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BONDS VS DEPOSITS: WARTIME REALITY

In today's rapidly changing economic environment and wartime, choosing the right investment option is more important than ever. Since February 2022, the number of investment areas for Ukrainians has significantly narrowed, which is due to legislative restrictions, currency regulation, increased risk of traditional investments and reduced profitability [1]. In Ukraine, two of the most popular and widely accessible financial instruments for individual investors are bank deposits and government bonds. Both offer relatively low-risk opportunities to preserve and grow personal savings, but they differ significantly in terms of returns, liquidity, risk levels, and accessibility. Therefore, the question arises, what exactly to choose?

Making a deposit is much easier than buying government bonds, because when buying government bonds investor needs to open a personal securities account. It is not that much complicated, but may take up to 2 days. Today, it can be done online through the bank's application or even through the "Diya" application.

The deposit can be made for 1, 3, 6, 9, 12 months. In some banks, the client can choose not only period of deposit, but also a specific return date. In the case of government bonds, investor can try to guess by buying bonds with a maturity date before the desired date, but it will be quite difficult and far from 100% success.

Investor can both place a deposit and purchase government bonds in three different currencies: hryvnias, US dollars, and euros.

By February 2022, the minimum threshold for placing government bonds started at UAH 100,000. With the advent of so-called "military bonds" – debt securities that the country issues to finance military operations, the minimum deposit amount for government bonds decreased to UAH 1,000/dollars/euros [2]. Regarding a deposit in a particular currency, the bank can set a minimum deposit amount without limiting the client to anything else.

In terms of profitability of financial instruments, government bonds have a clear advantage over deposits, since the coupon income on bonds and investment income are not subject to taxation, they are also not subject to military fee. That means, if the planned yield on government bonds and the interest rate on deposits are equal and are, for example, 16% per year, then upon repayment of government bonds the investor will receive more. For now, government bonds offer to investor 16,3% per year, while deposits offer 16,5% per year (or around 12,5% after tax and fees deductions).

In the case of deposits, it is most likely impossible to return the money ahead of schedule, but in the case of government bonds, there is an opportunity to sell the obligations on the secondary market and get most of investor's money back.

Currently, until the end of war in Ukraine (and three months after), the depositor is guaranteed a 100% return of his deposit, but in the national currency. At the same time, the return of funds invested in government bonds is guaranteed by the state of Ukraine itself. Moreover, in the currency in which the bonds were denominated.

Despite the obvious advantages, the population, due to a certain conservatism, still prefers deposits, in which the population keeps 1,300 billion hryvnias as of March 2025, while in government bonds only 89 billion [3]. Also, when banks receive deposits, they invest such deposits in government bonds, rather than lending to businesses, safely earning on the difference [4].

For the sake of objectivity, it is worth noting that from August 2022 to April 2023, the so-called "conversion deposits" significantly outperformed bonds in terms of profitability, allowing you to get up to 15–20% in 3 months, but such deposits ceased to be interesting with the spread of the dollar exchange rate on the black market and the fall of the NBU exchange rate to 1,5-2% [3]. Thus, this period of time can be considered a time for speculation rather than investment.

In my opinion, an investor should choose government bonds to invest money. Firstly, Ukrainian government bonds are generally considered a relatively safe investment. They are backed by the state, and the risk of losing money is quite low, especially if the bonds are short-term or medium-term. In addition, they usually offer higher interest rates than traditional bank deposits, especially during times of economic instability or inflation. What is more, bonds can be sold on the secondary market if the investor needs quick access to money, which provides some flexibility.

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ECONOMIC SECURITY OF UKRAINE: THREATS AND WAYS TO ENSURE IT IN WARTIME

Economic security is a key element of national security for any country, as it directly impacts the stability and development of the state. It encompasses various aspects, including the protection of economic interests, the resilience of financial and economic environments, and the country's ability to recover from crises. Given the complex economic challenges Ukraine has faced, understanding the legal dimension of economic security is particularly critical [1].