

## ЗАХОДИ ЩОДО ПОКРАЩЕННЯ КРЕДИТНОЇ ДІЯЛЬНОСТІ КОМЕРЦІЙНИХ БАНКІВ УКРАЇНИ

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### Ключові слова:

банківське кредитування, кредитний портфель, мінімізація кредитного ризику.

У статті автори порушують важливе питання – використання заходів щодо поліпшення кредитної роботи українських комерційних банків у сучасних умовах. Найбільш поширеним напрямом діяльності комерційних банків є надання позик та впровадження кредитної політики. Кредитні операції надають комерційним банкам основну частину доходу. Проте аналіз ситуації в банківському секторі свідчить про те, що банки іноді зазнають фінансового краху через надзвичайно ризиковану кредитну політику. У зв'язку з цим актуальною є проблема мінімізації ризиків кредитування комерційним банкам. Банки повинні управляти своїм кредитним ризиком так, щоб максимізувати їхні потенційні прибутки, одночасно намагаючися мінімізувати ризики, безпосередньо пов'язані з механізмом надання та повернення банківських кредитів.

Автори проаналізували типові проблеми та недоліки кредитної діяльності українських комерційних банків. У статті запропоновано набір типових заходів щодо покращення кредитної діяльності та подолання впливу негативних факторів. Проаналізовано ризики, притаманні застосуванню вказаних заходів. Наведені заходи можуть сформувати типову програму дій і слугувати основою для розробки плану заходів для покращення кредитної роботи комерційного банку.

Упровадження заходів, наведених у статті, може значно покращити ефективність кредитування більшості вітчизняних комерційних банків та підвищити ефективність управління кредитними ризиками. Упровадження таких заходів сприятиме популяризації банку серед організацій та населення та підвищить його конкурентоспроможність на банківському ринку. Враховуючи ризики та деяку адаптацію до специфіки діяльності конкретного комерційного банку, перелічені заходи допоможуть подолати найбільш типові проблеми та недоліки кредитних робіт комерційних банків.

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## MEASURES TO IMPROVE CREDIT ACTIVITIES OF COMMERCIAL BANKS OF UKRAINE

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### Key words:

bank lending, loan portfolio, minimizing credit risk.

This article raises an important question: the use of actions to improve the credit work of Ukrainian commercial banks in modern conditions. The key to effective functioning and sustainable development of the economy of any country or regional association is its stable and reliable banking system. The main task of the banking system is to support economic growth by reinforcing the economy by credit resources, transferring money resources to those sectors where their shortage is felt. The Ukrainian banking system solves such tasks in the present in the conditions of strategic orientation of the country for cooperation with European structures. The functioning of a banking system of a country or a regional association depends on the stability of banking institutions and their ability to resist the negative impact of various factors: macroeconomic, informational, organizational, regulatory, etc., which cause the emergence of various banking risks. That is, only the awareness of the risks surrounding the banking activities, the perfect management of them can provide the functional reliability of banking institutions. The most common operation of commercial banks is the provision of loans and the conduct of credit policy. Credit operations give commercial banks the bulk of income. However, an analysis of the situation in the banking sector suggests that banks sometimes experience financial collapse due to extremely risky credit policies. In this connection, the problem of minimizing the risks of lending to commercial banks is becoming topical. Banks should manage their credit risk in such a way as to maximize their potential profits, while at the same time trying to minimize the risk directly related to the mechanism for providing and repaying bank loans. The article discusses typical

flaws inherent in carrying out credit work in most Ukrainian commercial banks. The authors offer a typical program of measures to optimize the credit work of banking institutions. Taking into account the current trends of the Ukrainian monetary market, the authors of the article analyzed the risks inherent in holding events from the proposed model program. Implementation of the measures presented in this program of action can significantly improve the lending performance of most domestic commercial banks and improve the efficiency of credit risk management. The introduction of such events will promote the promotion of the bank among organizations and the population and increase its competitiveness in the banking market. When taking into account the risks and some adaptation to the specifics of the activity of a particular commercial bank, the listed measures will help to overcome the most typical problems and shortcomings in the credit work of commercial banks.

### Statement of the problem

The relevance of the problem of improving the lending activity of commercial banks in Ukraine is due to the fact that the most common operation of commercial banks is lending and the credit policy. Credit operations give commercial banks the main part of income. However, the analysis of the situation in the banking sector shows that banks sometimes suffer financial collapse due to extremely risky credit policies. In this connection, the problem of minimizing the risks of lending to commercial banks comes to the fore. Banks must manage credit risk and, in order to obtain the maximum possible profit, while trying to minimize the risk, is directly related to the mechanism for providing and repayment of bank loans.

### Analysis of recent studies and publications

The research of domestic and foreign scientists on banking risks is reflected in the works of U. Butel, N. Versal, V. Vitlinskiy, V. Galasyuk, A. Kovalev, S. Pavlyuk, O. Pernarivskiy, O. Savchenko, I. Horuzghiyetc., in which the main attention was paid to credit risks, problems of their evaluation and management.

Despite the large number of publications and theoretical developments, the problems of optimizing the lending activity of commercial banks in Ukraine remain fragmented and require further scientific and practical substantiation.

### Objectives of the article

Based on existing scientific works, developments and practical experience of commercial banks of Ukraine, we identify the main defects of lending, inherent in Ukrainian commercial banks, and propose actions to overcome them.

### Findings

Under the influence of the global financial crisis on the activities of banking institutions, there were significant defects in the organization of their credit process, which covers the relevant procedures: from determining the conditions and parameters of lending to the conclusion of a loan agreement. That is why the actual task of the research is to improve the organization and the need to optimize the credit process of banking institutions.

Lending is one of the most profitable, but also the most risky banking operation. Therefore, a necessary condition for banks to use effective methods of granting loans to clients is to minimize credit risk in all lending directions.

The proper organization of the bank lending process, the development of an efficient and flexible credit management system are the cornerstone of financial stability and market stability of commercial banks

(taking into account the crucial place for credit operations in the portfolio of banking assets).

In our opinion, the most common disadvantages of lending to Ukrainian commercial banks are:

- concentration of the loan portfolio on major borrowers, which, in the case of a possible reduction of borrowers' solvency in the face of deteriorating economic conditions, may increase the bank's credit risk;
- currency structure of the client's loan portfolio in the absence of currency income for the individual borrowers in the context of exchange rate fluctuations;
- dependence on the funds of private clients in the conditions of competition in the financial market regarding the attraction of the resource base on the background of a difficult socio-political situation in the country;
- the influence of negative factors on the financial market and low and unstable business activity in certain sectors of the economy, which may lead to deterioration of the bank's performance;
- insufficient diversification of credit investments;
- increase in the amount of weighted classified loans;
- too risky credit policy;
- insufficient attention in assessing the solvency of borrowers at the loan granting stage;
- insufficient attention to the targeted use of loans and control of the borrower's activities in order to timely identify problems and prevent possible losses on loans;
- insufficient loan security;
- loss of equity protection.

Of course, this list is not exhaustive, and each individual Ukrainian commercial bank has its own specifics of credit activity and its own advantages and disadvantages. Nevertheless, we believe that the listed features and problems of credit activity are inherent in many Ukrainian commercial banks, and these problems can be called typical for the banking sector of Ukraine.

To overcome the negative influence of these factors, we offer a typical program of changes and innovations in the lending activities of domestic commercial banks. The activities listed in this program can be used for most commercial banks in Ukraine with certain changes that take into account the specifics of a particular banking institution.

Activities to improve the lending activity of Ukrainian commercial banks:

- introduction of new types of banking products for legal entities, such as revolving and checking account credit;

- introduction of new types of banking products for individuals targeting the least socially protected population;
- creation of a program for lending to entrepreneurs who wish to open their own business (loan start-up capital);
- stimulation of potential clients by introducing differentiation of the level of interest rates in accordance with the results of analytical work in relation to each individual borrower and in accordance with the conditions of the loan transaction determined during the structuring of the loan;
- expansion of the composition of financial ratios used by the bank to analyze the borrower's creditworthiness, which makes it possible to obtain a comprehensive assessment of its business activities and to some extent offset the differences that may arise between the projected and actual trends that occur in the process of individual reproduction;

- individual approach in collecting bad debts;
- improvement of work on the assessment of client's business reputation;
- development of the minimum list of necessary documents for registration of a loan and reduction of the time of obtaining a loan;
- focusing on and clarifying the most significant aspects of a loan agreement;
- constant engagement of clients through promotions and presentations;
- creating a positive image of the bank for clients.

Considering the current trends in the monetary market of Ukraine, it is imperative to be aware of the inherent risks, before introducing any innovations, therefore, in Table 1, we will show ways to improve the lending process taking into account possible risks.

Table 1 – Ways to improve the lending process taking into account possible risks

Activities	Result	Risk
Introduction of new credit products for legal entities	Application of an individual approach to each borrower in assessing his financial status, working capital, scale of production and commercial reputation when introducing revolving loans and current account credit.	The risk of the absence of stable and solvent clients, which would satisfy the conditions of lending
Introduction of new credit products for individuals	Development of optimal lending conditions for the least protected population (students, pensioners, invalids) using more relaxed requirements to the borrower.	The risk of non-payment of a loan
Creation of a loan program for startup capital	Detailed assessment of the entrepreneurial project taking into account all aspects of risk, payback period and possible return on lending to this business entity.	The risk of lack of successful projects
Improving marketing policy (creating a positive image of a commercial bank)	Conduct systematic advertising through the media and the Internet, press conferences, distribution of promotional booklets, additional information on bank statements, promotion of existing clients and motivation of staff to attract new clients, charity events.	The risk of non-coverage of activities
Expanding the composition of financial ratios	Selection and development of financial ratios for a comprehensive analysis of the future borrower, taking into account, not only the financial performance of his business, but also other aspects such as business reputation, family status, etc.	The risk of the absence of a significant number of clients that must meet all of the established evaluation parameters
Collection of bad debts	Individual approach when collecting problem debts, taking into account each individual case, and streamlining the process to accelerate case trials.	The risk of non-realization of the collateral property of the borrower

**CONCLUSION**

Implementation of the above-mentioned action programs can significantly improve the lending performance of most domestic commercial banks and improve the efficiency of credit risk management. The use of such a typical program of action will promote the bank among organizations and the population and increase its competitiveness in the banking market. Considering the risks and some adaptation to the specifics of the activity of a particular commercial bank, these activities will help overcome the most typical problems and defects in the credit work of commercial banks.

Of course, adapting the given model program to the activity of a particular commercial bank, it is necessary to take into account the actual conditions of the environment, its positive and negative influence, the position of the bank in the market, its tactical and strategic goals and objectives, the chosen strategy, the target audience, financial capabilities of the banking institution, and potential of investors-shareholders, etc. Consequently, the given typical action plan can serve as a basis for the development of specific measures to improve the credit work of a commercial bank in the domestic banking market in the current conditions.

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