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## EVOLUTION OF SCIENTIFIC APPROACHES TO THE BANKING ACTIVITY DEFINITION

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**Annotation.** *The research is devoted to the analysis of worldwide scientific approaches evolution to the banking activities content which is closely related to the socio-economic development of the country. As a result of the survey, it is possible to state that banking activity becomes a focal point for numerous economic theories worldwide, i.e. mercantilism, physiocracy, classical political economy, neoclassical theory, etc. The analysis of literature on the topic reveals that representatives of national economic schools, starting from the 19<sup>th</sup> century, have also been actively studying the credit financial system. The existence of specific banking activity features which distinguish it from other types of economic activities is emphasised. The results of interaction of banks with households, enterprises and the state are substantiated.*

**Key words:** *bank, banking activity, banking system, specific features of banking activity, socio-economic development.*

The research is devoted to the analysis of worldwide scientific approaches evolution to the banking activities content which is closely related to the socio-economic development of the country. The article aims at scrutinising the boundaries of the terms “bank”, “banking activity”. To achieve the above aim, fundamental scientific works by foreign and national scholars are analysed.

As a result of the survey, it is possible to state that banking activity becomes a focal point for numerous economic theories worldwide, i.e. mercantilism (R. Cantillon, D. Hume, J. Macleod), physiocracy (A. Turgot), classical political economy (W. Petty, A. Smith, D. Ricardo), neoclassical theory (J. Schumpeter), etc. It was determined that representatives of those economic theories have significant disagreements about the definition and contents of the term “banking activity”. Though dating as far back as the 17<sup>th</sup> century the classical economic theories are still relevant and serve as a background and theoretical basis for modern surveys on the issue under consideration.

The paper also outlines views of national scholars on the issue raised. The analysis of literature on

the topic reveals that representatives of national economic schools, starting from the 19<sup>th</sup> century, have also been actively studying the credit financial system and their scientific theories are recognised worldwide. Among the scholars who greatly contributed to the development of the Ukrainian banking theory it is necessary to point out the following ones: M. Borodiansky, A. Antonovich, I. Vernadsky, M. Bunge, I. Franko and M. Tugan-Baranovsky. The analysis of the literature on the topic allows to arrive at conclusion that evolution of scientific approaches to understanding the essence of banks and banking activities is a process interconnected with a) the development of market economy; b) shifts in precepting the role of financial and credit system in the effective functioning of the economic system.

Finally, the article concentrates on current national views on the issue in question (Yu. Kholodna, O. Rats, V. Mischenko, S. Naumenkova, A. Moroz, M. Savluk, M. Pukhovkina, D. Sherbatykh, V. Bilyk, A. Buryak, P. Senich, V. Shpylovy, S. Fymyar). It becomes possible to distinguish various approaches to understanding the contents of modern banking activity which can be grouped into 2 sectors.

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