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## **PROBLEMS OF STATE STIMULATION OF BANK LENDING TO INNOVATIVE DEVELOPMENT OF UKRAINIAN ECONOMY**

*The thesis is devoted to the problems of institutional support of bank lending for innovative projects. The implementation of programs and measures of the National Bank of Ukraine and the Cabinet of Ministers of Ukraine has been studied. Sources of incentives for banks to lend to the real sector of economy have been identified.*

**Key words:** *innovative development of economy, state, stimulation, bank lending.*

In modern conditions of innovation development in Ukraine the issues related to the expansion of funding for innovative projects of state importance, which are formed and implemented in priority areas to address the systemic problems in the socio-economic development of the country become especially relevant [1, p. 14]. In the long run, they will ensure sustainable economic growth and economic diversification. In this regard, the importance of bank lending is updated, along with other tools for stimulating innovative projects.

It should be noted that the transition to an innovative model of Ukraine's development is ensured by measures to modernize the economy, import substitution, and active integration into the world economy. This requires significant investments, which are insufficient in Ukraine. In recent years the dynamics of capital investment in the domestic economy has been characterized by unstable trends. Among the main factors influencing the formation of these trends are the following: structural disparities in investment activities, imperfect legal framework, burdensome taxation system, instability of the national currency, loss of trust in the banking sector, inability to attract credit resources due to their high cost and low transformation of the population's savings and business profits in investment, the uncertainty of the economic situation in the country. It should also be noted that the problems that have been characteristic of Ukrainian industry in recent years have not been resolved, which leads to the search for alternative sources of funding for innovative projects.

According to the experience of developed countries, the processes of economic modernization are provided by governments and are accompanied by the creation of the most favorable conditions for innovative initiatives, such as soft loans, tax breaks and more. Supporters of John M. Keynes believe that only the joint coordinated activities of the government with the Central Bank can bring the economy out of recession, increasing costs and easing monetary policy.

Thus, in accordance with the Strategy for the Development of the Banking System 2016-2020 “Synergy of Banking Development and Industrialization of the Economy” [2], hereinafter the Strategy, a system of measures to stimulate bank lending to finance the industrial development of Ukraine has been formed. It should be noted that the effectiveness of the Strategy implementation largely depends on the coordination of joint programs and activities of the National Bank of Ukraine and the Cabinet of Ministers of Ukraine. This involves the development of a comprehensive program of bank lending to priority areas of economic development. According to the Strategy, the main source of incentives for banks to lend to the real sector is structural refinancing by the National Bank of Ukraine (funding for lending scheme). State-owned banks, in particular the Development Bank, PJSC “Ukreximbank”, PJSC “Oschadbank” and other banks, have been identified to implement targeted financing of priority development programs. The Development Bank has been identified as the main institution for providing long-term financing. PJSC “Ukreximbank” is identified as the main intermediary in the organization of lending to priority areas of exports of goods and services with high added value and imports of new technologies. A key organizational role in stimulating the development of exports of high value-added goods was given to PJSC “Export Credit Agency” [2] to attract public and private institutions, including financial ones.

Based on the fact that the deadline for the tasks of the current Strategy is coming to an end, therefore, to determine the results of banks` participation in lending to the country's economic development, a study was conducted on the implementation of the declared measures.

In Ukraine during 2016-2019, no mechanism was created for structural refinancing by the National Bank of Ukraine of both state-owned banks and the Development Bank, as an agent for allocating financial resources of the state and international financial organizations to lend to investment projects in the list of priority sectors. The implementation of national priorities is based on the financial resources of the state using the resources of external sources of financing with the participation of international financial organizations, state banks (JSC “Ukreximbank”, JSC “Oschadbank” and PJSC “UkrGasBank”) and private banks. It should be noted that Ukraine is in such a financial and economic situation that one of the tools to get out of it, along with the rigorous implementation of reforms, can only be fruitful cooperation with international financial organizations. At the same time, the format of such cooperation should be based solely on the national interests of the country.

Taking into account that the National Bank of Ukraine does not analyze the participation of banks in external financing processes, the authors used data from the Ministry of Economic Development and Trade and the Ministry of Finance of Ukraine. Among the total number of donor support programs and projects for the formation of an effective industrial policy of Ukraine, it is possible to assess the participation of banks in the implementation of the Strategy for Small and Medium Business Development [3]. Thus, the Eastern Partnership implements several flagship initiatives aimed at promoting the development of small and medium-sized enterprises, energy, environment, emergencies, integrated border management and sustainable municipal development. During 2018-2020, it is planned to spend 20% of the total amount of aid

on this sector (86.76 million euros – 106.04 million euros) [3, p. 7]. However, among the 40 development projects (including 8 donor support programs of the Eastern Partnership in Business Development and Export – Small and Medium Business Development), only one is aimed at supporting enterprises focused on innovative development (investment in new technologies). It should also be noted that the areas of institutional support for Ukraine`s competitiveness related to economic growth in industry (introduction of modern innovative industrial technologies), increasing the innovation component and modernization of industry (research and development in priority areas of science and technology, modernization of industrial sector of economy) are not marked as a priority for financing in Ukraine by International Financial Institutions.

According to the results of the study, we draw conclusions about the institutional unpreparedness of domestic economic agents, in particular banks, to participate in the implementation of an innovative model of economic development. Analysis of areas of cooperation between commercial banks and enterprises in developed countries provides an opportunity to state that the implementation of innovative projects by Ukrainian industrial enterprises is possible due to the application of project financing schemes.

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