

MONEY, FINANCES AND CREDIT

THEORETICAL AND PRACTICAL ASPECTS OF DEVELOPMENT AND IMPLEMENTATION OF BANKS' CREDIT POLICY

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The article is devoted to the problem of development of banks' credit policy. The influence of credit policy on the profitability of banking activity is analysed.

The objective of the paper is to develop the foundation for the formation of credit policy and improve its implementation mechanism in terms of the functioning of the banking system to ensure its stable and sustainable activity in the credit services market.

At the beginning of the article, the essence of credit policy is described. It is mentioned that the role of credit policy is to ensure the competitiveness of the bank credit market and its profitable activities. The external and internal factors of influence on credit policy are considered. Three types of bank's credit policy are distinguished: conservative, moderate, aggressive.

The following goals of credit policy are considered:

1. Developing an effective system for the identification, analysis, and measurement of credit risks.

2. Establishing an effective system for monitoring and controlling credit risks.

3. Establishing an effective system for making managerial decisions on credit risk management.

4. Establishing limits, introducing procedures, regulations, procedures, and regulations for individual transactions and loan portfolio.

5. Ensuring effective interaction of the bank's divisions at all organizational levels of the credit risk management process.

Also, the vision of credit monitoring is presented. Credit committee of banks should monitor credit policies in order to timely identify credit risks. This will ensure control over the implementation of the bank's strategic objectives in lending activities in order to detect deviations and contradictions and assess the bank's implementation of declared tactical tasks as well.

The article ends with the statement that the credit policy should be based on reliable analysis of the data of the current economic, social, political state of the country and forecasting of hypothetical ways of their development in the future. This will provide an opportunity to respond promptly to changes in the influence of factors of the external and internal environment.