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EVOLUTION OF FUNCTIONS OF THE NATIONAL BANK OF UKRAINE: ECONOMIC AND LEGAL STUDY

ABSTRACT

The article is devoted to the analysis of the evolution of the functions of the National Bank of Ukraine for the period 1991-2023. The author's definition of the functions of the National Bank of Ukraine as its main directions and types of activities aimed at ensuring the stability of the monetary unit, protecting the rights and interests of the National Bank and the rights of consumers of financial services, etc. It was established that the scope of functions of the National Bank of Ukraine includes: establishment, security, foreign policy, foreign economic, human rights protection, anti-corruption, programmatic, law-making, control, and personnel. It has been proven that the functions of the National Bank of Ukraine are not exhaustive. The research methodology is formed within the framework of the use of economic and legal approaches. It is appropriate to analyze the base scenario of the macroeconomic forecast of the National Bank of Ukraine based on assumptions regarding further weighted monetary and fiscal policy and a wide range of economic and financial data used by the National Bank of Ukraine in the development of its monetary policy and control over its implementation. It is substantiated that when classifying the functions of the National Bank of Ukraine according to the criterion of the direction of its activities, it is necessary to take into account the dual nature of the National Bank of Ukraine: it is at the same time the central bank of Ukraine and a special central body of state administration. The factors that influenced the assignment of new functions to the National Bank of Ukraine and the exclusion of previously existing ones were determined. It is proved that during 1991-2023 the functions of the National Bank of Ukraine were expanded based on the principle of "prerogatives" and "inalienable rights".

Keywords: National Bank of Ukraine, function, monetary unit, state administration body, central bank, economic independence, price stability, financial stability, economic growth

JEL Classification: E58, E63, F15, F52, G21, G28, K29

INTRODUCTION

The National Bank of Ukraine is the architect of the financial ecosystem. From the restoration of Ukraine's independence in 1991 to the present day, the National Bank of Ukraine has been entrusted with tasks that should ensure the sustainable development of Ukraine's economy, its efforts to unite with the European Union within the framework of the Agreement between Ukraine and the EU on possible association, and the global economic system.

The functions of the National Bank of Ukraine are enshrined in the Constitution of Ukraine [1] and the Law of Ukraine "On the National Bank of Ukraine" [2]. They consist of the main function of ensuring the stability of the Ukrainian monetary unit (Article 6 of the Law of Ukraine "On the National Bank of Ukraine") and other functions (Article 7 of the Law of Ukraine "On the National Bank of Ukraine"), the number of which is currently 49. The peculiarity of these functions is that while the main function of the National Bank of Ukraine is well-established, the range of functions that are defined in the Law of Ukraine "On the National Bank of Ukraine" as "other functions" is changing dynamically. The dynamics of new "other functions" assigned to the National Bank of

Ukraine for the period from 1999 (when the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On the National Bank of Ukraine”) to March 15, 2024, is shown in Figure 1.

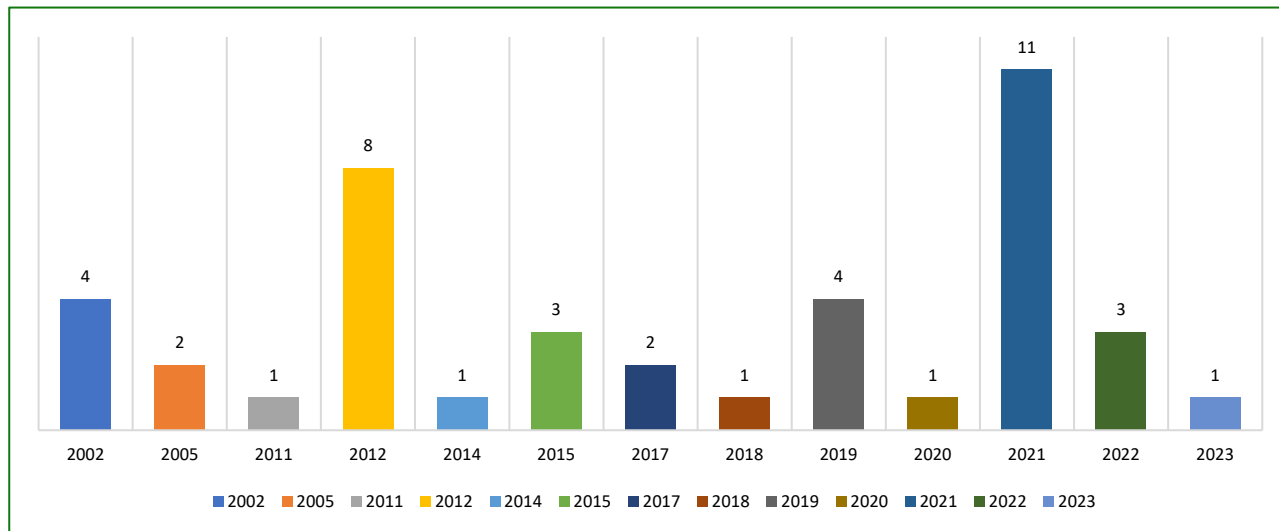


Figure 1. Dynamics of new functions of the National Bank of Ukraine. (Source: author's analysis of the Law of Ukraine "On the National Bank of Ukraine")

Thus, between 1999 and March 15, 2024, the National Bank of Ukraine was assigned 42 new functions.

Out of the above number of new functions assigned to the National Bank of Ukraine, 22 have been further changed by narrowing or expanding them.

A number of functions of the National Bank of Ukraine that were assigned to it in the Law of Ukraine “On the National Bank of Ukraine” during the period from 1999 to March 15, 2024, were removed: 1 function in 2010, 1 – in 2012, 1 – in 2015, 1 – in 2018, and 1 – in 2022.

The five functions of the National Bank of Ukraine, which are included in the group of “other functions” (Article 7 of the Law of Ukraine “On the National Bank of Ukraine”), have not been changed and are therefore well-established: on the basis of the key directions of monetary policy approved by the Council of the National Bank of Ukraine, the National Bank of Ukraine determines and conducts monetary policy (Article 7, paragraph 1); manages to refinance and is a lender of the highest level for banks (Article 7, paragraph 3); approves the norms of implementation of banking operations by banks, as well as reporting, accounting, protection of information, funds and property, etc. (Article 7, paragraph 4); is a representative of the interests of Ukraine as regards the banking system, credit institutions at the international level (Article 7, paragraph 13); and participates in training personnel for the banking system of Ukraine (Article 7, paragraph 19).

During 1999-2023, the review of other functions of the National Bank of Ukraine was carried out to improve their efficiency, eliminate duplication with the functions of other public authorities, take into account such factors as a full-scale war, and ensure that there are no situations where some functions are performed by the National Bank of Ukraine and the desired result is achieved at the expense of the improper performance of other functions.

For example, although the National Bank of Ukraine promotes financial stability within its mandate (the heat map of the financial sector for 2015-2023 is shown in Figure 2 [3]), inflation is moderately accelerating in 2024 [4] and is expected to reach 8.6% at the end of 2024, and possibly return to the target range in 2025, slowing to 5.8% [5].

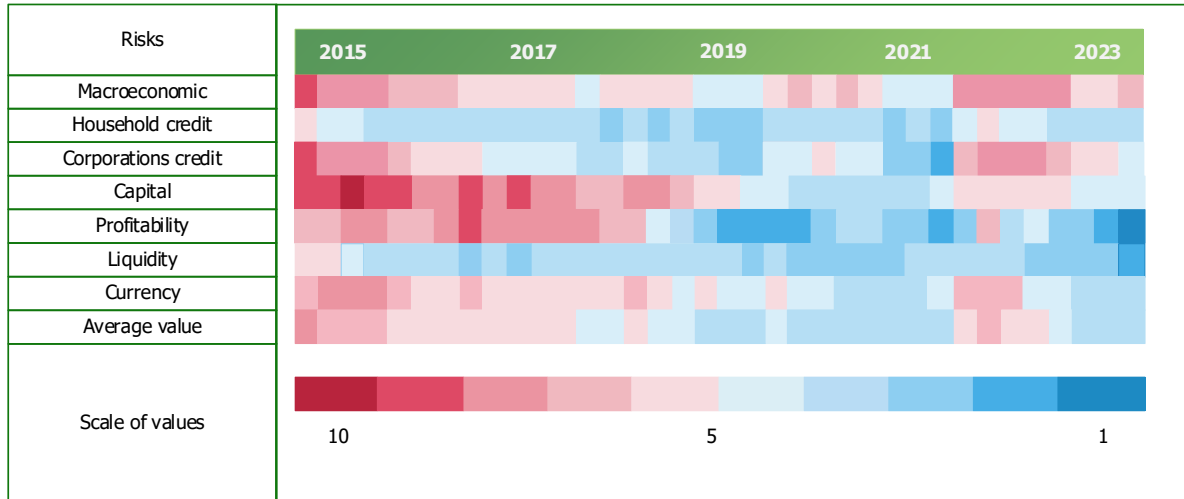


Figure 2. Heat map of the financial sector. (Source: National Bank of Ukraine (<https://bank.gov.ua/ua/stability/report>))

Ukraine is currently integrating with the European Union with a view to becoming a member. The European System of Central Banks, which has a hierarchical structure, includes, in addition to the European Central Bank, as well as other central banks of EU member states. Undoubtedly, when Ukraine becomes a member of the EU, the National Bank of Ukraine will also become an element of the European System of Central Banks. This requires a clear definition in Ukrainian legislation, taking into account EU legislation, of the functional obligations of the National Bank of Ukraine so that it can effectively interact with other elements of the European System of Central Banks and the European Central Bank, and so that the effectiveness of the European System of Central Banks as a whole is not reduced.

LITERATURE REVIEW

A review of the scientific literature allows us to take into account various aspects of the problem of functions of the National Bank of Ukraine, which includes both economic and legal dimensions.

In scientific studies, O.V. Dzyublyuk, and O.M. Vladymyr [6] emphasize that the approach according to which the National Bank of Ukraine as an independent body, among other functions, also performs the function the formation of a certain system of rules that would regulate the activity of banks, would determine the common principles of bank activity, as well as standardize the procedure for supervision of banking activity, would establish the limits of responsibility for violations of current legislation, which concerns the banking system as a whole, act situationally, solving current problems without successful implementation of a long-term programme of economic restructuring and integration of the domestic banking system into the European financial space, is not justified, as it does not solve the essential problems of today.

Analyzing the basic theoretical foundations of monetary and currency policy implementation by the National Bank of Ukraine, considering the content of control and supervisory functions of the National Bank of Ukraine and their impact on the activities of commercial banks, as well as analyzing the main problems of development of the domestic banking services market, scientists V.I. Mishchenko, A.V. Shapovalov, V.V. Krylova, V.V. Vashchenko, N.V. Hryshchuk and others also note that Ukraine, unlike European countries, does not have a long-term monetary policy strategy that would determine the monetary policy instruments for a long-term period of time and that the National Bank of Ukraine lacks functional independence to achieve its goals [7; 8]. The need to provide the National Bank of Ukraine with greater freedom of action regarding monetary and credit activity and supervision of the financial sphere and, certainly, regarding raising the level of its independence, including by amending the Law "On the National Bank of Ukraine" to bring it in line with EU standards, is emphasized by Buga G.S. [9], Vergun A.M. [10] and others.

There are many studies that focus on the issue of modern tasks of banking activity and the place of the National Bank of Ukraine in the system of executive authorities, the need to revise the functions of the National Bank of Ukraine (Yu. M. Dmytrenko [11], V.G. Savenkova [12], G.T. Karcheva [13], L.O. Prymostko [14], T.A. Latkovska [15]). The scholars note that the assessment of the activities of the National Bank of Ukraine by the European Union indicates that in the current realities of the legal existence of the central bank of Ukraine, there is an urgent need to strengthen its independence [12; 13; 14] and review its functions [11; 15].

Some studies indicate that a clear definition of the functions of the National Bank of Ukraine will allow determining its place in the system of state bodies and ensuring effective regulation of its relations with other authorities (O.Ye. Kostyuchenko [16], O.M. Matviychuk [17], A. Cukierman [18] and others).

AIMS AND OBJECTIVES

Given the complexity and multidimensional nature of the functions of the National Bank of Ukraine, the purpose of this study is to identify the main periods of their evolution and the specifics of each stage. To achieve this goal, the following tasks will be performed: to analyze the concept of "function of the National Bank of Ukraine" and provide its author's definition; to establish the range of functions of the National Bank of Ukraine, to analyze the list of main and other functions of the National Bank of Ukraine enshrined in the legislation of Ukraine, to identify the factors that influenced the assignment of new functions to it and the exclusion from the list of previously existing functions, taking into account the effectiveness of their performance by the National Bank of Ukraine.

METHODS

The methodological basis of scientific intelligence is formed within the framework of a combination of both economic and legal approaches. The economic approach involves analyzing the baseline scenario of the macroeconomic forecast of the National Bank of Ukraine based on the assumptions of further prudent monetary and fiscal policies, a wide range of economic and financial data used by the National Bank of Ukraine in developing its monetary policy and monitoring its implementation, and which it uses for macroeconomic analysis and assessment of financial stability.

The functional historical and legal methods are used to identify the main periods of the evolution of functions of the National Bank of Ukraine. The method of dialectic is used to study the evolution of views on the functions of the National Bank of Ukraine and its role in the system of public authorities. The formal logical method is used to analyze the legal framework of the activities of the National Bank of Ukraine in order to identify the peculiarities of its development at each stage.

RESULTS

The term "function" is derived from the Latin *function* – performance, fulfilment. Functions are an external manifestation of the properties of any object in a certain system of relations. The National Bank of Ukraine as an object is a poly-structural entity, because according to part 2 of Article 3 of the Law of Ukraine "On the National Bank of Ukraine," it is: 1) the central bank of Ukraine; 2) a special central administration body. Therefore, it manifests its properties both in the system of state control over banking activities.

L.K. Voronova defines functions as a general, typical interaction between subjects and objects of social management, stable, relatively independent, specialized types of management activities in general [19]. Any state bodies (organizations), in carrying out their functions, ensure the implementation of the general functional tasks of such a body (organization) [19]. The National Bank of Ukraine, unlike other administration bodies, is an absolutely economically independent body. The elements of economic independence of the National Bank of Ukraine are as follows: 1) implements expenses within the limits of its own income, or in certain exceptions provided for by the current legislation, it also uses the State Budget of Ukraine; 2) it is a legal entity; 3) it has separate property that is subject to state ownership and assigned to it on the right of economic management; 4) is not responsible for the obligations of state bodies; 5) state bodies are not responsible for the obligations of the National Bank of Ukraine, except for those cases, if the obligations are taken by them on a voluntary basis; 6) it is not liable for the obligations of financial institutions; 7) it has the right to create enterprises, institutions and separate units.

T. A. Latkovska understands management functions as relatively independent and homogeneous parts of the content of management activities, which manifest the power and organizational influence of the management entity aimed at ensuring the vital needs of the managed object that interacts with it [15, p. 20]. The content of the management activities of the National Bank of Ukraine is defined in Chapter IV of the Constitution of Ukraine (ensuring the stability of the monetary unit) and the Law of Ukraine "On the National Bank of Ukraine" (promoting financial stability, including the stability of the banking system; maintaining sustainable economic growth and supporting the economic policy of the Cabinet of Ministers of Ukraine, etc.). In other words, the National Bank of Ukraine has law-making powers.

Depending on the direction of the central bank's activity, it is worth distinguishing the function of economic activity and administrative functions, which, in turn, are divided into the organizational function (here we mean the organization and management of money circulation) and the function of protecting civil circulation, interests of depositors and other creditors of commercial banks [15]. T.A. Latkovska notes that there are different approaches to defining the functions of the National Bank of Ukraine and their content, which are based on the Constitution of Ukraine, which defines ensuring the stability of the Ukrainian monetary unit as the main function of the National Bank of Ukraine [15]. Other functions detail the activities of the central bank, but according to studies of banking law and current legislation, the place and legal status of the National Bank of Ukraine has changed and requires clarification of the function of the National Bank of Ukraine as a rulemaking body [15].

The formation of the functions of the National Bank of Ukraine began in 1990 within the framework of the adoption of the Declaration on State Sovereignty of Ukraine dated July 16, 1990, which states the independent creation by the Ukrainian SSR of banking (including a foreign economic bank), price, financial, customs, and tax system, introduction of its own monetary unit if necessary, including the National Bank of Ukraine was accountable to the Verkhovna Rada of the Ukrainian SSR, is the Supreme credit institution of the Ukrainian SSR [20].

On August 3, 1990, the Law of the Ukrainian SSR "On Economic Independence of the Ukrainian SSR" was adopted [21]. This Law, within the scope of the Declaration on State Sovereignty of Ukraine, affirmed the main content and key principles of the economic independence of Ukraine as a state, including the strategy of managing the economy and social spheres, including the financial, budgetary and credit-monetary system in general. The National Bank of Ukraine was defined as an element of the banking system of the Republic along with the Foreign Economic Bank and other banks. It was declared to be economically independent like other banks, but at the same time it was the supreme credit and issuing institution of the Ukrainian SSR, accountable to the Verkhovna Rada of the Ukrainian SSR; the purpose of its activities was to conduct a unified state monetary and currency policy in the republic, to perform the function of coordinating the activities of the banking system as a whole, to organize interbank settlements, to perform the function of a reserve bank, and to accumulate foreign currency reserves. Thus, this Law established the dual nature of the National Bank of Ukraine: as a business entity and as a state institution.

The Law of Ukraine "On Banks and Banking" of March 20, 1991, defined the legal basis of banks, the procedure for their establishment and the basic principles of their operation in accordance with the Declaration of State Sovereignty of Ukraine and the Law of Ukraine "On Economic Independence of the Ukrainian SSR" [22]. This Law conceptually correlated with the idea of the dual nature of the National Bank of Ukraine, launched the reform of the banking system of Ukraine and laid the foundation for the two-tier structure of the banking system of Ukraine: The National Bank of Ukraine and commercial banks. They were assigned different tasks. The National Bank of Ukraine, as the issuing centre of the state, was to implement monetary policy, while commercial banks were to meet the needs of individuals and legal entities for banking services. At the same time, the National Bank of Ukraine also performed the functions of state regulation of banking activities by issuing licences to commercial banks, and licensing is one of the means of state regulation of commercial activities.

In January 1994, the National Bank of Ukraine, in accordance with its functions as an organizer of interbank settlements, introduced a national payment system using advanced electronic technologies in banking.

In 1994, Ukraine's economy experienced a crisis. The uncertainty of the legal status of the National Bank of Ukraine, the absence of a full-fledged banking supervision system, a system of credit and deposit insurance, and the fact that the mechanism for implementing property pledge did not work led to the failure of the National Bank of Ukraine to fulfil its function of implementing effective state monetary and currency policy, coordinating the activities of the banking system as a whole, organizing interbank settlements, performing the function of a reserve bank, and accumulating currency reserves. This can be seen in the amount of monetary gold in the structure of the official gold and currency reserves of the National Bank of Ukraine.

The structure of gold and currency reserves is shown in Figure 3.

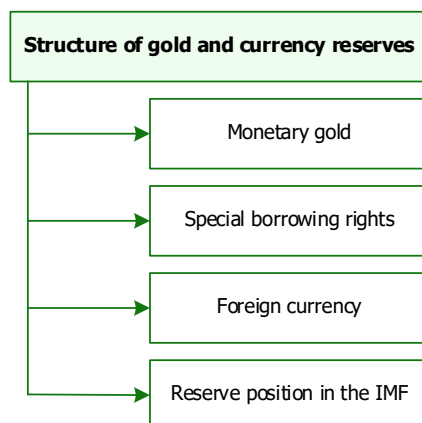


Figure 3. Structure of gold and currency reserves.

The amount of monetary gold in the structure of the official gold and currency reserves of the National Bank of Ukraine for the period from 1992 to 1994 is shown in Figure 4.

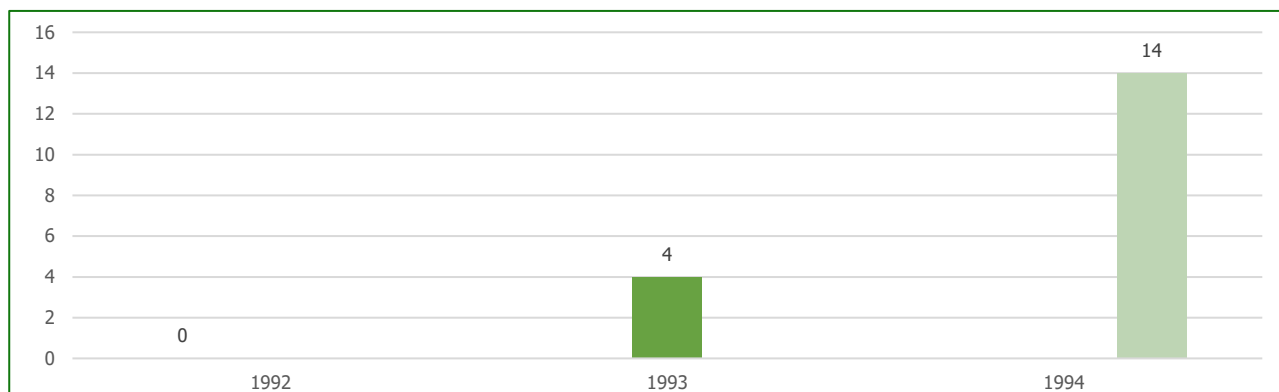


Figure 4. The amount of monetary gold in the structure of the official gold and currency reserves of the National Bank of Ukraine for the period from 1992 to 1994. (Source: the results of the author's analysis)

With the adoption of the Constitution of Ukraine in 1996, the basis for the functioning of the National Bank of Ukraine was created. Ensuring the stability of the monetary unit was defined as its main function (Article 99 of the Constitution of Ukraine). According to Article 100 of the Constitution of Ukraine, the Council of the National Bank of Ukraine develops the basic principles of monetary policy and exercises control over its implementation. The powers of the Verkhovna Rada of Ukraine include the appointment and dismissal of the Chairman of the National Bank of Ukraine at the request of the President of Ukraine; the appointment and dismissal of half of the members of the Council of the National Bank of Ukraine (Article 85 of the Constitution of Ukraine). According to Article 106 of the Constitution of Ukraine, the President of Ukraine appoints and dismisses half of the members of the Council of the National Bank of Ukraine.

On May 20, 1999, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On the National Bank of Ukraine". Within the scope of Article 2 of the above-mentioned Law, the National Bank of Ukraine is the central bank of Ukraine, a special body of state administration, and also that its legal status, functions, powers and principles of general and specific activity are approved by the Constitution of Ukraine and other norms of current legislation. "According to the Constitution of Ukraine, the main function of the National Bank is to ensure the stability of the monetary unit of Ukraine. In fulfilment of its main function, the National Bank contributes to maintaining the stability of the banking system, as well as, within the limits of its authority, – price stability", says Article 6 of the Law. Other functions of the National Bank of Ukraine were defined in Article 7 of the Law.

In 2002, the Law of Ukraine "On the National Bank of Ukraine" was amended. The National Bank of Ukraine has acquired the function of organizing and implementing currency control of banks or any financial institutions within their competence licensed by the National Bank to carry out currency operations; determination of the peculiarities of the functioning of the banking system of Ukraine, subject to the introduction of martial law on the territory of the state, as well as implementation mobilization content of the National Bank system [22]. In 2005, changes were also made to the Law of Ukraine "On the

National Bank of Ukraine" which related, among other things, to the acquisition by the National Bank of Ukraine of the function of introducing, in the established order, proposals for the legislative settlement of issues aimed at fulfilling the functions of the National Bank of Ukraine; implementation of methodological support in matters of storage, use and protection against third-party interference of information with banking secrets contained in it [23].

In 2010, the National Bank of Ukraine, while performing its main function – ensuring the stability of the monetary unit of Ukraine – was entrusted with the obligation to proceed from the priority of achieving and maintaining price stability in the state, in the absence of an exhaustive list of other functions in the financial and credit sphere that the National Bank of Ukraine can perform within its competence defined by law [24]. In 2011 The National Bank of Ukraine functionally carried out banking regulation and control within the limits of individual and consolidated influences [25].

On December 19, 2011, at the 15th Ukraine-EU Summit in Kyiv, contractual discussions on the future Association Agreement were completed, and its text was finally agreed on March 30, 2012. This influenced the consolidation of new functions of the National Bank of Ukraine as a future element of the European system of central banks in the legislation of Ukraine.

In 2012, the National Bank of Ukraine acquired the functions of monopolistically issuing the national currency of Ukraine and organizing cash circulation; regulating the activity of payment and settlement systems in Ukraine, establishing settlement procedures and methods; determining directions for the progress in the field of modern electronic technologies in the banking sector, creation and maintenance of functioning, development of the payment and accounting systems created by it, control of the creation of payment instruments, banking automation systems and means of protecting banking information [26].

2014 was marked by Russia's aggressive actions against Ukraine, the signing of the political component of the Association Agreement with the EU (March 21, 2014) and the economic component (June 27, 2014). On September 16, 2014, the Verkhovna Rada of Ukraine and the European Parliament simultaneously approved the Association Agreement between Ukraine and the EU. These factors influenced the evolution of other functions of the National Bank of Ukraine.

The mentioned events marked the need to strengthen state regulation and supervision in the financial sphere and to improve the economic and legal mechanisms for solving problematic issues in the field of financial monitoring since the emergence of new tools for legalization (laundering) of criminally obtained income caused the intensification of shadow economic activity, the accumulation of illegal capital and the need for their infiltration into the official sector of the economy. The existing legislative and regulatory norms were unable to fully regulate the outlined aspects, therefore the current legislation required thorough changes.

Thus, in 2014, the Law of Ukraine "On the National Bank of Ukraine" was amended. It acquired the functions of state regulation and supervision in the field of combating the legalization (laundering) of criminal proceeds, the financing of terrorism and the proliferation of weapons of mass destruction through resident non-bank financial institutions that are participants in payment systems or payment organizations, within the scope of their provision of financial services for the transfer of funds under the relevant licenses [27].

In 2015, the National Bank of Ukraine acquired the function of analyzing the state of the financial system in relation to financial stability [28], and in 2017, the National Bank of Ukraine acquired the function of protection against cyber-attacks and ensuring the security of information in the banking system of Ukraine and in entities carrying out fund transfers; creating and maintaining a list of critical infrastructure objects, as well as a register of critical information infrastructure objects in the banking system of Ukraine [29].

In 2018, the Law of Ukraine "On the National Bank of Ukraine" was amended. The function of organizing and controlling currency transactions in banks and other financial institutions licensed by the National Bank to carry out currency operations was replaced by the function of carrying out currency supervision over banks, as well as non-banking financial institutions and postal operators that have a license to conduct foreign exchange operations [30].

Thus, starting from 2000 and up to 2019, numerous changes were made to the Law of Ukraine "On the National Bank of Ukraine" aimed at ensuring its independence.

During 2019-2023, the range of functions of the National Bank of Ukraine was significantly expanded. Thus, the National Bank of Ukraine has been assigned the function of determination of requirements for banks that plan to issue bank deposit certificates, the function of issuing digital money of the National Bank, determining the order of its issuance, storage and repayment, as well as the specifics of payment transactions using it; state regulation and supervision, in accordance with the laws of Ukraine, of legal entities that provide financial and/or accompanying services within the framework of state programs or programs of local self-government bodies to a defined circle of persons and provide for separate, defined by such programs, conditions for providing financial and accompanying services; maintaining the State Register of Financial

Institutions, the State Register of Insurance and Reinsurance Brokers, and in the cases specified by law – other registers of persons, whose activities are regulated and supervised by the National Bank; ensuring representation of the interests of the National Bank in the authorities of foreign countries, protection of the rights and interests in the representative office of the National Bank in foreign jurisdictions; creation and management of information systems (registers, databases) for the performance of currency regulation and currency control tasks, as well as establishing requirements for the creation, management and filling of these systems by banks, non-bank financial institutions, postal operators of information systems (registries, databases) for ensuring the exchange of information between them during currency supervision; ensuring the accumulation and storage of gold and currency reserves and carrying out transactions with gold and currency reserves and banking metals; determination of the procedure for the use of electronic signatures in the banking system of Ukraine and in the markets of non-banking financial services, state regulation and supervision of activities carried out by the National Bank, as well as in the provision of payment services; ensuring the formation and implementation of state policy in the field of protection of critical infrastructure, which concerns banks, other entities operating in the markets of non-banking financial services, as well as ensuring state regulation and control of their activities, which is carried out by the National Bank. This includes the creation and management of information systems for the performance of foreign exchange regulation and control tasks, as well as the establishment of requirements for the creation and maintenance of these systems by banks. Supervision of compliance with the legislation on the protection of the rights of consumers of financial services is also carried out, including requirements for interaction with consumers in the settlement of overdue debts, as well as the protection of the rights of consumers of payment services and limited payment services. The National Bank also determines trends in the development of technologies and innovations in the financial services market, as well as regulates the application of cloud computing technologies and the provision of cloud services in the field of financial services. In addition, the National Bank ensures the storage of archival documents of its own and the banking system in accordance with legislation and provides recommendations on the activities of financial services market participants and credit history bureaus [30].

Therefore, during 2020-2023, the National Bank of Ukraine acquired the features of a functional state administration body – a state-wide collegial institution with the priority function of ensuring price and financial stability. This priority, in fact, titular function, is far from the only function. The multiplicity of functions of the National Bank of Ukraine does not contradict its legal nature. The above is due to the fact that the National Bank of Ukraine, like other authorities, in its own forms, participates in the implementation of many functions of the state, both objective, determined by the content of economic, political, and informational activities, and other functions, such as technological, domineering etc.

The magisterial authority of the National Bank of Ukraine is, undoubtedly, the creation of normative systems establishing rules for banking activity to determine the general principles of their work, the procedure for their supervision and responsibility for violations of the relevant legislation. For example, according to the Association of Ukrainian Banks, in December 2023, it approved about 60 regulatory acts [31]. Figure 5 shows the direction of these normative legal acts.

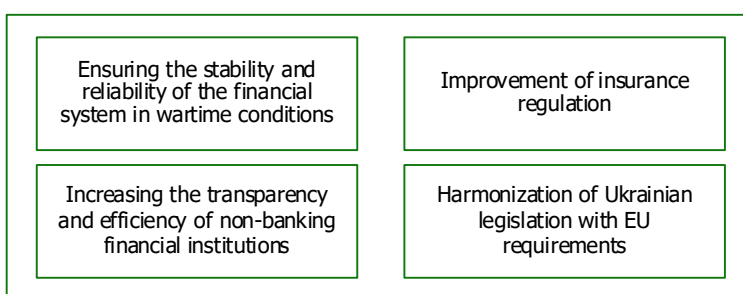


Figure 5. Normative acts of the National Bank of Ukraine adopted in December 2023: direction vectors. (Source: data from the Association of Ukrainian Banks. <https://aub.org.ua/index.php/104/novyny-aub/14248-natsionalnyi-bank-zatverdyy-rekordnu-kilkist-normatyvnykh-aktiv-u-hrudni-2023-roku>)

There is a steady trend towards an increase in the number of regulatory acts of the National Bank of Ukraine.

The establishment function of the National Bank of Ukraine is directly related to its strategic functions [32; 33; 34] regarding ensuring price stability, promoting financial stability, and promoting sustainable rates of economic growth.

The strategic goals of the National Bank of Ukraine are focused on the main functions – ensuring price and financial stability and supporting the country on the way to victory and are presented in Table 1.

Table 1. The strategic goals of the National Bank of Ukraine. (Source: Strategy of the National Bank of Ukraine. https://bank.gov.ua/admin_uploads/article/Strategy_NBU.pdf?v=7)

Stable hryvnia	Financial stability	The financial system is working to restore the country	Modern financial services	An efficient central bank	
Price stability and exchange rate stability	Balanced regulation and supervision aimed at development	Responsible financial market	The financial market is a digital fortress	The voice of the National Bank of Ukraine	
	A stable and capable banking system	Developed credit market	Virtual assets and digital money of the National Bank of Ukraine – clear regulation to ensure monetary sovereignty	Development of institutional relations with stakeholders	
	The insurance market is cleaned up and ready to support the recovery	A developed market of insurance services	Digital financial services are part of the digital country	International cooperation and exchange of experience	
	The non-bank financial and payment market is transparent and technological	Developed infrastructure of capital markets	Technological development of the financial market	European integration of the financial sector	
	Reliable and stable infrastructure of the financial market	Financially literate population and entrepreneurs		Sustainability, efficiency and client-orientation of cash circulation	Effective operational activity
		Barrier-free financial system		Power banking 2.0	Digital transformation Human capital is the main asset

In the most recent period (2019-2023), the National Bank of Ukraine was also empowered in the field of security – ensuring the formation and implementation of state policy in the field of critical infrastructure protection in relation to banks, other persons operating in the markets of non-banking financial services, the state regulation and activities of which are supervised by the National Bank, operators of payment systems and/or participants of payment systems, technological operators of payment services in accordance with the law defining the legal and organizational principles of the functioning and protection of critical infrastructure. Since 2014, the security function of the National Bank of Ukraine has played an important role in protecting the state sovereignty and state integrity of Ukraine. In particular, in addition to the above, an important contribution of the National Bank of Ukraine to strengthening the security and defense capabilities of the state is, in particular, the implementation of the function of state regulation and supervision in the field of prevention and counteraction to the legalization (laundering) of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction by banks and branches of foreign banks, insurers (reinsurers), insurance (reinsurance) brokers, credit unions, pawnshops, other financial institutions whose activities are registered or licensed by the National Bank, postal operators that provide payment services and/or postal transfer services, and/or carry out currency transactions, payment system operators, branches or representative offices of foreign economic entities that provide financial services on the territory of Ukraine, other legal entities that are not financial institutions by their legal status, but provide separate financial services (Paragraph 30, Article 7 of the Law of Ukraine "On the National Bank of Ukraine" [30]. The control powers of the National Bank of Ukraine were also strengthened during 2019-2023.

Equally important for Ukraine's foreign policy is the function of the National Bank of Ukraine of ensuring the representation of the National Bank's interests in the authorities of foreign countries, protecting the rights and interests of the National Bank in foreign jurisdictions. In essence, we are talking about the legal personality of the National Bank of Ukraine in the field of foreign policy activity, and not only foreign economic activity.

The National Bank of Ukraine also has personnel powers, which can also be called institutional, since they are related to state-building functions. The National Bank of Ukraine is endowed with important personnel powers, which it exercises both independently and jointly with the Verkhovna Rada of Ukraine and the President of Ukraine.

Recently, another function of the National Bank of Ukraine has been highlighted – anti-corruption. Members of the Board of the National Bank, other employees of the National Bank and members of the Council of the National Bank of Ukraine are subject to the Law of Ukraine "On Prevention of Corruption", which, in turn, obliges the National Bank of Ukraine to prevent and counteract corruption, prevent conflicts of interest, etc.

An important place in the system of powers of the National Bank of Ukraine is given to its human rights powers because it protects the rights of consumers of payment services and limited payment services, as well as supervises compliance by providers of payment and limited payment services with legislation on the protection of consumer rights.

The system of functions of the National Bank of Ukraine is changing simultaneously with the introduction of innovations in public and state life (the latest technologies, etc.), the deepening of Ukraine's integration with the EU, as well as in view of such a factor as Russia's aggression against Ukraine.

DISCUSSION

The debatable aspects are reflected in the classification and substantive filling of the functions of the National Bank of Ukraine, and its legal status in the system of state administration bodies. Our analysis indicates that, firstly, the functions of the National Bank of Ukraine are not exhaustive – new ones may be discovered or formed over time, and they evolve. Secondly, when classifying the functions of the National Bank of Ukraine according to the criterion of the direction of its activity, it is necessary to take into account the dual nature of the National Bank of Ukraine: it is at the same time the central bank of Ukraine, with the corresponding functions, and a special central body of state administration, the legal status, tasks, functions, powers and principles of organizations of which are determined by the Constitution of Ukraine and the legislation of Ukraine. The main contribution of our research is the selection of the following functions of the National Bank of Ukraine: institutional, security, foreign policy, foreign economic, human rights protection, anti-corruption, programmatic, law-making, control, and personnel. These functions are in complex doctrinal, structural, functional, legal and other connections and form the system of functions of the National Bank of Ukraine. At the same time, the powers of the National Bank of Ukraine are exclusive – it is forbidden to transfer its powers to other bodies of the National Bank of Ukraine. The evolution of the functions of the National Bank of Ukraine for the period of 1990-2023 proves that the functions of the National Bank of Ukraine in the conditions of martial law, crises and other events for the state were expanded on the basis of the principle of "prerogatives" and "inalienable rights".

CONCLUSIONS

The results of the conducted research give grounds for asserting that there is no single definition of the economic and legal category "function of the National Bank of Ukraine" in the scientific discourse. Summarizing the existing work of leading scientists, we have proposed an author's definition of the concept of "function of the National Bank of Ukraine", according to which the function of the National Bank of Ukraine is interpreted as the main directions and types of activity of the National Bank of Ukraine in ensuring the stability of the monetary unit, protecting the rights and interests of the National Bank and the rights of consumers financial services, as well as ensuring state independence, state sovereignty and national security.

Based on the interpretation of the essence of the function of the National Bank of Ukraine, it was established that at the current stage, the National Bank of Ukraine implements several functions, including establishment, security, foreign policy, foreign economic, human rights protection, anti-corruption, program, law-making, control and personnel.

Having analyzed the current domestic legislation, which regulates the main aspects that are studied within the framework of the specified topic, as well as the work of scientists, it is possible to perform a periodization of the process of development of the functions of the National Bank of Ukraine, the main stages of which we consider appropriate to reflect as follows:

- 1991 – creation of the National Bank of Ukraine on the basis of the Ukrainian Republican Office of the State Bank of the USSR as the highest credit and emission institution of the state, the main function of which is the implementation of a unified state monetary and currency policy;
- 1992 - 1995 - acquisition by the National Bank of Ukraine of the function of establishing correspondent relations with central banks of other states, international banks, and other credit institutions, where cooperation is carried out at the level of central banks; acquisition by the National Bank of Ukraine of the function of organizer of interbank settlements;
- 1996 - enshrined in the Constitution of Ukraine the main function of the National Bank of Ukraine - ensuring the stability of the monetary unit;
- 2002 – acquisition by the National Bank of Ukraine of the function of organization and implementation of currency control over banks and other financial institutions that have received a license from the National Bank to carry out currency transactions; determination of the peculiarities of the functioning of the banking system of Ukraine in the event of the introduction of martial law or a special period, as well as implementation of the mobilization preparation of the National Bank system;

- 2005 – the acquisition by the National Bank of Ukraine of the function of submitting, in the established order, proposals for the legislative settlement of issues aimed at performing the functions of the National Bank of Ukraine; implementation of methodological support in matters of storage, protection, use and disclosure of information constituting banking secrecy;
- 2010 – placing on the National Bank of Ukraine, in performing its main function – ensuring the stability of the monetary unit of Ukraine – the obligation to proceed from the priority of achieving and maintaining price stability in the state; the absence of an exhaustive list of other functions in the financial and credit sphere that the National Bank of Ukraine can perform within the limits of its competence defined by law;
- 2011 – acquisition by the National Bank of Ukraine of the function of carrying out banking regulation and supervision on an individual and consolidated basis;
- 2012 – acquisition by the National Bank of Ukraine of the functions of monopolizing the emission of the national currency of Ukraine and the organization of cash circulation; regulation of the activity of payment systems and settlement systems in Ukraine, determination of the order and forms of payments; determination of directions for the development of modern electronic banking technologies, creation and maintenance of functioning, development of the payment and accounting systems created by him, control of the creation of payment instruments, banking automation systems and means of protecting banking information;
- 2014 – strengthening of anti-legalization legislation and acquisition by the National Bank of Ukraine of the function of state regulation and supervision in the field of prevention and countermeasures against the legalization (laundering) of proceeds obtained through crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction by resident non-banking financial institutions that are payment organizations and/or members/participants of payment systems in terms of their provision of financial services for transferring funds on the basis of relevant licenses;
- 2015 – strengthening by the National Bank of Ukraine of the function of analyzing the state of the financial system regarding financial stability;
- 2017 – the acquisition by the National Bank of Ukraine of the function of cyber protection and information security in the banking system of Ukraine and for entities transferring funds; ensuring the formation and maintenance of a list of critical infrastructure objects, as well as a register of critical information infrastructure objects in the banking system of Ukraine;
- 2018 – replacement of the function of organizing and carrying out currency control over banks and other financial institutions that have received a license from the National Bank to carry out currency operations, to the function of carrying out currency supervision over banks, as well as non-banking financial institutions and postal operators, who received a license to carry out currency operations;
- 2019 – 2023 – acquisition by the National Bank of Ukraine of a security function, human rights protection, foreign policy, anti-corruption and expansion of the law-making function.

It is proved that during the period 1990-2023, the functions of the NBU in the conditions of martial law, crises and other adverse events for the state were expanded on the basis of the principle of "prerogatives" and "inalienable rights". It is obvious that in the period of Russia's hybrid and full-scale war against Ukraine, new dangers have intensified and other challenges have appeared, countering which under the existing current legislation and organizational and legal mechanisms turns out to be ineffective. Moreover, the intensification of the processes of economic shadowing and legalization (laundering) of incomes obtained in an illegal and criminal way led to the emergence of new tools for committing economic crimes, in which banks and banking institutions take an active part. Therefore, the need to supplement the existing functions of the NBU with new ones that take into account the challenges of modernity is justified.

ADDITIONAL INFORMATION

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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ЕВОЛЮЦІЯ ФУНКЦІЙ НАЦІОНАЛЬНОГО БАНКУ УКРАЇНИ: ЕКОНОМІКО-ПРАВОВЕ ДОСЛІДЖЕННЯ

Стаття присвячена проведенню комплексного економіко-правового аналізу еволюції функцій Національного банку України за період 1991-2023 рр. Надано авторське визначення функцій Національного банку України – це основні напрями й види діяльності Національного банку України в частині гарантій утвердження грошової одиниці, захисту прав та інтересів Національного банку й прав споживачів фінансових послуг, у тому числі й гарантування державної незалежності та національної безпеки. Установлене коло функцій Національного банку України: установча, безпекова, зовнішньополітична, зовнішньоекономічна, правозахисна, антикорупційна, програмна, правотворча, контрольна, кадрова. Доведено, що функції НБУ не є вичерпними – із часом можуть бути виявлені чи сформовані нові, а також, що вони еволюціонують. Методологію дослідження сформовано в межах використання економічного та правового підходів. Економічний підхід передбачає аналіз базового сценарію макроекономічного прогнозу Національного банку України, що ґрунтується на припущеннях про подальше проведення виважених монетарної та фіскальної політик, широкого спектра економічних і фінансових даних, які він використовує, розробляючи грошово-кредитну політику, здійснюючи контроль за її проведенням, а також які він використовує для макроекономічного аналізу, оцінки фінансової стабільності. Обґрунтовано, що при класифікації функцій Національного банку України за ознакою напрями його діяльності необхідно враховувати двоїсту природу НБУ: це водночас і центральний банк України (наділений чіткими функціями), і особливий центральний орган державного управління (Конституція України й чинне національне законодавство визначили його завдання, повноваження, функції та юридичний статус). Виявлено чинники, які вплинули на закріплення за НБУ нових функцій та виключення колишніх. Виділено основні періоди їхньої

еволюції та виявлені особливості кожного з етапів. Доведено, що протягом 1991-2023 рр. функції НБУ розширювалися на основі принципу «прерогатив» і «невід'ємних прав».

Ключові слова: Національний банк України, функція, грошова одиниця, орган державного управління, центральний банк, економічна самостійність, цінова стабільність, фінансова стабільність, економічне зростання

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