

ЭКОНОМИКА

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INFLUENCE OF QUALITY OF ASSETS ON FINANCIAL STABILITY OF BANKS OF REPUBLIC OF KAZAKHSTAN

Annotation

This article analyses the current state of the deposit market in the Republic of Kazakhstan. Moreover, issues and development perspectives of Kazakhstani deposit market are defined in the work. The article is prepared based on the results of a grant financing study for 2015-2017. under the budget program 217 "Development of science", subprogram 102 "Grant financing of scientific research" on the project topic: no.4766 / gf4 "justification the optimal level of living of the rural population of the regions of Kazakhstan in dependence of their economic development: scientific development of necessary indicators and minimum social standards" number of state. registration No. 0115RK01912.

Keywords: deposit market, financial market of Kazakhstan, development perspectives, financial stability.

According to the President of the Republic of Kazakhstan, Nursultan Nazarbayev, the economic stability has the significance for the future development of the state [1]. In addition, maintaining and regulating the financial sector plays the important role for further economic growth [2]. For instance, loans and investments are among instruments that economy may rely on in order to achieve growth [3].

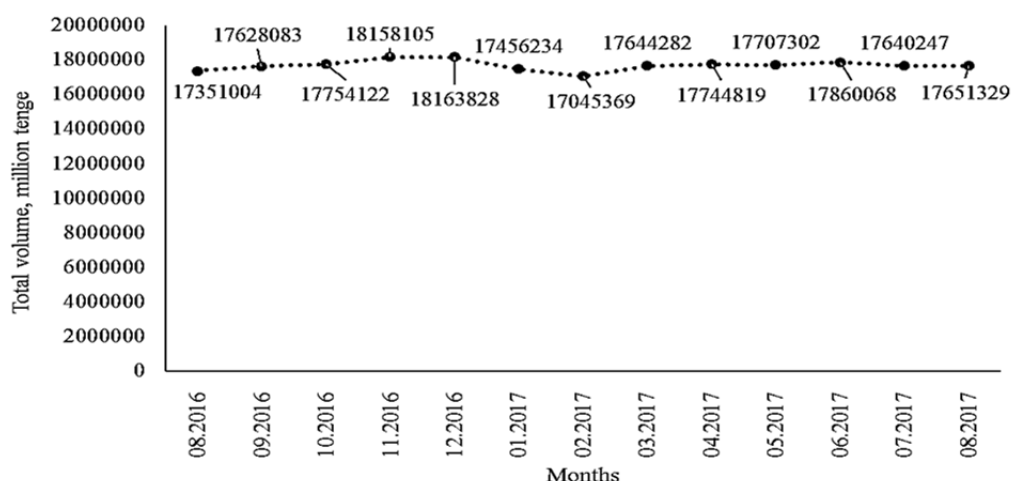


Figure 1 - The total volume of deposits in depositary organisations of the Republic of Kazakhstan by the end of the period from August 2016 to August 2017, million tenge

According to Arping (2015) there is the direct link between deposits and pricing power of organisations in the banking sector which may have long-term impact upon the real outcomes in the economy of the state [4]. As a result, the current state of the deposit market in Kazakhstan is

among factors that determine the loan market by impacting its pricing, rates and competition level [4,5]. The figure below shows the volume of deposits in depository organisations for 1 year from August 2016 till August 2017.

Source: The National Bank of Kazakhstan (2017) *Depository Organizations Deposits*. Available:

http://www.nationalbank.kz/?finalDate=5.08.2016&finalDate2=25.08.2017&dates=+To+display+the+information&tab_id=1&lang=eng&docid=191&switch=english [Accessed: 12 October 2017].

Figure 1 shows that in one year the highest monthly drop in the total volume of deposits took place in January 2017 – decline by 707594 million tenge or 3.896% less compared to the same indicator in December 2016. The highest rise in the deposit's volume in one year shown by the figure above was in March 2017 – 598913 million tenge more compared to the previous month or rise by 3.51%.

The lowest indicator took place in February 2017 – 17045369 million tenge, and the highest volume occurred in November 2016 - 18163828 million tenge.

The average value of the total volume of deposits is around 17677291.69 million tenge. The median value for deposits in one year is 17651329 million tenge. The first interquartile is 17628083 million Kazakhstani tenge. The third interquartile is 177 trillion 541 billion and 22 million tenge. Therefore, the interquartile range for one year from August 2016 to August 2017 equals to 126 billion and 39 million tenge.

The figure above illustrates that there may be the seasonal trends, therefore, the figure below defines the total volume of deposits in depository organisations only for December for the last ten years.

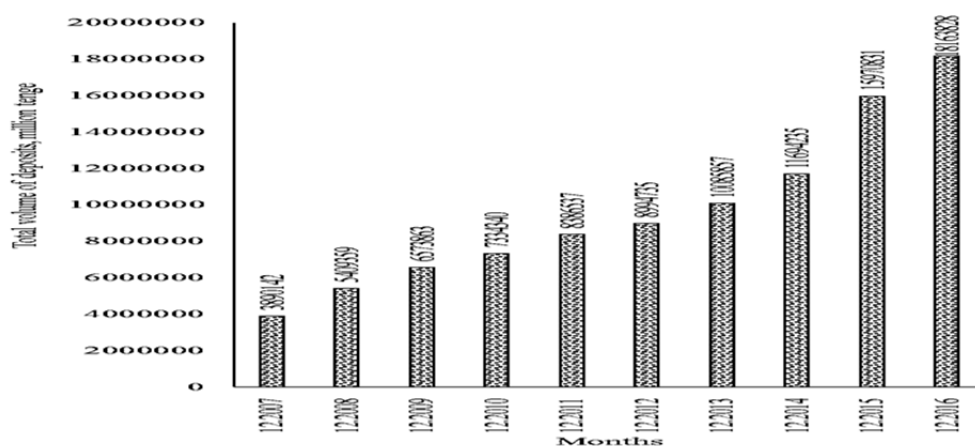


Figure 2 – The total volume of deposits in depository organisations for December month from 2007 to 2016, million tenge

Source: The National Bank of Kazakhstan (2017) *Depository Organizations Deposits*. Available:

http://www.nationalbank.kz/?finalDate=5.08.2016&finalDate2=25.08.2017&dates=+To+display+the+information&tab_id=1&lang=eng&docid=191&switch=english [Accessed: 12 October 2017].

The figure above shows that since 2007 there is the trend of growth in the deposit's volume every December month compared to the same month of the previous year. The average value of total deposit value in the last ten years for the last month of the year is 9650372.7 million tenge.

The lowest level of yearly change for the monthly indicator was between 2012 and 2011 – growth by 608 billion 198 million tenge or rise by nearly 7.25%. The highest level of yearly change took place between 2008 and 2007 – rise by 4 trillion 276 billion 596 million tenge or increase by 39.05%.

Figure 1 shows that there may be the trend of the total volume of deposits declining in the beginning of the year which is analysed by the figure below. The starting point is taken by December 2010 and not any year earlier because the financial crisis of 2008-2009 had significant negative impact on the global financial sector and might broke the trends in the banking sector in the earlier years [6].

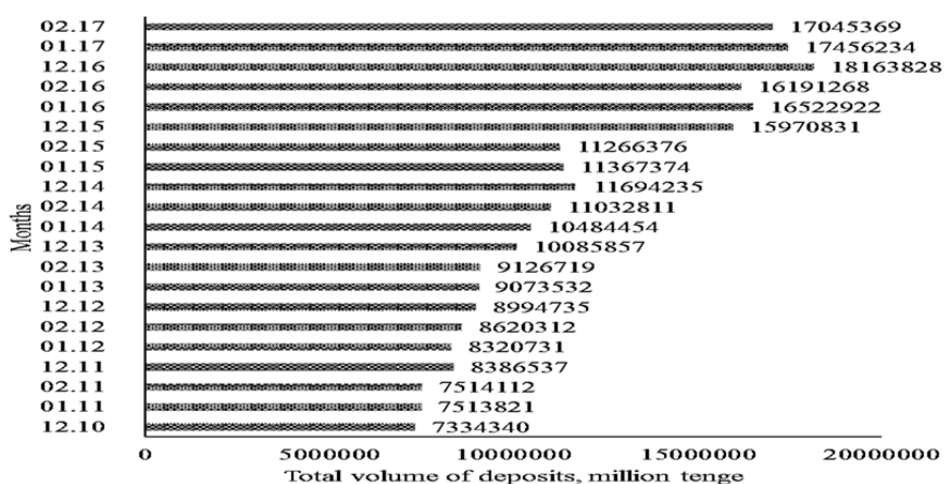


Figure 3 - The total volume of deposits in depository organisations of the Republic of Kazakhstan from December 2010 to February 2017 for January, February and December months, million tenge.

Source: The National Bank of Kazakhstan (2017) *Depository Organizations Deposits*. Available: <http://www.nationalbank.kz/?docid=191&switch=english> [Accessed: 12 October 2017].

The figure above shows that every December of the following year had higher volume of deposits compared to the previous year indicator. For instance, there is growth by 10829488 million tenge or by 147.65% from December 2010 to December 2010.

The table below analyses if there is any trend between the end and the start of the year in the total amount of deposits in depository organisations.

Table 1 – The trend analyses between December of the previous year and January-February of the next year in the total volume of deposits

| | What happened to the total volume of deposits? | | |
|---|--|--------------|---------|
| 1 | from | to | result |
| 2 | December 2010 | January 2011 | growth |
| 3 | December 2011 | January 2012 | decline |
| 4 | December 2012 | January 2013 | growth |
| 5 | December 2013 | January 2014 | decline |
| 6 | December 2014 | January 2015 | decline |
| 7 | December 2015 | January 2016 | growth |
| 8 | December 2016 | January 2017 | decline |

Table 1 shows that there are no trends between the last month of the last year and the first month of the next year. Therefore, there is need to understand what may impact deposit rates if banks gain more power. The banking sector of Kazakhstan has become more stable due to the support of the financial sector by the government [7]. The figure below shows the possible scenarios for deposit rates and other significant financial indicators if the banking sector gains more power in the economy.

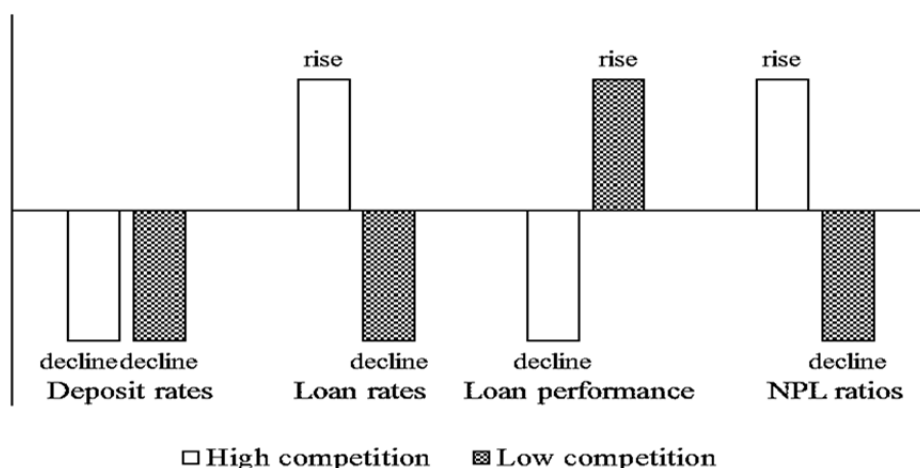


Figure 4 – Scenarios for some significant financial indicators in the deposit market if Kazakhstani banks in the long run gain more market power

Source: Arping, S. (2017) Deposit competition and loan markets. *Journal of Banking and Finance* (80), pp. 108-118

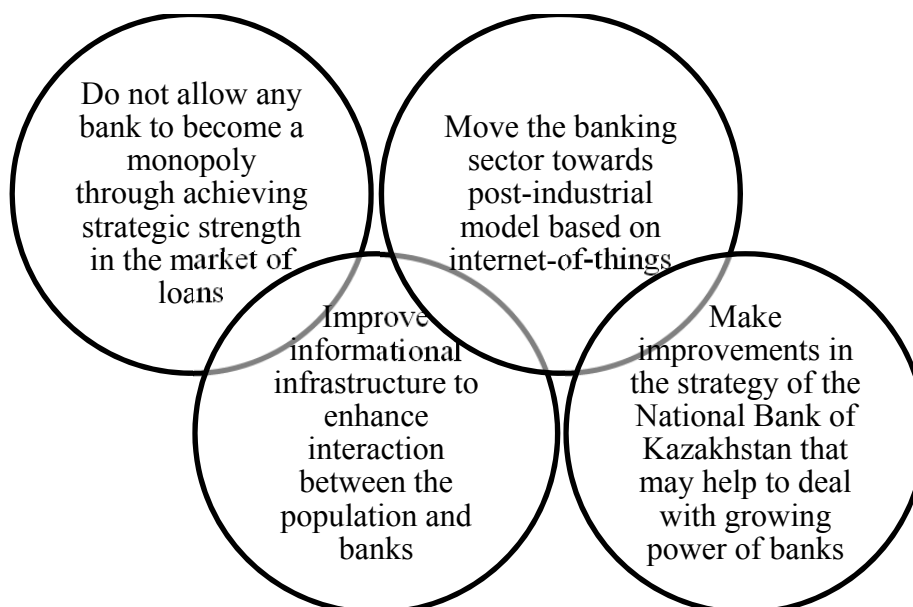


Figure 5 – Possible actions that may be taken by the government to improve the deposit market in the Republic of Kazakhstan

The figure above shows that deposit rates might decline if banks gain more market control in Kazakhstani financial sector despite the competition level in the market. Therefore, the figure

below shows possible actions to the government of the Republic of Kazakhstan that may help to regulate the situation in the deposit market in the long-run.

The figure above shows that the potential growth in the deposit market can be achieved through technologic improvements, regulating competition and cooperation with the National Bank of Kazakhstan.

In conclusion, analysis in the work showed 108 trillion 294 billion and 88 million tenge if the volume of deposits in December 2010 and in the same month in 2017 are compared. Moreover, despite monthly fluctuations the deposit market may grow unless new entrants come to the market or the financial environment changes.

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АКТИВТЕР САПАСЫНЫҢ ҚАЗАҚСТАН РЕСПУБЛИКАСЫ КОММЕРЦИЯЛЫҚ БАНКТЕРІНІҢ ҚАРЖЫЛЫҚ ТҰРАҚТЫЛЫҒЫНА ТИГІЗЕТІН ӘСЕРІ

Аңдатпа

Бұл мақалада Қазақстан Республикасының коммерциялық банктеріндегі қаржы тұрақтылығына активтер сапасының әсеріне талдау жасалған. Сонымен қатар, Қазақстанның депозит нарығының мәселелері және даму болашағы жазылған.

Мақала 2015-2017 жж. гранттық қаржыландыру зерттеуі 217 "Ғылымды дамыту" бюджеттік бағдарламасы, 102 бағдарламасы "Ғылыми зерттеуді гранттық қаржыландыру" №4766/Ф4 Қазақстан аймақтарының ауылдық тұрғындардың өмір сүру деңгейін олардың экономикалық дамуына байланысты негіздеу: индикаторларды ғылыми зерттеу және әлеуметтік стандарттарды енгізу» жобасы бойынша дайындалды, тіркеу №0115PK01912.

Кілт сөздер: депозит нарығы, Қазақстанның қаржы нарығы, даму болашағы, қаржы тұрақтылығы.

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ВЛИЯНИЕ КАЧЕСТВА АКТИВОВ НА ФИНАНСОВУЮ УСТОЙЧИВОСТЬ КОММЕРЧЕСКИХ БАНКОВ РЕСПУБЛИКИ КАЗАХСТАН

Аннотация

В данной статье проведен анализ влияние качества активов на финансовую устойчивость коммерческих банков Республики Казахстан. Кроме того проблемы и перспективы развития Казахстанского депозитного рынка описаны в данной работе. Статья подготовлена по результатам исследования грантового финансирования на 2015-2017 гг. в рамках бюджетной программы 217 «Развитие науки», подпрограмме 102 «Грантовое финансирование научных исследований» по теме проекта: №4766/ГФ4 «Обоснование оптимального уровня жизни сельского населения регионов казахстана в зависимости их экономического развития: научная разработка необходимых индикаторов и минимальных социальных стандартов» номер гос. регистрации №0115РК01912.

Ключевые слова: депозитный рынок, финансовый рынок Казахстана, перспективы развития, финансовая устойчивость.

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THE PRESENT STATE OF THE AMERICAN DOLLAR IN THE FINANCIAL MARKET OF KAZAKHSTAN

Annotation

The article analyses the present state of the American dollar in the financial market of Kazakhstan. The American dollar has become the global currency in the international economy. Therefore, this currency holds the strong positions in the financial sector of the Republic of Kazakhstan.

The article is prepared based on the results of a grant financing study for 2015-2017. under the budget program 217 "Development of science", subprogram 102 "Grant financing of scientific research" on the project topic: No.4766 / GF4 "Justification the optimal level of living of the rural population of the regions of kazakhstan in dependence of their economic development: scientific development of necessary indicators and minimum social standards" number of state. registration No. 0115RK01912.

Keywords: financial market, Kazakhstan, American dollar, exchange rate, currency.

According to the President of the Republic of Kazakhstan, Nursultan Nazarbayev, the stability of the financial system has the strategic importance for Kazakhstan in order to gain enough economic power to compete with the developed countries [1]. Currencies play the significant role for the financial sector of the Republic of Kazakhstan as their circulation properties impact international trade of the state [2].

The American dollar is one of the most important foreign currencies in the financial sector of the economy due to its role in the global trade [3]. The majority of the transactions and trade deals worldwide are made in USD [4]. Therefore, Kazakhstan as the member of the global