

How Ukraine's financial sector fought back

Despite relentless attacks and deep economic disruption, Ukraine's financial system remains stable — a feat of resilience built on rapid reforms, digital innovation, and international partnerships that are quietly reshaping the country's postwar future.



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There are the obvious operational challenges of running banks, insurers and financial advisors when the bombs are falling: staff safety and availability is a constant challenge and Russian attacks on infrastructure mean blackouts, energy supply uncertainty, communications disruption and physical damage to premises are frequent occurrences. Many firms have also been subject to Russian cyber-attacks and, as a result, have some of the most robust systems in the world for dealing with those.

The success of Ukraine in maintaining a stable financial system was highlighted in a recent report from the Organisation for Economic Co-operation and Development (OECD): “Three years into Russia’s war of aggression, Ukraine continues to show strong resilience. Despite the ongoing hostilities, policy makers and regulators are continuing to work hard to ensure the stability and resilience of the financial system, and to support households and businesses. At the same

time, they are progressing reforms to increase transparency, accountability, and efficiency in the regulatory framework for financial markets and corporate governance, in line with international standards and in partnership with multilateral organisations and partner countries.” Behind this there is an impressive story of innovation in redesigning operational models, especially moving customer contact and service online. This a matter of great pride to Ukrainians.

Keeping the lights on

Olena Sotnyk, Managing Director Rasmussen Global Ukraine, policy adviser to Ukraine’s deputy prime minister for European integration and a former member of Ukraine’s national parliament, told a recent event in London that the war accelerated the pace of digitisation of much of Ukrainian society and business, something that was happening already as the country

invested in modernisation to shake-off the legacy of the Soviet-era bureaucracy.

“I can see, because I work in this area, how even very

old style institutions are ready to change quickly. They are ready to sacrifice their business-as-usual [models] and that has created momentum for Ukraine to switch from the heritage of Soviet Union legacy to a really western model.

“We already have something which even the European Union doesn’t have with digitalisation as that has helped to digitalise the whole country, because when you can’t physically get services or when you can’t physically get documents, approvals etc, you look for more efficient ways in how to do that. Digitalisation is one of the answers we have.” This is not to underestimate the dislocation to business life that occurred when the bombs started falling in February 2022, as Alina Golubieva, CEO, Co-founder at Karpatia Benefits, a financial advisor and insurance firm based in Kyiv, described: “We had a few clients in Kharkiv, we had clients in Kherson and in Mykolaiv, which wasn’t invaded, but still badly affected. And we had a lot of clients with employees in Mariupol as well. So basically, they relocated to either other parts, or we just saw the numbers there drop drastically.

“So, for example, one of our clients, they had about 600 people in Kharkiv. Now it is only 50 people and 200 people are in other »

“**THE WAR ACCELERATED THE PACE OF DIGITISATION OF MUCH OF UKRAINIAN SOCIETY AND BUSINESS**”

» parts of Ukraine. Some of the people are relocated outside of Ukraine, but the war affected business immensely.”

Golubieva says they had no idea what impact the war was going to have on their business: “We were expecting to lose about 80 percent of our portfolio, but we lost only 30 percent because we haven’t stopped working and we are a digital business. Every day we were online and we were answering clients’ questions.

“It was an amazing team effort. On February 24, 2022 we regrouped quickly. Some of our people relocated to safer areas of Ukraine if they were able to. We didn’t store any paper-based agreements or anything like that. So we closed the office for two months and it didn’t affect our work at all.

“A lot of our clients relocated their teams outside of Ukraine as well. Because mainly we focused on the IT sector, there were companies that could afford to create hubs outside of Ukraine, from Poland to Spain or Germany,” Golubieva explained.

None of this would have been possible if major adjustments hadn’t been made to the way firms were regulated and the flow of capital maintained: in short, a rapid re-shaping of the whole financial eco-system.

Banking under bombardment

The National Bank of Ukraine (NBU) immediately put the banking system on a war-footing, implementing a range of controls on capital flows, as well as foreign exchange outflows. The NBU also relaxed some regulations around loan forbearance and grace periods, encouraging restructuring of loans where appropriate.

This was against a background of rapid transformation of the country’s banking sector as the nation slowly emerged from the trauma of the Revolution of Dignity, also known as the Maidan Revolution, in early 2014. The banking sector was very fragmented with many smaller banks that were not well capitalised. By the outbreak of the war there were still 71 banks operating in Ukraine. Five of the largest of these were Russian controlled with one, Alfa Bank, which had a 3.2 percent market share, attempting to rebrand itself as Sense Bank. This failed to satisfy the NBU which nationalised it in July 2023 as it was still deemed to have too strong ownership ties to Russia.

The insurance sector was also impacted by the withdrawal of firms identified as being controlled from Russia. Providna, one of the largest insurance companies in Ukraine, couldn’t provide the proof of beneficiaries to the regulator and had its licence cancelled by the NBU in March 2023, along with that of



Above Alina Golubieva, CEO, Co-founder at Karpatia Benefits

another Russian-controlled insurer, Ingosstrakh. The insurance subsidiary of Alfa also had its licence cancelled.

Overall, 23 insurers have withdrawn from the market as the Ukrainian regulator, worried about the viability of firms potentially facing increased losses, accelerated plans to tighten capital requirements.

The greater state involvement in the banking sector has helped deliver stability but will need to be addressed once the war has ended, said Alexander Pivovarsky and Ralph De Haas from the European Bank of Reconstruction and Development (EBRD) in a recent report for the Centre for Economic Policy Research: “Deepening Ukraine’s banking sector will require the privatisation of most of its main state lenders, which will account for an even greater majority of all banking assets after the war. An important problem to be addressed urgently is that state banks remain reluctant to write off or restructure debt in a way that would reduce the value of any (collateralised) state assets. While there is no legal restriction on financial restructuring by state banks, in practice the perception is that any loan restructuring that entails a (partial) write-off may be challenged by law enforcement agencies and considered as misappropriation or damage to state property.”

The NBU also moved quickly to ensure access to banking services was maintained through an initiative called Power Banking, launched by the NBU Governor Andriy Pyshnyy, who described the initiative in a report to the International Monetary Fund:

“**WE ARE SENDING A CLEAR SIGNAL: UKRAINE IS ACTIVELY LOOKING FOR WAYS TO REDUCE RISKS FOR BUSINESS**”

Centre People block Khreshchatyk Street for a minute of silence in memory of fallen Ukrainian soldiers

Right Andriy Pyshnyy, Governor of the National Bank of Ukraine



“This includes the creation of one network of branches of systematically important banks in Ukraine. We are talking about over 1,000 branches in 200 cities and villages. These branches are expected to function as one network. We are developing operational solutions to support this network, even under blackout conditions, with backup electricity, connectivity, and cash. Nothing comparable has ever been implemented anywhere in the world.”

This was supplemented with a drive to rid banks of dependence on software and systems developed by Russian or Belarussian companies, part of the building of greater resilience against the anticipated cyber-attacks. Financing investment by Ukraine’s already well-developed IT sector was deemed a priority to facilitate this process.

The Power Banking initiative is now being developed into a longer-term programme, looking beyond the war, which the NBU has labelled ‘financially inclusive banks.’ There are still regions near the frontline and re-occupied regions where the branches of most banks do not operate fully.

The NBU therefore intends to enable large retail and postal service companies that have branch networks near the frontline to create a bank with a limited banking licence that will



\$38bn

Amount that the World Bank mobilised in emergency financing

\$486bn

Estimated cost for recovery and reconstruction over a decade

be able to use the infrastructure available to a group, ensuring access to financial services for local residents and small businesses.

The world steps in

In the first year of the war the World Bank mobilised \$38bn in emergency financing, commitments, and pledges, including grants, guarantees, and linked parallel financing from the US, UK, Canada, European countries and Japan. Much of this was used to ensure that state pensions and state employees were paid on time, with the target of 98.5 percent of pension payments easily met.

Meanwhile, the mainstream banks have continued to build greater resilience into their businesses. Loans as a share of bank assets dropped from 36 percent in December 2021 to 23.6 percent in 2024. Liquid instruments, such as cash, and deposits at NBU rose from 27.1 percent to 43 percent over same period. This suggests caution and contingency planning are still the order of the day.

In August 2025, the Ukraine Ministry of Finance published a revised national financial sector development strategy which explicitly includes upgrading capital markets infrastructure and consolidation of accounting and trading infrastructure with a core aim of

attracting foreign investors. It also commits the NBU to align regulation with the European Union and continue to improve transparency and eliminate any remaining pockets of corruption, a legacy of Russian influence according to the Ministry.

Alongside Western governments and institutions, western financial institutions have also stepped into provide vital support.

Local insurers were struggling to access the international reinsurance market so US insurance broker giant Aon and the European Bank of Reconstruction and Development put a scheme together to facilitate this for three local insurers, Ingo, Colonnade and Uniq. Similarly, a marine insurance package to facilitate the grain shipments from Odesa was created, and new ways of raising capital through the wholesale banking sector global investment funds are being developed.

In March 2025, global (re)insurer MS Amlin set up a reinsurance scheme that can provide €1bn in war risk cover annually to Ukrainian SMEs insured by local Ukrainian insurers. This scheme aims to stimulate business activity with a view to a post-war Ukraine's reconstruction. This was followed in August by a memorandum of understanding signed in Rome by the Ukrainian govern-

ment and representatives of several leading insurance companies, with the aim of developing the country's insurance market. Signatories included Marsh McLennan, Aon, MS Amlin, Fairfax insurance group and the National Association of Insurers of Ukraine.

First deputy prime minister and minister of economy for the Ukraine, Yulia Svyrydenko, who launched the memorandum, said. "We are sending a clear signal: Ukraine is actively looking for ways to reduce risks for business. This memorandum demonstrates our common intention to form a modern insurance market with flexible products that will provide comfort to investors."

This is one of several measures seen as essential pre-conditions to attracting the international finance that will be needed to rebuild Ukraine after the war, however that may end.

'Victory' in sight

The expected recovery and reconstruction needs over a decade are estimated at \$486bn, nearly three times Ukraine's nominal GDP in 2023. As the war drags on and Russian attacks on Ukrainian infrastructure intensify, these financing needs will continue to grow. Well-functioning capital markets and financial institutions will be essential to attract much-needed foreign investment and grow domestic finance.

So will the determination of its people to rebuild their country. While there is the inevitable weariness from three long, brutal years of war, their belief in its future seems.

When Golubieva decided to re-establish a physical presence in Kyiv she selected a co-working office in the centre of the city. In a typical show of Ukrainian defiance, the office complex is symbolically named Nepemora (Peremoha) which means 'Victory' in Ukrainian. ■