IRSTI 06.73.75

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Lending to the real sector of the economy by banks of Kazakhstan

Abstract. The article «Lending to the real sector of the economy by banks of Kazakhstan» is devoted to the study of the activities of commercial banks of Kazakhstan and their credit and financial support to enterprises of the main sectors of the economy. During the writing of the article, the authors set the goal of scientific research, which was to identify the role of commercial banks in lending to the real sector of the economy of Kazakhstan. For clarity and objectivity of the analysis, eight and twelve years were taken as the study period. In the course of the study, digital materials and data of the National Bank of Kazakhstan, second-tier banks were used, as well as various methods of analysis were used to make objective conclusions. The use of various research methods, such as analysis, synthesis, comparison, generalization and systematic approach allowed identifying periods of decline and increasing in lending to various sectors of the economy and small businesses. On the basis of the study conclusions were drawn.

Keywords: Banks, economy, loans, industry, agriculture, real sector, loan portfolio.

Introduction. Currently, the state of the credit market of the country is greatly influenced by the lack of stability in the world economy, the decline in demand for the main Kazakh export commodities, lower incomes, the devaluation of the tenge, the growth of foreign currencies, inflation.

Under these conditions, a detailed review of existing credit relations will assess the state of the financial and credit system of the country, to determine the current problems of lending, contributing to the further improvement of credit relations, the credit system of the country as a whole. The banking sector of Kazakhstan is one of the main sources of financing of the real sector of the country's economy, and in this case, the formation of banks ' resources are carried out through the monetary savings of the population. organizations. But in terms of replenishing long-term resources of enterprises of the main sectors of the economy, a key role is assigned to the state. Thus, the issues of lending to the real sector of the economy of Kazakhstan are quite relevant.

The purpose of the article is to identify the role of commercial banks in lending to the real sector of the economy of Kazakhstan.

Problem statement. To achieve this goal, the authors identified the following tasks: to analyze lending by banks to the real sector of the economy; to consider the industry structure of the loan portfolio; to identify the share of lending to small businesses; to show the structure of banks ' credit to small businesses in the context of economic sectors; on the basis of the study to summarize and draw conclusions.

History. Such foreign scientists as Leontiev V.E., Radkovskaya N.P., Zhukov E.F., Tarkhanova E.A., Beloglazova G.N., Vorozhbit O.Yu., Terentyeva N.S. and others were engaged in research of historical, theoretical and practical questions concerning Bank crediting of economy.

Domestic scientists who devoted their works to the issues of crediting the economy include Abdilmanova Sh.R., Seitkasimov G.B., Khamitov N.N., Iskakov U.M., Lee V.D., Lisak B.I., etc.

Method of research. The methodological basis of the research is the dialectical method of cognition. In the process of research were used as General scientific methods (analysis, synthesis, induction, deduction, abstraction, generalization and system approach), theoretical and empirical methods, and special methods of knowledge (statistical methods).

Theoretical analysis and generalization of scientific literature, periodicals and statistics was carried out in order to identify various external and internal factors affecting the activities of commercial banks and their lending activities.

The analysis used statistical data of annual reports, documents, statistical and analytical materials of the National Bank and commercial banks. The methods of analysis, comparison, induction, deduction generalization and systematic approach allowed identifying periods of decline and increase in lending to various sectors of the economy and small businesses. For clarity and objectivity of the study were taken for analysis of eight and twelve-year periods.

Results and discussion. Despite the positive developments, the volume of lending by banks to the real sector of the economy as a whole does not meet its needs. Since 2011, there has been a slowdown in industrial production. The effect of external and internal factors is obvious. Periodically passing inflation, fall of national currency force banks to look for the directions where placement of means gives fast return. In view of this, the real sector of the economy is not attractive to them from the point of view of lending. [1, p. 110] For objective assessment and clarity, we have covered for analysis the last eight years of lending to the real sector of the economy for the period from 2011 to 2018, which are shown in table 1.

Table 1

Loans to the economy of Kazakhstan in the context of industries for 2011–2018, billion tenge

Departments	2011		2012		2013		2014		2015		2016		2017		2018		01-08.2019	
	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %
Industry	1 053	12	1 194	12	1 283	11	1 369	11	1 699	13	1812	14	1982	15	2024	15,5	1834	14
Agriculture	336	4	322	3	375	3	485	4	654	5	675	5	695	5	490	4	251	2
Construction	1 306	15	1 397	14	1 383	13	1 143	10	992	8	956	8	915	7	753	6	680	5
Transport	354	4	424	4	396	3	434	4	609	4	561	4	573	4	593	4	506	4
Communication	44	1	78	1	90	1	97	1	136	1	148	1	98,7	1	71,8	0,5	138,6	1
Trade	1 828	21	1 999	20	2 207	20	2 420	20	2 645	21	2674	21	2020	17	1801	14	1705	13
O t h e r departments	3 860	44	4 544	46	5 558	49	6 158	50	5 939	48	5884	47	6422	51	7358	56	8110	61
Total in the republic	8 781	100	9 958	100	11 292	100	12 106	100	12 674	100	12708	100	12705	100	13092	100	13224	100
Changes in lending volumes, %	-	-	12	-	12	-	7	-	4	-	0,2	-	-0,02	-	3	-	1	-

As can be seen from the table on 01.01.2019, the industry structure of the loan portfolio is represented by the following main borrowers: industry-15.5%; agriculture-4%; construction-6%; transport-4%; communications-0.5%; wholesale and retail trade-14%; other industries-56% (table 1). Therefore, lending to industrial enterprises occupy the largest share in the total loan portfolio of second-tier banks, amounting to 01.01.2019-2024 billion tenge or 15.5% of the loan portfolio of the banking system of Kazakhstan. Total lending volumes for the year 2018, increased by 3% compared with the 2017 year — on-year and amounted to 13,092 trillion tenge. [2]

However, for the entire period under study from 2011 to 2018, loans to the economy of Kazakhstan in the context of sectors of the economy do not always grow evenly, and sometimes even stagnate. So if in the period from 2010 to 2011, 2012, lending growth averaged 12%, then in 2013 there is a slowdown in growth, and the volume of loans is already 7%, in 2014 4%, in 2015 0.2%, and in 2016 and at all (-0.02) % and only in 2018, as noted above, the growth began.

Table 2

Bank loans to small businesses in the context of economic sectors for 2007-2018, billion tenge

Departments	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %	b.kzt	share in %
Industry	166	9,7	125	8,9	192	14,3	187	13,2	152	11,8	229	12,8	321	15,6	388	12,9	372	13,3	348	14,7
Agriculture	95	5,6	68	4,9	62	4,6	54	3,8	43	3,4	81	4,5	85	4,1	206	6,9	363	13,1	198	8,4
Construction	271	15,9	194	14,0	233	17,4	229	16,2	133	10,4	233	13,0	269	13,1	405	13,5	330	11,8	249	10,5
Transport	43	2,5	52	3,8	40	3,0	50	3,5	57	4,4	85	4,8	137	6,7	148	4,9	151	5,4	149	6,3
Communication	19	1,1	12	0,9	19	1,4	21	1,6	22	1,7	22	1,2	17	0,8	16	0,6	11	0,4	17	0,8
Trade	698	40,8	527	38,1	414	30,9	460	32,6	392	30,6	603	33,7	663	32,2	1111	36,9	748	26,8	543	22,9
O t h e r departments	416	24,4	407	29,4	381	28,4	411	29,1	484	37,7	535	30,0	568	27,5	729	24,3	814	29,2	860	36,4
Total in the republic	1708	100	1385	100	1341	100	1412	100	1283	100	1788	100	2060	100	3003	100	2789	100	2364	100

Let's consider what is the situation of banks in lending to small businesses (Chart 1). For the analysis, the period from 2007 to 2018 was taken, which showed that the share of lending to small businesses from 2009 to 2013 falls from 22.3 to 11.1 percent, i.e. the share of lending fell by more than 11 percent or 425 billion tenge.

Compared with the minimum value, lending at the end of 2016, increased to 23.6%. At the end of 2018, the share of lending to small businesses (SMEs) decreased compared to the results of 2017 from 22.1% to 18.1%, a decrease of 4%. In General, there has been a decline in the share of lending to this sector over the past three years (2016-2018), although before that, in the period from 2013 – 2016, this indicator showed an increase. [3].
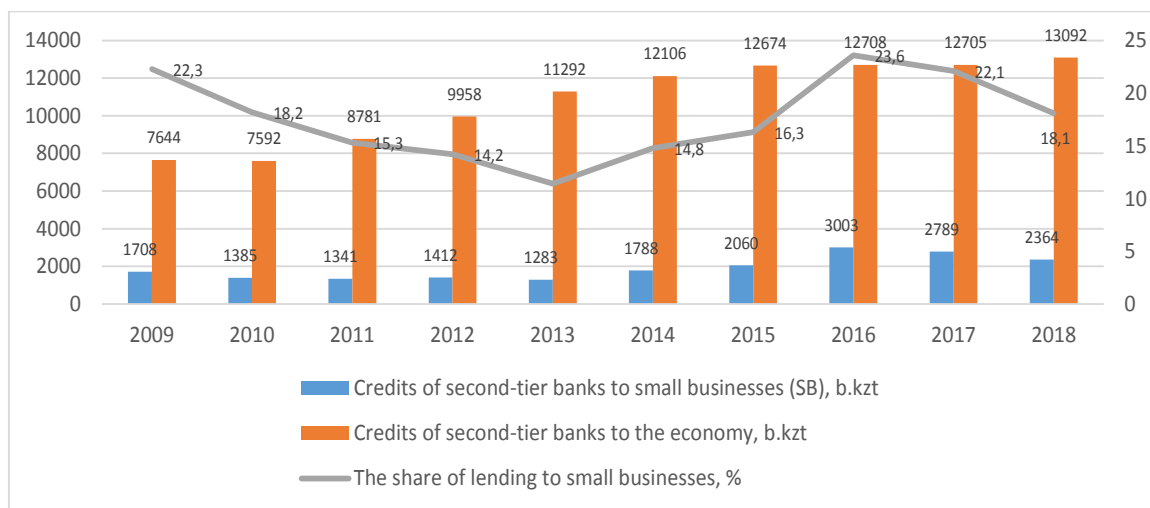

Chart 1. The loan portfolio of second-tier banks loans to the economy and small business

When comparing Table 1, Chart 1 and Table 2, Chart 2 we see that Bank loans to small businesses in sectors of the economy for the entire study period relative to total lending in the economy of Kazakhstan by industry is also not stable and is influenced by General economic factors.
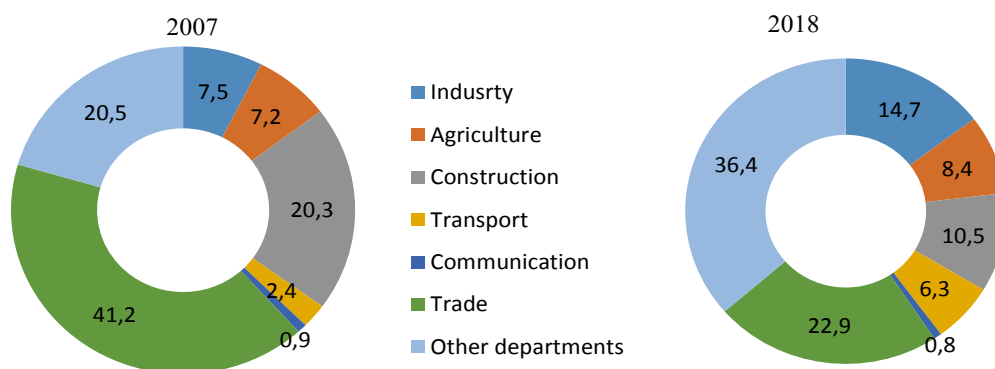

Chart 2. Credit structure of SME banks by sectors of the economy

Let us compare the change in the structure of lending by banks to small businesses by sectors of the economy (Chart 2). Compared with 2007 data, in 2018 the share of lending to agriculture remained virtually unchanged, with a slight increase of 1.2%. The share of lending to industries such as trade and construction fell by 18.3% and 9.8%, respectively. At the same time,

the share of lending to transport increased by 3.9%, industry-by 7.2%, the growth of lending to other industries amounted to 15.9% [2].

What is the reason for this situation, the sharp fall in the level of lending since 2014? In our opinion, this situation was provoked by the devaluation of the national currency on February 11, 2014, when the tenge fell by 20% from 154 tenge to 185 tenge per dollar. [4] This undoubtedly affected the overall economic situation in the country, as can be seen in Table 3

<div align="right">Table 3</div>

the Dynamics of the gross domestic product of the country over the past decade [5]

Year	GDP (PPP) (b.usd)	GDP per capita (PPP) $	GDP growth (real)	Inflation rate (%)	Unemployment (%)	Government debt (in % of GDP)
1992	122,7	7196	not given	not given	not given	not given
1993	↓114,0	↓ 6748	↓ -9,2%	↑ 1662,3%	not given	not given
1994	↓101,8	↓ 6444	↓ -12,6%	↑ 1402,0%	10,1%	not given
1995	↓ 95,4	↓ 6087	↓ -8,2%	↑ 176,3%	↑ 11,0%	not given
1996	↑ 97,7	↑ 6308	↑ 0,5%	↑ 39,1%	↑ 13,0%	not given
1997	↑101,0	↑ 6651	↑ 1,7%	↑ 17,4%	▬ 13,0%	not given
1998	↓100,2	↑ 6698	↓ -1,9%	↑ 7,3%	↑ 13,1%	not given
1999	↑104,4	↑ 7009	↑ 2,7%	↑ 8,4%	↑ 13,5%	not given
2000	↑117,3	↑ 7890	↑ 9,8%	↑ 13,3%	↑ 12,8%	not given
2001	↑136,2	↑ 9168	↑ 13,5%	↑ 8,4%	↓ 10,4%	not given
2002	↑151,8	↑ 10211	↑ 9,8%	↑ 5,9%	↓ 9,3%	17,6%
2003	↑169,2	↑ 11318	↑ 9,3%	↑ 6,5%	↓ 8,8%	↓ 15,0%
2004	↑190,6	↑ 12642	↑ 9,6%	↑ 6,9%	↓ 8,4%	↓ 11,4%
2005	↑215,8	↑ 14178	↑ 9,7%	↑ 7,5%	↓ 8,1%	↓ 8,1%
2006	↑246,2	↑ 15991	↑ 10,7%	↑ 8,6%	↓ 7,8%	↓ 6,7%
2007	↑275,3	↑ 17677	↑ 8,9%	↑ 10,8%	↓ 7,3%	↓ 5,9%
2008	↑289,9	↑ 18140	↑ 3,3%	↑ 17,1%	↓ 6,6%	↑ 6,8%
2009	↑295,6	↑ 18245	↑ 1,2%	↑ 7,3%	▬ 6,6%	↑ 10,2%
2010	↑321,1	↑ 19530	↑ 7,3%	↑ 7,1%	↓ 5,8%	↑ 10,7%
2011	↑352,3	↑ 21129	↑ 7,5%	↑ 8,3%	↓ 5,4%	↓ 10,1%
2012	↑376,7	↑ 22278	↑ 5,0%	↑ 5,1%	↓ 5,3%	↑ 12,1%
2013	↑405,8	↑ 23644	↑ 6,0%	↑ 5,8%	↓ 5,2%	↑ 12,6%
2014	↑430,8	↑ 24734	↑ 4,3%	↑ 6,7%	↓ 5,0%	↑ 14,5%
2015	↑440,7	↑ 24940	↑ 1,2%	↑ 6,7%	▬ 5,0%	↑ 21,9%
2016	↑451,2	↑ 25167	↑ 1,1%	↑ 14,6%	▬ 5,0%	↓ 21,0%
2017	↑477,6	↑ 26252	↑ 4,0%	↑ 7,4%	▬ 5,0%	↑ 21,2%
2018	↑509,6	↑ 27867	↑ 7,0	↑ 5,3%	↓ 4,8%	↑ 25,8

That undoubtedly influenced the General economic situation in the country. It is since 2013 that the level of the country's real GDP has been falling sharply from 6% to 1.1 in 2018. The inflation rate for the same period also showed a significant increase from 5.8 to 14%. The level of public debt for the same period also showed an increase from 12.6 to 21% (Table 3).

Consequently, the creditworthiness of commercial banks, their financial instability and the deterioration of the main General economic indicators led to a decrease in lending in General and lending to individual sectors of the economy. It took four years for commercial banks to stabilize the loan situation. Only since 2018, the General economic situation in the country began to show growth, which undoubtedly affected the activities of commercial banks.

Conclusion. Summing up the results of the study, it should be noted that lending to the real sector of the economy since 2014 by Kazakh banks has declined. Thus, if in 2014 there was a fall in the rate of lending, in 2015, 2016 lending to commercial banks in Kazakhstan was almost reduced to zero. The reasons for the decline in credit activity of banks are obviously the influence

of external and internal factors. As it turned out internal factors include:

First, the impact of the next devaluation on February 11, 2014;

Second, the decline in the level of GDP per capita;

Third, the inflation rate for the same period showed a significant increase;

Fourth, the level of public debt over the same period also showed an increase;

Fifth, the growth of imports, in particular imports of consumer goods.

Foreign economic factors are also important, which include:

1) Bad economic situation in BRICS countries;

2) Capital flows from developing countries;

3) Decrease in exports of Kazakh goods to Russia and other countries

4) Free formation of the exchange rate of the Russian ruble [6]

The consequences of financial instability around the world, fluctuations in foreign markets, as well as the devaluation of the tenge, affected the quality of assets of second-tier banks, and in particular the quality of the loan portfolio. The decrease in lending by banks to the economy, as a consequence, affected the level of lending to the real sector of the economy of Kazakhstan.

However, the activity in lending to the real sector of the economy was largely ensured by state support through the implementation of a number of government programs aimed at lifting the country's economy.

The lack of full financing of the real sector of the economy by second-tier banks in Kazakhstan contributed to the activation of the state through the system of national holdings and development institutions.

The state uses banks as an intermediary in solving the main task-lending to the real sector of the economy. In the anti-crisis package of measures, commercial banks acted as the main channel, spending government resources in certain sectors of the economy to stabilize them.

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Қазақстан банктерінің экономиканың нақты секторын несиелендіруі

Аңдатпа. «Қазақстан банктерінің экономиканың нақты секторын кредиттеу» тақырыбындағы мақала Қазақстанның коммерциялық банктерінің қызметін зерттеу және олардың экономиканың негізгі секторларының кәсіпорындарын кредиттік және қаржылық қолдау мәселелеріне арналған.

Мақала жазу барысында авторлар Қазақстан экономикасының нақты секторын несиелендіру-дегі коммерциялық банктердің рөлін анықтау үшін ғылыми зерттеудің мақсатын қойған.

Жүргізілген талдаудың көрнекілігі мен объективтілігі үшін зерттелетін кезең ретінде сегіз және он екі жыл алынды. Зерттеу барысында сандық материалдар мен Қазақстан Ұлттық Банкінің, екінші деңгейдегі банктердің деректері қолданылды, сондай-ақ объективті қорытынды жасауға мүмкіндік беретін талдаудың түрлі әдістері қолданылды. Талдау, синтез, жинақтау және жүйелі тәсілді салыстыру сияқты зерттеудің әртүрлі әдістерін пайдалану экономиканың түрлі секторлары-ның да, шағын кәсіпкерлік субъектілерінің де кредит беру көлемінің құлдырау және ұлғаю кезең-дерін анықтауға мүмкіндік берді. Жүргізілген зерттеу негізінде қорытынды жасалды

Түйін сөздер: банктер, экономика, кредиттер, өнеркәсіп, ауыл шаруашылығы, нақты сектор, кредиттік портфель.

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Кредитование реального сектора экономики банками Казахстана

Аннотация. Статья «Кредитование реального сектора экономики банками Казахстана» по-священа вопросам исследования деятельности коммерческих банков Казахстана и их кредитной и финансовой поддержки предприятий основных секторов экономики. Цель научного исследования заключается в выявлении роли коммерческих банков в кредитовании реального сектора экономики Казахстана. Для наглядности и объективности проводимого анализа в качестве исследуемого пери-ода были взяты восемь и двенадцать лет.

В исследовании использованы цифровые материалы и данные Национального банка Казах-стана, банков второго уровня, а также применены различные методы анализа, позволяющие сделать объективные выводы. Использование различных методов исследования, таких как анализ, синтез, сравнение, обобщение и системный подход, позволило выявить периоды спада и увеличения объ-емов кредитования как различных секторов экономики, так и субъектов малого предпринимательст-ва. На основании проведенного исследовании были сделаны выводы

Ключевые слова: банки, экономика, кредиты, промышленность, сельское хозяйство, реаль-ный сектор, кредитный портфель.

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