



Ukrainian financial regulation faces overhaul by end of year, deputy central bank chief says

21 Jun 18 | 15:22 GMT

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The planned reforms include separate bills to improve the rights of creditors, tighten bankruptcy laws and liberalize foreign exchange markets, the National Bank of Ukraine's Kateryna Rozhkova told MLex today. She said she expects "a number of new laws that would be important for the banking system to be adopted by the end of the year."

The central bank's supervisory role may also be extended to insurance companies and non-banking financial institutions. "This is very important because the entire financial sector should be supervised properly," she said.

Another planned law would enhance transparency in the corporate governance of state-owned banks, which hold roughly half of the country's total banking assets.

Years of poor oversight came to a head in 2014, when half of the country's banks went insolvent. Non-performing loans still make up 56 percent of the banking system's debt portfolio.

One of the central bank's most important tasks is ensuring that banks don't slip back into such behavior, Rozhkova said. "If more than half of your banking system is there to serve the interests of bank owners and not the economy as a whole, you cannot possibly expect economic growth."

Ukraine must carry out broad-ranging anti-corruption reforms to continue receiving tranches of a \$17.5 billion IMF bailout loan. The program has been frozen since 2017, as international

creditors have expressed concern that the required measures aren't being implemented.

But following the adoption of a new law earlier this month which created an independent anti-corruption court, Rozhkova said the country's reform program is back on track.

"We expect the next tranche in Q3 of this year," she said.

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