

THE ROLE OF THE NATIONAL BANK OF UKRAINE IN ESTABLISHING THE FINANCIAL INDEPENDENCE OF THE STATE

У роботі розглянуто еволюцію ролі Національного банку України у процесі становлення фінансової незалежності держави. Проаналізовано теоретичні підходи до розуміння фінансової автономії, окреслено інституційні зміни в діяльності НБУ та його сучасний вплив на стабільність національної валюти, монетарну політику й фінансову систему.

Ключові слова: Національний банк України, фінансова незалежність, монетарна політика, валютна стабільність.

The paper examines the evolution of the role of the National Bank of Ukraine in the process of establishing the financial independence of the state. It analyzes theoretical approaches to understanding financial autonomy, outlines institutional changes in the activities of the NBU and its current impact on the stability of the national currency, monetary policy, and the financial system.

Keywords: National Bank of Ukraine, financial independence, monetary policy, currency stability.

The issue of Ukraine's financial independence is directly linked to its political and economic sovereignty. Financial independence is the ability of a state to independently shape its monetary, fiscal, and currency policies without critical external dependence. In this process, the central bank acts as the main institution that transforms economic stability into political autonomy.

In modern scientific tradition, three main forms of central bank independence are distinguished: institutional, operational, and financial. Institutional independence means protection from political influence, operational independence means freedom in the choice of monetary instruments, and financial independence means autonomy in the use of own resources. All three aspects are crucial for Ukraine, as a transitional economy requires both flexibility and stability.

Historically, the National Bank of Ukraine emerged in the context of Ukraine's declaration of independence. This is partly due to two stages: first, the activities of the banking system of the Ukrainian People's Republic in the early 20th century and the introduction of the national currency. According to historical data, on December 22, 1917, the Central Council of Ukraine passed a law on the transition of the Kyiv branch of the State Bank of Russia to the status of the state bank of Ukraine. The modern structure of the NBU was formed after the adoption of the Law "On Banks and Banking Activities" on March 20, 1991, which officially recognized the branch of the USSR bank in Ukraine as the Bank of Ukraine and granted it the status of an issuing center [1]. Legislatively, the adoption of the Law of Ukraine "On the National Bank of Ukraine" on May 20, 1999, was key. After that, the NBU began to form its own monetary regulation policy, manage foreign exchange reserves, and exercise banking supervision. In 2021, parliament passed legislative changes (Law No. 5850) regarding the NBU's activities, which, according to the regulator itself, create conditions for greater financial independence and professional management of foreign reserves [2].

During these transformations, the NBU faced key challenges: global (the global financial crisis, the COVID-19 pandemic, the full-scale invasion by the Russian Federation in 2022) and domestic (inflation, devaluation of the hryvnia, dependence on external financing, weak banking system). In response, the regulator applied monetary policy instruments, strengthened foreign exchange reserves, cleaned up the banking sector, and, in the context of war, changed its operating mode (for example, temporarily abandoning the usual inflation targeting system) [3]. Ukraine's international reserves as of October 1, 2025, amounted to \$46.5 billion, a record high in recent years [4]. This made it possible to ensure the stability of the hryvnia exchange rate, which is maintained

at around 41–42 UAH per US dollar. The historical dynamics of the NBU's role demonstrate its evolution from a purely functional central bank to an instrument through which the state strengthens its financial autonomy.

Monetary policy remains a key tool for strengthening financial autonomy. As of 2025, the discount rate stands at 15.5%, which is a compromise between the need to curb inflation (11.9%) and support business activity [5]. This policy allows for price control without external interference from the IMF or other creditors.

Foreign exchange reserves ensure the state's resilience to external shocks, while banking supervision ensures the stability of the domestic financial system. After the banking sector was cleaned up in 2016–2017, its capitalization increased and public confidence in banks was restored. The NBU's institutional independence from political influence has become a guarantee of predictable monetary policy. It is precisely through the combination of monetary, currency, and supervisory functions that the NBU directly influences the level of the state's financial independence.

Despite its successes, Ukraine remains dependent on external financing. More than 40% of government spending is covered by international partners, which reduces the autonomy of fiscal policy. In addition, the war poses threats to macrofinancial stability, from fluctuations in grain exports to energy attacks that provoke inflationary pressures. Scientific observations show that the level of independence of the central bank in transition countries directly affects the effectiveness of monetary policy. Therefore, further strengthening the institutional capacity of the NBU is a prerequisite for reducing the external vulnerability of the state.

Today, Ukraine's financial independence is not only a macroeconomic indicator but also a manifestation of state maturity. In this process, the National Bank acts not as an arbitrator, but as the creator of a new financial reality, where the stability of the hryvnia becomes a symbol of the stability of society. The NBU has already proven that it can act autonomously even in crisis conditions, but true independence is measured not only by formal laws, but also by the trust of citizens. Therefore, the financial independence of the state begins not in the halls of parliament, but in the minds of those who believe in their own currency. And it is because of this trust that the National Bank becomes not just a financial institution, but part of the national identity.

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