# Andriy Pyshnyy: A financial fortress under fire - protecting monetary and financial stability during a full-scale war

Speech by Mr Andriy Pyshnyy, Governor of the National Bank of Ukraine, at OECD Friends of Ukraine Meeting within OECD Financial Markets Week, Paris, 5 March 2025.

* * *

Distinguished colleagues, ladies and gentlemen,

I'm very grateful for the opportunity to address such an esteemed audience.

We meet in a world that has become far less predictable than it was just a few years ago – sometimes, less predictable than it was a week or even a day ago.

The pace of change is frantic.

Global shocks are overlapping and reinforcing one another. Risks spread rapidly through financial and technological channels, and conventional crisis-management models increasingly fail to provide ready-made answers.

"Black swans" are constantly circling financial markets.

Uncertainty is no longer the exception; it has become the new normal, as has the fragmentation of the global economy.

Back in 2022, Kristalina Georgieva noted: "We are entering a new danger zone - a world that is more fragmented, more fragile, and more prone to shocks."

Three years later, she is speaking about resilience in a world of uncertainty - effectively acknowledging that the global economy has fundamentally changed.

Ukraine is living through one of the most difficult scenarios of this new reality – a so-called "perfect storm."

But for us, uncertainty has a very concrete name: full-scale war.

It comes with missile strikes, the destruction of infrastructure, the loss of human capital, and constant economic pressure.

The statistics are stark. In just the three winter months of 2025 to 2026, russia launched nearly 15,000 guided aerial bombs, almost 800 missiles of various types, and 19,000 drones against Ukraine. That is a total of 34,000 airborne weapons.

A simple calculation shows a new attack occurs on average about every three or four minutes.

My speech today will last about fifteen minutes. Unfortunately, for Ukraine this span of time may mean five more attacks from the sky.

**Have the air attacks become worse? Yes.**

**Have they weakened Ukraine's resistance or our commitment to freedom? No.**

On the contrary, four years of war have forged experience that should not be underestimated. The Ukrainian economy and financial sector have demonstrated remarkable adaptability and efficiency.

Today I want to share several practical lessons on how a central bank can maintain monetary and financial stability in the midst of a full-scale war.

Ukraine is paying a very high price for these lessons. That is why we feel it is our duty to share this experience with our partners. It is our way of saying thank you for supporting Ukraine.

Here are a few approaches and solutions that we had to come up with – without the help of any textbooks.

***

## FIRST: Preparedness Is the First Response to a Crisis

Preparedness is at the core of the financial stability mandate, which has evolved significantly since the Asian financial crisis and the global financial crisis of 2007–2008.

The essence is simple: prepare for what *might* happen tomorrow.

I often use the phrase: "In a crisis, you don't rise to the level of your expectations, you fall to the level of your preparedness."

Central banks, therefore, must build buffers, create response protocols, and model even the worst-case scenarios.

War began in 2014 with russia's invasion and occupation of Crimea and parts of the Donbas.

It was then that the National Bank of Ukraine began to rethink its role and prepare for various escalation scenarios.

After the full-scale invasion in 2022, we launched immediate anti-crisis measures:

- Fixing the exchange rate and implementing strict capital controls;
- Temporarily easing regulatory and operational requirements for banks;
- Introducing additional liquidity support mechanisms;
- Decentralizing strategic cash reserves to ensure uninterrupted supply to banks;
- Actively encouraging cashless payments.

These measures achieved their primary goal: they stabilized the system and prevented panic.

Throughout the following years of war, the NBU has constantly faced new challenges triggered by uncertainty. Each time, we confront them, learn lessons, and find the necessary solutions.

***

## SECOND: Do Not Fear Returning to Normalcy After Harsh Decisions, Even if Crisis Conditions Persist

Anti-crisis measures have a limited effect and come with a price. What stabilizes the system today can create a problem tomorrow.

I often use a metaphor from tactical medicine: a full-scale war is to an economy what a severe wound is to a person. The first thing you do is apply a tourniquet to stop the bleeding. The emergency measures at the start of the war were that tourniquet.

However, a tourniquet cannot be left on indefinitely, or it will begin to harm the body itself, potentially causing irreversible damage.

Therefore, after the initial shock of the war, we began gradually relaxing the pressure and returning to normalcy.

We developed a clear plan for exiting the crisis, working in two directions: creating macroeconomic prerequisites and gradually easing restrictions.

Since 2023, we have:

- Transitioned from a fixed rate to a regime of managed flexibility;
- Returned to inflation targeting;
- Significantly eased currency restrictions without destabilizing the market;
- Restored and strengthened regulatory requirements for banks in line with EU standards;
- Restored the functionality of the domestic debt market, allowing us to stop the monetary financing of the budget.

Even despite the war, the economy is gradually recovering.

***

## THIRD: Strong Institutions Should Reduce Uncertainty

In a world of uncertainty, economic agents look for "adults in the room." This role must be filled by strong and independent institutions, and Ukraine's central bank is one of them.

We use four key tools to reduce uncertainty:

- **The first is maximum transparency**

Open and transparent communication with economic actors is no longer a supporting function; it has become a core policy tool. We engage in an "adult" and honest conversation. When businesses, banks, and citizens understand the logic behind our decisions, it leaves less room for panic and speculation, helps stabilize markets, and supports confidence in the financial system.

- **The second is strategic planning**

Despite the war, we have updated both the NBU Strategy and the Financial Sector Strategy. The NBU was the first institution to clearly articulate its strategic priorities, making an important commitment: to fulfill its mandate under all circumstances.

We also use strategic planning to guide complex policy decisions.

This approach led to the development of the strategies for Easing FX Restrictions, and for Transitioning to Greater Flexibility of the Exchange Rate and Returning to Inflation Targeting. We also developed the Lending Development Strategy and later the Mortgage Lending Strategy – and all of these strategies were developed during wartime.

- **The third tool is inter-institutional coordination**

We strengthened the role of the Financial Stability Council as an interagency body and established effective cooperation with the Ministry of Finance. Focusing on a common result for the country while respecting each institution's mandate has proven to be highly effective.

- **The fourth is effective cooperation with international partners**

Over these last four years, our interaction with international partners has built an architecture for financial support and acted as a driver for reforms.

***

## FOURTH: The Banking System Must Be an Island of Stability

Trust is the central bank's most important asset. Throughout the full-scale war, Ukraine's banking system has remained a shock absorber, not a source of shocks. Banks have increased lending to the economy, with lending growth having now reached rates last observed only before the full-scale invasion.

I would specifically highlight the POWER BANKING project. This initiative allows Ukraine's banking system to function even during large-scale blackouts and communication failures - situations Ukraine has faced repeatedly during the war.

***

### In Conclusion: What Lies Ahead?

Even during the war, we are not slowing our reform pace. Rather, it is important for me to state this clearly to this audience – we are accelerating it.

**Our strategic priorities are:**

- The European integration of the financial sector;
- Strengthening corporate governance, and;
- Preparing the financial system for post-war recovery.

**And finally, exporting our expertise.**

To return to my first remarks: Ukraine has become a unique laboratory of crisis management for central banks and other financial regulators. We have experience of developing innovative practices, and testing them in wartime conditions.

Today we are ready to share this experience, because the resilience of financial systems is increasingly becoming a matter of national security.

Recently, my colleagues and I were discussing which single word best defines the effectiveness of our work and of the financial sector as a whole.

I have an answer: **ANTIFRAGILITY.**

Fragile systems break under pressure; resilient systems withstand it; but *antifragile* systems grow stronger when pressure is applied.

It is precisely this quality that underpins Ukraine's resilience today, and I am convinced that it will become the new standard for financial systems worldwide.

Thank you for your attention.