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THE INFLUENCE OF FOREIGN CAPITAL ON THE FINANCIAL ACTIVITIES OF THE BANKING SYSTEM OF UKRAINE IN WAR CONDITIONS

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Abstract. *The article examines the concept of “bank with foreign capital” in accordance with the current legislation of Ukraine, analyzes the dynamics of the number of commercial banks in Ukraine, as well as their branches, and determines the share of banks with foreign capital. The performance indicators of Ukrainian banks by banking groups for 2021-2026 are presented and analyzed. The share of assets of banks with foreign capital in the banking sector of Ukraine is studied. Based on the analysis, the positive and negative effects of foreign capital on the financial activities of the banking system of Ukraine are identified, and its role in post-war reconstruction is also determined.*

Keywords: *foreign capital, banking system, bank with foreign capital, banking groups, assets.*

The article examines the role of foreign capital in the functioning of the banking system of Ukraine in the conditions of a full-scale war. Changes in the number of banks and their branches, financial indicators of banking groups, the share of foreign capital in the sector's assets, as well as its positive and negative consequences for the country's financial stability are analyzed.

The relevance of the topic is due to the fact that during the war, the banking system of Ukraine operates in conditions of high risks: economic instability, reduced solvency of clients, currency fluctuations and credit losses. In such conditions, foreign capital can act as an important source of liquidity, trust and stability, but at the same time creates dependence on external financial resources.

According to the legislation, a bank with foreign capital is a bank in which the share of capital owned by at least one foreign investor is at least 10 percent.

During 2021-2026, the number of banks in Ukraine decreased from 73 to 60, and the number of banks with foreign capital from 33 to 26. The reduction is largely due to the withdrawal of banks with Russian capital from the market and the general consolidation of the sector. At the same time, their share remained relatively stable - about 42-46%, which indicates the continued interest of international financial groups in the Ukrainian market even during the war period.

Significant changes occurred in the network of bank branches: their total number significantly decreased due to the digitalization of services, cost optimization and destruction of infrastructure. At the same time, branches of banks with foreign capital decreased more slowly, which led to an increase in their relative share.

An analysis of financial indicators showed that banks of foreign banking groups generally increased assets, liabilities and equity, although the growth rates were lower than those of private banks. This indicates a more cautious and conservative risk management policy. At the same time, the share of their assets in the banking system has decreased - from approximately 35% to about 26%, which means a decrease in their participation in lending and attracting resources.

Foreign capital has both positive and negative effects. Positive effects include increased financial stability, attracting investments, developing competition, introducing modern technologies and integrating into the global financial space. Negative effects include dependence on external sources of financing, the risk of capital outflow, currency risks and the possible crowding out of national banks.

In the post-war period, foreign capital can play an important role in the reconstruction of Ukraine, providing access to international financial resources and supporting investment processes. At the same time, the effective development of the banking system requires a balanced combination of foreign and national capital.

Thus, the impact of foreign capital on the banking system of Ukraine in wartime is contradictory, but generally stabilizing. It helps maintain the functionality of the financial sector and creates the prerequisites for economic recovery, although it requires a balanced state policy to minimize the associated risks.

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