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BANKING MANAGEMENT OF LENDING OF THE NATIONAL ECONOMY

The article examines the process of managing the crediting of the national economy and establishes that, in wartime, bank lending is not sufficiently capable of activating positive economic processes. However, with the aim of possible stimulation of lending, strategies for managing the lending process and tools for their implementation are proposed.

Key words: bank lending, business entities, extended reproduction of the economy, types of economic activity, management of the process of bank lending, strategies, tools, Ukraine.

БАНКІВСЬКИЙ МЕНЕДЖМЕНТ КРЕДИТУВАННЯ НАЦІОНАЛЬНОЇ ЕКОНОМІКИ

Війна вплинула на всі сфери діяльності фінансового сектору країни, зокрема й на кредитування. Водночас банківські установи продовжують кредитувати в умовах воєнного стану критично значимі види економічної діяльності. Все це вимагає вдосконалення управління процесом банківського кредитування, визначення стратегічних орієнтирів забезпечення його стабільності.

Визначення впливу банківського кредитування на економіку країни можливе при аналізі його взаємодії з ВВП.

Загалом протягом останніх років обсяги наданих кредитів (при зростанні ВВП) суттєво не збільшувалися. А з 2014 року зростання стало зовсім незначним знову ж таки при постійному зростанні ВВП.

В процесі дослідження виявлено, що нині банківське кредитування виявилось не повною мірою спроможним посилювати позитивні економічні процеси. І для розширеного відтворення економіки, стимулювання кредитування запропоновані стратегії управління процесом кредитування (розвитку кредитування економіки; помірною кредитування економіки; активного кредитування економіки; диверсифікації кредитування економіки) та інструменти їх реалізації.

У статті запропоновано матрицю позиціонування стратегій та відповідно до неї сформовано матрицю, в якій були розміщені види економічної діяльності залежно від їх частки у ВВП та обсягів кредитів, наданих в них.

Встановлено, що в секторі, якому відповідають такі показники як низька частка обсягів банківського кредитування та ВВП у розрізі видів економічної діяльності (низькі темпи зростання ВВП, падіння виробництва, небажання банків ризикувати, кредитуючи сектори економіки країни, зниження ділової активності позичальників) розмістилася переважна більшість видів економічної діяльності.

Загалом гіпертрофована структура банківського кредитування галузей економіки в умовах війни потребує прийняття та реалізації управлінських рішень, які б дозволили банкам активізувати кредитну діяльність, а суб'єктам господарювання підвищувати рівень своєї кредитоспроможності. А це можливо лише за умови сильної економіки, відсутності корупції, монополії незахищеності прав кредиторів і позичальників, свавілля з боку суддів, непрогнозованості та неефективності податкової, бюджетної політик, непрофесійної грошово-кредитної політики тощо, які, в свою чергу, необхідно подолати після переможного завершення війни.

Ключові слова: банківське кредитування, суб'єкти господарювання, розширене економічне виробництво, види економічної діяльності, процес банківського кредитування, стратегії, інструменти, управління, Україна.

Statement of the problem in a general form and its connection with important scientific and practical tasks. The war affected all areas of the country's financial sector, including lending. At the same time, banking institutions continue to lend to critically important types of economic activity under martial law. All this requires improving the management of the bank lending process, defining strategic guidelines for ensuring its stability.

The critical state of the real economy is largely shaped by the unbalanced credit policy of banking institutions and is the main source of problems in the country now.

Analysis of the latest studies, in which the solution to the problem was initiated. National scientists O. Bodnar, N. Bondarenko, V. Vovk, L. Kuznietsova, V. Mishchenko, A. Moroz, Ye. Osadchyi, M. Pudovkin, M. Savluk, A. Stepanenko, O. Khmelenko, V. Hevaldina, O. Sheiko and others made a significant contribution to the study of the development of the impact of bank lending on the economy. At the same time, paying tribute to their scientific developments, it should be noted that there is a need to find ways of ensuring of bank lending efficiency to the real economy in the future.

Objectives of the article: formation of theoretical and applied principles of bank management of lending to the national economy.

Presentation of the main material of the study with a full justification of the obtained scientific results. Currently, the share of loans in the total assets of domestic banks is almost 48.5%, which indicates the sufficient influence of bank lending on the socio-economic development of Ukraine. However, it is clear that in the context of ongoing military operations and unfavourable investment environment, banks remain the main donors of the economy. The effective development of the country is impossible without the development of the economy, with bank resources directed thereto in the first place. This situation requires cooperation of all participants in the credit market and the search for ways to improve the process of managing bank lending to the economy.

In our opinion, bank lending is a process aimed at obtaining profit from the implementation of a licensed business at the expense of borrowed and own funds at your own risk on the terms of return, payment, timeliness, security and purpose, and banking management of lending to the economy is a process of financial stimulating the development of the real sector of the national economy through the use of appropriate credit instruments and ensuring the growth of banks' profits.

Any process involves analyzing and evaluating its results. This also applies to the bank lending process.

It is worth noting that current techniques for assessing lending to the real sector of the economy have been developed. For example, Ben Bernanke defines the impact of the crediting process on the

economic cycle on the basis of financial accelerator model (Bernanke B., other, 1999); N. Artamonov – on the basis of methods of analysis of macroeconomic and monetary indicators time series (Artamonov V. M., 2015); D. Burakov – based on the use of direct and indirect factors; O. Luniakov – on the basis of the use of the credit indebtedness coefficient (Luniakov O., 2012); L. Kuznietsova and D. Kretov – on the basis of credit cycle indicators system (Kuznietsova L.V., Kretov D.Yu., 2016). N. Volkova – taking into account the phenomenon of cyclical movement of credit, develops an effective system of credit cycle indicators herself (Volkova N.I., 2014). However, we will present our own approach to the methodology of assessing the bank lending process (Figure 1.1):

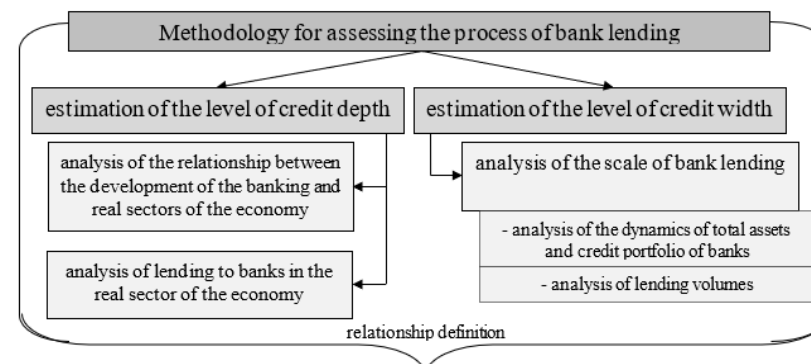


Fig. 1.1. Algorithm of the methodology for assessing the process of bank lending and its impact on the real sector of the economy *

* formed by the author

This methodological approach will allow for assessing the state of bank lending in the country, prove the interdependence of the real and banking sectors and, on the basis of the results, formulate strategies for effective management of the bank lending process in order to ensure balanced development of the country's economy and increase its competitiveness.

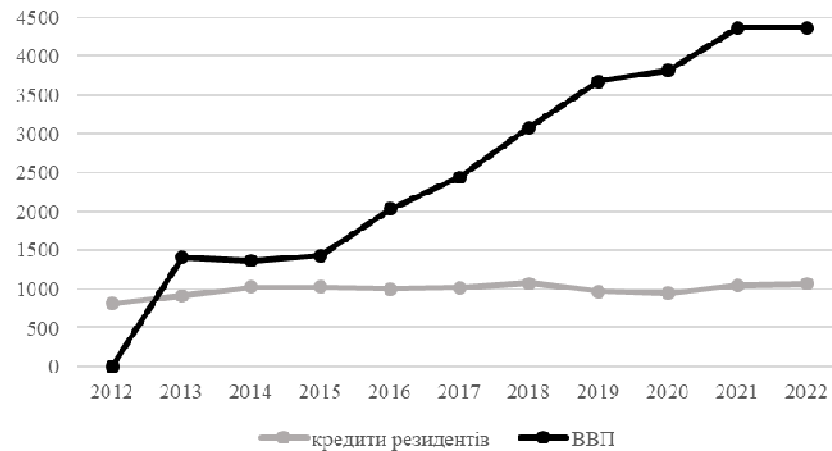


Fig. 1. Dynamics of residents' lending by banks of Ukraine and GDP during 01.2012–11.2022*

* formed on the basis of data sources: (NBU, 2022; Derzhavnyi komitet statystyky Ukrainy, 2022)).

In general, in recent years, the volume of loans granted (with GDP growth) did not increase significantly. And since 2014, growth has become completely insignificant, again with constant growth of GDP.

Consequently, the GDP growth rate affects bank lending, as investment and other capital requirements increase accordingly.

Let us analyse the structure of loans provided by deposit-taking corporations (except for the NBU) in the context of economy sectors (Table 1).

Table 1

Structure of loans granted to non-financial corporations, by types of economic activity in 2020–2022, million UAH *

Sectors of the economy	2020 p.		2021 p.		2022 p.	
	sum	by structure	sum	by structure	sum	by structure
Total	1291731,1	100	906520,8	100	2094803,5	0,341
1. Other financial corporations:	5700,5	0,441	10520,1	1,160	7144,7	0,001

Table 1 (continued)

- insurance corporations and pension funds	36,3	0,003	27,3	0,003	23,3	0,340
- others	5664,3	0,439	10492,8	1,157	7121,5	0,340
2. General government sector:	11579,2	0,896	27399,4	3,022	7121,5	0,870
- central government bodies	4745,7	0,367	15719,4	1,734	18231,4	0,424
- regional and local bodies of state administration	6833,5	0,529	15719,4	1,734	8878,3	36,741
3. Non-financial corporations:	724156,5	56,061	769648,6	84,901	769648,6	3,025
- state corporations	59557,9	4,611	54127,0	5,971	63369,6	34,705
- other corporations	59557,9	4,611	716,7	0,079	727000,6	11,606
4. Other sectors of the economy:	206949,7	16,021	716,7	0,079	243131,5	11,581
- households	206471,4	15,984	716,7	0,079	242602,8	0,025
- non-profit organizations serving households	478,2	0,037	716,7	0,079	528,7	100

* formed on the basis of source data: (NBU, 2022)

As we see, the sector of «non-financial corporations» was the only one to experience growth.

The analysis of loans to non-financial corporations by types of economic activity and distribution of loans in sectors of economy deserves attention as well (Table 2).

In general, enterprises of certain industries only were given credits, while others still lack credit resources. Such a state of insufficient securitization evidences the unstable situation in the lending market and, consequently, is characterized by a higher level of risk.

In the course of the study, it was discovered that currently bank lending was not fully capable of enhancing positive economic processes. And for the expand the reproduction of the economy and lending stimulation, it is necessary to develop strategies of lending process management and tools for their implementation.

Table 2

Structure of loans granted to non-financial corporations, by types of economic activity in 2022, million UAH *

Type of economic activity	sum, million UAH	% to general volume
TOTAL	1056416,02	X
Agriculture, forestry and fisheries	125045,4	15,82
Mining and quarrying	17164,0	2,17
Manufacturing industry	137694,7	17,42
Supply of electricity, gas, steam and air conditioning	65295,8	8,26
Water supply; sewage, waste management	608,4	0,08
Construction	21043,6	2,66
Wholesale and retail trade; repair of motor transport, tools and motorcycles	293373,6	37,12
Transport, warehousing, postal and courier activities	27328,1	3,46
Temporary placement and organization of food	4318,9	0,55
Information and telecommunications	8344,2	1,06
Financial and insurance activities	2179,82	0,28
Real estate operations	60238,3	7,62
Professional, scientific and technical activities	12605,2	1,59
Activity in the field of administrative and auxiliary services	10793,9	1,37
Education	191,7	0,02
Health care and social assistance	3644,2	0,46
Arts, sports, entertainment and recreation	143,4	0,02
Provision of other types of services	357,0	0,05

* formed on the basis of source: (NBU, 2022)

Since high growth rates are possible only at high rates of lending, we will map out a matrix with sector strategies (Figure 2).

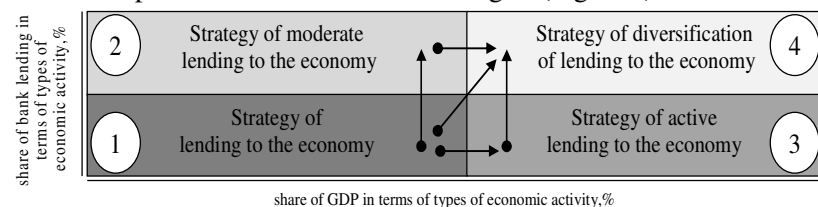


Fig. 2. Matrix of positioning strategies of bank management of lending to the economy of the country *

* formed by the authors

The first sector: the strategy of lending to the economy.

The following indicators correspond to this sector: low share both in volume of bank lending and GDP in terms of types of economic activity (low GDP growth, drop in production, unwillingness of banks to risk, lending to the sectors of the country's economy, decrease of business activity of borrowers).

Second Sector: the strategy of moderate lending to the economy.

The following indicators correspond to this sector: a high proportion of bank lending, but a low share of GDP in terms of the types of economy (a significant resource is directed towards consumption, excessive capital growth).

Third sector: the strategy of active lending to the economy.

The following indicators correspond to this sector: low share of bank lending with a high share of GDP in terms of economic activity types, decreased lending to the economy by banks and low demand for loans from the types of economic activity, the threat of conflict in the process of implementation of changes by the state, enterprises and the population.

The fourth sector: the strategy of diversification of lending to the economy.

The following indicators correspond to this sector: high shares of bank lending and GDP by sector («GDP debt capacity», which leads to lower capital efficiency).

Tools for implementing strategies for bank lending management in the extended reproduction of the economy are as follows in Table. 3.

Table 3

Tools for implementing strategies *	
Kind of strategy	Strategy implementation tools
Strategy of lending to the economy	1) the formation of a mechanism for protecting the rights of creditors and borrowers; 2) reduction of interest rates on loans, the high values of which limit the demand for credit resources; 3) restoring trust between banks and clients; 4) change of behaviour model of the potential borrower.

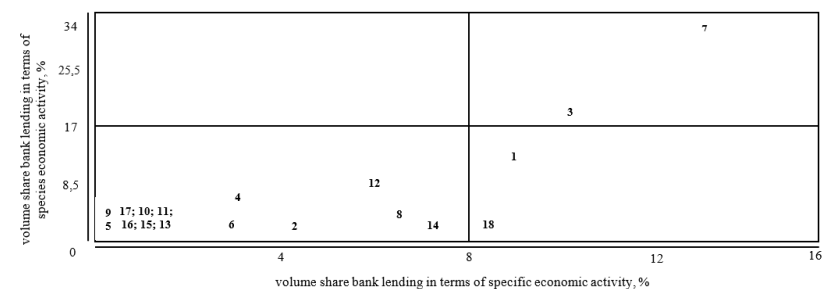
Table 3 (continued)

Strategy of moderate lending to the economy	1) adherence to the principle of targeted use of borrowing resources; 2) differentiation of granting of loans by types of economy and types of borrowers; 3) introduction of compensation mechanisms for a portion of interest rates on loans for priority sectors; 4) control over the efficiency of the use of the resources received in the sizes determined by the needs of the industries.
Strategy of active lending to the economy	1) reduction of the share of problem loans of banks in order to avoid a shortage of resources; 2) the formation of a system of economic incentives for the implementation of state credit support programs for priority sectors; 3) ensuring access of banks to foreign capital markets, which will improve the financial performance of their activities and significantly increase their liquidity and competitiveness.
Strategy of diversification of lending to the economy	1) ensuring distribution of resources between different assets in order to reduce the overall level of risks; 2) setting limits on the size of loans granted, which will diversify the credit resources and provide sustainable profits both to banks and industries; 3) formation of reserves for credit risks, which will protect the interests of participants, will increase the reliability and stability of the banking system as a whole.

* compiled by author

According to the matrix of positioning strategies (see Figure 2), we will form a matrix (Figure 3), placing the types of economic activity depending on their share in GDP and the amounts of loans granted in them on the basis of data (see Table 2).

Attribution of «wholesale and retail trade; repair of motor vehicles and motorcycles» in the sector of the strategy of diversification of lending to the economy, is, in our opinion, obvious, since this branch is actively developing mainly due to bank lending (the share of lending was 37.12%). As for the «processing industry», the results evidence a significant, though not a crucial role of lending in financing the development of this industry (the share of lending is 17.42%).



1 – agriculture, forestry and fisheries; 2 – mining and quarrying; 3 – processing industry; 4 – electricity, gas, steam and conditioned air; 5 – water supply; sewage, waste management; 6 – construction; 7 – wholesale and retail trade; repair of motor vehicles and motorcycles; 8 – transport, warehousing, postal and courier activities; 9 – temporary placement and organization of food; 10 – information and telecommunications; 11 – financial and insurance activities; 12 – operations with real estate; 13 – professional, scientific and technical activities; 14 – activities in the area of administrative and auxiliary services; 15 – education; 16 – health care and social assistance; 17 – Arts, Sports, Entertainment and Recreation; 18 – provision of other types of services

Fig. 3. Matrix of the results of positioning strategies (according to 11.2022) *

* formed by the author

A small share of bank loan investments in agriculture, forestry and fisheries (15.82%) shows limited use of the financing mechanism for the development of this industry. As a result, its significant share in GDP (9.3%) has not increased; a small number of government programs of credit support are aiding the branch, leading to decreased competitiveness of products on the world market.

The enterprises of other types of economy are considered risky for the use of credit resources. At the same time, lending to some economic sectors («construction», «education», «health care and social assistance», «art, sports, entertainment and recreation») has both economic and social benefits. They use budget funds, while the state does not stimulate the process of their lending.

Conclusions. In general, the hypertrophied structure of bank lending to sectors of the economy in wartime conditions requires the adoption and implementation of management decisions that would allow banks to intensify lending activities, and business entities to increase their creditworthiness. And this is possible only if there is a

strong economy, the absence of corruption, the monopoly, the lack of protection of the rights of creditors and borrowers, arbitrariness on the part of judges, the unpredictability and ineffectiveness of tax and budget policies, unprofessional monetary policy, etc., which, in turn, must be overcome after the successful conclusion war.

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