Кредитная политика коммерческого банка как инструмент его деятельности

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Аннотация

В силу актуальности темы целью данной статьи является рассмотрение кредитной политики банков. Для понимания на основе чего строится кредитная политика банка, раскрываются цели, стратегии и задачи, которые банки ставят перед собой. Также описаны функции, которые выполняет кредитная политика. Целью данной статьи также является обзор рисков, которые банк стремится минимизировать, поэтому освещены важность и необходимость составления кредитной политики.

Ключевые слова: кредитная политика, банки, процесс кредитования, риск-профили, минимизация рисков, максимизация прибыли.

Credit policy of the commercial bank as a tool of its activity

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Abstract

Due to the relevance of the topic, the purpose of this article is to consider the credit policy of banks. To understand what the bank's credit policy is based on, the goals, strategies and objectives that banks set for themselves are revealed. The factors influencing the credit policy are also described. The purpose of this article is also to review the risks that the bank seeks to minimize, therefore, the importance and necessity of drawing up a credit policy is highlighted.

Keywords: credit policy, banking, crediting, risk profiles, risks minimization, profit maximization.

The process of issuing loans and borrowing money is one of the most profitable tools for banks. It depends on many factors, such as the circle of customers, partners, the number of bank loans, the expansion and improvement of bank products, and the loan method. At the same time, the opposite of the process is business risks, fierce competition in the credit market, which leads to an increase in the loss ratio of commercial banks. In particular, this is due to banks that are ready to issue loans left and right. “Since the provision of loans is the main economic function of banks, carried out to finance consumer and investment purposes of firms, individuals and government organizations, the cornerstone of the banking business is the credit policy of a commercial bank. The quality of credit policy and the level of its implementation predetermine the success of the bank's activities, its stable and stable operation. A well-designed credit policy is the basis for the bank's “longevity” [4, p. 7]. As a result, the need for the formation of a well-thought-out credit policy increases. The necessity is strongly felt because the credit policy represents the essential tool for solving the problem of credit risk optimization and determining the main activities of commercial banks. The process should also involve the usage of IT technologies that can predict possible future conditions of the credit market.

The definition of the bank credit policy can be described as Abalakina T. V. and Abalakin A. A. offer: "It is a set of all factors, actions and documents that determine the further path of development of the institution in the direction of providing loans to attracted customers." [1, p. 7] Under the credit policy it is also accepted to understand the strategy and tactics of the bank in the field of credit operations. Despite a certain subjectivity underlying the credit policy, objectively it is a mechanism for implementing the function and principles of lending. The purpose of the bank's credit policy is to optimize the profitability and risk of credit operations. The concept of credit policy can be considered from a narrow and broad perspective correspondingly, as:

1. The level of risk that the bank can take on;
2. An integral part of the strategy of the credit institution, the definition of its activities in the field of credit and investment operations and the development of procedures to ensure the maximum possible profitability on credit operations with an acceptable level of risk.

The credit policy of commercial banks implies the development of specialized programs aimed at lending to individuals and legal entities. Generally, the credit policy of commercial organizations is based on the optimal ratio of profitability and potential risks found during the execution of certain operations.

Based on the above definitions, credit policy can be defined as a set of rules, regulations, instructions, goals, objectives and recommendations aimed at providing loans to bank customers, depending on the economic situation of the country and the entire world, balancing the loan portfolio and reducing risks. Thus, credit risk management plays a key role in the implementation of credit policy.

Different from various types of economic policies, credit policies have specific characteristics. First, credit policies are related to various forms and varieties of credit management. Based on this, we can discuss the credit policy as a policy in the areas of providing loans and obtaining loans. Secondly, an important role is given to credit policy, because it is proceeding from an acceptable for the bank ratio of "risk-profitability" of operations. A competent credit policy helps to optimize credit risk, provide high-quality and most suitable credit products for the client, generating the main income of the bank. A well-grounded credit policy allows rational and effective use of all elements of the credit mechanism, which largely ensures the successful operation of the bank and its subsequent development.

We can say that the definitions fully reflect what the managers of the banking sector include in the document on credit policy. For this, a description of the goals, basic principles, basic lending conditions (forms of providing loan products, currency, lending terms, sources of repayment, pricing, collateral), systems for making loan decisions, target risk profile and stop factors by industry, type of activity and directions, prohibited activities and categories of clients.

Speaking about the main goal of the credit policy, it embodies the end result of a credit institution's activities arising from its purpose - namely, meeting the needs of customers for additional funds, while receiving profit, with minimal risk and ensuring the stability of the bank. Credit policy objectives are more specific. They can be associated with an improvement in the composition of loan products, the quality of the loan portfolio, the reduction in the loan risk and the proportion of overdue debt, the increase in the proportion of secured loans. Following from the tasks established by the bank's credit policy, as well as the available resources, the following tasks are determined:

1) Directions of lending to bank clients;
2) Technology for carrying out credit operations;
3) Credit risk management;
4) Control over the lending process.

The process of managing bank activities depends to a large extent on the effectiveness of the policy. Therefore, the specific activities of new customers must be considered at the macro- and micro-level when formulating the policy. The function of a bank in the field of loans depends to a large extent on the method by which it is formed, which is an algorithm consisting of certain stages aimed at achieving the best possible results. In order to effectively organize the lending process, it is necessary to correctly establish the interaction with the bank's internal and external environments.

"Considered as the strategy and tactics of the bank in the field of obtaining and providing loans, the credit policy in terms of strategy incorporates the priorities, principles and meaningful goals of a particular bank in the credit market" [4, p. 7]. Tactics also includes various methods used to achieve the goal. They establish appropriate rules, rates, and conditions for lending process. The important factors of following the strategy and tactics are the quality and diligence of employees in order to avoid mistakes and make unreasonable decisions.

The presence of functions has not bypassed the credit policy. The functions performed can be divided into two categories: general (inherent to each element of bank policy) and specific (specifically distinguishing credit policy from other elements of bank policy). A commercial function can be ranked among the general functions, since, in principle, the receipt of a profit by the bank is the basis of the work of a commercial bank, as it was already said earlier. Stimulating and control functions also fall under the common perimeter. Credit policies that reflect the objective needs of banks, customers and banks stimulate the accumulation and rational use of temporary free funds in banks. The bank promised to increase revenue to encourage customers not to make current consumption within a certain period of time. The temporary need for additional funding can be met by the ability to obtain loans from banks, and it is critical. Thus, "banks seek to attract the cheapest resources on the market for a relatively long period and place them with maximum benefit" [4, p. 7]. As for the control function, it is expressed through certain requirements set for the customer and the loan process. Therefore, the process of attracting and using credit resources is controlled in consideration of priority. The specific function of credit policy is to optimize the credit process. This process aims to achieve bank policy, that is, "ensuring the safety and reliability of credit operations" [5, p. 7], which can also be interpreted as minimizing risk.

It is worth mentioning the factors that affect the development of bank credit policies. They can be divided into macro factors and micro factors. Macro factors include the country's macroeconomic conditions, the potential and economic characteristics of the region where banks operate, the status and development level of the country's credit market, inflation, the level of social and material well-being, and legislative restrictions on bank loan business. For micro-level factors, banks can directly influence them. In this case, the factors include:

- The qualifications of the bank personnel,
- The provision of the bank personnel with the necessary information and work materials,
- The readiness of the bank personnel to work with various categories of borrowers,
- The interest rate policy in the field of lending,
- New and existing borrowers of the bank,
- The amount of risk that can be taken on the bank itself.

Moreover, the bank should not avoid the consideration of possible options for the ideology while formation of credit policy. The fundamental principles of formation can be:

"1. Concentration of lending on paying clients. This requirement is aimed at reducing credit risk, a more thorough financial analysis of an existing or new client, as a result of the formation of a stable client base, and monitoring of credit risk.

2. Balancing the bank's loan portfolio, which characterizes the need to increase the profitability of loan investments, the quality of the loan portfolio, and optimize the risk to return ratio.

3. Maintaining balance sheet liquidity at an acceptable level for the bank.

4. Separation of the principles of lending into corporate and retail business. This is necessary to distinguish between the specifics of lending to legal entities and individuals in the amount of lending, the principles of assessing creditworthiness, requirements for borrowers, and the definition of covenants.

5. Planning and forecasting of credit activity and its results" [3, p. 7].

Since making a profit, or providing loans is the driving force of the bank's slave, it is important for the organization to determine the optimal client base based on the experience. Thus, industries and directions, companies that are inappropriate in terms of risks and financial indicators are eliminated. Solvent borrowers are the key to effective lending activities. If a bank wants to attract reliable customers and diversify credit risk, it needs to enlarge the product line consisting of variety types of loans. Except purpose and category of the borrower, these loans should be distinguished by pricing methods.

Credit policy can also be viewed in terms of a structural model. Accordingly, it contains elements that are closely related to each other. These can be referred to as procedural, administrative and security elements. Procedural elements are associated with simplification and optimization of the process of processing and issuing a loan. An important component is to ensure loan repayment. This kind of guarantee can be mortgage, insurance, guarantee, etc. As for the administrative element, it controls the borrower's timely and comprehensive performance of the bank's debt. These elements closely relates to effective management of loan portfolios. By monitoring the data received, the bank can decide, what part of the credit policy requires some modifications and adaptation for current situation. The security element is due to the existence of various threats, to the existence of various risks and the need to take them into account. In the process of implementing credit policies, commercial banks face various types of risks, the nature and characteristics of which are listed in table 1.

Based on the determination of the most acceptable customer base, the possibility of outstanding loans is reduced. Monitoring of credit risk, the collateral for a loan and general management of the loan portfolio can more fully guarantee loan repayment. Determining the loan price in the form of interest rates can enable you to strike a balance between the credit policy and the deposit policy to prevent the average cost of borrowing funds from exceeding the average cost of placing funds.

Dividing pricing methods by loan type and borrower category will be able to manipulate different loan sources and directions while reducing this risk. In general, taking into account the instructions of the credit policy, the correct organization of bank activities can optimize the loan portfolio, so that the credit policy and other elements of the bank policy are interconnected, thereby reducing the risk of liquidity loss.

Table 1. Description of arisen risks

Type of risk	Economic sense
Credit risk	The implementation of the loan agreement was not timely or completed, and the loan amount and interest were not repaid, because of incorrect assessment of the borrower's solvency and the acceptability of his lending and emergencies.
Interest rate risk	The difference between the average cost of borrowed funds and the cost of service loans over the average cost of allocated funds directly leads to unprofitable loan business.
Liquidity loss risk	Impossibility of timely fulfillment by the bank itself of its obligations on attracted resources.

“The current trend in the field of credit policy is the use of automated information technology, which allows banks to consider credit applications of borrowers in short periods of time. Despite the formation of a sufficiently high-quality composition of borrowers, there is always a probability of insolvency. Therefore, the bank establishes various methods for assessing credit risk. The most commonly used method of assessing credit risk is scoring, which is a mathematical or statistical model, with the help of which, based on various set parameters (credit history, age, borrower's income, etc.), the bank tries to determine how likely it is that a particular potential the borrower will repay the loan on time. With the help of scoring, the information processing process is accelerated, and clients are classified into groups according to the degree of credit acceptability” [2, p. 7].

The credit process is based on credit policy. Therefore, the more precisely it is formulated, the more efficient the bank's activities become, especially in terms of profitability and liquidity. Also, a complete mastery of the fundamentals of the bank's credit policy allows initiating the financial interest of all subjects of credit relations in obtaining good results in their activities, and are also of great importance in the implementation of credit policy on the scale of the local economy.

The content of the bank credit policy is individual issues directly related to the objectives. The banking industry's decision-making strategies and tactics in the loan field determine the essence of the policies of specific institutions. A major strategic role here plays the chosen priority direction of development and investment. For example, many financial institutions tend to move in one direction, such as loans to the agricultural sector or logistic industry, while other financial institutions aim to provide services to the diverse variety of industries. Today, the credit strategy includes the solution of such tasks as the analysis and update of product policies, the improvement of risk management techniques, the revision of the pricing policy, the improvement of service quality, and the management of credit personnel. In addition, it should take into account the world development trends, first of all, the transition to e-commerce.

However, the credit policy should be reviewed by the bank's management depending on both internal and external factors, and how the economic and political ambience in the country change.

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