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## **THE ANALYSIS OF INDEPENDENCE AND TRANSPARENCY OF THE NATIONAL BANK OF UKRAINE**

Today, we have a very difficult economic and political situation in Ukraine. Ukrainians do not trust the authorities, including its monetary regulator. The communication policy of the National Bank of Ukraine is not carried out properly. The main reason of this is the lack of transparency of NBU. At the same time, insufficient level of NBU independence increases current problems. We should remember that independence and transparency are the determinants of the effectiveness of central bank monetary policy.

Independent central bank is the bank that makes monetary decisions independently without pressure of government agencies. It is characterized by a wide range of responsibilities and liabilities.

Central bank transparency is open access to its information for all stakeholders (lenders, borrowers, investors and the public) in a usable form (oral or written statements, publications, reports, etc.) with the help of which economic agents form their expectations and behaviour. It is characterized

by openness, accessibility, clarity, completeness, timeliness and wholeness of the information.

While the level of central bank independence can be different in various countries and there is no need to change it, there is no doubt that the level of the central bank transparency should be increased. In international researches there was noticed the following trend: transparency is increased by those central banks that have a low level of independence and a low level of credibility. Information disclosure stimulates the regulator to take into account the interests of economic actors and to act appropriately and also to take responsibility for its monetary decisions. Only having increased transparency, the central bank can increase its independence and act more independently. That is why first of all we should work on the level of transparency and after that central bank is allowed to increase its independence.

According to our research, we can conclude that the National Bank of Ukraine is not independent because it is significantly influenced by the

government. At the same time, transparency of NBU does not reach even half of its potential level. All these factors negatively affect conduction of the monetary policy. In order to solve the problem, NBU should apply a systematic approach together with increasing public credibility. To achieve this goal, the economic actors should become the main focus of attention of NBU's activity. If the particular economic actor gets enough information and understands what to expect in the future, its decisions regarding consumption, savings, investment etc. become more rational. NBU should be responsible for its monetary decisions to all members of the society, it should provide more transparent and coherent monetary policy, it must have well-adjusted mechanisms of accountability and perform reasonable communication policy etc.