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## PRINCIPAL TRENDS OF BANK LENDING IN MODERN CONDITIONS OF FINANCIAL AND ECONOMIC CRISIS

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*Summary. The article highlights the current state and dynamics of bank lending in Ukraine and gives an analysis of changes in the structure of loans. The main directions for improving credit activity of domestic banks have been defined. The problems*

*which arose in the course of crediting have been revealed and their influence on the development of the national banking system and economy in general has been proved.*

**Key words:** *bank lending, households, credit portfolio, non-financial corporations, arrears, credit activity, credit operations, financial and economic crisis, consumer crediting, monitoring, dollarization.*

The combination of financial, economic and political crisis in Ukraine is a serious strength test for the national banking system and economy in general. It is known that the crisis negatively affected the status and dynamics of bank loans in Ukraine.

The purpose of the article is to highlight and analyze the impact of the crisis on the banking sector of Ukraine including the status and dynamics of lending activity of banks and identify a number of problems accompanying such activity.

Lending is the most widespread bank operation. Proper organization of bank lending, the development of efficient and flexible management of credit operations, ensuring its operational and reliable accounting information serve as a basis for financial and market stability of commercial banks. In order to ensure the organization of effective credit activity, commercial banks develop their own internal credit policy and adopt practical arrangements for its implementation. For this reason one of the most important tasks of the credit activity management is formation and the analysis of a credit portfolio of the commercial bank.

The dynamics of loans granted to the residents during 2014 was formed under the influence of reduction of the deposit base of banks, deterioration of solvency of borrowers and changes in the exchange rate for the Ukrainian hryvnia against major foreign currencies.

The structure of loans is studied on purpose, forms of ownership, territories, categories of borrowers, economic sectors, maturity, types of balances

receivable and other features. An independent object in credit statistics is the study of the overdue credits on their volume, structure and dynamics. The largest specific weight (58,2 %) as of January 1, 2015 was made by the overdue loans granted to non-financial corporations in foreign currency. A share of overdue generally long-term credits in foreign currency is 70,9 %. The share of consumer loans in US dollars increased by 7,6 percent and vice versa the share of consumer loans in local currency decreased by 7,9 percent.

At the present stage of economic development an important way out of the crisis in Ukraine is improvement and further development of bank lending. Improving the efficiency of the banking sector is one of the urgent, acute and complex problems existing today. For now, banking institutions have slightly slowed down the activity in the lending market, which is an absolute consequence of the crisis that has shaken the country's economy.

In view of a situation in banks of Ukraine we consider that crediting will remain at a low level until the end of the current year as banks exercise more cautious approach to this activity, therefore growth rates of the credits will lag behind the pace of their maturity. To overcome the consequences of the crisis and restore lending of important sectors of the economy it is necessary to stop lending to insolvent borrowers and problem banks, their exit from the market will promote substantially the improvement of the banking system.

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