

Section 12. Financing, insurance and insurance right: innovation-investment strategy.

Koicheva D.S., Student,

Odessa National Economic University,

Odessa, Ukraine

Kretov D.Y., Candidate of Economic Sciences, Lecturer

Odessa National Economic University,

Odessa, Ukraine

FEATURES OF DEVELOPMENT OF THE MORTGAGE MARKET IN UKRAINE

Mortgage lending and its organization occupy an important place in the economic system of many countries of the world. Mortgages are an important factor in increasing investment in the economies of developing countries and ensuring their rapid growth. Effective functioning of the national mortgage model helps to improve the living conditions of the population, affects the country's economy by stimulating demand in the real estate market, which in turn develops the construction industry.

In Ukraine mortgage lending requires careful processing of a wide range of problems. First of all, this is due to the fact that all sectors of society are trying to function effectively, and without the development of banking infrastructure, especially mortgage lending, it is impossible to achieve the welfare of the population. Also, the effects of the economic crisis, which was a prerequisite for the 2014 political crisis and the eastern war, made some adjustments to the development of domestic mortgage lending, which led to its slowdown and imbalance throughout the banking sector. That is why the revival of the mortgage institution, the creation of a developed mortgage market in the country, with the support of the state in the first place, is an objective necessity that should become a catalyst for economic growth, the creation of new industries and jobs. In Ukraine mortgage lending requires careful processing of a wide range of

problems. First of all, this is due to the fact that all sectors of society are trying to function effectively, and without the development of banking infrastructure, especially mortgage lending, it is impossible to achieve the welfare of the population. Also, the effects of the economic crisis, which was a prerequisite for the 2014 political crisis and the eastern war, made some adjustments to the development of domestic mortgage lending, which led to its slowdown and imbalance throughout the banking sector. That is why the revival of the mortgage institution, the creation of a developed mortgage market in the country, with the support of the state in the first place, is an objective necessity that should become a catalyst for economic growth, the creation of new industries and jobs.

The purpose of the article is to generalize the peculiarities of the development of the mortgage market in Ukraine, to analyze mortgage lending systems, to investigate the crisis phenomena and to determine the extent of their influence on the trends of mortgage lending in Ukraine.

The research in the field of mortgage lending is devoted to a fairly large number of works by scholars such as foreign B. Butler, I. Bernard, L. Guitman, R. Miller, F. Fobotzi, G. Harrison, J. Hart and A. Afanasyev, N. Timochko, I. Mikhailovskaya, S. Mohernogo, V. Busel, V. Lyashenko, L. Kuznetsova, V. Podchesova, O. Rudi and others.

Presenting main material. In developed world, mortgage loans are an effective tool for a market economy that stimulates the construction of new facilities, the formation of the real estate market and securities. Housing mortgage lending has become most popular, the main purpose of which is the creation of an effective system of affordable housing for middle-income citizens based on market-based housing acquisition at the expense of their own funds and long-term mortgage loans.

Effective functioning of the national mortgage model helps to improve the living conditions of the population, affects the country's economy by stimulating demand in the real estate market, which in turn develops the construction industry.

According to expert estimates, each hryvna, invested in housing construction, gives 2,5-3 hryvnas of GDP growth.

The normal functioning of the mortgage financial system has a lot of positive - its cheap long-term loans, and growing volumes of housing construction, meeting the demand for housing. According to international experts, the development of the economy in the country can take place in two scenarios: when the mortgage market develops normally, its volumes grow, increase, or there is a situation in which there are factors inhibiting the growth dynamics, that is, the mortgage market simply does not exist [2]. In the mortgage market, relationships should be built on the trust of creditors, investors, borrowers.

It is possible to distinguish the following purely financial functions performed by the mortgage market:

- The first - combines small, disparate savings of the population, state structures, private business, and foreign investors creates large monetary funds;

- The second one - transforms funds into loan capital, which provides financing for the branches of the national economy, providing loans to the population for solving its consumer and residential needs;

- The third - distributes shares of participants of capital. It should be noted that the mortgage market differs from other financial markets by the fact that all obligations that it is rotated are secured with real estate. This is due to its fourth function - the effective use and development of the real estate market. The said market not only distributes real estate and in order to rationally use it, but also contributes to investing in it [1, c. 59].

Ukraine is currently experiencing a financial crisis, the main causes of which are: the burden of external debt, the large current account deficit and the weakness of the banking sector. For the period of 2007-2015, the volume of loans granted by Ukrainian consumer loans decreased by 8,8% (Fig. 1).

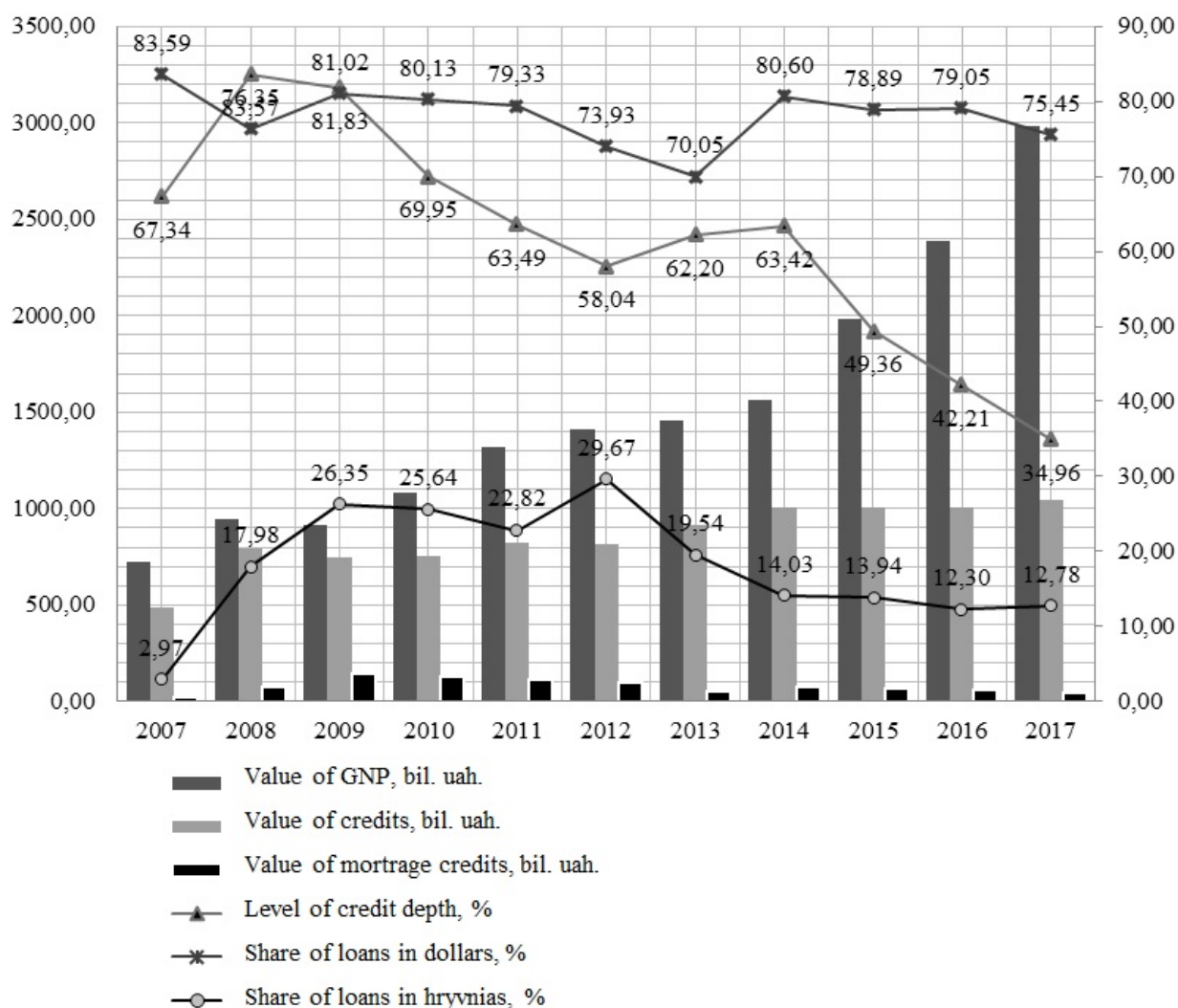


Fig. 1. The dynamics of mortgage loans provided by Ukraine for the period 2007-2018 is calculated on the basis of data [2]

As experts note, by September 2008, the Ukrainian banking system was fairly stable and had some confidence in the population, which affected the volume of consumer lending despite the acute phase of the global financial crisis of 2007-2008. And already in 2009, the amount of consumer loans issued decreased by 26,32%. The systemic financial crisis of 2014-2015 led to a 22,43% reduction in consumer loans.

With regard to mortgage lending, then for the period 2007-2017 the size of the latter fell by 17,55%. That is, the global financial crisis of 2008 did not affect the Ukrainian banking market, since the failure to return mortgage loans was not of a mass character, and the sum itself was only 15 percent of GDP, while in the US - 75. It should be noted separately that for 2007-2017 the amount of issued mortgages up to one year increased by almost 2,35 times.

The tools and institutions for attracting long-term financial resources are the basis for effective work of the mortgage and consumer lending system. In particular, expanding the volume of attracted resources, reducing their value in developed countries has allowed to reduce the cost of mortgages. In the context of the current financial crisis in Ukraine, from the point of view of lenders, the problem is that borrowers, due to the unfavorable socio-economic situation, can not repay loans in a timely manner, which leads to an increase in the risk of non-repayment of loans and lower liquidity of banks [3, p. 115]. In terms of borrowers, the main problem is high interest rates on loans and in terms of lending in foreign currency - there is a risk of currency appreciation.

Investigating the problems of mortgage lending, we came to the conclusion that the situation of mortgage lending in Ukraine entirely depends on the economic and political situation that exists in the country. At the present stage, it is very important to carry out a banking reform to eliminate the primary problems of mortgage development, therefore, we focus on the assistance of the state, since it is this financial support that will enable to effectively implement and establish the mechanism of mortgage lending, make it accessible to the public and on the basis of it increase the total amount of mortgage lending, which in turn will give an impetus to increase the growth of the economy in general.

Literature:

1. Kryvenko V. Mortgage market of Ukraine in the conditions of the global financial crisis / V. Kryvenko // Theoretical and practical issues of the economy. - zb. sciences works of KNU them. T. Shevchenko. - 2011. - №24. - P. 57-62.
2. The official Internet representation of the National Bank of Ukraine. - [Electronic resource]. - Mode of access: www.bank.gov.ua
3. Bank lending to the corporate sector of the economy under cyclic conditions: monograph / L.V. Kuznetsova, L.V.Zherdetska, D.Yu.Kretov [and others.] / Ed. L.V. Kuznetsova. - Kharkiv: "Dis Plus", 2018. - 280 p.