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A.K. Moldasheva [1], **A.ZH. Kanatova** [2], **D.D. Kerimkulova** [3]

[1] Atyrau Engineering and Humanities Institute;
[2] Atyrau State University named after H. Dosmukhamedov;
[3] Kazakh University of Economics, Finance and International Trade

TECHNIQUE FOR CONDUCTING FINANCIAL ANALYSIS OF COMMERCIAL BANKS

Abstract. The method of conducting a financial analysis of second-tier banks is important for researching and analyzing the financial condition of commercial banks of the Republic of Kazakhstan as important as the globalization of the global economy today is the integration of national state economies into a single global economy, namely, it manifests itself in the field of credit relations, thereby affecting not only the sustainable economy of the country, but the state of development of national finance. The study used such methods of systematic, abstract-logical and comparative analysis based on statistical data characterizing the state and trends in the development of the object of study. Due to the fact that the banking sector of the economy is very sensitive to external factors, in particular, globalization significantly affects national banking systems.
Keywords: methodology, financial analysis, banking system, second-tier banks, globalization, trend.

INTRODUCTION
The functioning of the modern economy is based on cash flow, which is supported by a variety of tools, operations, financial processes. An individual creates his own cash flow, but the flow is supported by a special structure called a financial institution, an organization participating in the financial and credit system, for example: a bank, an insurance company, investment and pension funds and others. The most ancient structure among financial market participants is a commercial bank. At the same time, the bank deserves the title of the most popular supplier of financial resources, pursuing its commercial goal, making a profit. The theory of economics says: commodity-money relations are based on three schemes. In the first, the goods are changed for the goods, in the second, the goods are changed for the goods by means of money, in the third the money is transferred from one owner to another. Consequently, cash flow is a part of commodity-money relations, positioning the independent movement of money as such.

MAIN PART
A practical approach to the essence of monetary movements highlights the main forms of monetary relations: the budget - the formation of budgets and the expenditure of funds from them; taxes - payment (receipt) of taxes and fees; loan - the transfer of money and their return. The extreme form, credit, provide commercial credit organizations that perform certain functions that put banks in a special position. The fact is that banks, having the authority to issue and withdraw money from it, play the role of an initial link in the sphere of the financial market and regulator of the money supply in circulation. In addition, banks have full access to all financial instruments, including securities, and also, they are responsible for servicing non-bank credit organizations on a par with other customers. As an independent institution, only banks are capable of carrying out a full range of market money transactions. In a global sense, banks are by definition financial organizations focused on the universality of activities in their field, while other financial institutions (insurance companies, investment and pension funds, etc.) are fairly specialized organizations. Thus, the aggregate of banks on its scale forms the banking system, the development of which is influenced by the economic and political processes in the country, as well as social preferences in general.

Methodology - in the process of research and analysis of the financial condition of second-tier banks of the Republic of Kazakhstan, methods of systemic, abstract-logical and comparative analysis were used based on statistical data characterizing the state and trends of the research object. In the context of globalization of the modern world economy, the processes of integration of national-state economies into a single global economy are taking place. Global and regional integration is most actively manifested in the field of credit relations, thereby affecting the state of national finances.

Due to the fact that the banking sector of the economy is most sensitive to external factors, globalization has a significant impact on it. National banking systems, whose task is to accumulate and redistribute financial resources within the national economic system, are increasingly dependent on the international capital market, which in the era of globalization has become an independent factor in the development of the world economy. The process of financial globalization and the formation of the "global banking industry" contribute to the standardization of national banking systems and the emergence of a single, dominant bank model [1].

In this regard, there are potential problems that can cause negative consequences. A clear example of this is the financial and economic crisis that began in the second half of 2008 and changed the positive trends that existed before in the world and Kazakhstan economies. Due to the developed banking and financial systems, Kazakhstan was more prone to shocks of the global financial crisis than other countries of the Central Asian region [2].

The problems of financial institutions manifested themselves in the imperfection and inconsistency of risk management systems with current trends and the level of risks taken (both in degree and quality of risks), low corporate governance, lack of transparency and, as a result, inefficiency of business models that turned out to be sensitive to negative trends. In order to eliminate the effects of the crisis, the Concept of Development of the Financial Sector of the Republic of Kazakhstan in the post-crisis period was signed by Decree of the President of the Republic of Kazakhstan of February 1, 2010 [3].

The crisis has led to the realization of gaps, weaknesses both in the functioning of financial institutions, including banks, and in the regulation of their activities. The process of understanding the lessons learned and developing mechanisms will help avoid the recurrence of global crises and mitigate the effects of the crisis [4].

In order to create a modern, sustainable and competitive financial system of sovereign Kazakhstan, it is necessary to eliminate the identified problems of the financial sector, correct errors and ensure stable diversified growth. In this regard, banks face the challenge of choosing the right path of development, focused on ensuring the financial sustainability of the company through analyzing the financial condition of second-tier banks.

The ultimate goal of analyzing the financial condition of a bank is to identify possible problems at an early stage of their formation. As part of the analysis, it is possible to obtain reliable information about the current financial situation of the bank, its trends and make a forecast for the future of up to one year, including with a possible adverse change in external conditions.

Under the financial condition of any business entity, including the bank, refers to its ability to finance its activities. Financial condition is a complex concept, it is characterized by the security of financial resources necessary for the normal functioning of the bank, the appropriateness of their placement and efficient use, favorable financial relationships with other legal entities and individuals, solvency and financial stability [5].

The economic literature describes the hired approaches to the analysis of the financial condition of second-tier banks, which can be stable, unstable and crisis. The ability of the bank to make payments in a timely manner, to finance its activities on an expanded basis indicates its good financial condition.

A large number of factors affect the financial stability of a bank, such as:
- market position;
- potential in business cooperation;
- degree of dependence on external lenders and investors;
- the presence of insolvent debtors;
- efficiency of economic and financial operations of the bank, etc.

The higher the stability of the bank, the more it is independent of unexpected changes in market conditions and, consequently, the lower the risk of being on the edge of bankruptcy. The financial

condition of the bank depends on the results of its industrial, commercial and financial activities. If the production and financial plans are successfully implemented, this will have a positive effect on the financial situation. A stable financial position has a positive effect on the fulfillment of production plans and meeting the needs of production with the necessary resources. Therefore, financial activity, as the main part of economic activity, is aimed at ensuring a steady flow and expenditure of monetary resources, the implementation of computational discipline, the achievement of rational proportions of equity and debt capital and the most efficient use of it.

classification can be supplemented by the following indicators:

1. Analysis of the volume of bank operations. For a developed credit institution is characterized by a gradual increase in the average volume of assets. Sharp changes in the currency of the balance sheet may indicate that the bank has large customers, or the bank conducts large-scale operations, which can significantly increase the level of risk. A decrease in the balance sheet currency indicates a loss of customers and a deterioration in financial activities.

2. Analysis of assets and liabilities of the bank. The degree of capital adequacy of the bank and the level of risks taken depend on how high-quality bank assets are. The analysis can be carried out to identify the factor of sufficiency of the level of diversification of banking operations, as well as the degree of dependence of the credit institution on the external situation in various segments of the banking products market, trends of general economic and regional patterns, etc. An important aspect of studying in this type of analysis is the share of working assets, the structure of the loan portfolio, the ratio of the bank's own and borrowed resources, the duration of the use of attracted resources.

3. Analysis of banking risks is carried out in order to reduce the risks of losses by a bank of a part of its income or to incur additional expenses as a result of certain financial transactions. At the same time, it is important not only to assess counterparty risks (credit risk, risk of passive operations), but also positional (currency risk, interest rate risk, liquidity risk).

4. Analysis of the effectiveness of the bank is used to determine the development of the organization, contributing to the optimization of profits and avoid unnecessary losses. The study may be based on an assessment of rates of return.

Another method for assessing the financial condition of a credit institution is to conduct a coefficient analysis. It allows you to determine the place of the bank in the financial market, the main directions of its activities (specialization) and assess the financial position of the credit institution. The indicators characterizing the financial condition of the bank include liquidity ratios, financial stability, profitability, quality of placement of funds. It is necessary to track changes in dynamics. The disadvantage of this technique is the lack of optimal values of indicators and the ability to unambiguously assess the activities of the bank.

From the point of view of determining the reliability of credit institutions as the main factor in the financial condition of banks, the rating, compiled by the experts of the Dengi magazine, based on the methodology of V. Kromonov, became widely known. The essence of the technique consists in its remote tracking by analytical coefficients [6].

The main goal of all methods is to identify problem banks, to compile bank ratings. The results of the analysis can be used both by customers of banks (individuals and legal entities) and by the banks themselves for making certain decisions. Protecting the interests of the depositor is always an actual problem.

To develop a comprehensive methodology that allows with a sufficient degree of reliability and taking into account the greatest number of indicators to evaluate the efficiency of a bank, it is necessary to conduct analytical work on studying the characteristic features of its activities, development patterns, and the experience of foreign commercial banks.

In the Republic of Kazakhstan, second-tier banks independently conduct a financial analysis on an annual basis. The analysis of the financial condition of second-tier banks is also carried out by the National Bank of the Republic of Kazakhstan as the main regulator and supervisory authority. The method of financial analysis provides for the detection of financially unstable, problem banks and is implemented on the basis of special rules and instructions for the implementation of banking activities and reasoned judgment. Independent experts, banking analysts, whose tools differ in their objectives and a set of indicators characterizing them, can also conduct financial analysis of banks in the republic.

In this regard, of particular importance is the development of a unified methodology for financial analysis of a commercial bank and an improved system of indicators. In the conditions of mass insolvency and the application of bankruptcy procedures to many banks, an objective and accurate assessment of the financial condition becomes paramount.

Consider the financial analysis on the example of three large second-tier banks - Kazkommertsbank JSC (KKB JSC), Halyk Bank JSC and Bank Center Credit JSC (BCC JSC).

The source of information is the consolidated statements of banks for the period in question. Financial analysis includes only some financial indicators that are the most important: analysis of the dynamics of the balance sheet (asset structure and liabilities structure), liquidity and profitability.

Analysis of the dynamics of the balance sheet (analysis of the structure of assets and the structure of liabilities) establishes the reliability and solvency of the bank, its ability to cover possible losses at its own expense. Bank balance is a means of advertising to attract potential customers and partners, as well as a means of bank management.

Liquidity analysis. The bank's liquidity lies in its ability and willingness to fulfill its obligations to customers and various counterparties in the analyzed periods. The balance sheet liquidity as the degree of coverage of liabilities with assets and the liquidity of assets are ensured by complying with mandatory economic standards. The analysis here is aimed at assessing the bank's liquidity with account of changes in the structure of own and borrowed funds, equity, deposit base, liquid assets [11].

Analysis of return on equity. This indicator characterizes the activities of the bank in terms of the effectiveness of asset management their ability to generate income. A sharp increase in the rate indicates that operations with a high level of credit risk are maintained, a decrease indicates that there may be a high level of asset immobilization and, consequently, the risk of loss of mobile asset management. Smooth changes in the indicator in any trend can speak of a rational structure of the active portfolio of the bank.

Return on equity is calculated according to the following formula (1):

Return on assets = profit / assets

Profitability of income generating assets. The coefficient of "return" of assets shows how the bank operates from a position of direct dependence on operating assets. It can be used to assess the balance of a portfolio of income-generating assets and the level of management of these operations: a smooth increase or a slight decrease indicates the proportions of the active portfolio that are dramatic, drastic changes may indicate a high portfolio risk or a high level of bad loans in the portfolio [11].

Return on assets is calculated using the formula (2):
Return on assets = profit assets (2)

An effective method of optimizing the integrated financial strategy of a credit institution is a regular analysis of the strategic results of competitors. To this end, it is proposed to combine benchmarking and statistical forecasting methods, the integration of which will allow you to track the trend of the real impact of changes in environmental conditions on commercial banks.

The term "benchmarking", which characterizes an independent type of activity, appeared in the 70s of our century, and includes the collection and analysis of information about the activities of the best enterprises of partners and competitors, and their management methods [13].

As a basis for comparison, the annual indicators of return on capital calculated in accordance with IFRS are considered. It is also possible to use other indicators of activity, such as net income, net loans to customers, the adequacy of total capital and others.

CONCLUSION

The main criterion for evaluation is the trend of development of these indicators. For comparison, all competitors are divided into 4 groups:

• unattainable competitors. They are characterized by tens of times exceeding the market share of the analyzed bank, and the probability of catching up with them within one year tends to zero;

• reachable competitors. They are characterized by a relatively small margin from the analyzed bank, the probability of catching up with them within one year is above 50%;

- direct competitors. They have a comparable market share with the analyzed bank;
- indirect competitors. The likelihood that they will increase the market share to a similar to the share of the analyzed bank - more than 50%.

Competitors are analyzed in two groups: direct and indirect. From each selected group are selected by 5 leaders.

With the help of statistical methods, the average indicators for a group are calculated and the rates of growth of profitability of capital are calculated for competitive groups. Then, in terms of competitive groups, weighted annual average of growth rates is calculated. The calculation of moving averages is as follows [14].

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А.К. Молдашева¹, А.Ж. Канатова ², Д.Д. Керимкулова ³

¹Атырау инженерлік-гуманитарлық институты;
²Досмұхамедов атындағы Атырау мемлекеттік университеті;
³Қазақ экономика, қаржы және халықаралық сауда университеті

КОММЕРЦИЯЛЫҚ БАНКТЕРДІ ҚАРЖЫЛЫҚ ТАЛДАУДЫ ЖҮРГІЗУ ТЕТІКТЕРІ

Аннотация. Екінші деңгейдегі банктердің қаржылық талдауларын жүргізу әдістемесі Қазақстан Республикасының коммерциялық банктерінің қаржылық жағдайын зерттеу және талдау үшін маңызды болып табылады, өйткені жаһандық экономиканың жаһандануы бүгінгі күні ұлттық мемлекеттік экономикаларды бірыңғай әлемдік экономикаға біріктіру болып табылады, атап айтқанда ол несие саласында көрінеді бұл елдегі тұрақты экономикаға ғана емес, ұлттық қаржы дамуының дамуына да әсер етеді. Зерттеу барысында зерттеу объектісінің дамуының жай-күйі мен үрдістерін сипаттайтын статистикалық деректерге негізделген жүйелі, дерексіз-логикалық және салыстырмалы талдау әдісі пайдаланылды. Экономиканың банк секторы сыртқы факторларға өте сезімтал болуына байланысты, атап айтқанда, жаһандану ұлттық банк жүйелеріне айтарлықтай әсер етеді.

Түйін сөздер: әдістеме, қаржылық талдау, банк жүйесі, екінші деңгейдегі банктер, жаһандану, тренд

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А.К. Молдашева ¹, А.Ж. Канатова ², Д.Д. Керимкулова ³

¹Атырауский инженерно-гуманитарный институт;
²Атырауского государственного университета имени Х.Досмухамедова;
³Казахский университет экономики, финансов и международной торговли

МЕТОДИКА ПРОВЕДЕНИЯ
ФИНАНСОВОГО АНАЛИЗА КОММЕРЧЕСКИХ БАНКОВ

Аннотация. Методика проведения финансового анализа банков второго уровня, важна для исследования и анализа финансового состояния коммерческих банков Республики Казахстан важна так, как в условиях глобализации мировой экономики на сегодняшний день происходят процессы интеграции национально-государственных хозяйств в единую мировую экономику, а именно в проявляется в сфере кредитных отношений, тем самым влияя не только на устойчивое экономики страны, но на состояние развития национальных финансов. В исследование применялись такие методы системного, абстрактно-логического и сравнительного анализа на основе статистических данных, характеризующих состояние и тенденции развития объекта исследования. В связи с тем, что банковский сектор экономики весьма чувствителен к внешним факторам, в частности, глобализация существенно влияет на национальные банковские системы.

Ключевые слова: методика, финансовый анализ, банковская система, банки второго уровня, глобализация, тенденция

Сведения об авторах:

Молдашева Анар Куангалиевна - к.э.н., асс. Профессор, *Атырауский* инженерно-гуманитарный институт, г. Атырау;

Канатова Айнур Жумабаевна - магистр, Атырауского государственного университета имени Х.Досмухамедова

Керимкулова Динара Джамбулатовна - магистр, Казахский университет экономики, финансов и международной торговли, г. Астана

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