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## Impact of illegal orders on the Ukrainian banking system: a constitutional analysis

Вплив незаконних розпоряджень на банківську систему України: конституційний аналіз

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### Abstract

This article examines illegal orders and orders in the field of the banking system from the point of view of constitutional law. The study includes a review of constitutional norms and principles related to banking, analysis of specific cases of issuance of illegal orders, as well as study of mechanisms for protecting the rights of subjects of banking relations. The purpose of the article is to analyze illegal orders and orders in the banking system in the context of constitutional rights and freedoms. The methodology of the article includes such methods as: analysis method, historical-legal method, comparative method, logical method. As a result of the study, it was concluded that the Constitution of Ukraine enshrines basic rights and freedoms that directly affect the functioning of the banking system. In particular, this is the right to property, entrepreneurial activity, and the right to legal

### Анотація

У цій статті розглядаються протиправні розпорядження і накази у сфері банківської системи з точки зору конституційного права. Дослідження включає в себе огляд конституційних норм та принципів, що стосуються банківської діяльності, аналіз конкретних випадків видачі протиправних наказів, а також вивчення механізмів захисту прав суб'єктів банківських відносин. Метою статті є аналіз протиправних розпоряджень та наказів у сфері банківської системи в контексті конституційних прав та свобод. Методологію статті включають такі методи, як: метод аналізу, історико-правовий метод, порівняльний метод, логічний метод. У результаті дослідження підсумовано, що Конституція України закріплює основні права і свободи, які безпосередньо впливають на функціонування банківської системи. Зокрема,

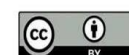
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protection. The study showed that these constitutional guarantees are key to protecting the rights of subjects of banking relations from illegal orders and orders. The results of the study emphasize the need to improve the legal regulation of banking activity in Ukraine, in particular by eliminating existing shortcomings in the legislative framework and strengthening the mechanisms for protecting the rights of subjects of banking relations. The implementation of the proposed recommendations will contribute to ensuring legality and law and order in the banking sector and increasing trust in the banking system of Ukraine.

**Keywords:** illegal orders, orders in the field of the banking system, banking system, illegal influence, legal demand.

## Introduction

In the context of economic instability and crisis phenomena, it is especially essential to guarantee the legality of the actions of state bodies and officials regulating banking activity. Illegal orders can lead to the destabilization of the banking system and the loss of trust on the part of customers and investors.

The relevance of the study is because the constitutional right to property protection and the legitimate economic interests of citizens and enterprises are key elements of a democratic society. Illegal orders in the banking sector may violate these rights, which requires analysis and development of protection mechanisms. Illegal actions in the banking sector create legal uncertainty and risks for economic entities, which negatively affects the economic stability of the country. Therefore, the analysis of cases of illegal orders in the banking sector will help identify gaps in the current legislation and develop recommendations for its improvement, which will contribute to strengthening the legal protection of banks and their clients.

The object of the study is social relations in the field of banking activity, which arise in connection with the issuance and implementation of orders and orders of state authorities, regulatory bodies, as well as banking institutions themselves.

The subject of the study is illegal orders and orders in the field of the banking system, and their constitutional and legal aspects, including:

це право на власність, підприємницьку діяльність, та право на судовий захист. Дослідження показало, що ці конституційні гарантії є ключовими для захисту прав суб'єктів банківських відносин від протиправних розпоряджень і наказів. Результати дослідження підкреслюють необхідність вдосконалення правового регулювання банківської діяльності в Україні, зокрема шляхом усунення існуючих недоліків у законодавчій базі та посилення механізмів захисту прав суб'єктів банківських відносин. Впровадження запропонованих рекомендацій сприятиме забезпеченню законності та правопорядку у банківській сфері та підвищенню довіри до банківської системи України.

**Ключові слова:** протиправні розпорядження, накази в сфері банківської системи, банківська система, незаконний вплив, законна вимога.

Regulatory and legal framework that regulates banking activities and protects the rights and freedoms of subjects of banking relations.

Constitutional norms and principles guarantee protection against unlawful orders and orders.

The practice of issuing and challenging illegal orders and orders in the banking sector.

Mechanisms to protect the rights of subjects of banking relations against illegal actions of state bodies and officials.

Causes and consequences of illegal orders and orders in the banking sector.

International experience and standards in the field of banking regulation and protection of the rights of subjects of banking relations.

Regarding the main tasks of the research, we note the following.

The tasks are:

1. Analysis of constitutional guarantees in the banking sector.
2. Analyze the laws of Ukraine that regulate banking activity (in particular, "On banks and banking activity" and "On the National Bank of Ukraine") and identify gaps and inconsistencies in legislative acts that may contribute to the adoption of illegal orders and orders.

3. Assess the effectiveness of existing mechanisms for protecting the rights of subjects of banking relations, such as judicial protection, control, and supervision by the National Bank of Ukraine.
4. Identify the main causes of illegal orders and orders in the banking sector, such as abuse of power, insufficient control and supervision, and political influence. And
5. Based on the analysis, develop recommendations for improving the legislative framework and increasing the effectiveness of the mechanisms for protecting the rights of subjects of banking relations.

The fulfillment of the specified research tasks will allow a comprehensive assessment of the problem of illegal orders and orders in the banking system of Ukraine, identify the main factors contributing to their occurrence, and develop effective measures for their prevention. This will contribute to increasing the legal protection of the subjects of banking relations and strengthening the stability and trust in the banking system of Ukraine.

The structure of the article can be outlined as follows:

### Introduction

- Overview of the topic: Examination of illegal orders and orders within the banking system from a constitutional law perspective.
- Purpose: Analyze illegal orders in the banking system in the context of constitutional rights and freedoms.

### Theoretical Framework and Literature Review

- Review of constitutional norms and principles relevant to banking.
- Analysis of specific cases involving illegal orders in the banking sector.
- Study of existing literature on mechanisms for protecting the rights of subjects in banking relations.

### Methodology

- Description of the methods used in the study:
  - Analysis method
  - Historical-legal method
  - Comparative method

- Logical method

### Results and Discussion

- Findings on how the Constitution of Ukraine enshrines basic rights and freedoms affecting the banking system.
- Key constitutional guarantees, such as the right to property, entrepreneurial activity, and legal protection.
- Analysis of how these guarantees protect banking subjects from illegal orders.
- Discussion on the need for improved legal regulation in the Ukrainian banking sector.
- Identification of shortcomings in the current legislative framework and recommendations for strengthening mechanisms to protect banking rights.

### Conclusions

- Summary of the study's conclusions on the constitutional protections for banking subjects.
- Emphasis on the importance of enhancing legal regulations and mechanisms to ensure legality and trust in Ukraine's banking system.
- Recommendations for legal and regulatory improvements to support law and order in the banking sector.

Thus, the study of illegal orders and orders in the field of the banking system from the constitutional aspect is extremely relevant and will contribute to the improvement of the legal regulation of banking activity in Ukraine, the protection of the rights of subjects of banking relations, and the improvement of the general legal culture in the state.

### Theoretical Framework or Literature Review

In the study of Baryshnikov (2009), the issue of the collection of an administrative fine in the context of banking was considered. It was remarked that among the types of administrative fines, fines play a based role in preventing violations, training, and deterring further illegal actions. However, not only the fact of its use but also its specific size is crucial. The size of the fine ultimately reflects the principle of the effectiveness of the sanction as a means of ensuring compliance with the law. The size of the fine imposed on the offender (whether it is a natural person or a legal entity) affects his consciousness and motivation to refrain from similar actions in the future.

Bordyuk (2014) considered the banking supervision systems of foreign countries. It was found, that in different countries, there are various systems of supervision of commercial banks, which can be centralized or distributed among different bodies. In many countries, such as Great Britain, Italy, and the Netherlands, the central bank is responsible for supervising commercial banks. Canada and Switzerland have separate supervisory bodies separate from the central bank. In Germany, the USA, and Japan, there is a mixed system, where the responsibilities of supervision are divided between the central bank and the state authorities. There are different types of control over the activities of commercial banks, such as state, departmental, and independent. State control is carried out through legislation that regulates banking activities. Departmental control consists of supervision by the central bank of the country. Independent control is carried out by independent audit firms. In the banking systems of developed countries, there are commercial and central banks. Commercial banks can be universal or specialized. Universal banks carry out a variety of banking operations, while specialized banks specialize in specific types of operations. In some countries, bank specialization is mandatory due to legislation, but many banks are still expanding their operations. The tendency towards the predominance of one type of bank in a country may change as a result of the liberalization of legislation or through the circumvention of existing laws. For example, in countries where specialized banks prevail, a trend towards universalization may appear. After all, many countries have a combination of both types of banks in their banking system.

Vlasova (2006) found out the reasons for the NBU's use of influence measures. It has been established that the list of grounds for the application of influence measures by the National Bank of Ukraine shows that not all of them correspond to the general grounds defined in Article 73 of the Law of Ukraine "On Banks and Banking Activity". This may lead to the appeal of decisions on the application of these measures based on part 2 of Article 19 of the Constitution of Ukraine, which requires that state and local self-government bodies, as well as their officials, act only on the basis, within the limits of authority and in the manner provided for by the Constitution and laws of Ukraine. In addition, the method of determining the grounds for the application of influence measures, outlined in the Regulation on the application of influence measures by the NBU for violations of banking legislation, approved by Resolution of the NBU

Board dated August 28, 2001 No. 369, contains many assessment norms and causes particular difficulties in the process of proving the existence of relevant grounds. In this regard, one of the vital directions of further research should be the improvement of the legal regulation of the grounds for the application of NBU influence measures, taking into account possible sources of evidence of the existence of such grounds.

Gotvyanskyi (2016) investigated the current state of fraud in the field of economic activity. Dmytrenko (2021) analyzed the peculiarities of legal regulation of banking relations in the context of Ukraine's European integration. Thus, it was noted that Ukraine, having signed the Association Agreement, undertook to implement the standards, principles, and legal norms regulating banking activities in the EU into the banking legislation. Significant for the regulation of the banking services market within the EU, and which have already been implemented or are subject to implementation into Ukrainian legislation, according to the authors, are EU documents containing financial monitoring mechanisms and the basic principles of financial institutions. Since these provisions are only partially integrated into Ukrainian legislation, work on their consolidation should continue. Particular attention should be paid to the harmonization of legislation with the rules, requirements, and recommendations of the Basel Committee on Banking Supervision, in particular, regarding the introduction of minimum capital adequacy and liquidity ratios to reduce the outflow of capital from Ukraine. Given several problems in the banking system of Ukraine in the period 2015-2020, including during the financial crisis and pandemic, current priorities include: strengthening control and responsibility of financial market participants; introducing special requirements for indicators of systemically important banks and other financial institutions; improvement of the system of regulation and supervision of financial institutions; ensuring transparency of activity and reporting of financial market participants; transition of banks and non-banking financial institutions to international financial reporting standards; reduction of the state's share in the banking system, etc. The implementation of these and other measures will contribute to the adaptation of the Ukrainian banking system to EU standards, which, in turn, will ensure the provision of modern and high-quality banking services by Ukraine's European integration course.

Zhuk (2020) carried out a comprehensive analysis of the legal regulation of banking activity in the criminal legislation of foreign countries. From the point of view of improving the domestic criminal law regulation of banking activity, in the author's opinion, the following foreign law-making experience is useful: the presence of administrative prejudice as a condition for criminal liability; increased attention to protecting the rights and legitimate interests of creditors, in particular establishing liability for several violations related to bankruptcy proceedings and debt collection; encouraging positive post-criminal behavior by establishing special types of exemption from criminal liability.

Emelyanov (2011) investigated the problematic aspects of organizational and legal protection of bank secrecy in Ukraine. It was finalized that in the conditions of the development of the information society, market economic relations, and the expansion of international cooperation, the issue of BT protection becomes especially relevant. Ukraine has created its own BT protection system, which demonstrates positive development trends and meets world standards. BT is a separate type of IPR and has a specific protection regime that is not identical to any other legal privacy regime. Legislative regulation of BT circulation in modern conditions requires constant research and improvement. Therefore, it is significant to develop and adopt a special law of Ukraine on BT, which would eliminate the analyzed problematic aspects and shortcomings of the current legislation.

Luk'yanets (2006) analyzed administrative-delinquency relations in Ukraine. The main focus of the monograph is on the content of administrative-delinquency relations, modern concepts of administrative responsibility, principles of construction and implementation of a normative model of administrative responsibility in modern conditions, as well as problems of systematization of administrative-delinquency legislation.

Yepifanov, Plastun, & Dombrovskiy (2009) carried out a comprehensive analysis of the financial security of enterprises and banking institutions. The monograph examines the essence of the concept of financial security at both the micro and macro levels and examines the causes of crises and methods of their prevention. Special attention is paid to the problems of ensuring financial security in Ukraine, analysis of the current state of the banking system of Ukraine from the point of

view of its financial security, as well as theoretical approaches to the formation and implementation of the financial security system in the activities of enterprises and banks. In addition, the work proposes several innovations and improvements to the existing theoretical base in the field of financial security for enterprises and banks.

Nadobko (2016) analyzed the issue of administrative responsibility for violations of legislation on banks and banking activities, namely, he carried out a general description of administrative responsibility for violations of banking legislation, investigated the legal grounds of administrative responsibility for violations of legislation on banks and banking activities, features of the application of administrative responsibility in the banking sector, types of administrative penalties for violations of banking legislation, as well as problems and prospects for improving administrative responsibility for violations of legislation on banks and banking activities.

Melnyk (2017) paid attention to the classification of financial fraud in a commercial bank and noted that further research in this direction involves the study of the place and role of financial fraud in the system of ensuring the financial security of a commercial bank, as well as the mechanisms of its detection, countermeasures, and prevention.

Kryushenko (2015) considered the methods of fraud in the banking sector and noted that the peculiarities are the specifics of this sector and access to data. Shapoval (2016) considered the general issues of the constitutional law of Ukraine and singled out and systematized the key provisions in the textbook.

Finageev (2016) analyzed the ways of committing crimes related to the use of means of access to bank accounts. The scientist distinguishes 3 groups of ways of concealing crimes related to illegal access to bank accounts: Concealment of a crime by masking information and its carriers:

- change of legal address and actual location of the enterprise;
- transfer of the employee to another job (to another unit or institution);
- use of forged payment documents and technological errors to hide illegal transactions;



- multiple transfers of funds between accounts, mixing of legal and criminally obtained funds on different accounts;
- conversion and transfer into cash of illegally obtained funds;
- various operations for the legalization (laundering) of proceeds obtained through crime.

Concealment of a crime due to the destruction of information and its carriers:

1. liquidation of enterprises and financial institutions;
2. destruction of objects and documents, with the help of which the crime was committed (for example, payment documents, accounting reports, records in electronic payment systems), through their concealment, loss, or illegal acquisition.

Concealment of a crime due to falsification of information and/or its carriers:

- providing knowingly false testimony;
- distortion of financial, statistical, technological, tax, and other documentation;
- threats, persuasion, or bribery of employees of bank security, law enforcement, and control bodies;
- the use of corruption cover-up and other methods of countering the investigation.

Podolyan (2020) investigated transactions in the field of banking activity in the context of historical and legal analysis, that the legal regulation of banking operations granted powers to each type of banking institution through separate transactions and a set of transactions, which were determined primarily by the functions of these institutions. At the same time, the list of these operations, established in the legislation, was gradually expanded thanks to the improvement of regulatory acts. The major banking operations for each type of credit institution remained practically unchanged, and the number of such operations increased due to new additional operations, which became separate types of transactions. Attention was also drawn to the fact that the lack of mandatory licensing of banking operations led to insufficient regulation of the activities of commercial banks, which allowed them to act independently within the limits of their charter. In general, according to the researcher, the regulation of banking activity in the researched period had a multi-level character, which was reflected in the adoption of laws and by-laws. Most of the by-laws were passed for state-owned

and small credit institutions, while for joint-stock commercial banks, the instructions and orders were not sufficiently specified, resulting in a number of restrictions and regulations. Another shortcoming of the banking legislation of that period was the significant dynamics of legal regulation, which was expressed in the constant reformation of legal norms, which did not contribute to the stable operation of banking institutions. In addition, the state influence on the banking system was significant, which was manifested in the ability of state authorities to make changes to the charters of banking institutions.

The following is observed from the above analysis. The main research trend is focused on the study of constitutional guarantees that protect the rights and freedoms of subjects of banking activity. Another trend concerns the analysis of the legislative framework that regulates banking activities in Ukraine. Researchers are actively studying the mechanisms of protection of the rights of subjects of banking relations against illegal orders and orders. This includes: an analysis of the role of the judicial system in protecting the rights of subjects of banking relations; a review of the decisions of the Constitutional Court of Ukraine, which concern banking activity; development of proposals for the creation of specialized bodies or procedures for quick response to illegal actions in the banking sector. There is also considerable interest in the influence of international law and practices on the regulation of banking activity in Ukraine and the study of practical aspects of the implementation of constitutional norms in banking activity.

Therefore, the study of illegal orders and orders in the field of the banking system from the constitutional aspect is multifaceted and covers a wide range of issues. The main research trends are focused on ensuring constitutional guarantees, improving the legislative framework, developing mechanisms for protecting the rights of subjects of banking relations, the influence of international law and practices, as well as on practical aspects of the implementation of constitutional norms in banking. These studies are extremely important for ensuring the law and order and stability of the banking system of Ukraine.

## Methodology

Let's see how each method will be applied in the study, along with concrete examples:

**Analysis Method:**

- **Constitution of Ukraine:**
  - Study of constitutional provisions guaranteeing the rights and freedoms of banking subjects.
  - Example: Analyzing articles related to property rights, entrepreneurial activity, and legal protection.
- **Laws of Ukraine:**
  - Examination of legal norms governing banking activities.
  - Example: Analyzing provisions from laws such as "On banks and banking activities" and "On the National Bank of Ukraine" regarding the legality of orders and instructions.
- **By-laws:**
  - Review of resolutions, orders, and directives that regulate the banking sphere.
  - Example: Analyzing specific directives issued by regulatory bodies regarding banking operations and their conformity with constitutional principles.

**Historical-Legal Method:**

- **Historical Development of Legislation:**
  - Tracing the evolution of banking laws and regulations over time.
  - Example: Analyzing how changes in banking legislation have influenced the prevalence of illegal orders and instructions.
- **Trends and Regularities:**
  - Identifying patterns in the issuance of illegal orders and instructions.
  - Example: Studying historical cases of illegal orders in the banking sector and identifying recurring themes or causes.

**Comparative Method:**

- **Comparison with International Norms:**
  - Contrasting Ukrainian legislation with international legal standards.
  - Example: Comparing Ukrainian banking laws with those of other countries to identify areas of convergence or divergence in addressing illegal orders.

**Study of International Practices:**

- Analyzing international standards, recommendations, and practices in the banking sphere.
- Example: Examining how other countries handle illegal orders and instructions in their banking systems and assessing their effectiveness.

**Logical Method:**

- **Data Structuring:**
  - Organizing collected information in a logical manner.
  - Example: Categorizing findings from the analysis of constitutional provisions, laws, and historical data into coherent themes.
- **Conclusion Formulation:**
  - Drawing logical conclusions based on the analysis.
  - Example: Formulating recommendations for improving the legal framework to address identified issues related to illegal orders in the banking sector.

By employing a combination of these methods, the study aims to provide a comprehensive understanding of illegal orders and instructions in the banking system from a constitutional perspective. This multifaceted approach enables the identification of problems, assessment of their causes and consequences, and development of recommendations for legal improvements to ensure legality and order in Ukraine's banking sector.

**Results and Discussion**

In the current conditions of the development of the banking system of Ukraine, special attention should be paid to the constitutional aspects of the legality of orders and orders issued in this area. The Constitution of Ukraine defines the basic principles by which state authorities and their officials must act, which is necessary for ensuring the stability and legality of the functioning of the banking system.

According to Part 2 of Art. 19 of the Constitution of Ukraine, state authorities and local self-government bodies, their officials are obliged to act only on the basis, within the limits of authority and in the manner provided by the Constitution and laws of Ukraine. This principle is key in the context of considering the legality of

orders and orders issued in the field of banking activity (Law No. 254к/96-VR, 1996).

Orders and orders in the banking sector must comply with the legislation of Ukraine, including the norms regulating banking activities. In particular, the Law of Ukraine "On Banks and Banking Activity" establishes general grounds for the issuance of normative legal acts that regulate the activities of banks and their interaction with the National Bank of Ukraine (NBU) (Law No. 2121-III, 2000). The National Bank of Ukraine, in turn, issues orders that must meet the requirements of the Constitution and other laws of Ukraine (Law No. 679-XIV, 1999).

In the banking system of Ukraine, situations may arise when illegal orders and orders are issued that contradict the Constitution and current legislation. Such actions can have serious consequences for both banking institutions and the country's economy as a whole.

Illegal orders and orders in the field of the banking system can be defined as those that:

1. They contradict the norms of the Constitution of Ukraine.
2. They violate the current banking legislation.
3. They are beyond the authority of the person issuing them.
4. Aim for illegal enrichment or other selfish purposes.

Examples of such illegal actions can be orders to carry out operations that violate the principles of financial monitoring, or orders that facilitate money laundering.

Therefore, decrees and orders that contradict the Constitution of Ukraine, and laws issued more than authority are considered illegal. Such acts may be challenged in court, and their execution may be suspended. An important aspect is also the assessment of the legality of the actions of officials who issue or execute such orders and orders (Luk'yanets, 2006).

Illegal orders and orders in the banking sector:

- Illegal acts of regulatory bodies.
- The compulsion to perform actions contrary to the law.
- Interference in the internal affairs of banking institutions (Finageev, 2016).

Officials who issue illegal orders or orders are liable following the current legislation of Ukraine. It can be disciplinary, administrative, or

criminal responsibility depending on the nature of the offense. In this context, it is also important to ensure effective mechanisms of control and supervision of the activities of such officials by the relevant authorities. In addition, the Constitutional Courts play an important role in the protection of rights and freedoms in the banking sphere, ensuring compliance of national legal acts with constitutional norms and international standards.

Regarding international standards in the field of banking activity, the main international standards that regulate banking activity are:

- Basel Principles: The Basel Committee on Banking Supervision sets standards for effective supervision of banks (Bis, 2012; and
- FATF Recommendations: Aimed at Combating Money Laundering and the Financing of Terrorism (FATF, 2018).

International organizations such as the International Monetary Fund and the World Bank, and at the national level the National Bank of Ukraine also provide recommendations on protecting banking systems from illegal interference. They contribute to the implementation of effective regulation and supervision that meets international standards (Resolution No. 23, 2022).

The strategy for the development of the financial sector of Ukraine until 2025 (Ministry of Finance of Ukraine, s.f) provides for:

- Effective regulation of the financial sector and improvement of supervisory approaches
- Transparent financial sector
- Resilience of the financial sector to challenges (shocks)
- Improving the quality of corporate governance and risk management in the financial sector
- Increasing the availability and level of use of financial services
- Strengthening the protection of the rights of consumers of financial services
- Increasing the level of financial literacy of the population.

Let's consider the problematic issues of detection and prevention of illegal orders and orders in the banking sector.

1. The imperfection of the legislative framework



- Gaps and inconsistencies in legal acts regulating banking activities.
  - The lack of clear demarcation of powers between different state bodies creates opportunities for abuse of power.
2. Insufficient judicial protection
- The length of court proceedings and insufficient independence of the judicial system make it difficult to challenge illegal orders and orders.
  - Low effectiveness of the existing mechanisms for protecting the rights of subjects of banking relations.
3. Lack of effective control and supervision
- Insufficient control by the National Bank of Ukraine and other regulatory bodies.
  - Absence of effective mechanisms for rapid response to illegal actions.
4. Political influence and corruption
- The influence of political forces on the adoption of orders and orders in the banking sector.
  - Spread of corruption, which undermines confidence in the banking system and creates conditions for abuse of power.
5. Low legal awareness of subjects of banking relations
- Insufficient awareness of citizens and legal entities regarding their rights and mechanisms for their protection.

Ways to solve these problems can be:

Improvement of the legislative framework.

Carrying out a comprehensive revision of legislation regulating banking activities to eliminate gaps and inconsistencies.

Amendments to the laws of Ukraine "On Banks and Banking" (Law No. 2121-III, 2000) and "On the National Bank of Ukraine" (Law No. 679-XIV, 1999) clearly demarcate the powers of state bodies and increase their responsibilities.

- Increasing the effectiveness of legal protection

Reform of the judicial system to ensure its independence and efficiency in the consideration of cases related to banking activities.

Introduction of specialized courts for consideration of banking disputes.

- Strengthening control and supervision

Improvement of control mechanisms by the National Bank of Ukraine, in particular by introducing a system of early warning and response to illegal actions.

Increasing the transparency of regulatory bodies and creating independent commissions to oversee their activities.

- Prevention of political influence and fight against corruption

Introduction of stricter anti-corruption measures in the banking sector, including control over the income and expenses of officials.

Development of mechanisms to prevent political influence on decision-making in the banking sector.

- Increasing legal awareness

Conducting information campaigns and educational programs to increase the legal awareness of citizens and legal entities regarding their rights in the banking sector.

Solving problematic issues related to illegal orders and orders in the banking system requires a comprehensive approach, which includes improving the legal framework, reforming the judicial system, strengthening control and supervision, preventing political influence and fighting corruption, as well as increasing legal awareness of sub-objects of banking relations. The implementation of these measures will contribute to the strengthening of law and order in the banking sphere and increase trust in the banking system of Ukraine.

Ensuring the legality of orders and orders in the field of banking activity is an important task that requires compliance with constitutional principles, improvement of legislation, and effective control. Only under such conditions is it possible to achieve stable and legal functioning of the banking system of Ukraine, which will meet international standards and contribute to the protection of the rights and interests of all financial market participants.

## Conclusions

1. According to the first task and the second task, with the help of the historical-legal method, the method of analysis, and logical methods, it was established that the Constitution of Ukraine enshrines the basic rights and freedoms that directly affect the functioning of the banking system. This includes the right to property, business, and legal protection. The provision of these rights is fundamental for the protection of the subjects of banking relations from illegal orders and orders. At the same time, the study revealed gaps and inconsistencies in the legislation regulating banking activities. Despite the presence of numerous normative legal acts, their imperfection creates conditions for the adoption of illegal orders and orders. Changes in the legislation are necessary to more clearly define the powers and responsibilities of state bodies and banking institutions.
2. A detailed study of the impact of regulatory mechanisms on violations in the banking sector allowed us to conclude that the existing mechanisms for protecting the rights of subjects of banking relations, such as judicial protection and control by the National Bank of Ukraine, are not always effective. This is due to lengthy procedures, insufficient independence of the judicial system, and limited opportunities for prompt response to illegal actions. The main reasons for illegal orders and orders in the banking sector are abuse of power, insufficient control and supervision, as well as political influence. These factors undermine confidence in the banking system and negatively affect its stability.
3. The method of analysis and forecasting helped to establish that international standards and practice play an important role in improving the legal regulation of banking activities. The implementation of these standards can help increase the level of law enforcement and protection of the rights of subjects of banking relations in Ukraine.

Based on the conducted research, recommendations were developed for improving the legal regulation of banking activities:

- Elimination of gaps and inconsistencies in the legal framework.
- Strengthening control and supervision of the activities of banks and state bodies.
- Improvement of mechanisms for protecting the rights of subjects of banking relations,

including the development of special procedures for quick response to illegal actions.

- Borrowing and implementing the best international practices and standards.

Therefore, the results of the study emphasize the need for systematic changes in the legal regulation of banking activities to ensure legality and law and order. Implementation of the proposed recommendations will contribute to increasing the legal protection of subjects of banking relations, strengthening the stability of the banking system, and increasing trust in it. The study of illegal orders and orders in the field of the banking system from the constitutional aspect showed the need to improve the legislative framework, strengthen control and supervision, as well as introduce effective mechanisms for the protection of the rights of subjects of banking relations. Implementation of international standards and best practices can significantly improve the situation in the banking sector of Ukraine. This will help increase the legal protection of citizens and legal entities and strengthen the economic stability of the state.

As for further scientific research, we consider it necessary to focus on the study of the practice of the Constitutional Court of Ukraine regarding appeals against illegal orders and orders in the banking sector.

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