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**IMPORTANCE OF SECOND LEVEL BANKS AT THE STAGE
OF MODERNIZATION OF THE ECONOMY OF KAZAKHSTAN**

Abstract. The article discusses the role of development of second banks (STB) in the context of the implementation of the third modernization of the economy of Kazakhstan. According to the authors, a developed banking system is the basis of a modernized economy, and therefore, there is a growing need for the operation of several large universal banks that accumulate large amounts of financial resources. Financial intermediation of second-tier banks will allow business entities wishing to efficiently manage their money capital to become strategic investors in the economic modernization of Kazakhstan. Therefore, it is important to study the problems and prospects for the development of banking in the conditions of growing uncertainty and cyclical development of the economy. An important condition for a full-fledged and high-quality financing of the modernization process is to achieve sustainability of the financial system of Kazakhstan, where second-tier banks play an important role.

Key words: second-tier banks, economic modernization, financial sustainability, global competitiveness.

INTRODUCTION

The role of commercial banks as financial intermediaries in lending to the real sector of the economy is increasing. Large banks will provide full funding for the economy. Today, there is a tendency in Kazakhstan to consolidate the banking sector through the processes of merging banks, which will allow to combine capital and other available resources necessary to meet the needs of the economic system, especially high-tech industries. The consolidation of banks will increase the willingness to accept risks of regulation and the mutual coordination of modernization activities. Thus, according to the National Bank of Kazakhstan, as of January 1, 2017, the banking sector in Kazakhstan is represented by 33 second-tier banks, of which 15 are banks with foreign participation, including 11 subsidiary banks. Then, as of January 1, 2011, 39 second-tier banks operated in the country.

MAIN PART

Financial intermediation of second-tier banks will allow business entities wishing to efficiently manage their money capital to become strategic investors in the economic modernization of Kazakhstan, the creation of new industries and the introduction of advanced technologies [1]. Consider the dynamics of indicators reflecting the role of the banking sector in the economy of Kazakhstan (see table 1).

Table 1 - Dynamics of relative indicators characterizing the role of the banking sector in the economy of Kazakhstan [2]

Name of the indicator / date	2013	2014	2015	2016	2017
GDP, billion tenge	30 347	34443,4	38624,4	40 884,1	44 354,0
The ratio of assets to GDP, %	45,7%	44,9%	47,2%	61,4%	57,6%
Loan portfolio to GDP ratio, %	38,4%	38,8%	36,7%	37,9%	35,0%
The ratio of customer deposits to GDP, %	28,1%	28,6%	29,4%	41,7%	38,9%
The ratio of the allocation of funds in domestic assets	1,145	1,133	1,148	1,157	1,041
according to the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan					

As can be seen from the data of table 1 in the period of 2016-2017, the indicators of the banking sector declined slightly relative to the country's GDP. This is primarily due to the fact that the consequences of the global crisis of 2008–2009 continue to affect the state of the banking sector, which

should become the locomotive of the modernized economy. In the global economy, open international money flows affect the exchange rate and interest rates within the country. This is manifested in the financial system of Kazakhstan [1].

In order to implement the Address of the President of the Republic of Kazakhstan Nazarbayev N.A. to the people of Kazakhstan “The Third Modernization of Kazakhstan: Global Competitiveness” in 2017, the National Bank of Kazakhstan adopted the Program for Improving the Financial Sustainability of the Banking Sector of the Republic of Kazakhstan, one of the main goals of which is to restore lending to the real sector of the economy, to ensure uninterrupted banking services for the economy and the population, and to ensure competitive banking sectors within the framework of integration processes (WTO and SES).

The second-tier banks and state development institutions (Development Bank of Kazakhstan, National Innovation Fund, etc.) have great potential for attracting international loans and loans to finance the Kazakh economy. The regional integration of the financial payment and foreign exchange systems of Kazakhstan is important for the financial support of modernization. In this case, banks play an important role.

Scientists Bayniyazov M. and Kaygorodtsev A.A. believe that banks will have to be responsible for lending effective modernization, ensuring the stability of the national currency and, ultimately, for the state of the balance of payments of the country [1]. At the same time, in their opinion, the list of authorized commercial banks that directly work on the implementation of the national strategy should be determined, their contribution to the growth of social production efficiency should be stimulated. The National Bank needs to create a special unit coordinating the activities of authorized investment institutions for the implementation of the national strategy.

These measures should lead to the search for additional impulses for modernization, open access for enterprises and financial sector entities to the world market, which will diversify risks, gain benefits from the export of capital, and strengthen the competitive advantages of the countries participating in regional unions by overcoming the limitations small financial systems.

Assets of second tier banks of the Republic of Kazakhstan as of January 1, 2017 amounted to 25,556.8 billion tenge (at the beginning of 2016 - 23,780.3 billion tenge), an increase in 2016 - 7.5%. In the structure of assets, the largest share (56.9% of total assets) is in the loan portfolio (principal) in the amount of 15 510.8 billion tenge (at the beginning of 2016 - 15 553.7 billion tenge), a decrease in 2016 - 0.3% [2].

The lending market is experiencing a gradual recovery. For 9 months of 2017, the increase in the volume of loans issued by banks amounted to 4% compared to the same period last year. The volume of loans in national currency increased by 11% to 9.5 trillion. tenge The average rate on loans following the base rate of the National Bank decreased from 14.5% in December 2016 to 14% in September 2017.

The liabilities of second-tier banks of the Republic of Kazakhstan at the beginning of 2017 amounted to 22,716.2 billion tenge (compared to the beginning of 2016 - 21,290.2 billion tenge), an increase in 2016 - 6.7%. In total liabilities of second-tier banks, the largest share was held by customer deposits - 76.0% and issued securities - 7.8%. The obligations of second-tier banks of the Republic of Kazakhstan to non-residents of Kazakhstan amounted to KZT 1,687.5 billion or 7.4% of total liabilities [2].

The deposit market continues dedollarization processes. The share of deposits in foreign currency decreased from 55% at the beginning of 2017 to 49% in September 2017. It is expected that the preservation of stability and predictability in the domestic foreign exchange market, the reduction of inflation will continue to stimulate savings in tenge. Private capital can also be used to finance modernization processes in Kazakhstan. By accumulating depositors' money in their accounts, banks collect sufficient amounts for the full-fledged financing of measures envisaged by the goals of modernization.

In times of crisis, the state is interested in supporting banks in order to ensure the sustainability of the entire financial system and economy. In this regard, the President of the Republic of Kazakhstan entrusted to take a set of measures to improve the banking sector. Not timely adoption of these measures can reduce the credibility of banks, as economic intermediaries, which is necessary to ensure the stability of the economy.

Government measures to ensure the financial sustainability of the banking sector will be implemented in three main areas: 1) changing the regulatory and supervisory environment to improve the quality and

responsiveness of the supervisory response; 2) rehabilitation of the backbone bank; 3) measures to recapitalize large banks [3].

In order for the economy to resist such influence, it must be laid the foundation for independent capital formation. This requires a transition to international standards of prudential regulation for second-tier banks, the development of the reinsurance sector for risk insurance, as well as sufficient awareness of participants in the financial system. In an integrated bank this is easier to achieve. The basis and the main support of the country during the modernization will be financial capital, which will be placed as private capital in the shares of large banks, and banks, in turn, will have shares in the capital of industrial enterprises. Such capital will help create new industries and introduce new technologies.

Currently, banks have cash accumulated and constantly growing in the pension system in the form of deposit funds and savings deposits. It is banks that have the most experience in financing and servicing investment projects. Consequently, Kazakhstani enterprises will be able to develop dynamically with financial support from banks.

It is undesirable to finance domestic projects by transnational corporations, since there is a high risk of absorption of national enterprises by foreign companies. The profits from such investments either go beyond the national economy or are reinvested in the securities of foreign firms. For domestic enterprises, it is preferable to cooperate with domestic banks, with which they have a common goal - the modernization of the national economy.

Strong business is a condition for creating strong states. In turn, a strong business cannot be created without sufficient funding. For this it is necessary to resort to the help of banks and other financial institutions, which are accumulators of money. If banks work stably, the economy will be continuously supplied with the necessary funds.

Second-tier banks take part in the implementation of the unified program of business support and development "Business Road Map - 2020" (hereinafter - CST - 2020), which contributes to the development of the private sector, entrepreneurial initiative and business ability, productive employment and development of mass entrepreneurship. This is a program of issuing government grants and loans, reducing interest payments on loans, guaranteeing loans and training entrepreneurs, aimed at supporting and developing business in Kazakhstan. The goal of the program is to ensure sustainable and balanced growth of regional entrepreneurship, as well as to maintain existing and create new permanent jobs.

The program provides four areas in which the state supports private entrepreneurship in Kazakhstan: 1) support for new business initiatives, 2) recovery of the business sector (*currently, applications for this area are suspended*), 3) reduction of currency risks for entrepreneurs, 4) provision of non-financial public support - strengthening entrepreneurial potential. The purpose of these tools is simple - to reduce the cost of loans for enterprises operating in priority sectors of the economy. If a businessman takes a loan under the Business Roadmap 2020 program (its size should not exceed 4.5 billion tenge), at 14% per annum, of which 7% is paid by a businessman, and the difference is Damu Fund. The term of the subsidy is 3 years, while prolongation is allowed up to 10 years. Now business loans are very expensive, the interest rate reaches 16-18%, and if it is a novice businessman, it can exceed 18% per annum. With all this in mind, the subsidies for the "Business Road Map 2020" program, paid by the Damu Fund, are an excellent tool for small and medium businesses.

CONCLUSION

"Damu" Fund cooperates with partner banks with which a loan subsidy agreement has been concluded and loan guarantee projects signed. Subsidies can be obtained not only if you take a loan for investment purposes (for the purchase of equipment, buildings, etc.), but you can also receive subsidies for loans aimed at replenishing working capital. The amount of the subsidized loan for working capital is up to 60 million tenge, in this case the Damu Fund can also provide its loan guarantee. This is a very good support for businessmen, for whom it is important that the production cycle is not interrupted. The most active banks in terms of the number of paid subsidies and guarantees issued were Sberbank, Halyk Bank of Kazakhstan, Bank CenterCredit [4].

Thus, the banking system is one of the main factors affecting the ability of the state to pursue an independent and effective economic policy and modernization of the economy.

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ҚАЗАҚСТАННЫҢ ЭКОНОМИКАНЫ ЖАҢҒЫРТУ ЖОБАСЫНДАҒЫ ЕКІНШІ ДЕҢГЕЙЛІК БАНКТІҢ МАҢЫЗДЫЛЫҒЫ

Аннотация. Мақалада Қазақстан экономикасын үшінші жаңғыртуды жүзеге асыру контекстінде Екінші банктердің (ЕДБ) дамуының рөлі талқыланды. Авторлардың пікірінше, дамыған банк жүйесі жаңартылған экономиканың негізі болып табылады, сондықтан үлкен қаржы ресурстарын жинақтайтын бірнеше әмбебап банктердің жұмыс істеуіне қажеттілік бар. Екінші деңгейдегі банктердің қаржылық делдалдығы Қазақстанның экономикасын жаңғырту кезінде стратегиялық инвесторлар болу үшін ақшалай капиталын тиімді басқаруды қалайтын шаруашылық субъектілеріне мүмкіндік береді. Сондықтан экономиканың белгісіздігімен және циклдік дамуында банктік дамудың проблемалары мен перспективаларын зерттеу маңызды. Жаңғырту үдерісін толыққанды және сапалы қаржыландырудың маңызды шарты екінші деңгейдегі банктер маңызды рөл атқаратын Қазақстанның қаржы жүйесінің тұрақтылығын қамтамасыз ету болып табылады.

Түйін сөздер: екінші деңгейлі банктер, экономикалық жаңғырту, қаржылық тұрақтылық, жаһандық бәсекеге қабілеттілік.

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ВАЖНОСТЬ БАНКОВ ВТОРОГО УРОВНЯ НА ЭТАПЕ МОДЕРНИЗАЦИИ ЭКОНОМИКИ КАЗАХСТАНА

Аннотация. В статье рассмотрена роль развития банков второго (БВУ) в условиях реализации третьей модернизации экономики Казахстана. По мнению авторов, развитая банковская система является основой модернизируемой экономики, в связи с чем, возрастает необходимость функционирования нескольких крупных универсальных банков, аккумулирующих большие объемы финансовых ресурсов. Финансовое посредничество банков второго уровня позволит обеспечить хозяйствующим субъектам, желающим эффективно управлять своими денежными капиталами, стать стратегическими инвесторами экономической модернизации Казахстана. Поэтому важно исследование проблем и перспектив развития банковской деятельности в условиях роста неопределённости и цикличного развития экономики. Важным условием полноценного и качественного финансирования процесса модернизации является достижение устойчивости финансовой системы Казахстана, где важную роль играют банки второго уровня.

Ключевые слова: банки второго уровня, модернизация экономики, финансовая устойчивость, глобальная конкурентоспособность.

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