



## Resilience in War

An Exclusive Interview with Dr. Kyrylo Shevchenko,  
Governor of the National Bank of Ukraine

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### Toronto Centre CEO's Opening Statement:

**Babak Abbaszadeh:** Hello everyone, I'm Babak Abbaszadeh, CEO of Toronto Centre. Since its establishment in 1998, Toronto Centre has trained more than 16,000 financial authorities from 190 jurisdictions to build more stable and inclusive financial systems. We are honoured to bring you this interview with Dr. Kyrylo Shevchenko, Governor of the National Bank of Ukraine (NBU).

Before we start, I want to take a moment to acknowledge and strongly support the valiant people of Ukraine. We continue to be amazed by their resiliency and heroism against incredible odds in the cruelty of this brutal invasion. Humanitarian agencies have raised the alarm about the safety of innocent citizens fleeing the war in Ukraine. The number of refugees now totals more than 4 million. Citizens around the world are demanding their governments do more to support Ukraine and its people. Borrowing a reference from President Zelensky: just imagine if our key global cities such as Toronto, New York, London, Paris, Madrid, Berlin, Cairo, Nairobi, Cape Town, Seoul, Singapore or Jakarta were being bombarded daily.

Toronto Centre is committed to doing our part and supporting our colleagues at the NBU. Please visit their [website](#) and check out how you can help the Ukrainian resistance. You have seen the Governor's impressive [bio](#).

### Interview:

**Babak Abbaszadeh:** Governor Shevchenko, thank you for agreeing to do this interview in such extraordinarily difficult circumstances. For those of us outside of Ukraine, it is truly horrific to witness the heavy death toll of civilians and the ongoing destruction of towns and cities from Russian attacks. We feel helpless. But we are all also in awe of the bravery of the Ukrainian people.

**Let's start with the people.** Governor, we hope everyone at the NBU and their families are able to seek shelter from these attacks. How are you and your staff doing during these extremely horrid circumstances?



Kyrylo Shevchenko: Things that are happening in Ukraine because of Russia's attack are indeed shocking. But we are strong and united. We protect our independence and have global support. I am sure that we will win! The NBU ensures its uninterrupted operation. We keep up the financial defense of the country.

Babak Abbaszadeh: As the leader of your institution, Governor, what is the source of your courage, and how do you boost your team's morale in such grim circumstances?

Kyrylo Shevchenko: We work to protect the independence of our country. It is more than just motivation.

Our team is working in many cities of Ukraine. Some of them are working while staying for safety reasons in bomb shelters, basements and corridors of their houses. Other colleagues had to leave their homes, and it is a difficult decision to make. We keep doing what it takes to ensure uninterrupted operation of financial system, to isolate aggressor in financial sector and to support our economy. This is what drives us and makes us keep going.

One of the sources of inspiration for me is our banking system that is operating successfully under extremely difficult circumstances and has a lot of stamina, as all the Ukrainians. Even in the regions that are currently in the epicenter of the enemy's attacks, bank employees ensure operation of the bank branches. All of them are heroes. It means that we do not have moral right to stop or do less when our heroic defenders in the army and territorial defense forces are giving their all to protect us. As of now, 70 of our colleagues are serving the Armed Forces of Ukraine (including the territorial defense forces). More of NBU employees are being drafted every day. They are our defenders, and we support them. I am very proud of each of them. I call for all the readers to support Ukraine. You can do it through the special accounts opened by the NBU to [support the Armed Forces of Ukraine](#) and [for humanitarian aid](#).

Babak Abbaszadeh: **Let's turn to operational resilience.** Are all NBU staff still operating in Ukraine, and how have they adapted their work in these conditions (for example, your BCPs, etc.)?

Kyrylo Shevchenko: NBU's team has been working 24/7, sometimes out of bomb shelters during air raids. We cannot disclose any details as to how our operation is organized now and where our employees are located, because it may endanger them or make them a target of more attacks.

It is very important that the financial sector keeps operating: banks make payments possible, hryvnia cash is available and overall we have been able to maintain financial stability. Yes, we had to pay a price by imposing some restrictions, but I believe that we have managed to strike a balance between a stabilizing effect of restrictions and banking system being able to perform its functions.



After surviving the shock of the first days of the war, the economy began to adapt to wartime conditions. In the face of enemy our country became united. It is evidenced by the actions of Ukrainian businesses, as now not only state-owned but also private companies are working for the public good not aiming to maximize their profits. Businesses are paying taxes and providing humanitarian aid to people.

Babak Abbaszadeh: We understand that Ukraine’s infrastructure and systems have been exposed to cyber-attacks. As the central bank, how are you managing this risk?

Kyrylo Shevchenko: It is true that even before the Russia’s full-fledged military invasion of Ukraine has started the websites of public authorities and banks were under cyberattack. The enemy is also actively using disinformation in the attempt to spur panic among people.

We also know that our citizens receive fraudulent emails that contain some unidentified attachments. Some people receive through their messenger apps texts that contain disinformation or are infected with viruses. The enemy forces are trying to gain access to the electronic devices of Ukrainians for data collection purposes.

Together with the respective Ukrainian ministries we keep reminding our citizens about the cyber hygien rules, ask them not to open suspicious letters and messages, and disprove fake information.

Babak Abbaszadeh: **Now let’s turn to financial stability, crisis preparedness and management in a time of war.** Central bankers and supervisors have a lot of experience dealing with financial crises, and even the pandemic. But war is an entirely different beast. Did any of your prior crisis training help you better manage the impact of the war on the Central Bank?

Kyrylo Shevchenko: Yes. We have considerable experience of operating under administrative restrictions. We also had in place a contingency plan for military aggression scenario. It allowed us to introduce promptly administrative restrictions and I want to stress that these restrictions are not overly tight but at the same time they help us to ensure resilience of the financial system.

The safety buffer accumulated due to the well-balanced economic policy that we led before the invasion also was an important prerequisite for successful financial defense. It included: First of all, reduction of budget deficit and debt burden. Second, keeping inflation expectations under control. Third, significant international reserves (exceeding 90% of the IMF Composite Reserve Adequacy Metric at the beginning of 2022) and absence of any considerable macroeconomic imbalances.

Taking into account these changes that our country implemented years before the invasion and substantial international support, I am sure that we will stay strong and prevail.



**Babak Abbaszadeh:** Governor, we want to better understand your unique wartime circumstance. In times of crisis, apart from financial resources to fund the defence of your country, what is the highest priority in terms of safeguarding the financial security of Ukraine?

**Kyrylo Shevchenko:** The number one priority for us, since the war broke out, has been to maintain the smooth and reliable operation of Ukraine’s financial system, the stable functioning of critical infrastructure, and the maximum support for the Armed Forces of Ukraine. And I can assure you that we are succeeding. We also currently prioritize working with international financial institutions, central banks of other countries, and payment systems to ensure that they exit the Russian market and suspend all transactions with Russian-based banks or authorities. This is necessary in order to block Russia’s capability to finance its aggression against our country.

Overall, we’re doing our best to ensure that the Ukrainian civilians, soldiers, businesses, and the state feel confident about their finances and have timely access to funds, financial instruments, and assistance.

Ever since Russia launched the war, the NBU has been setting up conditions for the proper operation of banks in times of severe hardship. In so doing, the central bank has been guided by three key principles:

- protection of the interests of bank customers, especially those of depositors, so that they can retain access to their own and borrowed funds, as well as payments and transfers.
- maintaining the operation and liquidity of banks. The war’s temporary adverse impact on bank performance must not result in the most badly affected banks going insolvent. Such financial institutions will have time to restore their financial stability after martial law ends.
- presenting the real financial condition of banks, without bias. Whatever the fallout from the war, losses must not be concealed by “cooking the books.” It is vital that everyone sees the real picture. Without grasping the full scale of the damage, we will not be able to implement an effective rehabilitation of the banking system, post-war.

**Babak Abbaszadeh:** How are you keeping Ukraine’s financial system up and running against all odds? For example, are you able to ensure the continuity of payments and the functioning of the banking system? If so, how?

**Kyrylo Shevchenko:** The NBU and the banking system continue to work in unison, defending the Ukrainian financial system under extremely tough conditions.

Banks are ensuring the uninterrupted operation of their branches unless doing so puts at risk the lives and health of the public. Banks replenish ATMs whenever they can. The NBU, in its turn, is supplying banks with cash and liquidity. Any temporary problems with ATM replenishment or POS terminals are being resolved. We’re staying in touch with the banks,



making sure they take every measure necessary to operate in business-as-usual mode.

The NBU's System of Electronic Payments is functioning as smoothly as it did before the war. Ukrainian banks remain connected to the SEP and are processing customer payments.

We have ensured that all cashless payments go through without limitation. The NBU has not put any restrictions on cashless payments. That includes retail settlements made through POS terminals.

We're trying as best we can to see to it that the banking system stays operational, regardless of our location. In the areas of Ukraine that are not under active combat, almost all bank branches are open. Some branches are serving customers even in war zones. Cashless payments are going through unrestricted.

Banks have retained their liquidity, profitability, and capital. They have a sufficient stock of assets to meet their commitments to customers, in particular as regards the LCR level, which has as of 1 March significantly exceeded the NBU's required minimum. This is a solid margin of safety.

As of 31 March, we've seen the equivalent of UAH 28 billion in retail and corporate deposit inflows (in all currencies, the exchange rate having been fixed), up from the level of deposits seen on 24 February, when the war started.

If necessary, banks have access to the NBU's numerous liquidity-boosting tools, such as the blank refinancing loans we launched on 24 February. At the same time, the demand for such refinancing is currently low-key. This comes as a sign that banks are not hard-pressed to acquire liquid assets even as a full-scale war effort rages on.

To support banks, we have also simplified the requirements for their current operation by allowing them to pursue loan repayment holiday policies that best suit them, and we're not applying corrective actions to banks that breach the required ratios. After Ukraine is liberated from Russian invaders, banks will be given sufficient time to bring their activities in line with regulatory requirements.

Will continue to respond promptly as the banking sector situation unfolds and apply all available mechanisms to ensure the continuity and sustainability of banks.

**Babak Abbaszadeh:** Since the start of the war, have you taken any extraordinary measures using emergency powers vested in the NBU to continue to meet your supervisory objectives? What other measures are you considering?



**Kyrylo Shevchenko:** As I said, we had a plan for the smooth operation of the financial system, and now we're implementing it. I can't tell you more so as not to harm its implementation. All I can say is that it is vital that we continue to make it easier for the Ukrainian people to use their savings to sustain themselves. At the same time, we must lay the groundwork for economic recovery in post-war years, including by making it harder for capital to leave our country.

After Ukraine has been freed from the grip of the Russian murderers, we will abandon all nonmarket instruments, lift restrictions, and return to our traditional inflation-targeting regime with floating exchange rates. This process may come in stages, but these are the goals we've declared, and we have no intention of deviating from them.

**Babak Abbaszadeh:** What are some communication strategies you adopted that have helped maintain customer/stakeholder trust and confidence in the Ukrainian banking system?

**Kyrylo Shevchenko:** First and foremost, we're keeping our communications transparent. Transparency is more important than ever. By explaining the motivation behind our actions and their viability and impact on the economy and the financial sector, we can minimize the decline in public confidence in our monetary policy, shore up public trust in the banking system, and ease other negative consequences.

Second, we're trying to get our messages across as clearly as possible. We hold public awareness campaigns about transactions that are currently available or unavailable to the people of Ukraine. A special focus is being placed on combatting fraud. Actually, it's been awhile since we started to fight scammers in this way, meaning that our audience isn't completely clueless.

Third, we've been identifying and busting fakes and myths on a regular basis.

**Babak Abbaszadeh:** We've heard that the high rate of digital IDs for Ukrainians has helped Ukrainian refugees abroad gain access to their savings accounts – is that still the case? How will the NBU ensure refugees can access their accounts and not be subjected to prohibitive charges on cross-border transactions?

**Kyrylo Shevchenko:** We currently recommend that Ukrainians who are about to leave Ukraine deposit all of their cash hryvnias into their bank accounts in Ukraine and safely use their payment cards while abroad, both for cashless transactions and for cash withdrawals at ATMs in their host countries. Card withdrawals outside Ukraine are available, but customers can't go over the limit. The limit for withdrawals from an FX-denominated account stands at the equivalent of UAH 100,000 (roughly USD 3,400) per person per day. Withdrawals from hryvnia accounts cannot exceed UAH 100,000 per month. Ukrainian cardholders can withdraw cash from Euronet network



ATMs in Ukraine, Poland, Hungary, Slovakia, and Romania, without fees. We thank our colleagues for supporting our citizens.

As cashless payments can be made without restrictions, the cash withdrawal limits are sufficient to meet the people's needs. Ukraine has a well-developed digital banking system. As of the beginning of 2022, 90.1% of card-based transactions did not involve cash, meaning that the public should have no problems making such transactions.

Meanwhile, the Ukrainians who ended up abroad with cash hryvnias found themselves unable to exchange them for local currency at a fair rate. This has been a problem for us as central bankers. We're working hard to resolve it and have already achieved some success in this regard.

Specifically, the NBU and Narodowy Bank Polski on 18 March 2022 signed an agreement allowing Ukrainians staying in Poland to exchange Ukrainian hryvnias for Polish zlotys. This deal took effect on 25 March. Such exchange transactions can be made at PKO Bank Polski. The exchange rate is as close as possible to the NBU's official rate. We're grateful to our Polish partners for their help and solidarity.

In addition, the NBU in early March allowed Ukrainian banks to buy cash hryvnias from foreign financial institutions for cashless foreign currency. However, banks may not spend more than the equivalent of EUR 1 million per day in such transactions. For example, commercial banks such as OTP Bank, Raiffeisen Bank, Banca Comercială Română, and Erste Bank Oesterreich have already started exchanging cash hryvnias for other currencies using this mechanism.

I also wish to thank the global money transfer systems Western Union, MoneyGram, Ria Money Transfer, INTELEXPRESS, and TransferGo for having introduced free services and fee waivers for Ukrainians making remittances to Ukraine.

Babak Abbaszadeh: **Let's wrap up our interview with the global community's role in helping Ukraine.** Are the financial sanctions imposed on Russia having the desired effect? Are there any other financial sanctions that Western nations should consider?

Kyrylo Shevchenko: Allow me first of all to thank all the organizations and institutions that have already left the Russian market or imposed sanctions against it. Without a doubt, these sanctions are working. I'd like to mention a few reasons why the sanctions against Russia have been effective.

First, they were introduced with incredible resolve. The sanctions obviously caught the aggressor off guard, as it was not expecting such a massive unified response from the free world. Unable to counter these severe restrictions, Russia has been taking ad hoc measures as it struggles to adapt to living under them



Second, multiple countries and international organizations have rallied behind the push to sanction Russia. Even the countries that initially maintained neutrality or were in favor of Russia have joined the sanctions effort to assist Ukraine.

Third, the sanctions have covered many sectors and weak points of the Russian economy, from the financial system to the aviation industry to the imports of critical components.

It's also hard to overstate the degree to which privately owned businesses from around the globe have opposed Russian aggression. Russia's inhumane actions have drawn outrage from at least 710 companies that represent 39 different industries and are based in 46 countries.

These businesses have abandoned the Russian market even as the Russian military continues to destroy Ukrainian infrastructure and commit horrendous acts of terror against the civilian population. And because these inconceivable war crimes are still being perpetrated, we must admit that the sanctions imposed on Russia up until now, though decisive and unprecedented, have not been sufficient to deter the aggressor.

Therefore, I ask to suspend any financial and trade transactions with the institutions of the aggressor country, because the taxes paid to the Russian budget allow Russia to continue to accumulate weapons and kill people in Ukraine. We also continue to turn to international partners to use leverages that have not yet been used.

We are now expecting that a number of our appeals will be considered

- by the leadership of international banking groups to suspend all activities of their subsidiaries and branches in Russia. We have already received a number of positive decisions. BNP Paribas and Crédit Agricole suspend operation in Russia. ING Bank will abandon any new business contacts with any Russian or Belarusian companies around the world. OTP Bank and Raiffeisen bank are considering a possible exit from the Russian market
- by SWIFT to disconnect all Russian and Belarusian banks, including central banks
- by China UnionPay and UnionPay International to suspend transactions with cards issued by Russian-based banks and by 72 heads of central banks around the world, including Fed, to help suspend servicing UnionPay cards issued by Russian banks all over the world
- by central banks of Armenia, Kazakhstan, Tajikistan, Vietnam, Turkey, and the Kyrgyz Republic to stop servicing the MIR payment cards. The Central Bank of Georgia has already made a decision to ban the use of cards of this system
- by the U.S. and the EU to freeze the assets of all Russian banks, including suspension of their access to financial resources in the



U.S. and EU markets, and to issue instructions to the U.S. and EU banks to sever correspondent relations with all banks based in Russia

- by central banks of the EU, Canada, Japan, the UK, the U.S., and Switzerland to sever relations with all banks in Russia and Belarus
- by Canada, Japan, Switzerland, the U.S., the UK and the EU to apply sanctions against Russian-based banks' branches still operating there
- by the Financial Crimes Enforcement Network to initiate preventive investigations into tax residents and businesses controlled by Russian residents around the world in order to prevent the spread of international terrorism
- by the FinCEN of the U.S. Treasury to initiate preventive investigations into tax residents and businesses controlled by Russian residents around the world in order to prevent the spread of international terrorism
- by Global Insurance Market Participants not to insure risks from Russia and Belarus.

Every day of delaying sanctions costs lives. These are the lives of Ukrainians who have chosen the European way and are now defending not only their own country but also the entire system of values that lies at the core of the western civilization

Babak Abbaszadeh: **You have set up a special fund at the National Bank of Ukraine and are requesting international donations. Can you tell us more about it?**

Kyrylo Shevchenko: On the first days of the war, we opened an account for raising donations for our army. More than UAH 14.3 billion have been raised for the Armed Forces of Ukraine as of 1 April.

Money has been coming in from people and businesses in Ukraine and from all over the international community (including the U.S., Canada, the UK, Germany, Poland, Sweden, Finland, China, France, Canada, Australia, and many other countries). Over UAH 4.6 billion of that has been received from abroad in foreign currencies.

The NBU has already allocated almost all funds received to this account – nearly UAH 13.7 billion – to meet the needs of the military, in particular:

- UAH 950 million for the National Guard of Ukraine
- UAH 1,650 million for the National Police of Ukraine
- UAH 10,110 million for the Ministry of Defense of Ukraine, and
- UAH 980.2 million for the State Border Guard Service of Ukraine.

Now, the special account balance is about UAH 619 million.

The NBU has also opened a current account to the Ministry of Social Policy of Ukraine for humanitarian purposes to provide support to Ukrainians



affected by the horrors of war. As of 1 April 2022, **the balance on the special account of the Ministry of Social Policy** the NBU opened for humanitarian purposes is **over UAH 345 million**. More than a half of the amount donated has come into this account from outside Ukraine in foreign currencies (U.S. dollars, euros, GB pounds). The Ministry of Social Policy of Ukraine, which is both the recipient and administrator of the funds credited to this account, has already transferred over UAH 27 million for humanitarian aid to the victims of Russia's armed aggression.

We are grateful to everyone who has been able to support the Ukrainian Army. Yet, the war continues. Therefore, I once again call on everybody who care to help the Armed Forces of Ukraine. Each hryvnia of your support matters. We have now simplified the mechanism for transferring funds to these accounts as much as possible.

**Babak Abbaszadeh:** How else can the global community of supervisors and central bankers help Ukraine and the NBU?

**Kyrylo Shevchenko:** In fact, since the first days of the war, we have received substantial support from our fellow central bankers. That was both the letters of support, which boost your team's morale, and the operational assistance, including financial aid.

On the very first day, the Board of Narodowy Bank Polski offered a foreign currency swap to the NBU, and on 21 March 2022 the UAH/USD Swap Agreement for USD 1 billion was signed. We are now expecting decisions of European central banks on opening swap lines and are negotiating it with Fed. These funds will help increase Ukraine's international reserves.

We also appeal to central banks of 33 countries to supply Ukraine with armored vehicles so that we can evacuate civilians from the areas being ruthlessly destroyed as Russian troops press forward with their onslaught. The central banks of Poland and Slovakia have already honored our request. I hope that more colleagues would support this initiative, since we all understand that human life is the most valuable thing.

Furthermore, as exchanging cash hryvnia for local currency abroad is a problem, we are not limiting ourselves to an agreement with Narodowy Bank Polski, to whom we are very grateful, and are negotiating with the central banks of the countries temporarily hosting Ukrainians.

One more valuable support the central banks can provide is to ask the banks not to block payments to Ukraine. One of the important channels of financial aid to Ukrainian residents in wartime is cross-border remittances to Ukrainians from their relatives and friends living abroad or to the special accounts opened to raise funds for immediate needs of the state in wartime. However, the NBU has recently been informed that some financial institutions are blocking money transfers to Ukraine. The reason for this may be that some of the banks abroad do not understand the situation in the banking system of Ukraine. Therefore, we ask the international banking



community to provide conditions for making money transfers to Ukraine, as stable operation of the financial system and meeting the needs of the public remains the top priority for the National Bank of Ukraine. I would like to emphasize that the banking system is operating smoothly even in wartime.

I would also like to underline the unprecedented assistance provided by the IMF. Assistance from the IMF, the World Bank, the EU, the European Investment Bank, and partner countries has been received too. We are very grateful to all of them. The financial aid allocated for Ukraine by now exceeds USD 20 billion. A part of it has already been disbursed.

But the war entails huge expenses and we hope that the support to Ukraine will expand. One of the decisive arguments helping Ukraine hold the line is financial assistance by the world, as well as, as I mentioned, sanctions to limit Russia's ability to finance its military attack.

**Ukraine is actually fighting for more than its own independence. We're protecting the lives of all citizens of all countries. How successful we turn out to be in this fight is what will shape the world's future.**

**If the rest of the world chooses to stand united in opposing Russia's aggression, we will have a peaceful future. Cost-and-benefit analysis is not what should inform nations' decisions whether to put sanctions on Russia and help Ukraine. Such decisions should be driven by the willingness to restore global peace.**

Babak Abbaszadeh: Governor, thank you for taking the time to speak with me during this most terrible time. We wish you, your colleagues and their families, and all Ukrainians some comfort, safety, and a speedy end to the war.