

3.3. DEVELOPMENT OF THE PAYMENT CARD MARKET IN UKRAINE IN THE CONTEXT OF INVESTMENT-INNOVATION SECURITY AND ECONOMIC GROWTH

The development of the payment card market in Ukraine represents a critical dimension of the country's broader financial modernization and economic transformation. In the context of rapid digitalization and the global shift towards cashless economies, payment cards have emerged as a fundamental tool that not only facilitates efficient and secure financial transactions but also serves as a catalyst for investment and innovation within the financial sector. Understanding the dynamics of this market is essential for formulating policies that support sustainable economic growth. [1, 4-12, 22, 44]

Investment-innovation security is increasingly recognized as a vital component in strengthening the resilience and competitiveness of national economies. For Ukraine, which is undergoing significant economic restructuring and seeking to accelerate post-conflict recovery, fostering an environment where investment flows align with innovative technological development in payment systems is crucial. The payment card market, as a nexus of financial technology and consumer behavior, offers a unique vantage point for studying how these elements interact to drive economic growth.

Moreover, the integration of advanced payment technologies enhances not only transactional efficiency but also contributes to broader financial inclusion, transparency, and regulatory compliance. These factors collectively improve the investment climate by reducing risks and uncertainties associated with financial operations. Therefore, analyzing the development of the payment card market

through the lens of investment-innovation security allows for a comprehensive assessment of its impact on economic growth. [37, 38, 46]

Given the strategic importance of the payment card sector in Ukraine's financial infrastructure, its development must be supported by robust regulatory frameworks, technological innovation, and active investment promotion. Research in this area addresses existing knowledge gaps and provides empirical insights that can guide policymakers, financial institutions, and technology developers in fostering a resilient, secure, and growth-oriented payment ecosystem.

In summary, this research topic is highly relevant as it intersects key domains of financial technology development, economic security, and sustainable growth, all of which are vital for Ukraine's economic future amid ongoing global and regional challenges. In modern conditions, digitalization is becoming the main global trend in economic development, radically changing its structure and raising it to a qualitatively new level. At this new level, digital technologies dominate all areas of socio-economic life. This is because the transformation of economic relations based on digital technologies provides many important benefits for the economic activity of humanity, including:

1. cost optimization: reducing costs for promoting goods and services;
2. acceleration of all business processes: reduction of communication time;
3. reducing response time to market changes;
4. automated data processing and analysis;
5. reduction of operating and payment costs;
6. continued launch of innovative products;
7. maximum adaptation of the services provided to the needs and requests of consumers [36].

The organization of payment transactions, as the most important function of the banking system, cannot be implemented in recent decades without the emergence of electronic transactions, bank cards, modern money transfer instruments, and virtualization of interaction between banks and customers. In essence, this has fundamentally changed all banking activities, making them dynamic to meet the needs of the new digital economy system, especially in the sphere of payment technologies.

The growing popularity of online banking, virtual wallets, contactless payments, and other modern technologies is the digital economy is a response to the current demand for reducing the costs of financial transactions between market participants. This also takes into account their need for increased convenience, speed, and security of payment transactions.

In recent decades, active development of Internet networks, the digitalization of economic relations, and virtualization of the functional basis of the financial sector, especially the interaction between banks and clients, have brought payment cards to the forefront of the introduction of innovative technologies into the capital movement and payment mechanisms. Even banks that are completely branchless, called digital banks or semi-banks, are emerging, which primarily engage and serve customers through digital channels, including mobile apps [52]. In this case, payment cards are the main instrument for completing the difficult task of reducing the share of cash transactions, which is an important step in reducing overall distribution costs and increasing the efficiency of economic development. Despite the presence of a developed network of banking institutions, modern electronic payment systems, mobile banking, affordable card services, and contactless readers in Ukraine,

which provide households and businesses with wide access to cashless payments, cash remains an important tool for retail transactions. They are the main competitor of payment cards in the payments market. In addition, the ratio of non-bank money in Ukraine to this indicator in developed countries remains high, since the monetary aggregate M0 is about 30%. It is obvious that the main factors behind this trend are, on the one hand, the outflow of funds from the banking sector during financial and economic crises, panic among the population, and growing customer distrust in the ability of banks to meet their obligations. On the other hand, individual consumer preferences (especially the older generation) play a significant role, for whom even the high-tech development of payment services, remote banking services, and market instability cannot completely replace the use of cash as a more reliable source of liquidity. Let's consider the dynamics of the number of payment cards in Ukraine for the period 2020-2024 (Fig. 3.2).

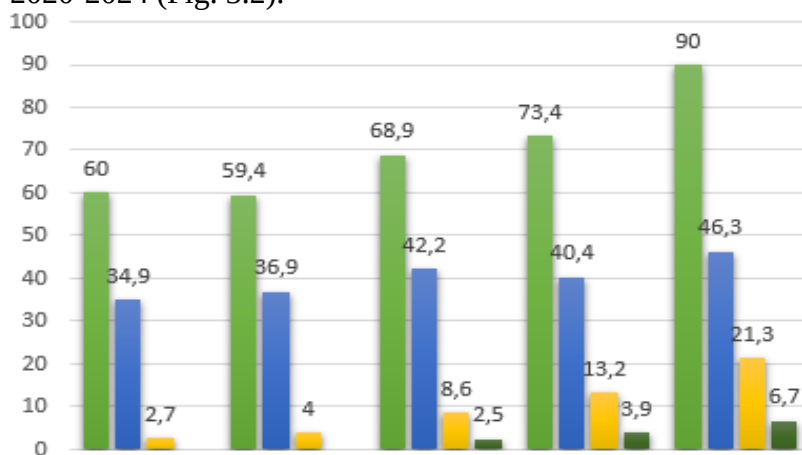


Fig. 3.2 - Dynamics of the number of payment cards in Ukraine for the period 2020-2024, million pcs. [36]

As can be seen from the data presented in Figure 1, the total number of payment cards issued by commercial banks in Ukraine over the past five years has increased by almost 50%: from 60 to 90 million cards. And in the last year alone, the growth rate was 21.3% compared to the previous period. At the same time, more than half of the issued payment cards (52%) were active payment instruments used by economic agents to carry out expenditure transactions.

The gradual growth in the popularity of contactless and tokenized payment cards that use more advanced information protection technologies indicates further digitalization of payment mechanisms and the growth in the number of economic agents that carry out payment transactions. However, it is worth noting a negative aspect: more than two-thirds of the cash in circulation is withdrawn by payment card holders at ATMs, rather than being used for cashless transactions.

In addition, compared to other countries, the coverage level of society with cashless technologies per capita in Ukraine remains relatively low. Therefore, it is extremely important that domestic banks continue to focus not on the quantitative growth of payment cards in circulation, but on improving the quality of their use to increase the number of transactions on already issued cards.

Analyzing the structure of the payment card market in Ukraine from the perspective of banks, it is worth noting a significant level of monopolization. The leader in card issuance remains Commercial Bank “Privatbank”, which share is almost half of all payment cards issued in the country - 34.0%. Second place is occupied by JSC “Oshchadbank” with a share of 15.5%, and third is JSC “Universal Bank”, which with a share of 9.5% displaced JSC “Raiffeisen Bank” from the top three in the issuance of payment cards (Fig. 3.3).

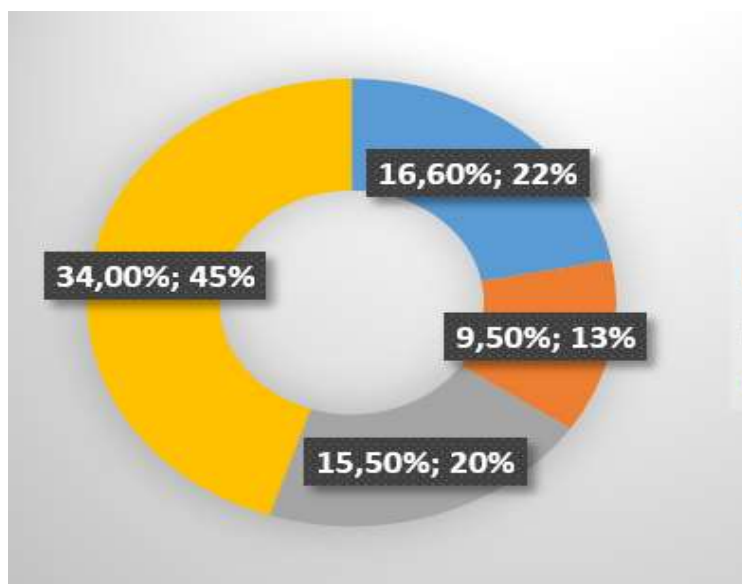


Fig. 3.3 - Structure of the number of issued payment cards by banking institutions as of 01.01.2024, %. [55]

It is obvious that this market concentration between several major payment card issuers does not contribute to the creation of an optimal tariff policy for the clients of the commercial banks. However, this state of the payment card market reflects the overall level of high monopolization of the Ukrainian banking sector, where most assets are concentrated in a few large banks.

A similar situation in the banking market also affects the payment card infrastructure. Banks that have a monopoly position in issuing cards are interested in gradually reducing the number of ATMs to reduce their own costs and encourage users to switch from cash payments to cashless payments. This trend indicates a change in both the quantitative and

qualitative structure of the Ukraine's payment infrastructure over the past five years (Fig. 3.4).



Fig. 3.4 - Development of the payment infrastructure in Ukraine, thousand units [56]

As can be seen from the data in Fig. 3, the total number of payment infrastructure units during the analyzed period was constantly growing, almost doubling from 121,000 to 315,400 units. However, some of its components showed a reverse trend. In particular, the number of ATMs and self-service software and hardware complexes (SSSHC) decreased from 26 to 22.5 thousand units, and the number of banking terminals decreased from 18.5 to 11.5 thousand units.

At the same time, the number of payment terminals in the retail and service network has increased by 16.2% over the past year, reaching 315.4 thousand units [56].

The number of payment terminals per 1 million permanent population of Ukraine is also growing, which as of January 1, 2024 amounted to 10.6 thousand units, compared

to 8.3 thousand units per 1 million population as of January 1, 2023. Although it should be noted that, despite the positive dynamics, the number of payment terminals in the country continues to grow, this level of provision of the population with POS terminals still remains almost half the EU average.

In addition, the analysis of the regional distribution of payment infrastructure in Ukraine by the number of terminals demonstrates uneven development. The highest concentration of payment terminals per million inhabitants is observed in Kyiv (15.2 thousand terminals), as well as in Kiev (15.3 thousand terminals) and Dnipropetrovsk (11.8 thousand terminals) regions. The fewest terminals were recorded in Donetsk (3.2 thousand terminals) and Luhansk (1.5 thousand terminals) regions, which is due to objective reasons, in particular, the partial occupation of these regions. [32, 35, 37, 38]

This indicates that the current development of payment infrastructure is still not sufficient to ensure the effective use of payment cards and reduce the volume of cash payments. In the same context of the payment infrastructure development, it is possible to propose the creation of a single network of ATMs that can be used by all banks. This will contribute to the expansion of the infrastructure for payment to card holders, increasing the customer base and territorial coverage of user needs.

For banks, this cooperation is beneficial not only due to increased revenues from expanding the customer base, but also from the point of view of reducing future operating costs for technical maintenance and capital expenditures for relevant equipment, including ATMs and self-service terminals. These trends reflect the development of the payment card market, which is accompanied by constant innovation. This process will remain a determining factor in

the success of banks as the main organizers of payment transactions and will determine the range of their services and products in both the short and long term.

Innovative changes play a key role in transforming the payment infrastructure. This is due to factors such as increased competition in the financial market, technological changes in the financial and non-financial sectors, which create new requirements and opportunities for payment instruments and services. Continuous scientific and technological progress provides new, fast communication channels, while the growing need of consumers to increase the security of payment transactions, reduce transaction costs, and implement innovative and efficient solutions also contributes to these changes.

In conclusion, it should be emphasized that the payment card market is constantly developing: the number and volume of non-cash transactions involving payment cards are constantly growing. At the same time, the total volume of payment cards issued is also increasing. Contactless payment methods are becoming increasingly popular, which is contributing to the growth in the number of these cards.

The 2020 pandemic has caused changes in citizens' payment habits, especially in the context of online shopping. People are increasingly purchasing goods online and paying with cards.

Starting with “Ukrgasbank”, Ukraine has one of the largest commercial banks with international capital. Founded in 1993, the bank holds leading positions in all sectors of the banking market. It is considered one of the most stable banks in Ukraine and is among the top ten financial institutions in the country according to data from the National Bank of Ukraine.

In 2001, the financial institution joined the Worldwide Interbank Financial Telecommunication System (SWIFT) and became an associate member of VISA International. In the same year, it became a member of the First Financial and Trading System (PFTS) and has been a member of the Board since August 2004. JSB “UkrGasbank” has also been a member of the “Deposit Guarantee Fund for Individuals” since September 2, 1999 (Certificate No. 14 dated 08/28/2018).

JSB “UkrGasbank” in Ukraine offers banking services:

1. for individuals: credit cards, cash loans, savings accounts, payments and transfers, service packages, etc.;
2. for small businesses: lending, overdraft, leasing, acquiring, etc.;
3. for financial institutions: correspondent accounts, interbank transactions, securities transactions, etc.;
4. for enterprises: asset investment, capital management and financing;
5. online services: instant online loan, profitable and safe services, instant money transfers by mobile phone number.

In 2018, JSB “UkrGasbank” received several significant financial awards. The bank took fourth place in the annual ranking of the “50 Leading Banks of Ukraine” by the “Financial Club” and received the “Gold” Award at the Financial Club Awards - 2018 in the “Card Lending” nomination.

JSB “UkrGasbank” received four awards “Financial OSCAR” from Business magazine: first place in the category “Consumption Drivers” for the leadership in retail lending, second place in the nomination “The Most Professional Bank”, as well as third place in the category “Card Market Leader” and fourth place in the category “Online Bank”.

JSB “UkrGasbank” received two FinAwards 2018 from the resources of the Ministry of Finance and Finance.ua. The Max card was named the “best mass market credit card,” while the Platinum Black was named the “best VIP debit card.” JSB “UkrGasbank” in Ukraine provides comfortable and innovative banking services for clients of various categories - from individual clients to large enterprises - and is one of the leaders in the implementation of modern technologies.

JSB “UkrGasbank” proudly received two prestigious FinAwards in 2018, presented by the Ministry of Finance of Ukraine and the financial portal Finance.ua. Among the accolades, the Max card was honored as the “Best Mass Market Credit Card,” recognizing its widespread popularity and the exceptional value it provides to a broad range of customers. Simultaneously, the Platinum Black card earned the title of the “Best VIP Debit Card,” reflecting the bank’s commitment to delivering premium, personalized banking experiences tailored to the needs of high-net-worth clients.

For a more detailed study of the bank's activities, let's analyze its balance sheet. The balance sheet provides a comprehensive snapshot of the bank's financial position, illustrating the structure of its assets, liabilities, and equity at a specific point in time. By examining key indicators such as total assets, loan portfolios, and capital reserves, we can assess the bank's stability and capacity for growth. This analysis will also help identify trends in resource allocation and risk management practices, offering valuable insights into the bank's operational efficiency and strategic priorities. (Table 3.8).

**Table 3.8 - Analysis of the financial condition of JSB
“Ukragazbank” during 2021-2023 (thousands of UAH)**

Indicator	As of			Deviations 2023/2021 (+/-)
	01.01.2023	01.01.2022	01.01.2021	
ASSETS				
Cash and cash equivalents	49 749 451	35 346 787	30 188 103	19 561 348
Result from transactions shareholders	(1 102 304)	(1 102 304)	(1 102 304)	0
Client funds	154 133 564	112 778 613	96 736 381	57 397 183
Authorized capital	13 837 000	13 837 000	13 837 000	0
Derivative financial assets	2 933	15 069	509	2 424
Investment property	154 269	156 366	153 955	314
Current tax assets	1 070 155	2 690 423	-	1 620 268
Deferred tax assets	54 449	30 138	32 254	22 195
Fixed assets and intangible assets	1 225 785	1 234 025	1 187 141	38 644
Right-of-use assets	138 631	166 113	255 664	-117 033
Other assets	2 112 157	1 271 769	637 119	1 475 038
Total assets	223 580 698	168 628 607	144 130 430	80 234 447

Source [35, 36, 38]

As one of Ukraine’s leading financial institutions, JSB “Ukrasbank” consistently strives to offer comfortable, reliable, and innovative banking services that cater to a diverse client base spanning individual retail customers, small and medium-sized enterprises, and large corporations. The bank distinguishes itself through its proactive adoption and integration of cutting-edge technologies, which enhance

operational efficiency and improve the overall customer experience.

UkrGasbank's strategic focus on digital transformation includes the expansion of its electronic payment solutions, mobile banking platforms, and secure card products, positioning it at the forefront of the country's banking sector modernization. The recognition received through the FinAwards underscores the bank's dedication to excellence and its role as a key driver of innovation in Ukraine's financial market.

The next step is to consider the main income statements and other comprehensive income of JSB "UkrGasbank" for the period 2021-2023 (Table 3.9).

Table 3.9 - Analysis of financial profits and losses and other comprehensive income as of 2021-2023 (UAH million)

Indicators	2023	2022	2021	Deviations 2023/2021 (+/-)
Interest income calculated using the effective interest method	17 300 343	11 316 936	8 414 359	8 885 984
Other interest income	69 390	11 566 183	8 702 055	-8 632 665
Interest expenses	(10 690 068)	(6 559 296)	(3 422 172)	-7 267 896
Other interest expenses	(10 690 068)	(6 571 938)	(3 442 539)	-7 247 529
Total other comprehensive income (loss)	2 393 104	853 267	688 936	1 704 168
Total comprehensive income (loss)	4 329 530	4 714 780	3 082 071	1 247 459

Source [35, 36, 38]

Examining the financial condition of JSB “Ukrigasbank”, it can be noted that as of January 1, 2023, the bank's assets increased significantly compared to 2021 (by UAH 80,234,447 thousand). This growth was made possible by an increase in cash and cash equivalents, which as of January 1, 2023 amounted to UAH 49,749,451 thousand, as well as loans and liabilities to banks and customers, in particular, customer funds, which reached UAH 154,133,564 thousand, as well as investments in financial assets and real estate. [37, 38, 46]

Looking at the key financial results for 2021–2023, it is clear that the bank's total income in 2023 increased to UAH 4,329.530 million, which is UAH 1,247.459 million more than in 2021. The main driver of this growth is the increase in interest income calculated using the effective interest method, which increased to UAH 17,300.343 million in 2023, compared to UAH 8,414.359 million in 2021. [37, 38]

Other interest income, although showing significant changes during this period, turned out to be lower in 2023 - UAH 69.390 million, while in 2022 it amounted to UAH 11,566.183 million. Expenses also underwent changes; in particular, interest expenses increased from UAH 3,422.172 million in 2021 to UAH 10,690.068 million in 2023. There is also a significant increase in the bank's total income by UAH 1,704.168 million for the period 2021–2023, which indicates a positive impact on the bank's financial condition. [37, 38]

Summing up the first quarter of 2023, JSB “Ukrigasbank” received a profit of UAH 415.808 million, which is 2.5 times more than in the same period in 2022. The bank's net interest income in 2023 increased by 10.25% compared to the first quarter of 2022, reaching UAH 1,019 million.

According to the agency, for nine quarters, JSB “Ukrigasbank” has shown its ability not only to generate income, but also to increase profits. This demonstrates the effective current business strategy of the bank's management and deserves praise. As of April 1, 2023, compared to January 1, 2023, the following changes occurred in the loan portfolio of JSB “Ukrigasbank”:

1. the share of loans in bank assets (in hryvnia equivalent) decreased by 1.18 percentage points, from 42.71% to 40.42%;

2. the share of loans denominated in foreign currency (in hryvnia equivalent) decreased by 3.83 percentage points, from 40.55% to 35.61%;

3. the share of loans granted to individuals (excluding reserves) increased by 1.1 percentage points from 25.78% to 28.08%.

In the first quarter of 2023, the share of non-performing loans (NPL) in the loan portfolio of JSB “Ukrigasbank” decreased from 18.12% to 16.10% (data in Chart 4 do not take into account interest rates on loans to individuals, as well as the tenth class for loans to legal entities and created reserves). As of April 1, 2023, the share of outstanding loans (defaults) was 15.04%, which is 5.50% more compared to January 1, 2023.

As of April 1, 2023, the average share of loan defaults in the banking system was 42.23%. Thus, despite the growth, the share of defaults in the loan portfolio of JSB “Ukrigasbank” was half the average market value. In the period from 02.01.2022 to 02.05.2023, the current liquidity policy of JSB “Ukrigasbank” (N4) ranged from 16.23% to 76.33%. This indicates that during the specified period, the bank exceeded the limit set by the NBU (10%) with sufficient

reserves and constantly exceeded the average values of this indicator in the banking system.

As of May 2, 2023, the bank's N4 value was 62.50%, which exceeds the limit set by the NBU by 42.50 pp. During 12 months of 2022 and from January to April 2023, the bank's current liquidity ratio (N5) consistently exceeded the NBU limit, but remained below average market values. Between January 2, 2022 and May 2, 2023, H5 fluctuated between 41.74% and 68.08%. As of May 2, 2023, the current liquidity ratio (N5) reached 62.62%, which is 22.62 pp above the limit set by the NBU. In the period from January 2, 2022 to May 2, 2023, the short-term liquidity ratio of JSB “Ukrigasbank” (N6) significantly exceeded the limit set by the NBU, but remained below the average values of this ratio for the banking system. During the specified period, H6 fluctuated between 56.14% and 64.78%. As of May 2, 2023, the bank's short-term liquidity ratio (H6) reached 62.05%, which is 12.05 points above the limit set by the NBU. [37, 38]

From 2022 to April 2023, JSB “Ukrigasbank” consistently maintained a substantial liquidity buffer that significantly exceeded the minimum thresholds established by the National Bank of Ukraine (NBU). This conservative approach to liquidity management ensured that the bank remained well-prepared to meet both expected and unexpected cash outflows, thereby safeguarding its operational stability even amid volatile economic conditions. Throughout this period, the bank’s adherence to regulatory liquidity standards remained within acceptable limits and generally aligned with, or stayed below, average market values, demonstrating prudent financial discipline. [37, 38]

According to official reports and internal assessments, the liquidity management strategy implemented by JSB

“UkrGasbank” is well-aligned with the scope and scale of its operational activities. This strategy has had a measurable positive impact on the institution’s key financial performance indicators, including revenue growth and profitability margins. Such outcomes indicate the effectiveness and robustness of the bank’s risk management frameworks, which balance liquidity retention with the need to optimize asset utilization. [37, 38]

In addition to strong liquidity management, JSB “UkrGasbank” maintains active membership in major global payment systems, including MasterCard International and Visa International. This affiliation enables the bank to offer a wide range of international payment solutions, enhancing the convenience and security of financial transactions for its diverse client base. Participation in these networks not only expands the bank’s service portfolio but also reinforces its position as a competitive and innovative player within Ukraine’s banking sector.

Currently, the bank offers modern credit card programs (Table 3.10).

By studying the bank's credit card transactions from October 24, 2023, we can obtain comparative data on interest rates on loans from competitors for the same period (Fig. 4).

The overpayment on a credit card from “UkrGasbank” is 3.35% lower than the average level of competitors, ranging from 31.7% to 41.3% per year. In this indicator, “UkrGasbank” ranks fourth among 11 financial institutions. The following banks offer the lowest real interest rates on credit cards: “Monobank”, “Privatbank”, and “Credit Agricole”. Their rates are 1.30% - 10.27% per annum lower than “UkrGasbank”.

Table 3.10 - Types of new credit card programs of JSB “UkrGasbank” in 2023

Name	Conditions
Maximum	Borrower requirements: Age: from 18 to 65 years old. Credit amount: Gold, Debit World: from 500 UAH to 75 thousand UAH (exclusively up to 200 thousand UAH in exceptional cases). Platinum: from 20 thousand UAH to 200 thousand UAH. Income certificate: Required for loans of UAH 50,000 or more. Interest rate: Gold: 40.00% per annum. Debit World: 39.99% per annum or 45.00% per annum (personal card). Platinum: 36.00% per annum. Loan grace period: Up to 62 days (until the last day of the next month) - only when paying for goods and services by card. Cash withdrawal fee: 4.00% of the amount, minimum 20 UAH. Minimum monthly payment: 5.00% of the loan debt, minimum 50 UAH. Card issuance fee: Free. Card service fee: Gold: 60 UAH per month if there is a debt at the end of the month. Platinum: 750 UAH per year. Insurance: Gold and Debit World: None. Platinum: Included in the service fee.
Maximum – cash	Loan amount: From 500 UAH to 75 thousand UAH (up to 200 thousand UAH in exceptional cases). Income certificate: Mandatory for loans of UAH 50,000 or more. Interest rate: Gold: 26.00% per annum. Debit World: 26.00% per annum or 29.99% per annum (for name cards). Loan grace period: None. Cash withdrawal fee: Free of charge when receiving credit funds. 4.00% of the amount, minimum 20 UAH — when receiving the client's own funds. Minimum monthly payment: 5.00% of the loan debt, minimum 50 UAH. Card service fee: Gold and Debit World: 3.50% monthly of outstanding balance if any. Debit World (nominal): 4.50% monthly of outstanding balance at the end of the billing period. Insurance: Not mandatory.

Source [35, 36, 38]

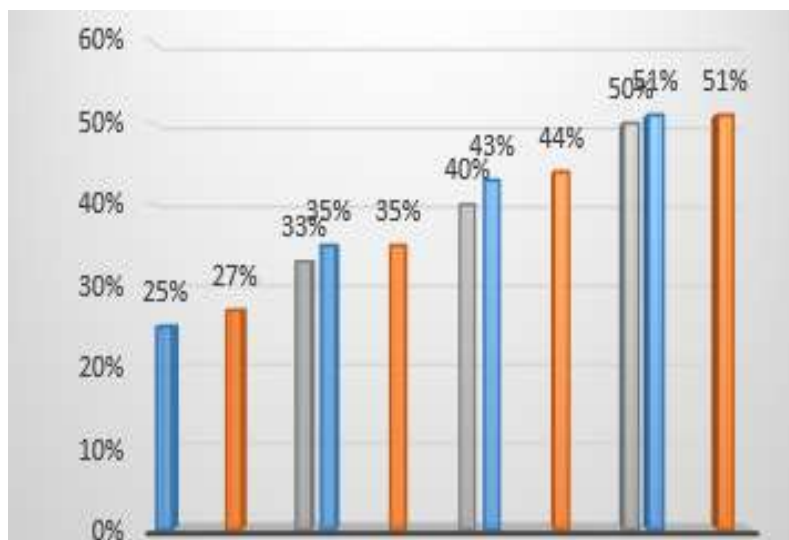


Figure 3.5 - Approximate level of annual overpayment on “UkrGasbank” credit cards and comparison with major competitors as of October 24, 2023 [35]

Cards of “UkrGasbank” give an overpayment on average one and a half times less than cash loans in other financial institutions, and compared to cash loans in “UkrGasbank” itself, this advantage is twice as large. Mortgage loans may be of interest to borrowers who plan to borrow more than \$40,000 or for a long period of time. Even taking into account all registration fees, the effective interest rate on mortgage loans ranges from 27.3% to 31.6% per annum (for an amount of UAH 40,000 over 4 years with an apartment costing UAH 400,000). Credit cards of “UkrGasbank” have advantages over the conditions of its main competitors. However, their disadvantage is the high monthly fee, especially for small amounts. However, the average fee for credit cards is much lower than for cash

advances. Therefore, the overall rating of credit cards from “Ukrigasbank” is positive. [35, 37, 38, 44]

The main debit card programs of JSB “Ukrigasbank” include: “Platinum Black Plus” Package, “Alfa-Space”, “Comfort” Package, “Carbon Card”, “Platinum Black” Package, and “Ultra” Package. The bank also offers debit cards in collaboration with Wargaming for fans of the games World of Tanks Blitz, World of Warships, and World of Tanks. These cards are issued free of charge based on World MasterCard PayPass, and the annual fee is 200 UAH. By using the card in everyday life, owners receive additional in-game bonuses and other benefits. Today, the bank offers a comprehensive and diversified portfolio of card products designed to meet the varied needs of its clients, encompassing both individual customers and corporate entities. These products include cards issued under the auspices of leading international payment systems such as VISA International and MasterCard International, which are globally recognized for their reliability, security, and wide acceptance.

Among the offerings are salary cards specifically tailored for corporate clients to facilitate convenient and timely payroll distribution to their employees. Additionally, the bank provides pension cards aimed at ensuring seamless payment of pensions and other social cash benefits to eligible recipients, alongside social cards designated for the receipt of targeted social assistance programs. Deposit cards are also issued, enabling clients to accrue interest on their deposits while enjoying convenient access to funds.

With the steady increase in the issuance of payment cards and the corresponding growth in the volume and frequency of transactions conducted through these instruments, the importance of robust security measures and

comprehensive risk management frameworks has become paramount. Recognizing these challenges, the bank has implemented an advanced transaction monitoring system that actively detects and flags operations potentially indicative of fraudulent activity. This proactive approach serves to protect both the bank and its customers from financial losses and enhances overall trust in the institution.

Throughout the reporting year, the bank devoted substantial attention and resources to the integration and advancement of cutting-edge information technologies. These strategic initiatives were designed not only to reinforce the bank's standing as a market leader but also to foster dynamic and sustainable growth amid an increasingly complex and competitive banking landscape.

Recognizing the critical role of digital transformation in the modern financial sector, the bank invested in upgrading its technological infrastructure, adopting innovative software solutions, and enhancing cybersecurity measures to safeguard client data and transactional integrity.

By actively leveraging these technological innovations, the bank succeeded in creating a range of competitive advantages that distinctly differentiate it from other financial institutions operating within Ukraine. These advantages include streamlined service delivery, improved operational efficiency, expanded digital product offerings, and enhanced customer experience through personalized and convenient banking solutions. Furthermore, the bank's commitment to embracing emerging technologies has enabled it to respond agilely to evolving market demands, regulatory requirements, and customer expectations, thereby maintaining resilience and relevance in a fast-changing environment.

As a result, the bank has solidified its reputation for excellence, reliability, and a customer-centric approach,

positioning itself as a trusted partner for individuals and businesses alike. The continuous focus on technological enhancement not only contributes to the bank's current success but also lays a robust foundation for future innovation, growth, and leadership within the Ukrainian banking sector.

Let's consider the interest rates on deposits and loans in the national currency, as well as the terms of using bank cards on November 11, 2023 (Table 3.11).

Table 3.11 - Interest rates on loans and deposits as of 11.11.2023

DEPOSITS		CREDITS	
Name	Interest rate	Name	Rate
"UkrGasbank" - Deposit promotion	up to 16.64%	Consumer standard	from 14.4%
"UkrGasbank" - Children's Deposit	up to 16.14%	Cash loan Personal loan*	from 30.21%
"UkrGasbank" - Deposit with replenishment	up to 16.14%	Cash loan Personal loan	from 40.21%
"UkrGasbank" - Deposit with choice of term	up to 16.14%	Credit-ready grace period (400 thousand)	from 42.77%

Source [35, 36, 38]

As of the end of 2023, UkrGasbank offered competitive interest rates on deposit programs, reaching over 16% per annum, while credit products ranged from moderate rates of 14.4% to higher rates typical for unsecured consumer lending. In 2024 and 2025, trends in Ukraine's financial market were influenced by macroeconomic factors (inflation, currency fluctuations, political instability) as well as technological innovations in the banking sector, which led to

a gradual adjustment of interest rates and transformation of deposit and loan products.

During 2024, Ukrgasbank adapted its deposit terms considering increased inflation and the need to maintain attractiveness for depositors. Interest rates on deposits fluctuated between 14% and 17%, depending on the type and term of the deposit. This policy helped ensure a stable inflow of resources into the financial market, which is crucial for financing the economy and supporting the bank's liquidity.

In 2025, the bank continued the trend of differentiating deposit products by introducing additional conditions that encourage clients to maintain longer-term deposits, such as replenishable deposits and deposits with flexible terms. This approach aligns with modern financial market trends and contributes to strengthening investment stability.

Regarding credit products, Ukrgasbank in 2024–2025 increased focus on a risk-oriented approach, reflected in the adjustment of interest rates based on borrowers' creditworthiness and current macroeconomic challenges. Simultaneously, the bank expanded the use of technological solutions for credit process automation, which contributed to reducing operational costs and improving customer service.

In 2024, Ukrgasbank continued to develop its unique product cards without physical embossing of card numbers, CVV2 codes, and expiration dates integrating this service with modern mobile applications and biometric user identification. This corresponds with global trends in digital transformation of banking services and enhances cybersecurity, which is a key factor in strengthening customer trust.

In 2025, further expansion of such cards' functionality is expected through integration with other financial services, including digital wallets and personal finance management

platforms. This will enhance convenience for users and strengthen Ukrgasbank's position as an innovation leader in the market. [12, 22, 35, 37, 38, 44]

The dynamics of interest rates on deposits and loans at Ukrgasbank reflect nationwide economic processes and align with theoretical models of macroeconomic factors' influence on financial markets (according to Fisher's theory, Keynesian economics, and modern institutional theories). The increase in deposit rates in 2023–2024 can be explained by adaptation to inflationary processes, while credit rate adjustments correspond to balancing credit risk and financing demand.

Innovations in payment cards support the hypothesis that digital transformation of the financial sector is not only a factor in improving operational efficiency but also a significant component of economic security, as it reduces vulnerability to financial fraud and contributes to building a transparent financial system. Thus, the analysis of Ukrgasbank's trends confirms the importance of integrating macroeconomic stabilization and technological innovation to ensure sustainable development of Ukraine's banking sector. [35, 37, 38, 44]

Conclusion and Prospects for 2025–2026. The development of the payment card market in Ukraine continues to be a pivotal factor in the country's ongoing financial modernization and economic transformation. In 2025, the market is expected to expand significantly, driven by increased consumer adoption of cashless payment methods, advancements in financial technologies, and growing investor interest in innovative payment solutions. This expansion contributes directly to enhancing economic growth by facilitating more efficient transactions, improving financial inclusion, and fostering a more transparent financial ecosystem.

Investment-innovation security plays a critical role in this process by ensuring that investments in payment infrastructure and technologies are safeguarded against systemic risks, including cyber threats, regulatory uncertainties, and geopolitical challenges. Strengthening this security framework will boost investor confidence and promote the sustained inflow of capital needed for technological upgrades and market expansion.

Looking ahead to 2026, several key trends are expected to shape the payment card market's evolution in Ukraine. These include the widespread adoption of biometric authentication, integration of payment cards with digital wallets and mobile banking platforms, and the development of domestic payment systems aimed at reducing reliance on international operators. Such innovations will enhance the resilience and autonomy of the national payment ecosystem, aligning with broader goals of economic security and sovereignty.

Furthermore, ongoing improvements in regulatory frameworks to harmonize with European Union standards will facilitate cross-border transactions and attract foreign investments, fostering deeper integration into the global financial system. Enhanced regulatory oversight will also mitigate risks related to financial fraud and money laundering, further strengthening the market's credibility.

In conclusion, the synergistic development of Ukraine's payment card market, supported by a foundation of robust investment-innovation security, will represent a key pillar in ensuring sustainable and balanced economic growth for the period 2025–2026.

This growth will be driven not only by the expansion of financial technologies and infrastructure but also by the creation of a secure and adaptive ecosystem capable of

responding to both domestic challenges and global market trends. The stability and resilience of the payment card market will directly contribute to strengthening the country's financial system, expanding the volume of cashless transactions, increasing trust in banking institutions, and stimulating consumer activity.

Achieving this vision will require sustained and coordinated efforts from policymakers, financial institutions, technology developers, and other stakeholders in the payment ecosystem. Policymakers must ensure a transparent and predictable regulatory environment that balances innovation with stringent security requirements. Financial institutions should focus on expanding the availability and quality of payment card services, ensuring accessibility for all segments of the population, including underserved and rural communities.

Meanwhile, technology developers must continue to innovate in the fields of payment security, biometric authentication, mobile integration, and data protection, enabling the introduction of next-generation payment solutions tailored to the needs of Ukrainian consumers and businesses.

Furthermore, fostering a collaborative framework between these stakeholders will be critical to creating synergies in investment, innovation, and market development. Such cooperation will not only enhance the competitiveness of Ukraine's financial services sector but will also align domestic payment infrastructure with leading international standards. By embedding innovation and security into the strategic priorities of the payment card market, Ukraine will strengthen its competitive position in the global economy,

attract foreign investment, and accelerate the transition to a modern, inclusive, and technology-driven financial ecosystem.

Ultimately, the effective integration of security, innovation, and inclusivity within the payment card sector will serve as both a driver and a safeguard for economic growth, ensuring that the benefits of financial modernization are distributed broadly across society and that Ukraine's economic trajectory remains resilient, progressive, and globally competitive.

The future prospects of JSB "UkrGasbank" in the credit card segment will largely be determined by the competitiveness of its products compared to other leading banks in Ukraine. As of October, the approximate level of annual overpayment on the bank's credit cards remains moderate and competitive, creating favorable conditions for retaining and expanding its customer base. A comparison with major competitors shows that in terms of interest rates, commission fees, and additional services, UkrGasbank has the potential to strengthen its market position, especially among clients who value transparent lending terms and a stable level of service.

In the future, key areas of development will include the optimization of interest rate policies and the flexible adjustment of credit limits, which will help attract new borrowers and reduce customer migration to competing banks. Another promising area is the expansion of digital services and the integration of innovative technologies for online issuance and management of credit cards, in line with the trends of cashless payments and mobile banking.

An additional growth driver will be the introduction of loyalty programs and partnership projects with retail chains,

which will encourage more active use of cards in everyday transactions. Furthermore, the bank could strengthen its presence in the premium segment by offering card products with extended privileges and services.

Thus, by maintaining competitive rates, actively developing its digital infrastructure, and implementing effective marketing strategies, Ukrgasbank has all the prerequisites to strengthen its position in the credit card market in the coming years, ensuring a steady increase in its customer base and improving the profitability of this business segment.

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The research is aimed at substantiating new approaches to the formation of the system of economic security and its components, in particular the financial component, in order to ensure the integrity of the system from the point of view of the possibility of effective functioning in new economic conditions, characterized by changes in the forms of interaction of industry with the banking system, the tax system; changes in the state policy, which complicate the mechanism of interaction with business structures. It is proved that the financial security of an enterprise is central to the system of economic security, which is explained by the following: the level of financial security of any enterprise determines its ability to provide other components of its economic security, and changes in any field of the enterprise are ultimately reflected in its financial security.

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