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FINANCIAL SECURITY OF BANKS UNDER THE CONDITIONS OF MARTIAL LAW

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Abstract. *In the conditions of military aggression, domestic banks lost a significant part of the client base, banking operations are directed largely to the maintenance of cash flows. Banks are forced to use the extension of repayment of credit debt, the sources for the formation of own resources have significantly decreased. Such a channel of replenishment of banks' resources as household savings is generally absent due to the increase in unemployment, decrease in incomes, and the appearance of additional expenses for medical needs and self-defense. The article identifies threats that affect the level of financial security of banks. It has been proven that today, military aggression is an extraordinary threat, which brings to the fore the threat of legalization of criminal income and financing of terrorism. It was determined that it is necessary to develop and implement a set of measures aimed at increasing the overall level of financial security of the banking system on the basis of the formation of the latest Comprehensive Program for Ensuring the Financial Security of Ukrainian Banks.*

Key words: *banking system, banks, indicator of financial security, threats, financial stability, financial security.*

The current state of development of banks is associated with threats posed by military aggression of the Russian Federation, constant outbreaks of the COVID-19 pandemic, the decline of the real sector of the economy, and imbalances in the macroeconomic environment. In these difficult conditions, banks are forced to use aggressive business policies in order to maintain financially stable and competitive positions in the market.

Therefore, the problem of ensuring the financial security of banks is quite urgent and should be considered as the main component of the state's national security.

At the same time, despite the significant scientific development, which presents the diversity and ambiguity of theoretical and methodological approaches to the problem of assessing and ensuring the financial security of banks, it is considered appropriate to synthesize, clarify and generalize such components as regulatory and legal support, analysis of the impact of the Russian military aggression on the real and financial sectors of the economy, determination of the trajectory of further functioning of banks from the point of view of their financial security.

The purpose of the article is to determine the newest vector of ensuring the financial security of banks.

2022 was a very difficult year for Ukrainian banks. Despite the fact that during the 10 months of martial law in 2022, corporate businesses and households leave money on deposits, but the situation with the return of loans has worsened.

The current state of domestic banks best reflects the complex events in the Ukrainian economy, which is suffering from Russian aggression. Since the beginning of 2022, the profits of banks have decreased more than seven times. And the continuation of hostilities in 2023 means that without a number of anti-crisis measures - recapitalization from shareholders or state support programs - the banking sector will face a number of bankruptcies. Thus, since last year, the number of operating banks has decreased by 4 units, including 3 banks with foreign capital.

The main threats specific to Ukrainian banks are highlighted. It has been proven that the level of security in the banking sector in 2022 has significantly decreased compared to previous years, and amounted to 49.54%. Therefore, the system of indicators, which are confirmed by analytical calculations and have a quantitative expression, make it possible to signal danger in advance and develop preventive and reactive measures from the standpoint of ensuring financial security at the macro- and microeconomic levels.

Thus, ensuring the financial security of banks during the martial law in Ukraine requires drastic transformational measures from both the banks themselves and the regulator. This is related to the changes taking place in the market of banking services due to the emergence of problems regarding the resource provision of banks, their financial stability and the introduction of additional regulatory measures by the NBU. Therefore, today there is a need for the development of a new paradigm of financial security of the banking sector of the Ukrainian economy, which would focus on solving such issues as: regulation of the regulatory and legal field regarding financial security; details of the threats that arose during the military aggression of the Russian Federation; revision of methodical approaches for assessing the financial security of banks by components (resource, currency, credit and investment, security of liquidity and profitability); development of risk minimization programs related to the digitalization of banking business; infrastructural reconstruction of the banking sector itself.

Therefore, ensuring the financial security of banks in a state of war requires the further definition of the legal basis for the stable functioning of the banking system, which ultimately affects the national security of the state.

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