

діяти у напрямі саме залучення зовнішніх інвестицій та активного розвитку внутрішнього інвестування. Як наслідок, регіон отримає необхідні йому фінансові ресурси, які можна направити на розвиток потенціалу населення. Водночас можна задіяти такі фіскальні інструменти, як податки з відповідними противагами – пільгами. Пільги необхідно надавати для стимулювання регіонального розвитку, зацікавленості фірм брати участь в загальнонаціональних програмах та проектах, розробці та впровадженні науково-дослідних робіт, зменшенні безробіття, підвищенні фінансового забезпечення держави.

Повне скасування пільг іноземним інвесторам можливе за умови, що країна досягла високого рівня свого розвитку і не відчуває дефіциту інвестиційних ресурсів. На нашу думку, з метою формування та нарощування ресурсного потенціалу регіону, за наявності фінансових ресурсів на його території, в першу чергу необхідно залучити саме ці внутрішні ресурси, далі за пріоритетністю залучаються ресурси регіонів України і, нарешті – іноземні інвестиції.

Обґрунтування доцільності та ефективності залучення того чи іншого виду інвестицій у розвиток економіки регіону і є перспективою нашого подальшого дослідження.

#### References

1. Arefieva O. V. (2014). Upravlinnia potentsialom rozvytku promyslovykh pidpryemstv. Kyiv. : Hrot.
2. Hutkevych S. O. (2017). Doslidzhennia faktoriv investuvannia. Aktualni pytannia ekonomiky: teoriia i praktyka. № 1. S. 5-8.
3. Krasnokutska N. S. (2015). Potentsial pidpryemstva: formuvannya ta otsinka. Kyiv.: TsNL.
4. Miahkykh I. M. (2017). Analiz ta otsinka vykorystannia resursnoho potentsialu v systemi spozhyvchoi kooperatsii. Aktualni problemy ekonomiky. №1 (91). S. 136-142.
5. Romanovska Yu. A. (2014). Kryterii otsiniuvannia rozvytku stratehichnoho potentsialu pidpryemstva. Ekonomika: problemy teorii ta praktyky. Zb. nauk. prats. - Dnipropetrovsk: DNU, S. 51-59.
6. Ruliev V. A. Menedzhment (2012). Kyiv: TsUL.

UDC: 336.71/.77:004.9

KARPOVA T. S.  
PhD, Associate Professor  
Kiyv

### BANK'S CREDIT POLICY IN CONDITIONS OF DIGITAL TECHNOLOGIES

#### Abstract

*The article defines the essence and role of credit policy, substantiates the need for its improvement in current conditions. The basic principles and functions of credit policy are given. It is concluded that the basis of credit policy should be the main principles: reliability and profitability of funds and the principles of rational lending. The goals of credit policy and directions of its implementation are determined. The share of credit operations in the general structure of assets of domestic banks is estimated. It is noted that commercial banks' credit policy is an integral part of the strategy and tactics of the NBU and the government. Measures to improve the efficiency of commercial banks' current activities and improve their credit policy are proposed.*

*Keywords: commercial bank, financial problems, credit risk, development strategy, bank resources, credit policy functions.*

KARPOVA T. S.  
Київський інститут бізнесу та технологій

### КРЕДИТНА ПОЛІТИКА БАНКУ В УМОВАХ ЦИФРОВИХ ТЕХНОЛОГІЙ

**Анотація.**

*У статті визначено сутність та роль кредитної політики, обґрунтовано необхідність її вдосконалення у сучасних умовах. Наведено основні принципи та функції кредитної політики. Зроблено висновок, що основою кредитної політики мають стати головні принципи: надійність та прибутковість розміщення коштів, а також принципи раціонального кредитування. Визначено цілі кредитної політики та напрями її реалізації. Зроблено оцінку частки кредитних операцій у загальній структурі активів вітчизняних банків. Зазначено, що кредитна політика комерційних банків є невід’ємною складовою стратегії і тактики НБУ та уряду. Запропоновані заходи щодо підвищення ефективності поточної діяльності комерційних банків та вдосконалення їх кредитної політики.*

*Ключові слова: комерційний банк, фінансові проблеми, кредитний ризик, стратегія розвитку, ресурси банку, функції кредитної політики.*

**Introduction.** Today, the need to develop a credit policy to date remains acute, and there is still no unambiguous answer. Banks in our country often fit formally to develop their development strategy, defining current goals in lending that do not formulate the strategic objectives of the bank and do not conduct relevant market research. However, a bank that does not think about development prospects, which is oriented only on current trends, cannot develop due to the country's changing economic situation. All provisions of credit policy should be backed up by practical measures that represent the mechanisms of realization of credit policy. All measures designed to realize the planned credit policy must be considered and approved by the bank's management, and the relevant decisions are issued in the form of internal documents. The basis of credit policy should be two main principles: the reliability and profitability of the placement of funds.

Our goal is to find directions for improving the commercial bank's credit policy in current conditions, aimed at maintaining the profitability and risk level of the bank's credit activity at the set target level, without threatening the financial stability and competitiveness of the bank.

**Methods and Materials.** At the present stage, trends in the development of bank lending policy are investigated in the works of many domestic and foreign scholars and practitioners, in particular O. Baranovsky, O. Geytsa, V. Hruska, O. Vasyurenko, N. Voloshina, M. Dmitrenko, S. Kabushkina, M. Kozoriz, L. Kuznetsova, S. Naumenkova, V. Mishchenko, A. Moroz, Z. Morsman, L. Primostki, S. Reverchuk, and others. However, the changes that digitalization provides on the economy and banking system have led to the need for an in-depth analysis of the banks' lending policy and trends.

Today there is no unambiguous interpretation of the term "credit policy of the bank". The range of assertions varies from the position that credit policy is a system of principles established by the central bank and the state in the credit sphere to regulate the credit process in banks. Alternatively, credit policy should form the loan portfolio's content and establish standards for making credit decisions.

Ukrainian scholars and practitioners often consider credit policy as a strategy and tactics of the bank in the field of credit operations. According to most experts, this definition only partially determines the essence of credit policy and allocates its components – the strategy and tactics of credit operations. Also, the bank's credit policy must take into account an additional set of components [1]. Scholars-economists believe the economic essence of "credit policy" manifested in the management of the movement of credit in all its forms and varieties. That is why the credit policy is a policy both in the field of granting a loan (all of its varieties) and its receipt and in the field of credit risk assessment in conducting these operations [2]. The purpose of improving credit policy is to analyze the impact of the crisis on the banking sector of Ukraine's economy, in particular the state and dynamics of lending activities of banks with foreign capital, and the identification and resolution of some problems that accompany such activities [3]. By the necessary provisions of the credit policy, commercial banks carry out credit operations within the limits of available credit resources. They are responsible for their obligations to clients with all their property and their funds. The bank's credit resources mean the totality of the bank's own and borrowed financial resources in the direct disposal and used at its discretion to carry out credit activities.

One can say that the credit policy of a commercial bank is a combination of its credit strategy and credit tactics. The strategy defines the main principles, priorities, and goals of a particular bank in the credit market. Simultaneously, tactics are specific financial instruments used by the bank to realize its objectives in the implementation of credit agreements, rules for their implementation, and the procedure for organizing the credit process. While determining the priority lines of lending, the bank is guided by the ability of the lending facility to develop steadily and compete on the market.

Determine and approve credit policy – means to formulate and consolidate in the necessary internal documents, the position of the management of the bank, as a minimum, on the following issues:

- priorities of the bank in the credit market: lending objects (industries, types of industries or other business); categories of borrowers (authorities, state and non-state enterprises and organizations, private individuals); the nature of relations with borrowers (a course on long-term and partnership relations or one-time loan agreements, a combination of lending with other types of banking services, a measure of openness and trust on both sides); types and sizes (minimum, maximum) of loans; schemes of servicing credits; forms of loan repayment.
- the expected level of profitability of loans; others (not directly related to profit) goals.

The most essential elements and principles of the organization of credit policy of the bank are: fundamentals, scientific validity, continuity, complexity, dynamic, system approach, optimality, objectivity, effectiveness, feasibility, and commitment.

The loan contract defines the rights and obligations of the bank and the specific borrower, taking into account 1. the nature of the loan granted, 2. the size and procedure for paying interest on the use of the loan, 3. the type of collateral, 4. the procedure and timing of its repayment, 5. the economic responsibility of the parties for non-fulfillment of obligations assumed. The manifestation of the essence of the commercial policy of a commercial bank lies in its functions. Conditional, they can be divided into two groups: general, inherent in various elements of banking policy, and specific, distinguishing credit

policy from other elements of banking policy [4].

There are the main functions of credit policy in the economic literature, given below (Table 1). The development of any bank's credit policy depends on many factors, among which macro factors and microprocessors can be identified.

In the specified internal documents, the bank reflects, in particular [5]:

1. The credit risk assessment system allows classifying loans by quality categories, including more detailed procedures for assessing the quality of loans and formation of reserves than provided by the Regulation;
2. Procedure for assessing loans, including criteria for their assessment, the procedure for documentary registration and confirmation of such assessment;
3. Procedures for the adoption and implementation of decisions on the formation of reserves;
4. Procedures for the execution of decisions on write-offs from the balance of unrealistic loans;
5. Description of the methods, rules, and procedures used in assessing the financial condition of the borrower, a list of the primary sources of information used to this issue, the range of information needed to assess the financial condition of the borrower, as well as the powers of the bank employees involved in the assessment;
6. Procedure for drawing up and further keeping of the borrower's dossier;
7. Procedure and periodicity of determination of collateral value;
8. The procedure and periodicity of the collateral's liquidity assessment, as well as the procedure for determining the amount of the provision, take into account collateral on loan;
9. Procedure for assessing credit risk in the portfolio of homogeneous loans;
10. The order and periodicity of the formation (Regulation) of the reserve.

Thus, credit policy creates the basis for the organization of the credit process and defines:

- priority lines of lending and the specifics of the bank's activities in the credit market;
- goals, according to which a loan portfolio is formed (types, term, volume and risk of loans granted);

- a description of the standards by which the quality of loans is determined;
  - the level of permissible risk;
  - criteria of favorable and unfavorable loans;
  - opportunities of the bank and its clients;
  - rules for the creation of reserves for the reimbursement of possible losses under bank lending operations;
  - the procedure for using the reserve for non-standard loan arrears;
  - the main rules for accepting, assessing and implementing collateral under a loan;
  - powers and responsibilities of credit department employees, etc.
- Macro factors influence the formation and successful development of a bank's credit policy, which he cannot directly influence. These factors include:
- the macroeconomic situation in the country as a whole and trends in its development;
  - potential and economic features of the region in which the bank operates;
  - state and level of development of the money market of the country;
  - credit policy of competitors – other commercial banks;
  - limitation on the volume of credit operations, which are established by law.
- Unlike macro factors, a commercial bank can directly affect micro-factors affecting the bank's credit policy and, with the help of their Regulation, independently formulate and improve their credit policies.
- Micro factors include, first of all, such factors as:
- qualification of banking personnel;
  - providing banking personnel with the necessary informational and working materials;
  - the readiness of the bank staff to work with different categories of borrowers;
  - interest rate policy of the bank in the field of issued loans;
  - potential and existing borrowers of the bank [6].

Table 1.

*Credit policy functions*

Functions of credit policy	Characteristic
1. Commercial function	It is in receiving the bank's profit from conducting various operations, particularly credit.
2. Control function	It manifests itself in the fact that credit policy allows controlling the process of attracting and using credit resources by banks and their clients, taking into account the priorities defined in a particular bank's credit policy.
3. Stimulating function	It is in the stimulation of the accumulation of temporarily free cash in banks and their rational use. The incentive for a bank's client to stay for a certain period from current consumption is to obtain additional income on funds deposited in a bank for a deposit. The ability to obtain a loan from a bank is essential to cover the temporary need for additional funds. The incentive to repay the debt in the maximum short term is the need to pay interest on the bank for using the loan. For the bank, the stimulating function of credit policy manifests in the fact that banks tend to attract the cheapest resources in the market for a relatively long time and place them with maximum benefit.
4. Specific functions	This is a function of optimizing the credit process. The function of this function is aimed at achieving the goal of banking policy.

After analyzing the above micro and macro factors, the bank's management begins to develop its credit policy, which is presented in Appendix A. The bank's credit policy is defined as conservative if part of the loans in the total amount of the bank's working assets does not exceed 30%. That is, the bank provides its profitability through less risky active operations, but in this case, it loses a significant segment of the market. Such a relationship between loans and working assets is desirable for a newly established bank that does not yet have sufficient experience in the credit market. Under moderate credit policy, part of the loans in the total amount of working assets varies within 30-50%. Such a policy is inherent in stable and reliable banks with sufficient experience in the field of lending. If part of the loans exceeds 50% of the total amount of working assets, the bank's credit policy is aggressive. Aggressive credit policies should only be justified by super-profits and should not be long-lasting. It should be remembered that the greater part of loans in the total amount of working assets and the longer the period of its existence – the higher the level of credit risk [7].

Results and Discussion. At present, there are severe problems in the activities of commercial banks in Ukraine. This is due to the reasons for financial distress in the banking system, which depends on the general state of the state's economy and the lack of necessary experience and trained personnel for the banks in the conditions of market transformations. The main losses to commercial banks bring credit activity, the attraction of too expensive resources, and the impossibility of cost-effective placement. The lack of opportunity to receive an inflow of inflationary nature now demands a serious approach to the quality of the loan portfolio. In the structure of assets of commercial banks, credit operations amount to approximately 15%. Overdue loans amount to 17%, prolonged – 19%, unsecured loans – 8%, bad repayments – 1% in the total amount of loan arrears. Indicators of the structure of debt show a significant increase in overdue and prolonged loans.

The increase in the statutory funds of commercial banks to the amount required by the NBU (1 mln. Euro) is also a severe problem facing the banking system. However, such an increase in authorized banks' funds will increase the Ukrainian banking system's reliability and stability [8].

One of the main directions for improving the bank's credit policy's efficiency is its effective management. It involves balancing and minimizing the risk of the whole portfolio and controlling the structure of credit risk inherent in one or another market, client, lending instrument, credit, and operating conditions [9].

To develop an effective credit strategy, banks need to use various scientifically and practically sound approaches that take into account the primary and secondary, internal, and external factors. The result of this strategy is the formation of a long-term plan, which should reflect the system of new programs of activity of the bank's credit units and ensure the achievement of the set goals. A properly designed strategy will allow the bank to survive in challenging conditions and thrive [10]. The credit policy is prone to all major types of risk that accompany financial activities: liquidity risk, interest rate risk, and credit risk. Therefore, the management of credit policy must be carried out based on methods and methods for minimizing credit risk [11].

Moreover, according to a study, banks today have a high risk of lending. Since the beginning of 2017, new requirements for the calculation of credit risk banks have been fully operational. Since the beginning of July 2016, banks applied the NBU Regulation "On Determining the Size of Credit Risk" [12] in the test mode. At the same time, to take into account the peculiarities of working with borrowers after the crisis, the NBU, together with banks, has worked out several measures and made the necessary adjustments to the situation.

Today every bank should be cleverly suited to developing its credit policy, relying on the priority of minimizing the level of risk over the possible profitability of a credit transaction. The bank loan portfolio is documented in advance by the credit policy, the strategy and tactics of the bank for raising funds and directing them to lend to the bank's clients based on lending principles [12].

Currently, specific patterns and trends can be identified at the banking system level. Thus, a high proportion of loans in banks' assets leads to an increase in the banking system's sensitivity to external shocks, resulting in a high level of loss of banking activity. Credit activity of banks plays a crucial role in the process of ensuring the investment activity of economic entities, the provision of households, and in general, the growth and development of the economy.

In turn, the credit policy allows us to realize the short-, medium- and long-term goals of the bank in the formulation and implementation of tactical and strategic tasks for attracting funds and directing them to lend to borrowers (customers) in close interdependence with other policies [13]. At the current stage in Ukraine, most banks have developed a methodology and methodology for managing credit policy, but it needs to be substantially refined. This is not only about strengthening measures to improve the overall level of business activity, but also integrated management of credit risks. A vital role in the latter may be the customer-oriented approach, the application of new bank marketing tools, open contract work, and the restoration of customer confidence by increasing bank deductibility [14]. Nevertheless, it should be emphasized that commercial banks' credit policy is an integral part of the NBU's and government's policies and policies. It requires appropriate rational and scientifically sound measures in the financial market of the country. In particular as regards the supervision of banking institutions, the strengthening of monitoring and reporting requirements, reassessment of the principles and methodological foundations for the restructuring of troubled banks, compliance with international standards, the effectiveness of the communication component of activity, as well as transparency of activity banking regulators [15].

**Conclusion.** The main directions of further development of lending in Ukraine should be to use

best practices in the field of assessing borrowers' creditworthiness, legislative Regulation of relations between the subjects of the credit process, in particular between collectors and debtors, stimulating borrowers to increase their credit rating, raising the level of financial literacy of the population and confidence in the banking system. Regulatory and supervisory approaches of the NBU in the field of consumer lending should focus on ensuring the stability of the functioning of the banking system by reducing the risks of banking activities; formation of normative legal documents, rules and conditions for the organization and management of the lending process; ensuring competent supervision and quality control of lending [16]. Today, further development of lending is of great importance. After all, in recent years, the quality of the credit policy of banks has declined significantly. According to the study results, it was determined that credit activity is currently risky, while the quality of the loan portfolio is questionable; in the dynamics, quality indicators reflect a negative trend due to the growth of inflation and the increase in the share of problem debt. Taking into account the high level of credit risk, banks should increase the efficiency of programs of statistical monitoring and control of borrowers. Today, banking in Ukraine requires substantial reform and improvement of the credit policy, which should ensure the restoration of the financial sector and restore the rate of economic growth in Ukraine.

## REFERENCES

1. Karbivnychiy I. V. Mekhanizm formuvannya ta realizatsii kredytnoi polityky banku: dys. kand. ek. nauk. Sumy, 2011. 220.
2. Лорън К. Kredytна polityka na tŕhovskata banka. Kniaz Aleksandŕ Batenberh. Sofya. 1994. (№1). 4-31.
3. Rohozhnikova N. V. Osnovni tendentsii bankivskoho kredytuvannya v suchasnykh umovakh finansovo-ekonomichnoi kryzy. Finansovyi prostir. 2015. 72-77.
4. Sutnist kredytnoi polityky komertsiihnoho bank. 2018. <http://um.co.ua/9/9-18/9-184282.html>
5. Audyt kredytnykh operatsii banku. 2016. [http://ua-referat.com/Аудит\\_кредитних\\_операцій\\_банку](http://ua-referat.com/Аудит_кредитних_операцій_банку)
6. Kredytна polityka bankiv – napriamky, tsili, rol. 2018. <http://kredit-bank.com.ua/shho-potribno-znati-yakshho-vi-virishili-vztyati/kredytна-politika-bankiv-napriamki-cili-rol.html>
7. Hutsal I. S. Bankivske kredytuvannya subiektiv rynku v transformatsiinii ekonomitsi Ukrainy. Lviv: VAT «Biblos». 2001. 244
8. Sudnyi vidsotok ta yoho ekonomichna rol. 2017.
9. Sieryk Yu. V. Upravlinnia kredytnym portfelem banku. Ekonomika i upravlinnia. № 4. 2012. 75
10. Balian H. R. Vdoskonalennia kredytnoi stratehii banku v konteksti upravlinnia kredytnym ryzykom. Molodyi vchenyi. 2016. 632-635.
11. Rohozhnikova N. V. Analiz stanu ta dynamiky kredytnoi diialnosti bankiv Ukrainy. Finansovyi prostir. № 1 (15). 2012. 34.
12. Polozhennia pro vyznachennia bankamy Ukrainy rozmiru kredytnoho ryzyku za aktyvnymy bankivskymy operatsiiamy. Postanova Pravlinnia Natsionalnoho banku Ukrainy 30.06.2016 № 351 <http://zakon3.rada.gov.ua/laws/show/v0351500-16>
13. O. V. Bykova, O. V. Marchenko. Otsinka efektyvnosti kredytnoi polityky banku. Molodyi vchenyi. 2017. 586-589.
14. Ekonomichni normatyvy diialnosti bankiv. Natsionalnyi Bank Ukrainy. 2016. [https://bank.gov.ua/control/uk/publish/article?art\\_id=123298](https://bank.gov.ua/control/uk/publish/article?art_id=123298)
15. V. V. Kovalenko, O. M. Zvieriakov, D. S. Haidukovych. Diagnostyka kredytnoho ryzyku ta yoho vplyv na kredytnu aktyvnist bankiv Ukrainy. Finansy Ukrainy. №2. 2016. 84-98
16. Hryhorash T. F. Pilhui S. S. Bankivske kredytuvannya v Ukraini: suchasnyi stan, osnovni problemy ta shliakhy yikh vyreshennia. Ekonomichnyi prostir. №62. 2012. 119-124.