

**Onyshchenko Yu.I.,**  
Candidate of Economic Sciences, Associate Professor,  
Department of Banking,  
Odessa National Economic University

## **BANKING BUSINESS MODELS IN UKRAINIAN BANKING SYSTEM**

The purpose of the paper is to work out and characterize bank business models that are formed in Ukraine. Our research we will spend among banks that are functioning on the Ukrainian financial market and are not on the stage of liquidation, so the sample under study in our work is comprised of 131 banks which are different in their ownership structure and size. The core of the methodology is a statistical clustering algorithm that allows identifying the groups of banks (clusters) with similar business models as banks with similar business model strategies have made similar choices regarding the composition of their assets and liabilities. The cluster analyses were taken on the base of seven chosen indicators: bank loans, bank liabilities, enterprise loans, enterprise liabilities, household loans, household liabilities and trading assets.

The traditional business model of bank is worked out. The bank business models that are functioning in Ukraine are identified on the base of cluster analyses using balance sheet characteristics of 131 Ukrainian

banks. We find that in Ukraine were formed three types of bank business models: "Focused retail", "Diversified retail" and "Corporative retail". The description of each model is given.

More detailed research of distinguished models allows not only to find out the main advantages and disadvantages of each bank model, but also the main problems that follow the development of Ukrainian banking sector. Identifying of bank models and their studying simplifies searching and elaboration of regulatory instruments as there is a two-way causation between regulation and bank business models. This implies a symbiotic relationship between regulation and bank business models: business models respond to regulation which in turn responds to the evolution of new business models.

Such survey is conducted at the first time among Ukrainian banks. The main differences which are between European and Ukrainian bank business models are marked out. Recommendations concerning improving of bank business models in Ukraine are given.