently the NBU follows a floor regime with the SDF as the main instrument

## Solutions

- Due to the lack of trading incentives, money markets cannot develop under the floor regime
- Switching to the corridor regime is recommended for developing markets
- This can be done by introducing a symmetric corridor, with the bulk of liquidity sterilized at the policy rate

Overnight money market rate and policy rate (in %)



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO

# Monetary policy operations

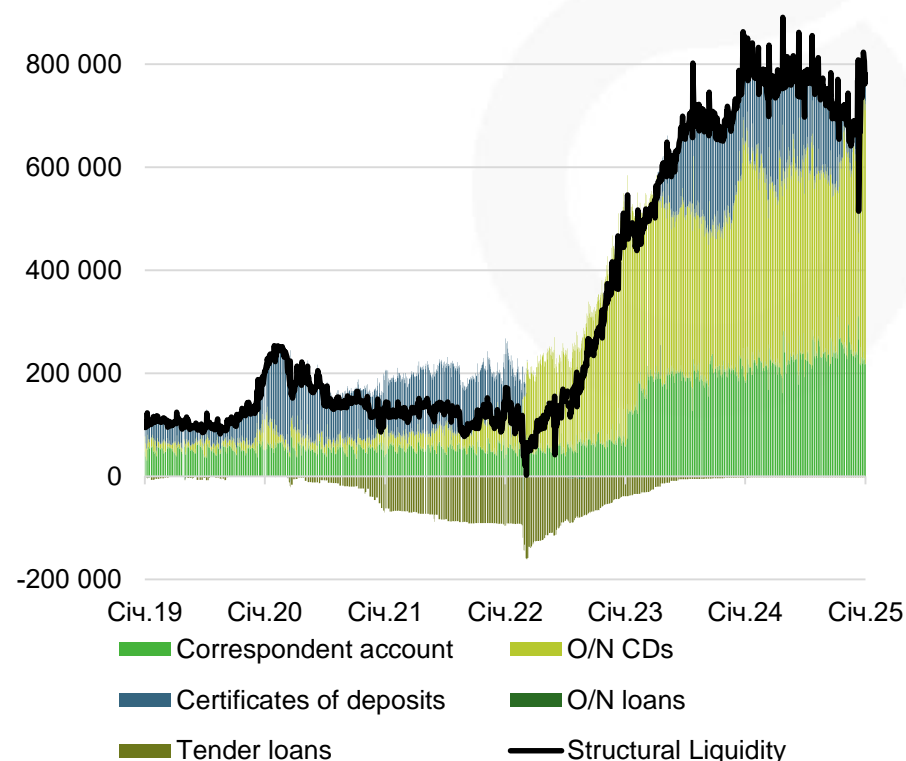
## Findings

- The NBU offers long-term liquidity provision even though the system is in a large surplus
- The long-term CDs are offered in limited amounts

## Solutions

- Liquidity provision under a large liquidity surplus is not conducive to monetary policy transmission
- It makes sense to keep it as a stability measure, but should be abolished in the future
- Besides the targeted CDs, there should be long-term operations to drain the bulk of liquidity

Open positions of NBU operations (mil. UAH)



Source: National Bank of Ukraine



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**CGResearch**

# Additional findings

Findings	Solutions
Standing facilities' closing times are before some banks' interbank RTGS cut-off.	Extend the standing facility opening hours, so that banks can square their positions at the end of the day.
There is no intraday credit facility to help settlement for banks.	Introducing the ICF is beneficial to smooth the payment system.
The SDF is in the form of a CD which presents unnecessary operational complications	Introduce simple deposits, if that can simplify operations.
Market participants are confused by the monetary policy regime and cannot follow the changes. Their understanding of the IT regime may have eroded due to the years of crises and war. They are also unaware of the role of UONIA in the monetary policy framework.	The monetary policy regime with its properties should be communicated clearly and openly.
The required reserves system is overly complicated and gets adjusted very often.	The reserve requirements system should be the most stable part of operations under an IT regime.
There is no remuneration on the required reserves. If the reserves are not remunerated, it works as an implicit taxation on the banking system.	Start remunerating required reserves.
The penalty rate for RR is not based on the policy rate. The penalty should be only financial and based on the policy rate.	Base the RR as a multiple of the policy rate.
Government securities are accepted for the fulfillment of required reserves. This is not best practice, as it complicates liquidity management and the fact that only some securities are eligible creates a parallel yield curve.	Only accept CB reserves for the fulfillment of reserve requirements.



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development





## Disclaimer

This document and the information contained within are intended only for the person or entity to whom they are addressed and may contain confidential, proprietary and/or privileged information. Any unauthorized disclosure or distribution to persons or entities other than the intended recipient is prohibited. The information and opinions contained herein do not necessarily reflect OGRResearch's views and OGRResearch does not warrant the correctness thereof. This document is for informational purposes only, it is not intended as a solicitation or offer to enter into any transaction or business relationship, and should not be taken as advice or a recommendation to buy or sell any financial instruments or securities. OGRResearch does not accept liability for any damage caused by reliance on the contents herein.



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Eidgenössisches Departement für  
Wirtschaft, Bildung und Forschung WBF  
Staatssekretariat für Wirtschaft SECO



**European Bank**  
for Reconstruction and Development

**OGResearch**