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TRENDS IN THE DEVELOPMENT OF THE BANKING SYSTEM AND ECONOMY A MARKET IN THE REPUBLIC OF KAZAKHSTAN

Abstract

Objective: the purpose of this work is to identify current trends in the development of the banking system, study the world banking experience and adapt it to local conditions.

Methods: the paper used methods of system, statistical analysis and some provisions of the works of scientists-economists in the field of Economics.

Results: an economic review of the development and level of the banking system in the Republic of Kazakhstan in a market economy and its further development conducted. In a market economy, examined the status and features of functioning of system of a commercial Bank in formation of the optimum economic potential of Kazakhstan's economy in the direction of strategic development.

Scientific novelty: when determining the level and trends of development of the banking system in the Republic of Kazakhstan in a market economy, the opportunities for the development of its types corresponding to the economy of Kazakhstan are identified, recommendations for the use of appropriate models are developed.

Practical significance: the theoretical and practical provisions of the research can be applied in the educational process in economic areas and in the activities of banking organizations.

Keywords: Bank, intermediary enterprise, credit, banking system, national Bank, Commercial Bank, financial indicator, subsidiary Bank, loan portfolio.

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Introduction

The concept of a Bank is a historically ancient concept, and its appearance is inextricably linked with the appearance of thoughts about exchanging money, lending money, and consolidating the money of others. In literal translation, “Bank” means the concept of “table chair” (“bench”), in which transactions of purchase and sale with money are made [1].

Banks around the world were increasingly seen as “enterprises” in a market economy. Like any enterprise, the Bank will remain an independent legal entity that provides specific services to consumers and promotes its products, subject to significant differences in its activities, and will

draw up a balance sheet that is interested in receiving income and profit, and make settlements with the state [2].

It is quite reasonable to characterize banks in the form of a trading enterprise, intermediary enterprise, credit enterprise, enterprise as a partner, which is part of the mechanism of state administration. From the point of view of each separate definition, it is important to distribute the banks under consideration, first of all, by the nature of operations performed, the level of banks in the banking system and the country's relation to monetary and financial resources [3].

Timsina (2014) examined the relationship between bank credit extended to the private sector and economic growth [4]. This finding is also supported by the work

of Ogege and Shiro (2012) [5]. Apergis, Fillipidis and Economidou (2007) conducted a panel integration and cointegration techniques for a dynamic heterogeneous panel of 15 OECD and 50 non-OECD countries [6].

Commercial banks, as trading enterprises, quite clearly and accurately confirm this characteristic. In addition to trading money, the Bank buys and sells currency, gold, and other precious metals from different countries as resources. It is in this case that we can say that this is typical for the Central banks of countries.

The need to reform the banking system in the Republic of Kazakhstan, according to experts of the world Bank, is explained by the presence of short-term problems and, in turn, may hinder the implementation of macroeconomic reform [7].

The first category of problems is the misallocation of financial resources consistent with the old practice of the state system for coordinating targeted credit and banking practices inherited from the centralized economy; the second category includes “low-quality” loans from banks and state-owned enterprises. These issues have prevented promising public and private enterprises from accessing financial resources and have allowed Bank financial resources to be resolved in favor of non-viable enterprises. In addition, the previous system failed to correctly make payments and settlements between institutions and businesses [8].

Insufficient practice of refinancing loans by the National Bank is that banks lose the desire to accumulate Deposit resources on their own, being able to move freely on non-financial loans. In addition, when placing such loans on a subjective basis, the effectiveness of banks is not taken into account, and credit resources are not always optimally distributed. Another factor that hinders effective placement of loans is the cloud interest rate policy. Low interest rates affect the increase in the need for loans and the weakening of the financial discipline of state-owned enterprises centralized by credit order [9].

In the subsequent stages of banking reform, there were qualitative changes aimed at regulating the activities of second-tier banks, related to the creation of their legal bases, so that the banking system based on a market economy could function. This was the Bank's reform strategy aimed at solving the structural problems of the banking system. At the same time, it is obvious that the opacity of the structure and goals of the banking system, as well as the risk of occurrence, limited understanding of key concepts such as credit support, liquidity, financial

discipline and bankruptcy made it difficult to create the necessary legal framework [10].

The economic responsibility of commercial banks is not limited only to their current income, but also to their capital. A commercial Bank is also responsible for funds and property that are subject to foreclosure in accordance with legal requirements. In addition, in accordance with these Rules, commercial banks independently bear all risks arising from their operations.

In other words, under the influence of new technological advances, especially information and transaction costs, globalization and dynamic development of the financial market, increased freedom of financial transactions and competition, today's banks in developed countries are reducing their monopoly position in their banking services. Of course, the formation of this situation in different countries is diverse, but in General, their impact on the banking system is felt every day [11].

The main goal of commercial banks in General is to make a profit from investing depositors' funds, assuming a share of risk that does not pose a threat to the Bank's ability to fulfill its obligations [12].

Research Results

The banking sector is a large segment of the financial market, which determines the state of the entire financial system.. In order to monitor and analyze the financial stability of the banking system in Kazakhstan, indicators have been developed that reflect the high level of risks in the domestic banking system [13].

In modern conditions, commercial banks have their own organizational structure, internal and external relations, and objective laws of functioning. The banking system occupies an important place both in banking and in the economy [14].

The stability of the banking system of the Republic of Kazakhstan largely depends on the stability of the second-level banking system. The crisis of non-payment and distrust of banks have become an obstacle to the activities of many banks. Banks that failed to do so went into bankruptcy. The emergence of joint and foreign departments in the country's economy has increased competition.

Table 1 shows that as of January 1, 2018, the number of second-tier banks is 32, of which 13 are foreign banks. In five years, the number of second-tier banks decreased by 6, the number of their branches decreased by 45, and the number of representative offices of second-tier banks abroad decreased by 4. of these, only one number

of banks with 100% state participation in the authorized capital, that is, JSC "Zhilstroysberbank of Kazakhstan" (table 1).

It should be noted that a significant share in the competitiveness of Kazakhstan's banks is made by the participation of foreign banks in the domestic banking system. Since foreign banks located in their own country have

the opportunity to exchange innovative information in the field of innovative technologies and business process reengineering. In addition, these banks acquire cheaper sources of savings (through parent banks in their own countries) and, accordingly, they are adversely affected as the prices of credit products in the Kazakhstan market decrease.

Table 1. – Structure of the banking sector of the Republic of Kazakhstan

Structure of the banking sector	01.01.14	01.01.15	01.01.16	01.01.17	01.01.18
Number of second-tier banks, including:	38	38	35	33	32
banks with 100% state participation in the authorized capital	1	1	1	1	1
The number of branches of banks of the second level	378	395	346	349	333
Number of representative offices of second-tier banks abroad	17	16	16	15	13

Source: [15]

The total volume of total assets of second-tier banks of the Republic of Kazakhstan as of 01.04.2018 according to the National Bank of the Republic of Kazakhstan amounted to 23.76 trillion tenge. 62% of the total total assets of the banking sector of the Republic of Kazakhstan are made up of five major banks (Bankcentrcredit

JSC, Halyk Bank of Kazakhstan JSC, Sberbank of Russia subsidiary Bank, Tsesna Bank JSC and Forte bank JSC). By the share of assets of the subsidiary Bank, Sberbank of Russia JSC is in the fourth place, which is 7.1% of the total assets of the second-tier banks of the Republic of Kazakhstan, or 1689089817 thousand tenge (Figure 1) [16].

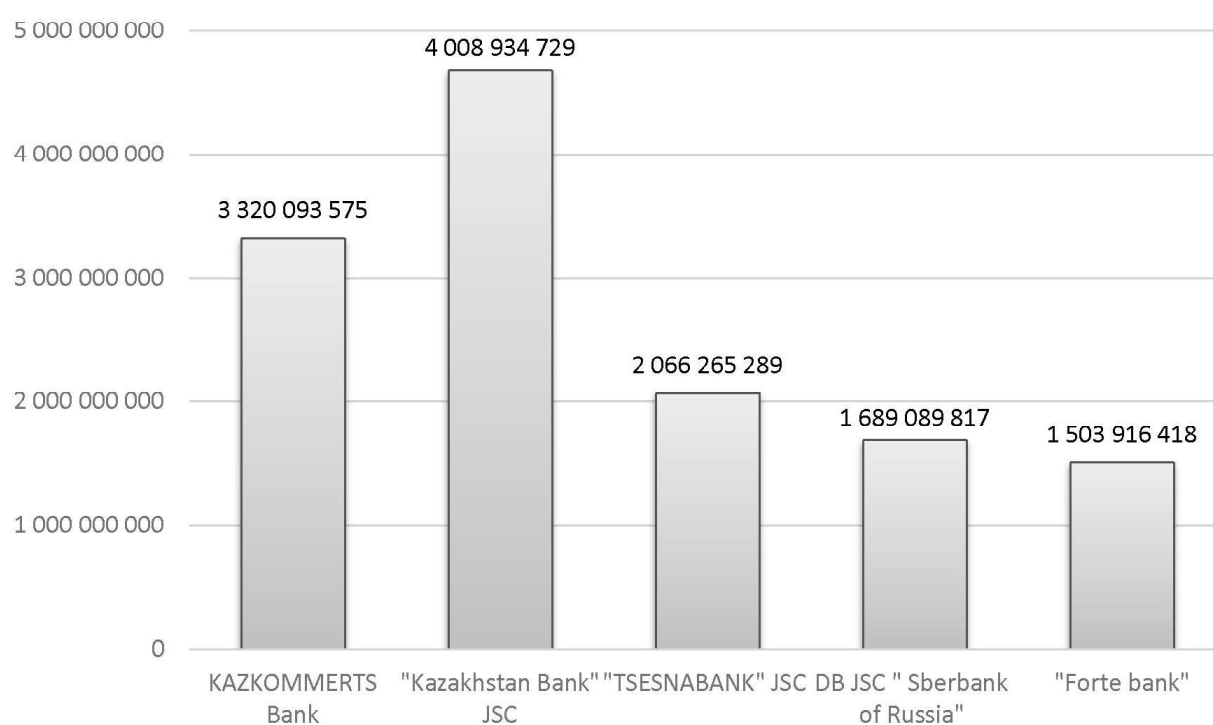


Figure 1. leading banks by assets, thousand tenge (as of 01.04.2018)

Source: Developed by the author based on Source data – [16]

Table 2. – Total aggregate equity of second-tier banks of the Republic of Kazakhstan as of 01.04.2018

No.	Name of the Bank	Own capital, thousand tenge	Share in total equity in the banking sector, %
1	JSC "BankCenterCredit"	287534606	9.3
2	"Halyk Bank of Kazakhstan JSC"	821627995	26.7
3	"TSESNA BANK JSC"	187333549	6.0
4	"DB JSC Sberbank of Russia"	155546 977	5.0
5	"Forte bank JSC"	182691 603	5.9
	Total	3077 516940	100.0

Source – [16] the author, developed based on the calculation

Despite financial difficulties, Kazakhstan's major banks still dominate the market. This is, first of all, closely related to the provision of financial support by the main shareholders in the form of the state or other financial and production groups.

As of 01.04.2018, the total equity of second-tier banks of the Republic of Kazakhstan amounted to 3077.5 billion tenge. Sberbank of Russia is one of the

leading banks in terms of equity capital, accounting for 5.0% of the share (Table 2).

The total amount of total liabilities of second-tier banks of the Republic of Kazakhstan as of 01.04.2018 amounted to 2069.1 billion tenge. The share of Sberbank of Russia's subsidiary Bank in these obligations is 7.4%. (Figure 2).

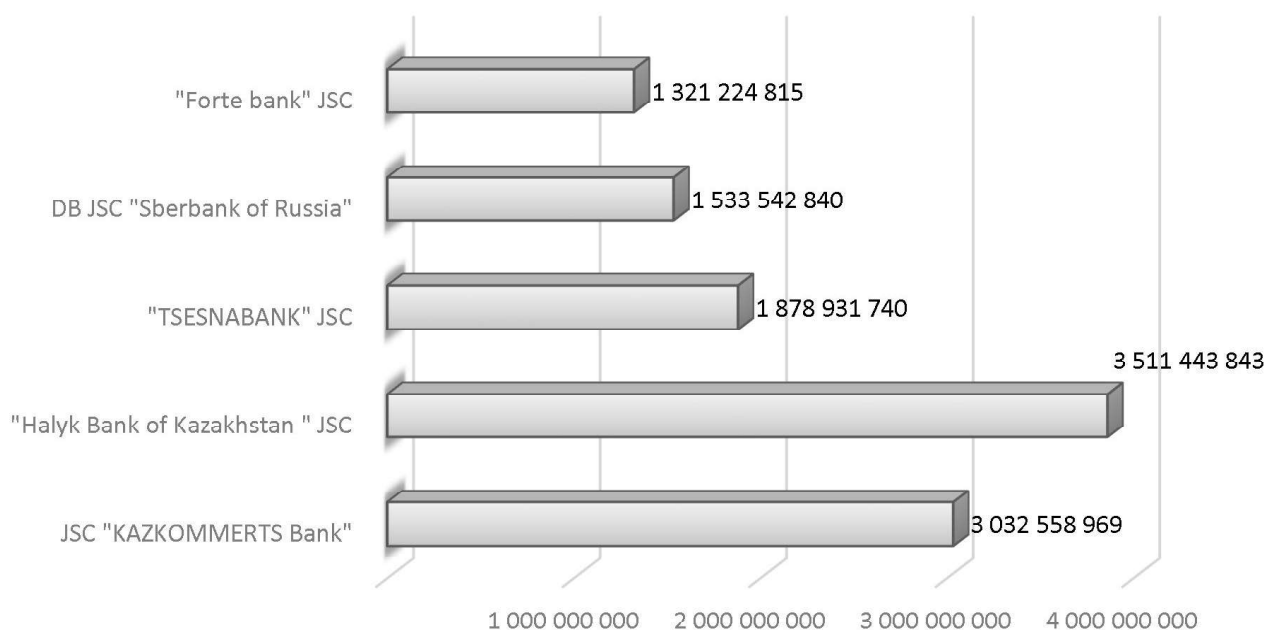


Figure 2. leading banks in terms of liabilities, million tenge (as of 01.04.2018))

Source: The author developed the author based on Source data – [16]

The share of the main financial indicators of the banking sector in the gross domestic product as follows: share of banking sector assets to gross domestic

product-50,10%; the share of credit portfolio in GDP-28,10%; the share of customer deposits in gross domestic product-34,50% (Figure 3).

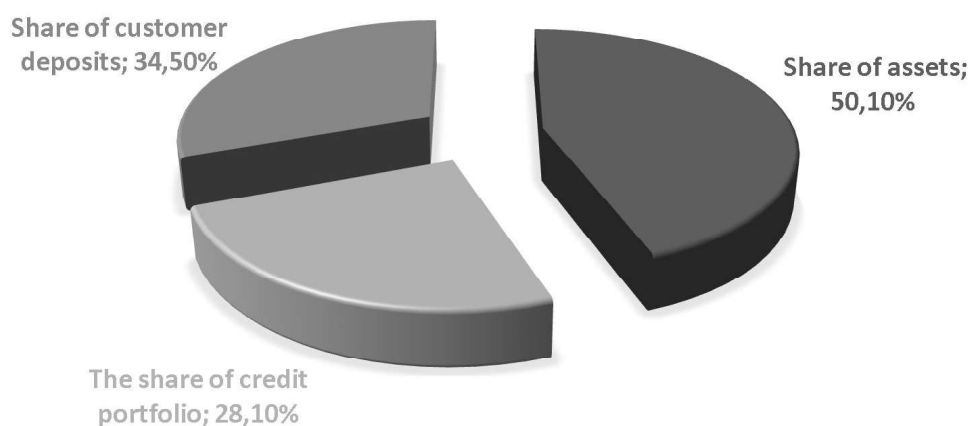


Figure 3. Share of the banking sector in gross domestic product (as of 01.01.2018))

Source: Developed by the author based on Source data – [16]

If we consider the dynamics of assets and loan portfolio of the banking sector of the Republic of Kazakhstan, the Bank's assets show growth rates from 2014 to the beginning of 2017, that is, for four years, but in 2018, compared to 2017, they increased by \$1336 billion. we observe that it decreases by 100 tenge. If we analyze the loan

portfolio of banks, in 2014 it amounted to 14503 billion tenge, in 2015 it decreased to 14184 billion tenge and decreased by 2.1%. And in 2016, we will again increase the loan amount and increase it by 10% compared to 2015. However, in 2017 and 2018, the size of the loan portfolio decreased (Figure 4).

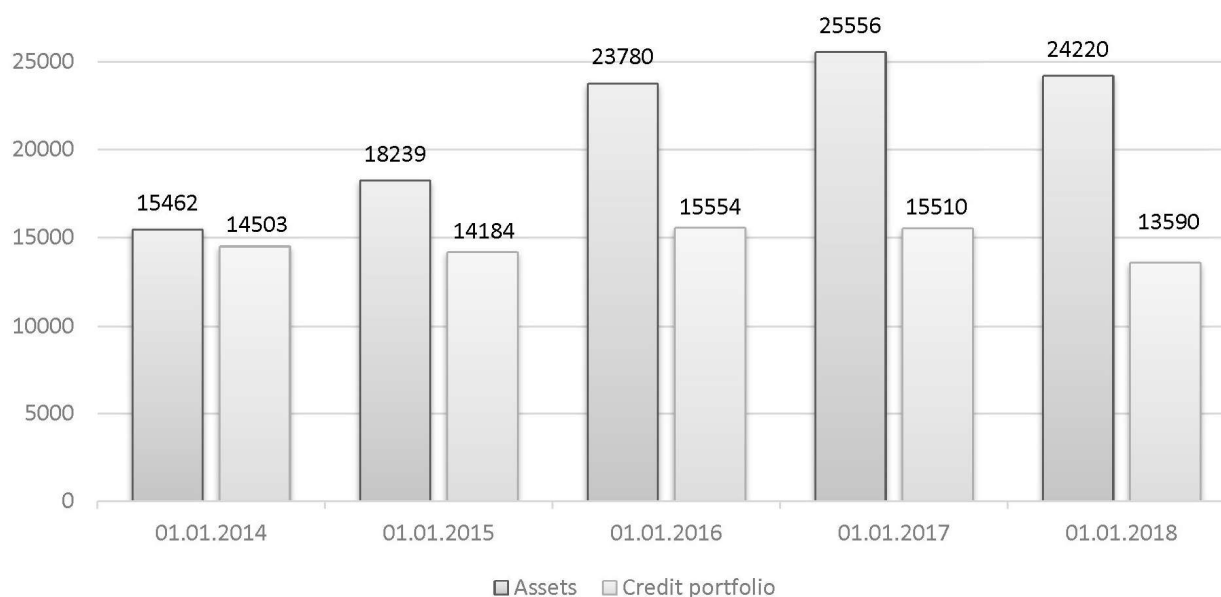


Figure 4. dynamics of assets and loan portfolio of the banking sector of the Republic of Kazakhstan, billion tenge

Source: Compiled by the author on the basis of data Source – [16]

The share of the loan portfolio in the asset structure is generally high. Its basis we can see on the diaramma below. The largest share was at the beginning of 2014, i.e. the loan accounted for 93.8% of total assets. However, after this, there is a decrease. So, at the beginning of 2015, the share decreased by 16.1% and amounted to 77.7%, at the beginning of this year-65.4%. This indicates that

there is a change in the structure of total assets of banks (Figure 5).

We pay attention to the quality of the loan portfolio. In General, the quality of the loan portfolio of second-tier banks in the country can be determined by timely repaid loans and non-repayable loans up to 1–90 days and overdue debt over 90 days.

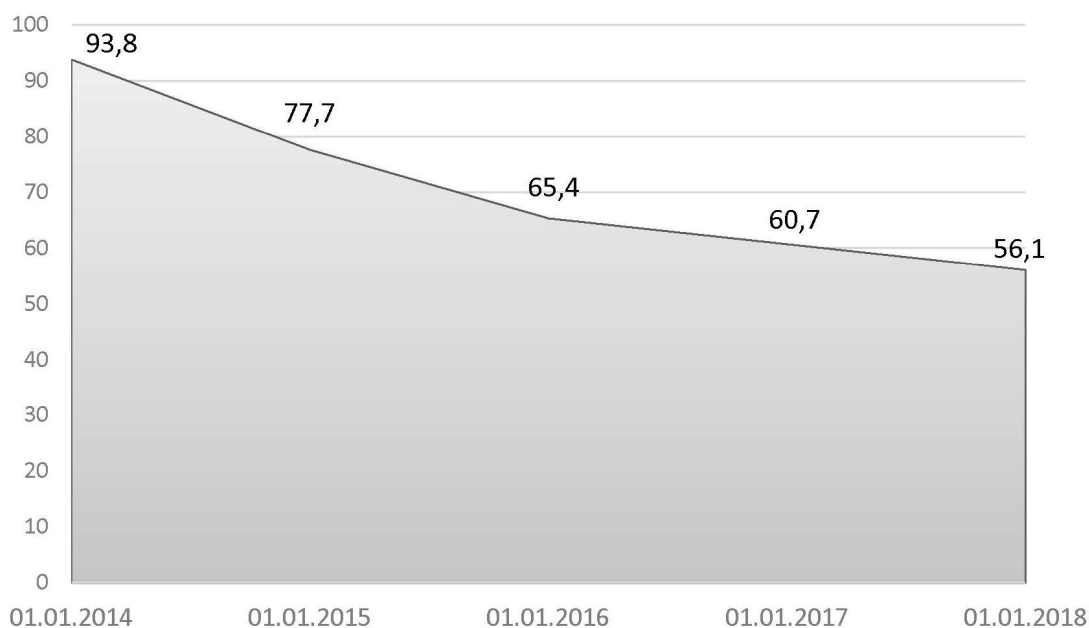


Figure 5. dynamics of the share of loan portfolio in Bank assets, %

Source: The author built a calculation based on the Source – 4 Figure

The structure of the loan portfolio at the beginning of this year is characterized as follows: the share of standard loans-85.4%, doubtful loans-5.3%, bad loans-9.3% (Figure 6).

As of January 1, 2014, the share of standards in the quality structure of the loan portfolio of second-tier banks increased by 12.2% and amounted to 8746 billion tenge. In 2015, compared to 2014, the amount

of standard loans increased by 1513 billion tenge and amounted to 10259 billion tenge. In 2016, it increased by 31% and amounted to 13437 billion tenge. At the same time, he noted that when determining the quality of the loan portfolio, the high share is 86.3%.

However, it should be noted that at the beginning of this year, the amount of standard loans decreased compared to previous years.

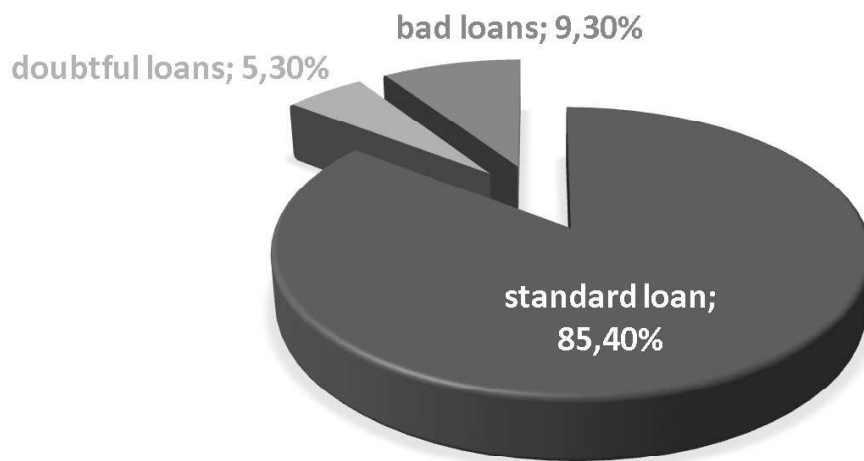


Figure 6. Structure of banks' loan portfolio as of 01.01.2018

Based on the data Source – [15] was calculated and compiled by the author

As for doubtful loans, in 2014 this indicator increased by more than 5 times and amounted to 1599 billion tenge. In 2015, the volume of these loans decreased, and at the beginning of 2016 it is increasing again. However,

in 2017 and 2018, the number of these loans decreased, which, of course, is due to a decrease in the total loan portfolio (table 3).

Table 3. – Quality of the loan portfolio of second-tier banks

Indicator name / date	01.01.14	01.01.15	01.01.16	01.01.17	01.01.18
Credit porphyry, billion Tg.	14503	14184	15554	15510	13590
Including:	8746	10259	13437	13613	11600
Standard loan	1599	585	880	856	724
Doubtful loans	4158	3340	1237	1042	1265

Source – [15] compiled by the author based on data

As for the annual dynamics of changes in the composition of the loan portfolio of non-performing loans, we have noticed that they have been declining over the past 2 years.

In 2014–2015, their share was 31–24%, respectively, at the beginning of 2016, it decreased by 16% and amounted to 8%, and at the beginning of this year, there is an increase of 9%.

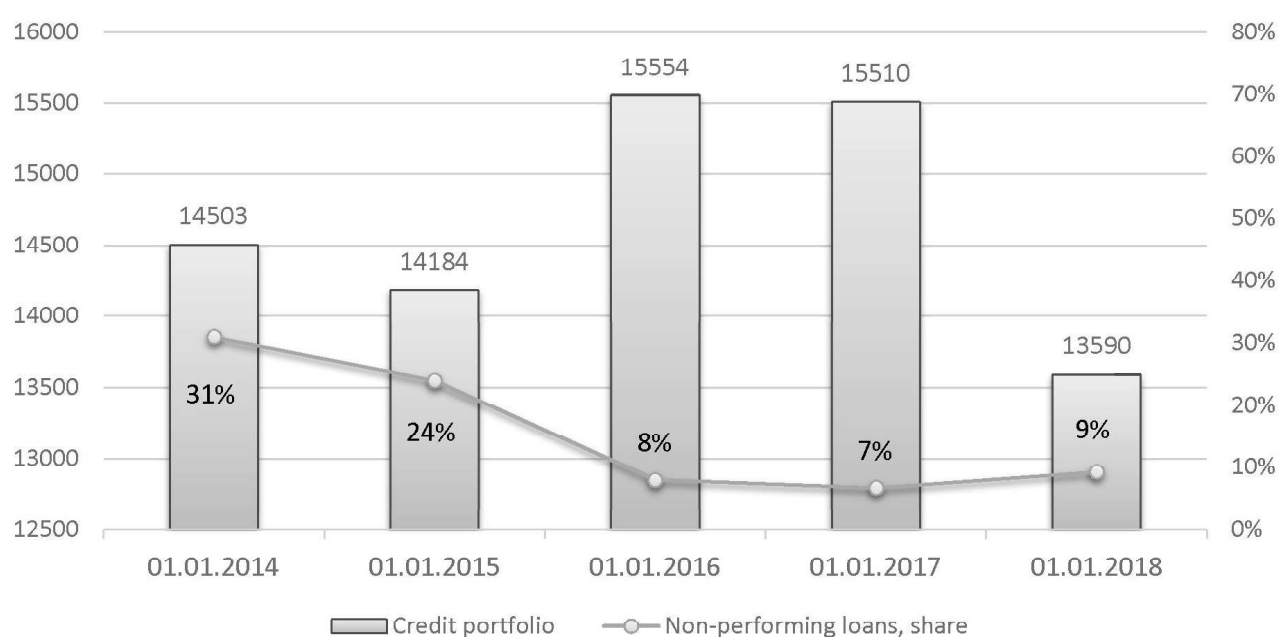


Figure 7. Share of non-performing loans in the loan portfolio

Source: Based on the data Source – [5] was calculated and compiled by the author

In General, a large number of bad loans indicates a low result of credit operations and Bank services (Figure 7).

In General, we can see that the credit portfolio of the country's banks is improving this year. However, despite this, in some individual banks there is a decrease in the loan portfolio.

In General, second-tier banks are increasing their lending to the economy, and they are offering effective measures, new products and services to their clients. However, in the economic environment at this stage, most banks expect to adhere to a strict credit policy,

which will ultimately allow the optimal growth of potential customers.

This indicates that as of April this year, the 5 leading banks in terms of loan portfolio are shown in the chart below. As you can see in the chart, two banks hold the leading positions in the ratings for their best indicators- Kazkommerts Bank JSC (2203292494 thousand tenge), Halyk Bank of Kazakhstan JSC (2669403730 thousand tenge). Then Tsesna Bank JSC enters the top three (1691335315 thousand tenge). And the amount of the loan provided by the subsidiary Bank of Sberbank of Russia JSC amounted to 1097302210 thousand tenge. (Figure 8).

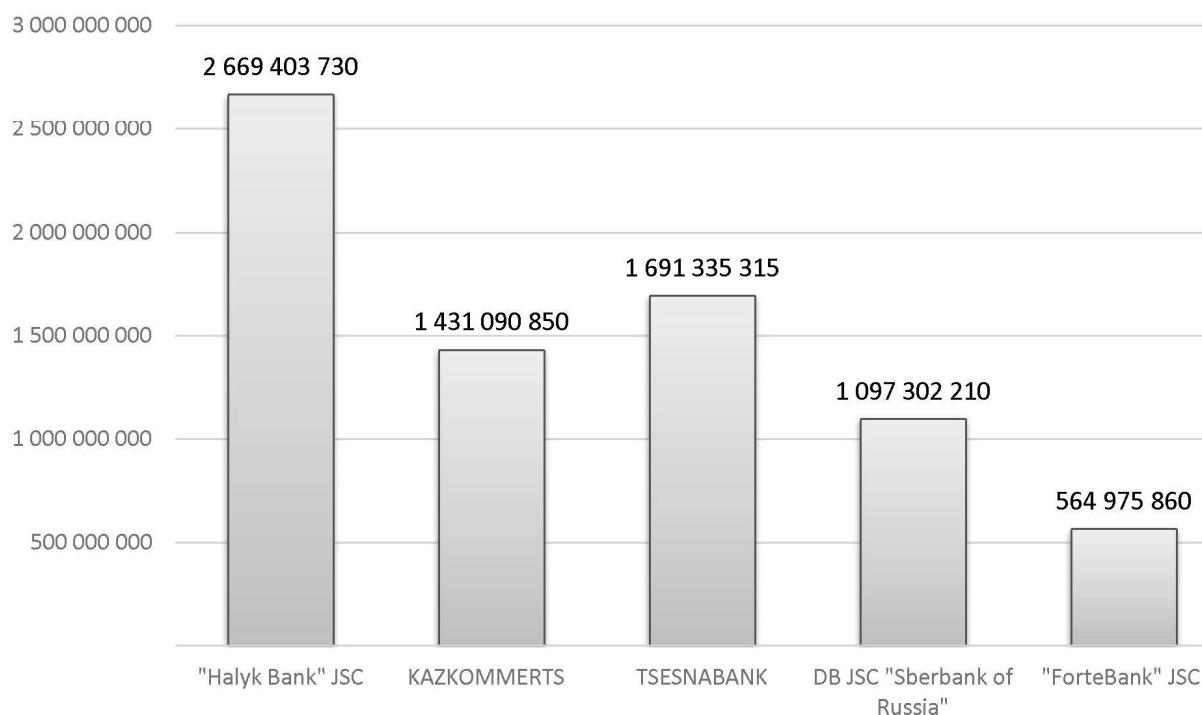


Figure 8. 5 leading banks in terms of loan portfolio in Kazakhstan as of 01.04.2018, in thousands of tenge

Source: Developed by the author based on Source data – [17]

This occurred, respectively, in the share of loans issued by 32 banks in the total loan portfolio of these banks. If Halyk Bank of Kazakhstan JSC holds 20%

of the share, the loans of its subsidiary Sberbank of Russia JSC accounted for 8.3% of the total portfolio (Figure 9).

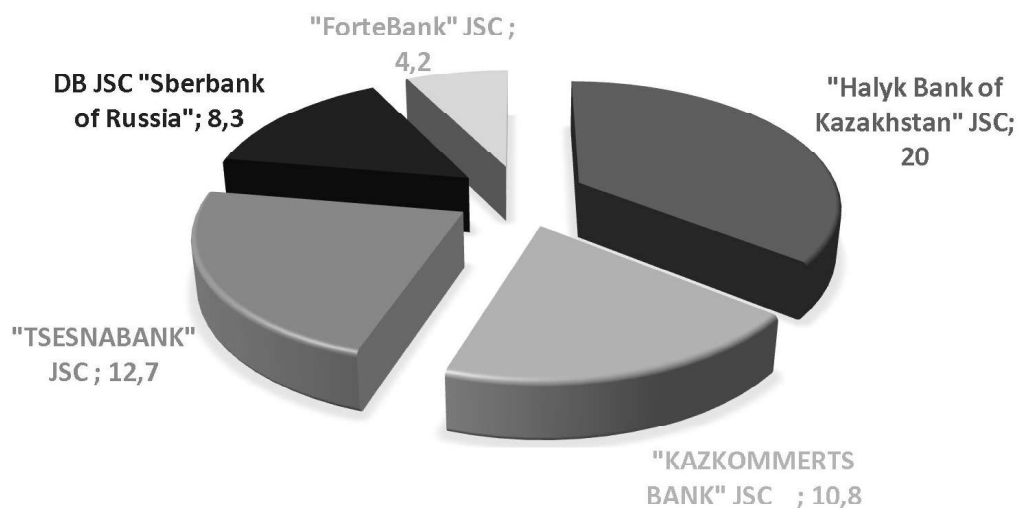


Figure 9. Share of loans issued by second-tier banks in the loan portfolio as of 01.04.2018, %

Currently, the cost of lending to customers for the Bank is estimated more expensive, since the banks themselves do not have the ability to attract cheap and long-term money from the European market. However, many customers are not able to meet their credit obligations in General from the beginning to the end, and the con-

sequences of this in the country will serve as the only reason for the growth of problem loans.

Currently, the subsidiary Bank of Sberbank of Russia JSC is a Kazakh Bank with extensive international experience, the best European standards and a clear strategy for creating a unique customer service system. These

second-tier banks are among the largest Kazakh banks, cover all regional centers of Kazakhstan, have 16 branches and have a wide network of branches and ATMs.

In comparison with other Kazakh financial institutions, the competitiveness of the subsidiary Bank of Sberbank of Russia JSC prevails.

Thus, based on the data provided in this section, we can draw the following conclusion. That is, the subsidiary Bank of Sberbank of Russia JSC is one of the leading banks in the Republic of Kazakhstan in terms of equity, loan portfolio, loan portfolio quality, etc.

Since Bank loans are one of the most important factors in stabilizing the economy, analyzing it is also one of the most important problems. In accordance with the reports on loans submitted by the second-tier banks of the Republic of Kazakhstan, we analyze: the structure of the loan portfolio of banks, its change, the reason for changes. Here the indicators are obtained based on the annual report of the National Bank of the Republic of Kazakhstan for 2015, 2016, 2017.

In General, compared to 2016–2018 (table 4 and 10), we see that the volume of standard loans increased

from 69.1% to 73.1%, i.e. by 4%. While the share of doubtful loans decreased from 28.6% to 26.7%, which is 1.9% less. As for non-performing loans, we see that its share has decreased from 2.3% to 2.0%, i.e. by 0.3%. There are various reasons for changing the composition of this loan portfolio.

Since the share of standard credit share in 2017 compared to 2016 increased at the level of authority of a legal entity in the market, providing loans to them is more reliable than to individuals.

We know that the information provided to clients is the result of the fact that the collateral is liquid, the client and the Bank are correctly fulfilling their insurance obligations, the Bank's specialist is correctly drawing up the repayment schedule, and the client is timely and non-languated in terms of payment based on the repayment schedule.

But in choosing a potential borrower for loans questionable results of activities carried out: assessment of the Committee on information provided by the customer application for credit loan at a level they are correct, the analysis anituner exposure at a high level.

Table-4. Changes in indicators that characterize the overall quality of banks ' loan portfolios*, %

Share in the classified loan portfolio	2016 year .	2017year.	2018year.
Standard	69.1	73.1	61.1
Doubtful	28.6	26.7	36.8
Hopelessly	2.3	2.0	2.1

Source: Annual report of the National Bank of the Republic of Kazakhstan for 2018

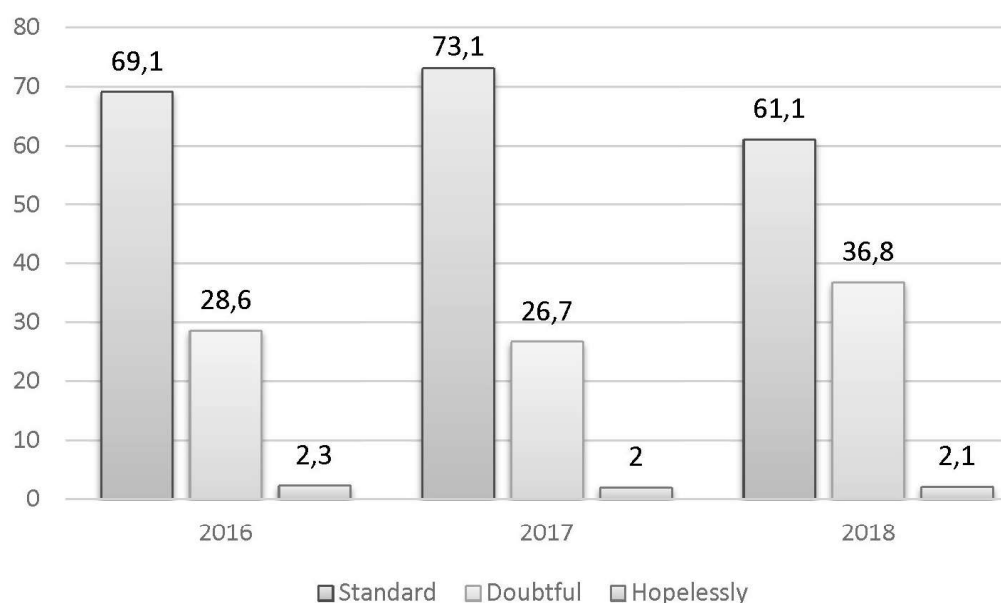


Figure 10. Quality of banks ' loan portfolio

Source: 'Report of the National Bank of the Republic of Kazakhstan for 2016–2018

As for bad loans, the Bank's specialists immediately noticed untrustworthy borrowers and refuse to lend them: the lack of credit history of the borrower, risk weighing, risk size determination, risk control, a high level of risk monitoring, that is, the result of the Bank's specialists' specialization, although less than before.

Now, in comparison with 2017 and 2018, we see a sharp decrease in the volume of standard loans, while the share of doubtful loans has increased and at least a small amount of bad loans has increased [17].

If in 2017 73.1%, then in 2018 61.1% or 12%, we see that this standard loan decreased by 61.1% or 12%. As you know, each loan must necessarily be risky, because the reason for the decline in standard credit is a sharp macroeconomic change in the loan market of a legal entity:

And the share of doubtful loans has increased sharply from 26.7% to 36.8%, i.e. by 10.1%, as insufficient cash flows, gratuitous increase in the volume of loans received from other businesses, increased problems of the personal nature of the head, the presence of force majeure.

Insufficient monitoring by the Bank, incorrect implementation of the credit policy. The reason for the growth of bad loans from 2.0% to 2.1% or 0.1% is the lack of proper level of the Bank's activity in terms of working with problem loans, the impassability of collateral on the market.

As of 01.12.2017, the total amount of loans issued to individuals amounted to 1041.8 billion tenge, as of 01.01.2018, the volume of these loans increased by 1965.8 billion tenge, that is, by 924 billion tenge. With 01.12.2017 year. the total amount of the loan is 1041.8 billion tenge, of which 821.5 billion tenge or 78.8% of the standard loan, doubtful loans receive 204.8 billion tenge or 19.7%, bad loans are 15.5 billion tenge or 1.5%. If on 01.01.2018 the loan amount was 1965.8, then 1467.2 billion tenge, i.e. 74.6% – standard loans, 475.0 billion tenge, i.e. 24.2% – bad loans, 23, billion tenge, i.e. 1.2% – standard loans.

The loan amount in January 2018 increased by 1965.8 billion tenge against 1041.8 billion tenge in December 2017, but the share of standard loans in relation to 2011 decreased by 821.5 billion tenge (78.8%) 2018 1467.2 billion tenge (74.6%), i.e. by 4.2%: increased confidence of individuals in the Bank, resulting in the disclosure of the Bank and non-repayment of loans issued by banks, lack of consideration on loan repayment, force majeure, insufficient monitoring of the loan by the Bank.

In addition, doubtful and bad loans will necessarily be issued with a certain risk, even when issuing loans in

the standard amount, even when issuing loans in a higher amount. Therefore, you can not deduct them from the type of loan provided at all [18].

Summing up, we can observe the following optimal services of commercial banks in the market conditions. Based on the results of a comparative analysis of financial services provided by a subsidiary Bank of Sberbank of Russia and commercial banks of CenterCreditBank in a market economy, the following conclusion can be made: the share of the credit portfolio of a subsidiary Bank of Sberbank of Russia in the asset structure is generally high. The balance of this commercial Bank is also considered liquid. The Bank's return on equity ratio is also growing every year, for example, in 2013 it was 18.4, and in 2014 it rose slightly to 19.3. In other words, the company's own capital has started to be effectively used at a high level in order to make a profit. However, in 2015, the ROE index fell sharply to 1.86, and in 2016 – to 5.16, in 2017 – to 6.83.

Thus, in this section, we have reviewed the progress of implementation of the annual standards of the subsidiary Bank of Sberbank of Russia. Analyzing the table data, the Bank's current liquidity was significantly higher than its lower limit of 0.3. term liquidity Ratios are also significantly higher than their low level. We have fully reviewed the financial condition of Sberbank of Russia's subsidiary Bank. Here we not only analyzed its financial indicators, but also determined the compliance of the National Bank of the Republic of Kazakhstan with the established regulatory indicators. The Bank is one of the previous banks in the country, whatever the parameter.

When analyzing its loan portfolio, we were convinced that the financial indicators of Kazakhstan's JSC "CenterCreditBank" do not refrain from the Russian Bank. The share of standard loans in December 2017 amounted to 511.2 billion tenge 71.3%, in January 2018–660.1 billion tenge, but its qualitative share slightly decreased compared to last year by 60.8%, i.e. by 10.5%. the reason for the sharp decline is the decline in the share and reputation of legal entities, although there is sufficient data from the legal entity, due to the absence of force majeure. This is a normal phenomenon. The share of doubtful loans in December 2016 amounted to 191.7 billion tenge 26.7% in January 2018 475.0 billion tenge 37.1%, that is, an increase of 2.1% is the result of an error on the part of the Bank's specialist. Of course, a loan granted both amicably and without sufficient risk determination when granting a

long-term and complex loan amount is the result of a loan granted to a primary unreliable business. However, we see a trend towards an annual decrease in the share of doubtful and bad loans from the Bank.

We observe that the Bank's credit policy shows a preference for the real sector of the economy. So, if the housing mortgage in 2017 amounted to 7%, then in 2018–21%, that is 14%, we can assume that the reason for the growth is the growth of demand in the market and good development of housing construction, as well as support from the state under the program "7–20–25". Here we have very good results of the Bank's work for our clients.

After that, you can see that the company occupies a place: 2017–13%, 2018–18%, that is, 5%, we see that it is not at the highest level. This also shows that thanks to our Bank loan, production in our economy has developed even slightly.

Of course, it is obvious that in the sphere of production risk is high and it shows high level of the Bank and pre-identifying, weighing, assessment, risk analysis, i.e. knowledge of the Bank's specialists.

Despite the fact that in the field of agriculture, this risk was very high and unreliable, 2017 increased by 7%, 2018-by 11%, since in preference to the agricultural complex of the Bank can be called the result of high-level support of the peasant economy from the state.

The changes taking place in the banking sector of the Republic of Kazakhstan, the variety of types of services provided by them, the focus on quality categories in which the correct establishment of credit operations, contribute to the sustainable growth of the economy as a whole in the country [19].

Methodological assessment of the impact of financial risk management on increasing the Bank's liquidity and profitability, which is one of the important factors in managing assets and liabilities of commercial banks, is related to improving their management methods [20].

It is especially important to reduce the borrower's credit risk and prevent conflicts of interest in banking activities. Prevention of conflicts of interest mainly involves compliance by the Bank's employees with requirements related to the Bank's lending activities. It also depends on the fulfillment of the obligations imposed on the client by the Bank.

One of the most important activities of commercial banks in asset and liability management is the development of a liquidity mobilization plan in connection with unforeseen (extreme) situations in the financial market [21].

In order to develop a plan to mobilize liquidity in the activities of a commercial Bank, it is necessary to regularly conduct stress testing.

The purpose of Stress testing is to determine the sensitivity of the Bank's balance sheet to liquidity risk factors during normal business activity of the Bank or in the context of a General crisis.

Based on the expert assessment, the Bank's performance indicators were selected in accordance with point methods and their respective significance was determined.

The use of the point method in the course of analysis in parallel with the methods of statistical analysis allows us to identify the strengths and weaknesses of risk management in the Bank's activities [22].

Conclusion

As for bad loans, the Bank's specialists immediately noticed untrustworthy borrowers and refuse to lend them: the lack of credit history of the borrower, risk weighing, risk size determination, risk control, a high level of risk monitoring, that is, the result of the Bank's specialists' specialization, although less than before.

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As of 01.12.2017, the total amount of loans issued to individuals amounted to 1041.8 billion tenge, as of 01.01.2018, the volume of these loans increased by 1965.8 billion tenge, that is, by 924 billion tenge. With 01.12.2017 year. the total amount of the loan is 1041.8 billion tenge, of which 821.5 billion tenge or 78.8% of the standard loan, doubtful loans receive 204.8 billion tenge or 19.7%, bad loans are 15.5 billion tenge or 1.5%. If on 01.01.2018 the

loan amount was 1965.8, then 1467.2 billion tenge, i.e. 74.6% – standard loans, 475.0 billion tenge, i.e. 24.2% – bad loans, 23, billion tenge, i.e. 1.2% – standard loans.

The loan amount in January 2018 increased by 1965.8 billion tenge against 1041.8 billion tenge in December 2017, but the share of standard loans in relation to 2011 decreased by 821.5 billion tenge (78.8%) 2018 1467.2 billion tenge (74.6%), i.e. by 4.2%: increased confidence of individuals in the Bank, resulting in the disclosure of the Bank and non-repayment of loans issued by banks, lack of consideration on loan repayment, force majeure, insufficient monitoring of the loan by the Bank.

In addition, doubtful and bad loans will necessarily be issued with a certain risk, even when issuing loans in the standard amount, even when issuing loans in a higher amount. Therefore, you can not deduct them from the type of loan provided at all [23].

Summing up, we can observe the following optimal services of commercial banks in the market conditions. Based on the results of a comparative analysis of financial services provided by a subsidiary Bank of Sberbank of Russia and commercial banks of CenterCreditBank in a market economy, the following conclusion can be made: the share of the credit portfolio of a subsidiary Bank of Sberbank of Russia in the asset structure is generally high. The balance of this commercial Bank is also considered liquid. The Bank's return on equity ratio is also growing every year, for example, in 2013 it was 18.4, and in 2014 it rose slightly to 19.3. In other words, the company's own capital has started to be effectively used at a high level in order to make a profit. However, in 2015, the ROE index fell sharply to 1.86, and in 2016 – to 5.16, in 2017 – to 6.83.

Thus, in this section, we have reviewed the progress of implementation of the annual standards of the subsidiary Bank of Sberbank of Russia. Analyzing the table data, the Bank's current liquidity was significantly higher than its lower limit of 0.3. term liquidity Ratios are also significantly higher than their low level. We have fully reviewed the financial condition of Sberbank of Russia's subsidiary Bank. Here we not only analyzed its financial indicators, but also determined the compliance of the National Bank of the Republic of Kazakhstan with the established regulatory indicators. The Bank is one of the previous banks in the country, whatever the parameter.

When analyzing its loan portfolio, we were convinced that the financial indicators of Kazakhstan's JSC "Center-CreditBank" do not refrain from the Russian Bank. The

share of standard loans in December 2017 amounted to 511.2 billion tenge 71.3%, in January 2018–660.1 billion tenge, but its qualitative share slightly decreased compared to last year by 60.8%, i.e. by 10.5%. the reason for the sharp decline is the decline in the share and reputation of legal entities, although there is sufficient data from the legal entity, due to the absence of force majeure. This is a normal phenomenon. The share of doubtful loans in December 2016 amounted to 191.7 billion tenge 26.7% in January 2018 475.0 billion tenge 37.1%, that is, an increase of 2.1% is the result of an error on the part of the Bank's specialist. Of course, a loan granted both amicably and without sufficient risk determination when granting a long-term and complex loan amount is the result of a loan granted to a primary unreliable business. However, we see a trend towards an annual decrease in the share of doubtful and bad loans from the Bank.

We observe that the Bank's credit policy shows a preference for the real sector of the economy. So, if the housing mortgage in 2017 amounted to 7%, then in 2018–21%, that is 14%, we can assume that the reason for the growth is the growth of demand in the market and good development of housing construction, as well as support from the state under the program "7–20–25". Here we have very good results of the Bank's work for our clients.

After that, you can see that the company occupies a place: 2017–13%, 2018–18%, that is, 5%, we see that it is not at the highest level. This also shows that thanks to our Bank loan, production in our economy has developed even slightly.

Of course, it is obvious that in the sphere of production risk is high and it shows high level of the Bank and pre-identifying, weighing, assessment, risk analysis, i.e. knowledge of the Bank's specialists.

Despite the fact that in the field of agriculture, this risk was very high and unreliable, 2017 increased by 7%, 2018-by 11%, since in preference to the agricultural complex of the Bank can be called the result of high-level support of the peasant economy from the state.

The changes taking place in the banking sector of the Republic of Kazakhstan, the variety of types of services provided by them, the focus on quality categories in which the correct establishment of credit operations, contribute to the sustainable growth of the economy as a whole in the country.

Methodological assessment of the impact of financial risk management on increasing the Bank's liquidity and profitability, which is one of the important factors

in managing assets and liabilities of commercial banks, is related to improving their management methods [24].

It is especially important to reduce the borrower's credit risk and prevent conflicts of interest in banking activities. Prevention of conflicts of interest mainly involves compliance by the Bank's employees with requirements related to the Bank's lending activities. It also depends on the fulfillment of the obligations imposed on the client by the Bank.

One of the most important activities of commercial banks in asset and liability management is the development of a liquidity mobilization plan in connection with unforeseen (extreme) situations in the financial market [25].

In order to develop a plan to mobilize liquidity in the activities of a commercial Bank, it is necessary to regularly conduct stress testing.

The purpose of Stress testing is to determine the sensitivity of the Bank's balance sheet to liquidity risk factors during normal business activity of the Bank or in the context of a General crisis.

Based on the expert assessment, the Bank's performance indicators were selected in accordance with point methods and their respective significance was determined [26].

The use of the point method in the course of analysis in parallel with the methods of statistical analysis allows us to identify the strengths and weaknesses of risk management in the Bank's activities.

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