



Results of the November 2024 survey¹ once again showed respondents' positive assessments of the current performance and resilience of the financial sector. Almost half of the respondents positively assessed the condition of the financial sector. Top managers of financial institutions continue to note the sector's high resilience to high-impact adverse events. The balance of responses for this indicator reached a record-high level since the survey began in May 2018. The overall risk level in the financial sector remains high, but respondents believe that it has been gradually declining for the fifth survey in a row. At the same time, the risk appetite of financial institutions somewhat increased. The majority of the institutions' top managers do not expect the conditions in the financial system to change in the next six months, but the share of those who expect the situation in the financial sector to worsen has increased slightly over the past six months. According to respondents, the war with Russia remained the source of the highest risk. For the second time in a row, the risk of human capital quality has been included into the top five of the financial sector's most important risks. The risk of the quality of legislation and the tax system increased the most, as assessed by financiers.

In November 2024, around a half of top managers of Ukraine's largest banks and non-bank financial institutions assessed the financial sector's current performance as good or very good. The balance of responses² has remained at a high positive level for three consecutive rounds of the survey.

Most respondents reported no change in the financial sector's performance over the last six months. A quarter of the survey respondents believe that the sector's performance has improved, but 15% of financial institutions' top managers noted a slight deterioration in the situation. More than half of respondents do not expect the sector's performance to change in the next six months either. However, the share of those who expect the financial sector's performance to deteriorate slightly increased: from 18% in May to 27% in November.

More than half of financial institutions' top managers assessed the overall level of risk in the sector as medium or low. That said, 41% of respondents still considered it high or very high. Thus, the overall level of risk in the financial sector is assessed as moderately high, as evidenced by the negative balance of responses. Nevertheless, this assessment has been gradually improving.

For the fifth survey running (as from November 2022), respondents have improved their assessments of the financial sector's resilience to high-impact adverse events.

More than 97% of respondents assessed the financial sector's resilience to high-impact adverse events as medium or higher. The aggregate balance of responses came in at an all-time high since the survey was launched in May 2018.

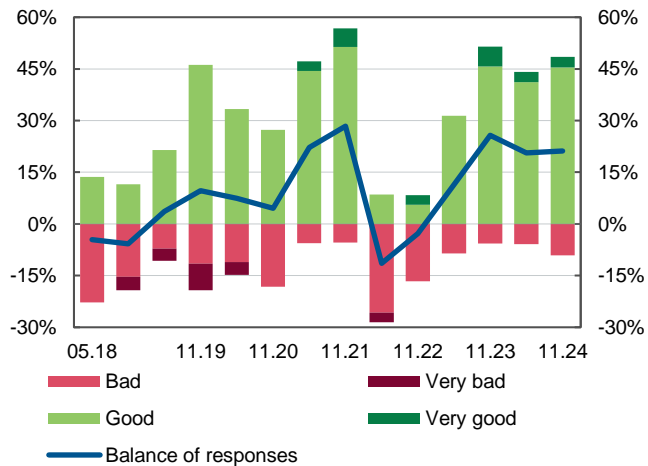
The war with Russia continued to be regarded as the major source of risks in the financial sector. The top five risks included those related to law enforcement bodies and the judiciary (up one notch compared to May 2024), the overall level of corruption (+3), and the quality of legislation and the tax system (+4). For the second time in a row, the risk of human capital quality in the financial sector has been included in the top five threats. The risk of fraud and cyber threats was not among the top risks for the second time since May 2022. According to respondents, the role of risks associated with the dynamics of foreign capital inflows and access to funding decreased. Assessments of the risks of current and expected inflation and exchange rate fluctuations remained at a moderate level and did not make it into the top ten. Financiers considered the risks of climate change, virtual assets, and threats from anti-epidemic measures to be low for their operations.

Financial institutions' appetite for risk has edged higher over the past six months. The majority of respondents said that their risk appetite remained unchanged. Only 6% of respondents reported a decrease in risk appetite.

¹ [For information about the survey](#), see page 5.

² Hereinafter, the balances of responses are aggregate indicators calculated as the sum of the quantities of each response to a question. The quantities are assigned weights ranging from -1 to +1. Specifically, +1 stands for "significantly improved," +0.5 for "improved," 0 for "unchanged," -0.5 for "deteriorated," and -1 for "significantly deteriorated." A balance of responses can take on values in the range of $\pm 100\%$. A positive balance of responses means that, overall, respondents believe that the indicator has improved or the risk has eased.

Figure 1. How respondents assess the current state of the Ukrainian financial sector



The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

Figure 2. How respondents think the state of the Ukrainian financial sector has changed over the last six months

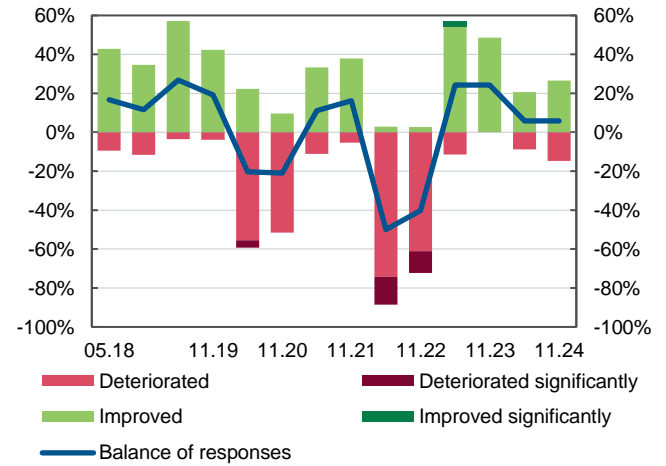


Figure 3. How respondents expect the state of the Ukrainian financial sector to change over the next six months

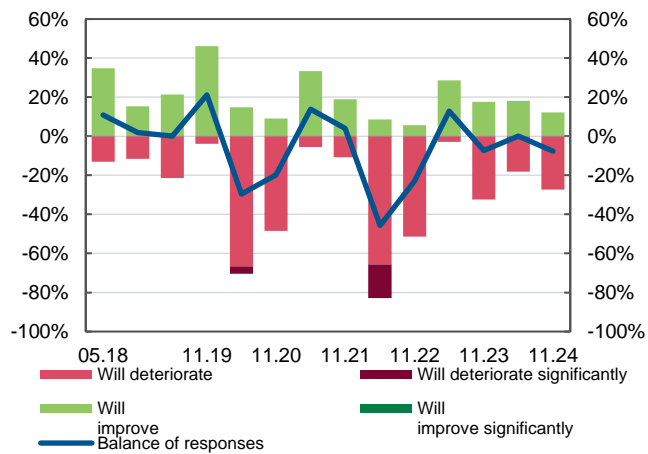
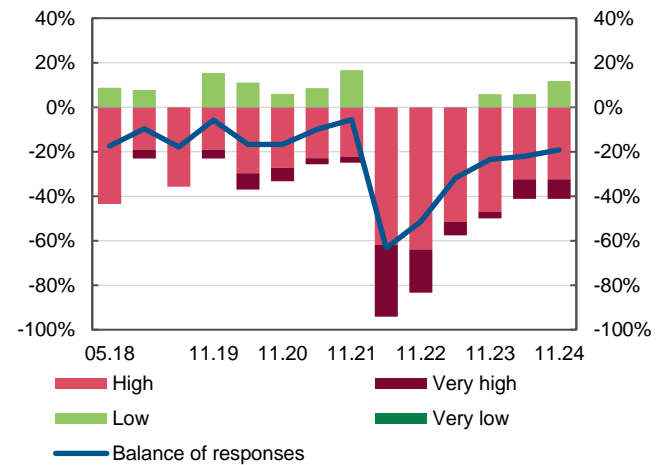


Figure 4. Perceptions of the total risk level in the Ukrainian financial sector



The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

Figure 5. Perceptions of the resilience of the Ukrainian financial sector to high-impact negative events

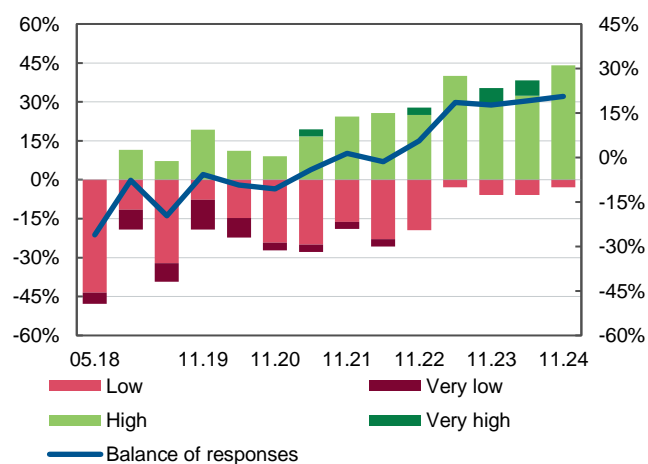
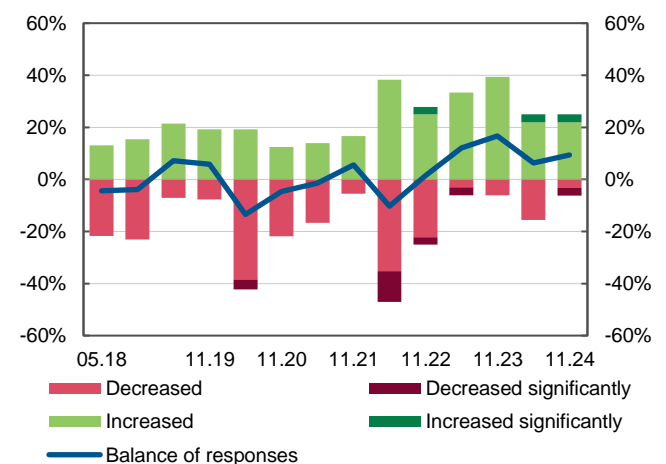
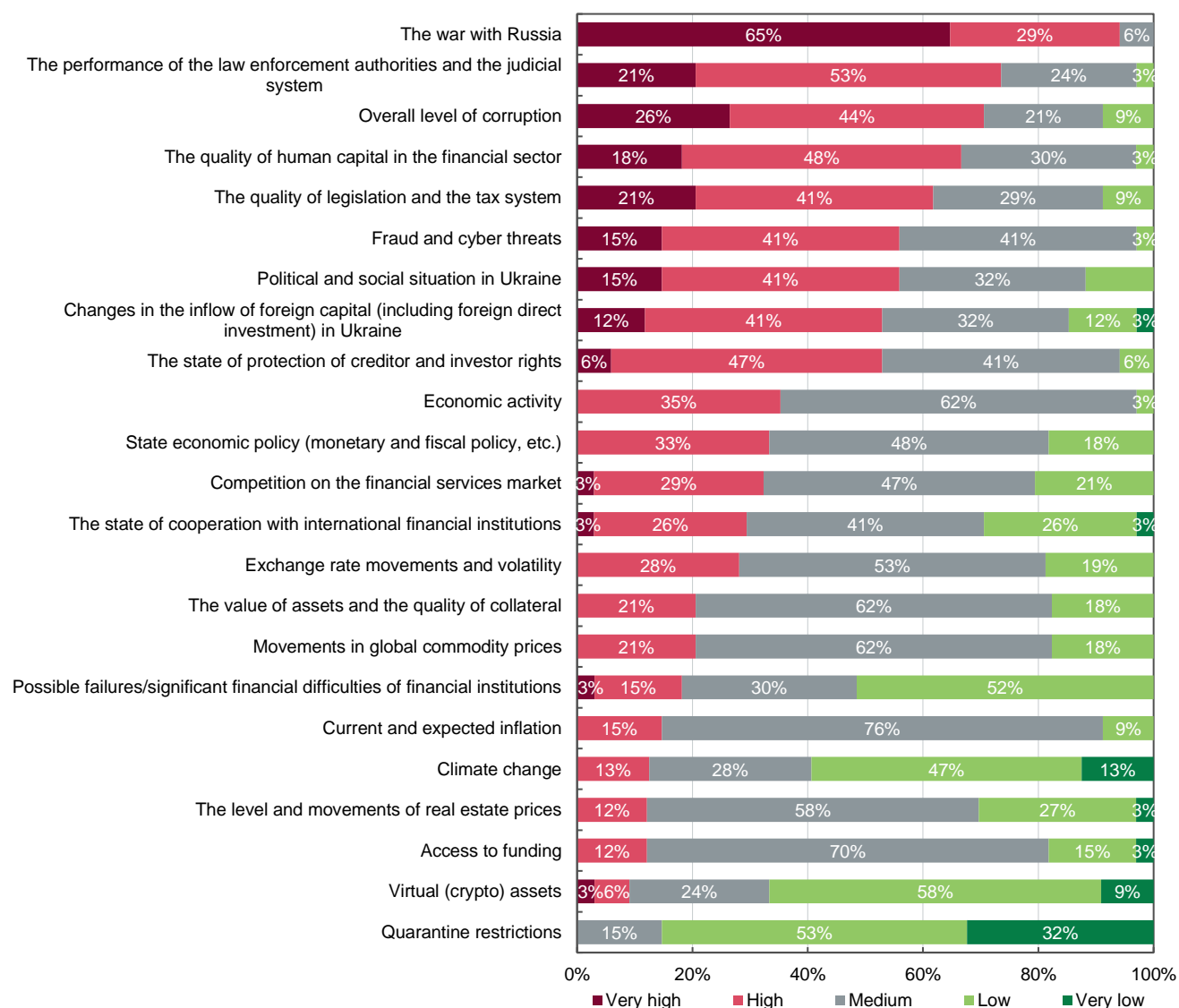


Figure 6. How respondents' risk appetite has changed over the last six months



The sum of responses may differ from 100% due to response options "has not changed" or "moderate". These responses were not reflected on graphs as they do not affect the balance of responses.

Figure 7. The risk level in the financial sector, as determined by specific factors, May 2024*



* The order in which the factors appears in this figure has been determined on the basis of “very high” and “high” responses.

Table. Ranks of risk factors (determined on the basis of “very high” and “high” responses)

Risk factors	Rank, 11.24	Rank, 05.24	Difference, +/-
The war with Russia	1	1	0
The performance of the law enforcement authorities and the judicial system	2	3	+1
Overall level of corruption	3	6	+3
The quality of human capital in the financial sector	4	4	0
The quality of legislation and the tax system	5	9	+4
Political and social situation in Ukraine	6	8	+2
Fraud and cyber threats	6	4	-2
The state of protection of creditor and investor rights	8	7	-1
Changes in the inflow of foreign capital (including foreign direct investment) in Ukraine	8	2	-6
Economic activity	10	9	-1
State economic policy (monetary and fiscal policy, etc.)	11	14	+3
Competition on the financial services market	12	12	0
The state of cooperation with international financial institutions	13	16	+3
Exchange rate movements and volatility	14	13	-1
Movements in global commodity prices	15	16	+1
The value of assets and the quality of collateral	15	11	-4
Possible failures/significant financial difficulties of financial institutions	17	20	+3
Current and expected inflation	18	19	+1
Climate change	19	22	+3
Access to funding	20	15	-5
The level and movements of real estate prices	20	18	-2
Virtual (crypto) assets	22	21	-1
Quarantine restrictions	23	23	0

Annex. Survey findings

Balance of responses	2018		2019		2020		2021		2022		2023		2024	
	05'	11'	05'	11'	05'	11'	05'	11'	05'	11'	05'	11'	05'	11'
1. What is your perception of state of the Ukrainian financial sector today?	-5%	-6%	4%	10%	7%	5%	22%	28%	-11%	-3%	11%	26%	21%	21%
2. How do you think the state of the Ukrainian financial sector has changed over the last six months?	17%	12%	27%	19%	-20%	-21%	11%	16%	-50%	-40%	24%	24%	6%	6%
3. How do you think the state of the financial sector will change over the next six months?	11%	2%	0%	21%	-30%	-20%	14%	4%	-46%	-23%	13%	-7%	0%	-8%
4. What is your perception of the total risk level in the financial sector?	-17%	-10%	-18%	-6%	-17%	-17%	-10%	-6%	-63%	-51%	-32%	-24%	-22%	-19%
5. What is your assessment of the financial sector's resilience to high-impact negative events?	-26%	-8%	-20%	-6%	-9%	-11%	-4%	1%	-1%	6%	19%	18%	19%	21%
6. What are your perceptions of the financial sector's risks stemming from the following factors														
6.1. Political and social situation in Ukraine	-46%	-37%	-57%	-29%	-35%	-44%	-21%	-24%	-30%	-6%	-11%	-29%	-25%	-29%
6.2. The war with russia	-15%	-17%	-18%	-12%	0%	-8%	-24%	-31%	-93%	-89%	-77%	-81%	-85%	-79%
Corruption, and the performance of the law enforcement authorities and the judicial system (discontinued)	-54%	-52%	-57%	-58%	-57%	-65%	-51%	-46%	-19%	-35%	-49%	-41%	x	x
6.3. Overall level of corruption	x	x	x	x	x	x	x	x	x	x	x	x	-32%	-44%
6.4. The performance of the law enforcement authorities and the judicial system	x	x	x	x	x	x	x	x	x	x	x	x	-41%	-46%
6.5. The quality of legislation and the tax system	-20%	-29%	-14%	-23%	-15%	-17%	-21%	-9%	-11%	-6%	-14%	-25%	-18%	-37%
6.6. The state of protection of creditor and investor rights	-33%	-42%	-36%	-31%	-22%	-26%	-25%	-32%	-21%	-14%	-21%	-10%	-31%	-26%
6.7. Economic activity	7%	-8%	7%	4%	-30%	-12%	-7%	8%	-31%	-38%	-24%	-19%	-21%	-16%
6.8. Current and expected inflation	-4%	-4%	16%	31%	17%	17%	-3%	-15%	-56%	-49%	-11%	7%	12%	-3%
6.9. State economic policy (monetary and fiscal policy, etc.)	2%	-6%	0%	2%	-6%	-5%	3%	8%	-10%	-14%	-14%	-9%	0%	-8%
6.10. Exchange rate movements and volatility	-20%	-20%	-9%	6%	-6%	-2%	4%	6%	-51%	-41%	-12%	3%	-8%	-5%
6.11. Changes in the inflow of foreign capital (including foreign direct investment) in Ukraine	4%	2%	-10%	2%	-19%	-12%	-13%	5%	-37%	-22%	-21%	-27%	-45%	-24%
6.12. Movements in global commodity prices	-15%	-27%	-24%	-13%	-30%	-6%	-6%	-24%	-43%	-19%	-17%	-3%	-5%	-1%
6.13. The state of cooperation with international financial institutions	-35%	-44%	-54%	-21%	-22%	-41%	-29%	-5%	7%	-16%	-6%	-9%	2%	0%
6.14. Possible failures/significant financial difficulties of financial institutions	11%	25%	18%	20%	13%	8%	6%	14%	-41%	-30%	1%	14%	15%	15%
6.15. Competition on the financial services market	13%	-10%	5%	-4%	2%	-3%	3%	-5%	6%	10%	0%	-3%	-7%	-7%
6.16. Access to funding	9%	-21%	-18%	10%	6%	21%	19%	14%	-7%	-3%	-3%	10%	2%	5%
6.17. The quality of human capital in the financial sector	-4%	-10%	-13%	-2%	-4%	9%	-1%	-10%	2%	1%	-7%	-19%	-38%	-41%
6.18. The value of assets and the quality of collateral	-13%	0%	-7%	-12%	-9%	-9%	0%	0%	-47%	-36%	-34%	-16%	-16%	-1%
6.19. The level and movements of real estate prices	17%	17%	18%	15%	4%	12%	8%	6%	-17%	-13%	-6%	13%	5%	11%
6.20. Fraud and cyber threats	-37%	-37%	-25%	-35%	-33%	-27%	-31%	-35%	-51%	-40%	-41%	-34%	-47%	-34%
6.21. Climate change	x	x	x	x	x	x	x	13%	26%	26%	29%	24%	36%	30%
6.22. Quarantine restrictions	x	x	x	x	x	x	x	-15%	40%	39%	60%	48%	61%	59%
6.23. Virtual assets	x	x	x	x	x	x	x	x	x	x	x	x	26%	32%
7. How has the risk appetite of your institution changed over the last six months?	-4%	-4%	7%	6%	-13%	-5%	-1%	6%	-10%	1%	12%	17%	6%	9%

Survey Information

The National Bank of Ukraine highly appreciates participation of financial institutions in the survey under the martial law.

In May 2018, the National Bank of Ukraine introduced a survey of the financial sector's systemic risks. This survey of financial sector risks is completed twice a year by executives from the largest banks and nonbank financial institutions of Ukraine. Central banks use such surveys to monitor how market participants perceive such risks, so as to be able to respond in good time.

This report shows how top managers of financial institutions assessed the state of the financial sector over the past six months, and what they expect for the following six months. The survey was conducted from 7 through 22 November 2024. Executives from 22 banks, ten insurance companies, and two investment firm took part in this survey. The Survey did not cover sanctioned financial institutions. Summary results were calculated by giving equal weight to each survey response, regardless of the size of the bank/company, or its market share.

The results presented are based on the respondents' opinions and do not necessarily reflect the views of the National Bank of Ukraine.

The next Survey will be published in May 2025.