

MODERN ASPECTS OF INTERACTION BETWEEN BANKS AND INSURANCE COMPANIES

POPOVYCH Dariya

*PhD. in Economics, Associate Professor,
Associate Professor of the Department of Financial Management,
Ivan Franko National University of Lviv
ORCID ID: 0000-0001-6158-444X*

HNATYUK Vladyslava

*Student of Master's degree
Ivan Franko National University of Lviv
ORCID ID: 0009-0005-0638-509X*

Abstract. *The article examines the necessity of further developing the interaction between the banking and insurance markets, as the processes of capital concentration are rapidly intensifying in the global environment. Financial and credit institutions operate under fierce competition and strive to meet the widest possible range of customer needs.*

Key words: *bank, insurance company, bancassurance.*

The article examines the necessity of further developing the interaction between the banking and insurance markets, as global capital concentration processes are intensifying rapidly. Financial and credit institutions operate in a highly competitive environment and strive to meet a broad range of customer needs.

The cooperation between banks and insurance companies in the financial services market has significant potential for increasing volumes and expanding directions. It is expected that joint efforts will be beneficial for both commercial banks and insurance companies. At the same time, insurers stand to gain from an increased market share, which should help balance the influence of both players in the long run. In Ukraine, however, this potential is only partially utilized and remains in a highly limited form of cooperation.

The further development of close cooperation is hindered by several objective factors: the war, the overall economic decline of the country, the need to operate in uncertain conditions, the devaluation of the national currency and the depreciation of savings in hryvnia, as well as the decline in household incomes against the backdrop of rapid inflation.

Commercial banks also report unprofitable operations due to the consequences of the war and lower income from loan repayments. Currently, Ukraine urgently needs swift and effective solutions for financing the construction of new housing, restoring infrastructure facilities, and expanding insurance coverage. Therefore, it is reasonable to conclude that, at this stage, cooperation among key financial market participants, coordinated by the market and the Regulator, is of utmost importance.

At the same time, challenges in the development of integration relations among Ukrainian financial intermediaries are becoming particularly acute, especially at the legislative level. For this reason, the National Bank of Ukraine, as a mega-regulatory body,

must support the strengthening of the supervision system for banks and insurance companies.

Thus, addressing the current challenges in integrating Ukraine's banking and insurance sectors will enhance transparency in the relationship between banks and insurance companies. In the long run, provided the security situation in Ukraine stabilizes, this will help reduce fluctuations in the development of the entire financial sector of the national economy. Additionally, it will contribute to achieving the National Bank of Ukraine's objectives, including improving financial security, increasing the share of insurance in GDP to 2%, and raising the share of life insurance premiums in the overall insurance premium structure to 20%.

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