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## **COMMERCIAL BANK CREDIT POLICY**

Commercial bank credit policy is a set of measures implemented by the Bank to achieve certain financial results. It defines the general principles of bank lending to customers, types of loans, details of credit procedures, etc.. The role of credit policy is to identify areas of development and improvement of banking activities in the accumulation and investment credit, credit development process and increase its efficiency [4, p. 6].

Exploring the relationship between lending companies and banks, it is necessary to justify the purpose and direction of monetary policy, its impact on the economic development of the country.

Strategy includes credit policies and priorities, and goals of a particular bank in the credit market. It is determined, above all, customer choice, and secondly, rules and regulations that govern the practice of bank staff and, thirdly, the bank's management competence and skill level personnel dealing with loans. [3, p. 207] Tactics credit policy covers specific techniques and methods used by individual banks to implement its strategic objectives in the implementation of loan transactions.

Thus, monetary policy creates the necessary preconditions for effective general staff of the credit department of the bank, reducing the likelihood of errors and irrational decision-making.

The main element of a credit policy in the strategy is the correct setting its objectives. The objectives of credit policy are determined based on the strategic objectives of the bank.

The system main areas of commercial bank lending policy include [3, p. 208]:

- Provide the maximum level of profitability of the loan portfolio and equity commercial bank with a minimum level of risk;
- Maintain a balance between loans, deposits and other liabilities and total equity of the bank;
- Ensuring the financial sustainability of commercial banks in the process of credit activity;
- Providing a balanced and optimal use of credit;
- Achieve an optimum balance between the growth of the loan portfolio and the rate of improvement of its quality;
- Expanding customer base by providing credit services of high quality;
- Maintain a high level of confidence of businesses and individuals in commercial bank by the timely and full implementation of its obligations to depositors and shareholders.

Development of credit policies for each commercial bank means taking into account a number of factors that influence its direction and priorities. Factors that influence and determine credit policies can be divided into two types: external and internal. If the internal factors related to the competitiveness of the bank and, in particular, financial stability and soundness of the bank, the externalities associated with the deepening of the global economic and financial crisis, the political and economic situation in the country, the legal framework, the level of development of the banking infrastructure and as interbank competition [2, p. 356]. It should be noted that internal factors bank can manage and external - not because they do not depend just on the institution and due to unpredictable external medium.

Each individual commercial bank, developing strategy and credit policy, credit market segmentation makes in terms of its credit services, taking into account the level of regional development, the macroeconomic situation, the level of market conditions and more. At the heart of development strategy are its internal capabilities, defined competitiveness, liquidity, financial stability and soundness of the banking institutions in the money market. Moreover, the possibility of the

bank's credit policy strategy provides it achieve its ultimate goal - providing sustainable financial condition at a specific segment of the market.

Negative impact on the credit sphere perform such factors [3, p. 210]:

- 1) deepening global economic and financial crisis;
- 2) payment crisis, the budget deficit;
- 3) a sharp decline in the creditworthiness of entities and others.

To improve the situation in Ukraine in lending is essential to achieving financial and microeconomic stability of rational industrial and tax policy that would allow banks to productive investment, and borrowers - to restore their creditworthiness. Credit should create favorable conditions for the development of all areas and sectors of the national economy of Ukraine. It is an important source of capital investment, as traditionally released his significant role in economic restructuring and investment.

Thus, the proper organization of the process of bank lending, the development of efficient and flexible management of credit operations are the basis of financial stability and market stability of commercial banks. Commercial bank credit policy outlines the range of key goals and objectives of banking, sets out specific techniques, methods and techniques for its implementation and has a significant impact on the economic development of the country as a whole.

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