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A.A. Ussipbekov¹, A.B. Alibekova¹, B.B. Doskalieva¹, A.B. Alibekova²¹JSC "Financial Academy" Astana, Kazakhstan;²«Akmeshit» Humanitarian - technical institute

a.usipbekov@mail.ru; alibiekovaaiga87@mail.ru; doskalievab@mail.ru; aica81@mail.ru

**THE MODERN CONDITION
OF THE FINANCIAL MARKET OF KAZAKHSTAN**

Abstract. The various segments of the financial market are closely interconnected, which is economically manifested and justified by the movement of financial flows and the desire to equalize the profitability of financial instruments of different segments. Analysis of financial indicators of the financial market, as a rule, is carried out from the position of a particular segment. The article analyzes the financial condition of the banking sector of Kazakhstan, as one of the segments of the financial market.

Keywords: financial market, financial regulator, banking sector, financial institutions, financial market segments, financial flow, financial instruments.

In the Message of the Head of State "New development opportunities in the conditions of the fourth industrial revolution" N.A. Nazarbayev pays great attention to the financial sector of Kazakhstan. The head of state pointed to the "reset" of the country's financial sector. This part of the Message is very specific and contains fundamentally important measures that are aimed at solving the problems of development of the financial sector of the country as a whole.

To increase the sustainability of the banking sector, the Address sets a number of tasks. First of all, they need to complete the cleaning of portfolios from "bad" loans. It also raises the question of the need to establish the responsibility of bank owners for the losses of these financial institutions - this is necessary to improve the quality of management, limit opportunities for abuse, and also in the context of the problem of reimbursing public funds spent on supporting banks. In this vein, it is proposed to consider withdrawing funds from banks by shareholders as a felony [1].

The head of state instructed the chairman of the National Bank to tighten control over the banking sector. This control should be tough, timely and effective, which should prevent new cases of abuse in banks, the consequences of which have to be overcome with massive infusions of public funds.

The banking market in Kazakhstan is changing. Several factors contribute to this: the political will of the country's top leadership, stricter regulation by the National Bank, new rules in IFRS 9 (international financial reporting standards), increased competition in the market, a shortage of qualified personnel, and much more. Numerous challenges faced by banks, divided them into, relatively speaking, the rich and the poor. If the former feel, then the latter have to survive.

As a result of the event held by the financial regulator, it can be noted that the cleaning went to the banking sector in favor - the total profit of the second-tier banks of the Republic of Kazakhstan amounted to more than 400 billion tenge by the autumn of 2018. This is the highest figure in recent years [2].

The assets of the Central Bank of Kazakhstan in August 2018 decreased by 0.5% (minus 133.1 billion tenge) and amounted to 24.1 trillion tenge. A month earlier, the indicator remained almost unchanged - only plus 0.05%, or 11.5 billion tenge. The last time a noticeable monthly increase was observed in June - immediately plus 3.2%, or 748.3 billion tenge, by May of the current year.

Over the year (August 2018 to the same month of 2017), the assets of the Middle East Bank of Kazakhstan increased by only 0.2% or 45.1 billion tenge. A year earlier, the volume of assets for the corresponding period showed a decline - minus 3% or 744.1 billion tenge (from 24.8 to 24.1 trillion tenge).

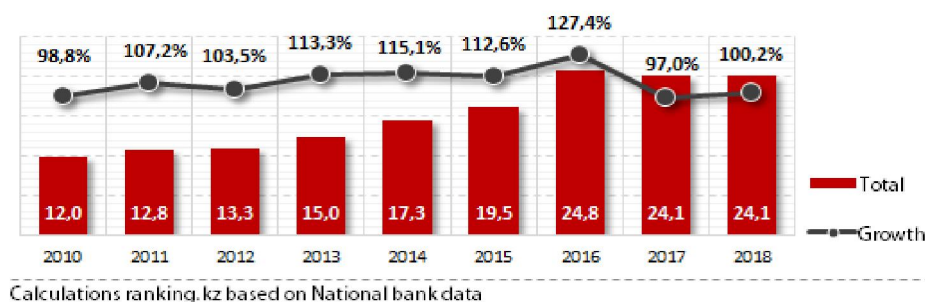


Figure 1 – Assets of STB RK, September 2018, trillion tenge

The profit of the Middle East Bank in January-August 2018 amounted to 418.6 billion tenge. - This is the highest figure for the same period since 2010, when profit amounted to 1.5 trillion. tg. A year earlier, in January-August, the banking sector of Kazakhstan in the aggregate suffered losses of 160.3 billion tenge. Such data leads ranking.kz. [3].

Of the 29 STBs operating in Kazakhstan in August (there are 28 banks at the moment), 26 received profits.

The average monthly profit of the RBO in the current year amounted to 52.3 billion tenge. The highest rate was in February - 90.3 billion tenge, the lowest in July - 47.6 billion tenge.

Profit for August amounted to 49.8 billion tenge, which is 4.6% more than in July.

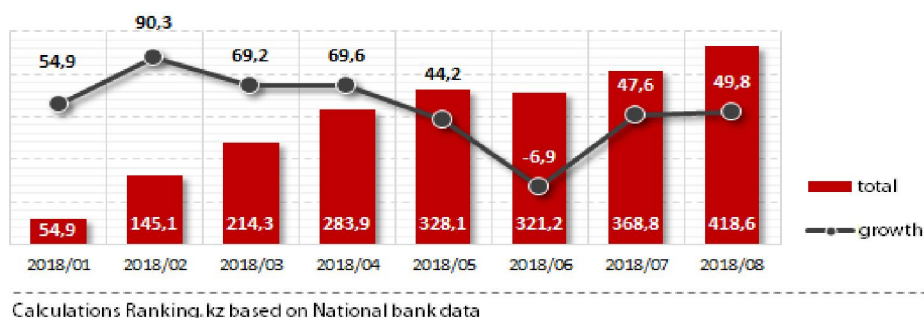


Figure 2 – Profit of STB RK, August 2018, billion tenge

The situation in the banking sector is changing. The credit market after a significant decline in 2017 actually stagnates. By September, the loan portfolio of the Middle East Bank of Kazakhstan amounted to 13.6 trillion tenge - by 1.2% less than a year earlier, and immediately by 13.2% less than in the same period of 2016.

However, the quality of loans has noticeably improved: by the end of the summer, loans with overdue payments amounted to only 13.1% of the portfolio, while the most dangerous loans with overdue over 90 days amounted to only 8.2%. For comparison, a year earlier, the figures were 18.8% and 12.8%, respectively.

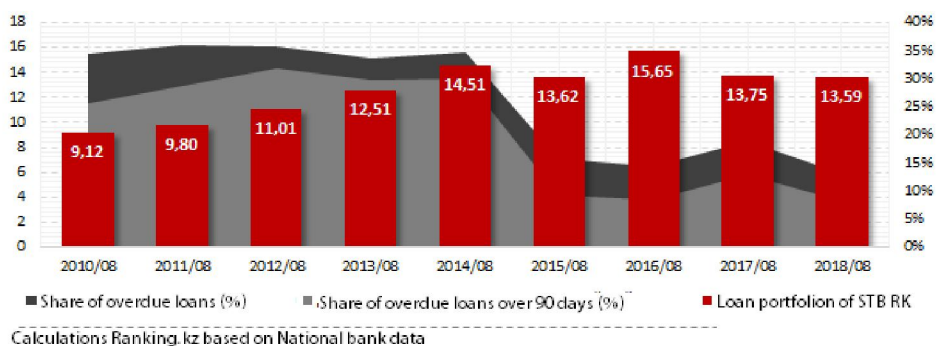


Figure 3 –Loan portfolio of STB RK, trillion tenge

Against the background of the reduction in the number of banks and stagnation in lending, the competition of STB for reliable customers-borrowers is growing in the market. One of the tools to attract Kazakhstan people who have already proven themselves to be conscientious payers of loans is the system of refinancing loans. Refinancing is also beneficial to the lenders themselves, because it allows them to choose more favorable conditions for Bank loans.

Treasurers of quasi-state companies traditionally prefer not to risk and place deposits at a low interest rate actually in a single Bank. In turn, bankers also do not risk and are invested in the notes of the national Bank. Thus, it turns out a trivial cycle of public money in the country, the flows from which only a relatively small amount fall into the real economy.

The landscape of the country's banking sector has changed significantly this year. Tighter regulation has led to the withdrawal of insolvent players from the market. As a result, today there are actually 28 banks in Kazakhstan. We found out how small players developed in the first half of the year under the conditions of continuing turbulence.

In late August, lost a banking license and will be forcibly liquidated Eximbank and Qazaq Banki. In mid-September, the same fate befell the Bank of Astana. The head of the national Bank assured that as soon as the court decision comes out and the verdict comes into force, the depositors of these banks will return all the money [4].

However, it is necessary to pay tribute that improvement for some banks passes successfully. According to the national Bank, the level of NPL (non-performing loans) in the loan portfolios of banks for the first half decreased from 9.3% to 8.8%. From the General list of banks participating in the recovery program, the three managed to improve their performance. Thus, the share of NPL has decreased since the beginning of the year In the Bank CenterCredit, ATF Bank and Eurasian Bank.

Assessing the results of the first seven months, such medium-sized banks as AsiaCredit Bank, Alfa-Bank, Nurbank, Altyn Bank, HomeCredit Bank, the dynamics of the transition of standard loans to the category of problem ones remains at the same level, acceptable according to the requirements of the regulator. In these banks, the NPL level varies from 0.44 to 8.18% [5].

Large financial institutions can count on the support of the state, which is confirmed by recent statements on the redemption of agricultural loans by the Fund of problem loans from Tsesnabank in the amount of 450 billion tenge. Although after that, the Bank had some problems. Well, medium and small banks have to rely only on themselves. At the same time, to reduce the share of problem loans in the portfolio of STB, the regulator provides for the possibility of creating special companies to manage doubtful assets, which, unlike banks, have the right to sell, lease, transfer to trust management, etc. For example, in August this year, the national Bank issued a permit to AsiaCredit Bank to create LLP "organization for managing stressful assets of the Bank". Purchase of doubtful assets by this company from the Bank, as well as quality management of these assets, will allow the company to receive revenues that will be used to repay problem loans and, accordingly, to improve the quality of the loan portfolio [6].

Despite the fact that small players did not fall under the rehabilitation program, they continue to successfully develop, create reserves and maintain liquidity ratios at the required level. As of July 1, the average k1 in the market was 16.5%, while the minimum should be 7.5%.

One of the important indicators, such as the current liquidity ratio, k4, the regulator requires banks to maintain at a level no lower than 0.3%. At AsiaCredit Bank, this figure is 0.715, which exceeds the required level of fin. regulator more than 2 times. In VTB, Tengri, Nurbank, the indicator is in the range from 0.575 to 1.047.

This year at least five small banks were downgraded to CCC. Although some financial institutions downgrades were not so catastrophic. Recently, the international rating agency S & P downgraded the Tengri Bank's long-term credit rating from B + to B, the national scale rating from kzBBB to kzBB + and placed the ratings on the CreditWatch list. Other players managed to keep the ratings at the same level, for example, in summer this agency confirmed the long-term and short-term credit ratings of AsiaCreditBank at the level of "B- / B" [7].

Futurologists and bankers predict that financial institutions of the future will be more like IT companies or financial ecosystems than classic banks. In Kazakhstan, there is already such an example - Kaspi Bank, which remains the market leader, thanks to the created online service and the development of online products. On the other hand, there are "invisible" for customers technologies associated with the

issuance of electronic money and the processing of such payments. Thanks to them, customers can make payments through e-wallets and Internet portals [8].

In this segment, which year already, AsiaCredit Bank remains the leader, occupying a quarter of the market in terms of the issue of electronic money. The Bank is also the leader in the number of payment systems for which electronic money is issued. To understand the scale of such operations, it is worth remembering that only last year the republic issued electronic money worth 331.6 billion tenge.

Thus, today, Kazakhstani banks are creating services that are on the verge of financial services and technologies, are involved in the issuance of electronic money, thereby stimulating the development of non-cash and online payments. All this leads to the fact that banking services are becoming more affordable, cheaper and more comfortable for customers.

А.А. Усипбеков¹, А.Б. Алибекова¹, Б.Б. Доскалиева¹, А.Б. Әлібекова²

¹"Қаржы академиясы" АҚ Астана, Қазақстан;
²«Ақмешіт» гуманитарлық-техникалық институты

ҚАЗАҚСТАННЫҢ ҚАРЖЫ НАРЫҒЫНЫҢ ҚАЗІРГІ ЖАҒДАЙЫ

Аннотация: Қаржы нарығының әртүрлі сегменттері өзара тығыз байланысқан, ол қаржы ағымдарының қозғалысымен экономикалық тұрғыдан көрініс табады және әртүрлі сегменттердің қаржылық құралдарының табыстылығын теңестіруге ұмтылады. Қаржы нарығының қаржылық көрсеткіштерін талдау ереже бойынша нақты бір сегмент тұрғысынан жүргізіледі. Мақалада қаржы нарығының бір құраушысы Қазақстанның банк секторына қаржылық талдау жүргізілген.

Түйін сөздер: қаржы нарығы, қаржыны реттеуші, банктік сектор, қаржы институттары, қаржы нарығының сегменттері, қаржылық ағым, қаржылық құралдар.

А.А. Усипбеков¹, А.Б. Алибекова¹, Б.Б. Доскалиева¹, А.Б. Алибекова²

¹АО"Финансовая академия" Астана, Казахстан;
²Гуманитарно-технический институт «Ақмешит»

СОВРЕМЕННОЕ СОСТОЯНИЕ ФИНАНСОВОГО РЫНКА КАЗАХСТАНА

Аннотация: Различные сегменты финансового рынка тесно связаны между собой, что экономически проявляется и обосновывается движением финансовых потоков и стремлением к уравниванию доходности финансовых инструментов разных сегментов. Анализ финансовых показателей финансового рынка, как правило, проводится с позиции какого-либо конкретного сегмента. В статье анализируется финансовое состояние банковского сектора Казахстана, как одного из сегментов финансового рынка.

Ключевые слова: финансовый рынок, финрегулятор, банковский сектор, фининституты, сегменты финансового рынка, финансовый поток, финансовые инструменты.

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