

THE COMMERCIAL BANKS LIQUIDITY AND THE SOLVENCY UNDER THE CRISIS CONDITIONS

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The Kazakhstan banking sector is the main capital redistribution channel just from the financial one into the economy real sector. At the last time, the state is undertaking a great number of the various actions and the different measures for the domestic commercial banks support and the stimulation under the crisis conditions. But the Government is not quite able simply to be directed all the necessary resources for all the existing challenges overcoming. In connection with this, it is necessary to accept a number of the measures on the further banking market development provision for the banking sector support.

As it is generally known, the crisis in Kazakhstan has been begun from the banking sector, in particular, because of the loans re-financing conditions deterioration at the international capital markets. Though at the initial crisis stage, the speech had not been touched on the banks default, it was quite evident for the state, that the banking sector is not quite able to be supported, at the same time, the crediting at the last years level, and, simultaneously, to be carried out the payments by the benefits by the obligations before the external creditors.

In the crisis period, the commercial banks have not simply limited their crediting, but and they have become more carefully to be financed the economy on the wave of the business activity lowering throughout the world, and, in particular, in Kazakhstan. Even those banks, which have not the large debt load by their external loans, have preferred to be reserved their cash and the liquidity under the branch development shrouded perspectives conditions, but not to be limited the loans to the economy real sector. Such kind of approach is being replied to the common sense of some private investor, against the background of the crisis phenomena, but, at the same time, it is against the state's policy view, in respect of the market stabilization [1].

And this, really, has created the whole challenge: the banking sector in Kazakhstan is the main capital redistribution channel just from the financial one into the economy real sector, and it is quite, obviously, that neither the fund market, nor the state are not able to be replaced it by themselves. And it is not much surprisingly, that the Republic of Ka-

zakhstan has already undertaken a great number of the quite various and the different activities, having directed for the domestic commercial banks support and their stimulation for the last time.

At present, the Kazakhstan's banking sector is being experienced several challenges, which have already overgrown from the local one into the national scale. So, one from them – is the challenge loans share increase, as a result of the earlier distributed credits and the loans encashment worsening. The other one, not less the significant challenge – the large external debt paying off necessity, which is negatively influenced upon the system open market account balance with the Kazakhstan's capital and the finances. As it will be seen further, the Government is not quite simple able to be directed all its budgets and the resources for the further all these challenges overcoming, as and the other ones, which are not less serious macroeconomic challenges and the tasks are being needed to be resolved and the necessary solution, having stood before the Kazakhstan.

The Kazakhstan's banks external commitments and the obligations volume, for the period from September, 1, 2008 up to January, 1, 2009 is being made up 12 bln. dollars order [2, p.24]. At present, there are not any challenges with the liquidity and the cash position in Kazakhstan, and a number of the large international financial companies' bankruptcy is quite able to have an influence indirectly upon the situation in Kazakhstan.

By the preliminary data, the Kazakhstan's commercial banks have already received the net profit in the sum of 4,6 bln. tenge (e.g. the current one 150/\$1) in January

of 2009, that for 6,4% is more, than in January of 2008, and the latter figure is indicated in the widely – spread of the state Financial Examination Agency (FEA).

For all this, the second level banks incomes aggregate amount, by the FEA data, has been made up in the sum of 697,7 bln. tenge in the accounting period, having increased in 3,3 times, in comparison with the similar period of 2008 [3]. By the FEA information, the aggregate assets of the Republic's banking sector have been made up 11.922,6 bln. tenge, by the estimate on February, 1, 2009, and they have been increase for 0,2% during January. In the meanwhile, the aggregate calculating proper capital has been decreased for 0,4% down 1.939,5 bln. tenge during the reporting period. So, in accordance with this report, the capital adequacy activities have been made up k1 — 0,13; k2 — 0,15 at February, 1, 2009 (at February, 1, 2008 — they have been made up k1 — 0,12; k2 — 0,14).

The liquid assets share to the banks' aggregate assets at February, 1, 2009 has been made up 14,1%. The banks' lending portfolio, adjusted for the interbank loans, has been reached 9,117 bln. tenge, by the estimate at February, 1, 2009, and they have been decreased for 1,4% during January. For all this, the Kazakhstan non – residents' loans at February, 1 of the current year have been made up 1.533,7 bln. tenge, or 16,8% from the lending portfolio (e.g. this activity has been made up 1.401,6 bln. tenge, or 15,9% at February, 1 of 2008).

The standard credits share has been made up 41,3% in the structure of the banks loan portfolio, by the estimate at February, 1, 2009, (where, at February, 1, 2008 — it was 41,7%), the doubtful ones — has been made up 53,9% (e.g. 56,5%, correspondingly), the hopeless ones — has been made up 4,8% (e.g. 1,8%). The total credits, having related to the 5 categories doubtful loans and to the hopeless ones, has been made up at the reported date 818,1 bln. tenge or 9% from the aggregate loan portfolio (e.g. at February, 1, 2008 — it has been made up 3,9%) [3].

The loans, at which there is the delinquent arrears by payments, which are more, than 2,160 hours (e.g. 90 days), at February, 1 of the current year, have been made up 527,8 bln. tenge or 5,8% from the banks loan portfolio. The provisions volume by the loans, by estimate at the reported date, has been made up 1.085,5 bln. tenge or 11,9% from the loan portfolio (e.g. the increase for January has been made up 5,8%). The credits for the economy (e.g. without the natural persons record) at February, 1, 2009, have been made up 7.099,7 bln. tenge, having decreased for 0,8% during January.

For all this, the subsequent increase has been observed in the following branches: the post and the communication — for 19,5%; the industry — for 7,0%; the transport — for 2,2%; the trade — for 0,9%; the individual activity — for 9,4%; the agriculture — for 4,9%. At the same time, it has been fixed it up the subsequent decrease for such following branches, as the non – production – related sphere — for 5,7%; the building — for 4,8%.

It has also been stated in the report, that the deposits total amount, having attracted by the banks from the natural persons and the juridical persons (excluding the banks and the international financial organizations), has been made up 6.872,6 bln. tenge for January 1, 2009, having increased for 7% during the 2008 year, including the natural persons deposits amount has been made up 1.500,3 bln. tenge (e.g. the increase has been made up for 3,6% during 2008), the juridical persons — has been made up 5.372,3 bln. tenge (e.g. the increase has been made up for 8%, correspondingly) [3].

The aggregate commitments have been made up 10.478,8 bln. tenge, by the estimate for the reported date, from them the commitments before the non – residents have been made up 4.610,1 bln. tenge or 44% from the aggregate commitments, having decreased for 1,7% for the reported month. The Republic's banking sector has been presented by the second level 37 banks, by the estimate for February, 1, 2009. Thus, the Ka-

zakhstan's population is being exceeded 15,7 mln. people.

The world financial and economic crisis has been heavily influenced upon the Republic of Kazakhstan banking system very much. In particular, the Kazakhstan's National bank has been provided the short-term liquidity and the cash position to the commercial banks in the large volumes. The operations cash flow has been made up about 40 bln. dollars for the second half of the last year. The President of Kazakhstan has charged with the important mission to allocate about 4 bln. dollars funds for the banking system support. As a result, the current situation with the liquidity and the cash position has been sharply improved to the end of the 2008 year [2, p. 24].

So, the financial and economic crisis in Kazakhstan has been connected with the factors series, one of which — has been the following rise in the inflation. By the official data, the inflation has been made up 19%, by the unofficial ones — it has been 40% in the Republic in May of the 2008 year.

Thus, the Kazakhstan banks will be needed to be paid off the 12 bln. dollars of the external loans up to September, 1 of the 2009 year.

The Republic's banking sector has been presented by the 36 commercial banks, and the aggregate amount of the Kazakhstan banks delinquent credits has been made up 8,2 bln. dollars, or 9,9%, by the estimate for September, 1 of the 2008 year.

By the most optimistic assessments, the loans share, having subjected to the stress, is equal to 35 – 40%, by the S&P agency valuation. The «Kazcommrcebank» has the delinquent credits for 2,8 bln. dollars, the «BTA Bank» — has 1,26 bln. dollars, the «Alliance Bank» — has 725 mln. dollars, the «ATF Bank» — 700 mln. dollars.

In Kazakhstan, the money supply has been decreased for 4,7% down to 5.970,4 bln. tenge during January of the 2009 year, at the expense of the lowering, as the banking system net external wealth, well as the internal assets decrease, as it was indicated in the

Republic of Kazakhstan (RK) National Bank report (e.g. RK NB).

So, the RK NB clean international reserves have already been increased in the structure of the banking system clean external wealth in January of the 2009 year, in comparison with December of the 2008 year, while the banks clean external wealth have been decreased.

The main requirements have already been decreased, as to the Government, well as to the other economy sectors, in the structure of the banking system internal assets, as it was mentioned in the report. By the RK NB data, the effective money in the circulation have been decreased for 16,8% down to 714,1 bln. tenge for the reported month.

«This decrease is appeared to be, historically, the biggest monthly lowering, as in the absolute, well as in the relative expression», — it is mentioned in the report. Moreover, it is being explained in the report, that the cash foreign currency exchange offices sale has been become the considerable reason of the cash tenge lowering in the circulation, besides the traditional seasonal their volume decrease in January, in comparison with December [4, p. 37].

At present, Kazakhstan is trying to struggle with the challenges whole wave. One from them is the downturn in the prices for the main export commodities (and, in particular, the price for the oil from 150 down to 40 dollars for the barrel), having formed more, than 60% of the export. So, the downturn in the prices is being threatened Kazakhstan with the red ink formation by the trade balance (e.g. for the first time, since the 2000 year) and with the current operations account. Thus, having considered the commercial banks forthcoming large payings off by the external commitments, on the whole, the high level risk is present of the Kazakhstan negative purchasing balance formation and also the country's international resources reduction. As it will be seen further, this challenge solution is appeared the paramount and the vital important task for the state [5, p. 7].

Then, the second challenge is appeared to be the national currencies weakening by the Kazakhstan main commercial partners, as the result of this, the domestic production has been become the «Tengry Finance» Joint – Stock Company (JSC) to be experienced the price pressure from the side of the import production in the Republic. Everything is being redoubled and aggravated by the fact, that Kazakhstan is not quite able to carry out the reciprocal devaluation at the necessary level, as it is being to be obliged to take into consideration the credits' high rate of interest, having given out in the foreign currency inside the country (e.g. about 50%). On the whole, it has not been suffice for the price advantage removal at the importers, though Kazakhstan, in the beginning of February of the 2009 year, however, has weaken the tenge's course from 122 up to 150 tenge for the dollar. That is why, this, correspondingly, also is left its negative mark on the stabilization policy, which the country is being carried out at present.

During the last one and a half year (e.g. in the crisis period), the international credit rating agencies, repeatedly, have been lowering the country and the commercial banks sovereign ratings, in response to the Kazakhstan macroeconomic indicators and the national measures worsening, that has been outlined one more the challenge.

So, the ratings lowering process has not yet been completed, and at present, the Kazakhstan long – term ratings transition in the foreign currency just from the investment group into the speculative one and, correspondingly, the corporations ratings proportional lowering are the real threat. There is no doubt, that this would have negatively an impact upon the banks debt capability, and it would be resulted in the next foreign capital outflow and in the investment projects realization slowdown on the Republic's territory [5, p. 10].

That is why, Kazakhstan, having made those or other decisions, has been obliged to be preserved the necessary parity between

the banking sector and the other economy sectors.

In whole, in our opinion, the state has been succeeded to make this, if to look at this, exclusively, from the current stability advancement position at the Kazakhstan financial and the economic market, but, for all this, the long – term growth to be excluded. All the mechanisms, having involved to be worked by Kazakhstan, in a measure, are being reflected the country's hope for the crisis quick completion and the banks capability restoration to attract the capital at the international financial markets.

Kazakhstan has decided to support the banking sector from the National fund (e.g. 1.200 bln. tenge), the storage pensionary system (e.g. 480 bln. tenge), and the budget means, and the country has also provided the necessary stimuli for its economy, including the fiscal ones in the framework of the crisis management program.

However, from all the measures, having involved to be worked by the state, first of all, we want to be drawn the attention, in particular, to the Kazakhstan concern in the foreign “players” involvement in the banking market. At present, it is quite known, that Kazakhstan is conducting the negotiations with the large Russian banks on the state control packet of shares sale in the «BTA Bank».

In the end, the state power representatives, not once, have already declared, that the state is not intended to be held the banks purchased holding of shares more than 60 months (e.g. 5 years). At the same time, we consider this solution is the correct one, and we draw attention to the fact, that Kazakhstan will give the preference to the foreign banks in the investors' choice.

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