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STATE LAND BANK AS A TOOL TO MOTIVATE BANK CREDITING TO MANUFACTURERS OF AGRICULTURAL PRODUCTS

The necessity and motivation peculiarities of bank crediting to manufacturers of agricultural products in the framework of economic realities, trends in the establishment and operation of the State Land Bank are considered in this article. The author has also monitored existing problem, determined the background and outlined directions for decomposition of credit profile among agricultural manufacturers.

In most cases, the financial position of agricultural manufacturers remains fragile, sometimes unsatisfactory. Several problems of credit provision for agricultural manufacturers, including the search for the most attractive and the most efficient mechanisms for attracting funds and its distribution require urgent attention and solution. The need for the establishment and operation of the State Land Bank is dictated by novelty, scale and complexity of the tasks of market transformation in the agricultural field, provision of its dynamic development. It is important not to attempt to trace foreign experience, but put in action legal and economic conditions already established in Ukraine for the large scale introduction of land mortgage in agriculture while ensuring its maximum practical impact. A related cluster of problems has not only economic, financial, legal, but also an important social and political significance. In particular, the conflict that emerged around the adoption of several laws of Ukraine on development of bank lending to agricultural producers by the Ukrainian parliament has proved its evidence.

The motivation of bank lending for agricultural producers isn't covered enough in

the scientific literature. In particular, this issue was revealed in the works of such national scientists as V. Aleksijchuk, V. Ambrosov, V. Arancij, V. Borysov, V. Gejts, W. Godun, E. Hutz, M. Demyanenko, A. Kuznetsova, O. Lavrushyn, I. Lagutin, P. Laika, B. Luciw, G. Maznyev, M. Malik, A. Moroz, A. Nepochatenko, P. Sabluk V. Savchuk, M. Savluk, V. Senchahov, T. Smovzhenko, P. Stetsyuk, A. Chupis and others.

The purpose of this article is to discover the need and motivation peculiarities of bank crediting to manufacturers of agricultural products in the framework of economic realities and outline preconditions for introducing the effective mechanisms to motivate bank crediting to agricultural manufacturers, taking into consideration its relevance, great theoretical and practical significance. Moreover, this issue requires thorough consideration as it meets the strategic approaches and plans of the state to implement market transformation of agricultural sector.

The concept of "motivation" cannot be limited to the outlines of psychological analysis because it includes other aspects of agricultural enterprises: social, socio-economic, moral and ethical. Motive unlike motivation - is something that belongs to the same subject of behaviour, encourages him to work, something for which it occurs. However, motivation is not limited to the inducement only, and imagined as something that regulates, directs the action of economic entity to reach the target states for this motive and supports this focus. Thus, the needs, motives, goals are motivationally variable and included in the structure of motivation. Once offered by T. Parson, the system of action is an attempt to build a motivational model. Social norms and values thus play an important role as one of the effective mechanisms of interrelation between behaviour of economic entities and public interests. In this profile, A. Giddens theory of structuration, which is directed to develop a conceptual scheme of motivated, purposeful agent's activity and expression of concepts of reason, purpose, motive, intent, rules concerning actions and identify their relationships with social structure, is considered attractive.

In most countries, the government is actively involved in financing the development of the agricultural sector [1, 2, 4, 5]. This trend is of primary importance in many countries. Specific character of the agricultural sector - the seasonal prevalence of production, close margin of capital intensity and as a result essential dependence on weather conditions and many other factors - reduce the attractiveness of the agricultural sector for lending by banking system.

The geneses, basic trends, contemporary crediting growth path of agricultural businesses have been traced. In 2001-2008 more than 100 banks took part in their crediting, while in 2008 - in 2011 only 47 did [2]. It is established that bank loans reached about 15% in the structure of attracted resources of agricultural enterprises in recent years. Amount of loans aimed at farms during 2000 - 2008 increased by 32.4 times, and then in 2009 - 2011 reduced to a great extent. In 2009 - 2011 only 3.4% of farms possessed subsidized loans, while in 2004 they added up to 25.4% and in 2008 - 40.5%. The inadequately high price of banking services, complex conditions and crediting procedures are the most urgent problems of agricultural enterprises in cooperation with banks.

It is unmasked that quantitative and qualitative parameters of credit facility among groups of farms are significantly different. As credit security for the small and medium enterprises the great part is taken by real estate (83.2%). That is extremely significant that almost 85% of their credit agreements are provided additionally by third part's guarantees

or warranty. Agricultural enterprises refer to the greatest factors that influence their choice of a bank the following factors: reliability of the bank and its calculations processing speed, service, individual approach to customer, convenient office location, availability of a full range of services and a wide range of strategic partners.

To the motivate and driving leitmotivs of agricultural enterprises crediting by banks one can refer conservatism; the priority of ensuring availability; the use of credit control; safeness and reliability of the mortgage, the financial condition of a client; loan portfolio diversification; the risk limitation; weighed active marketing of trusted farms. Recently, Ukraine has created favourable conditions for the establishment of the State Land (mortgage) bank.

Analysis of foreign mortgage banks has revealed their specificity in different countries and three basic models of mortgage lending, namely contractual saving model of mortgage lending; classic continental model of mortgage lending, mortgage lending; American model of mortgage lending with secondary market mortgage loans. The research of mortgage banks activities in general showed the following facts: banks of this type are an indispensable element of modern credit systems; the presence of mortgage banks is not limited to the developed credit systems, but also for credit systems in the making; the role and place of mortgage banks in the credit systems of different countries are different (with the most developed network of mortgage banks presented in Germany).

Considering the activities of foreign mortgage banks, the main trends of their development have been identified, namely, the abolition of a special legislative regulation of mortgage banks activity due to the high level of mortgage lending system development; a gradual decline in the share of state mortgage banks and the state's role in the development of the mortgage market, in general, in proportion with the improvement of mortgage lending; a tendency towards transnationalization of mortgage banks; the shift from fundraising through the system of savings accounts to transactions on the secondary market for mortgage loans.

In general, the analysis of foreign mortgage banks showed their great importance in the global credit system and land market mortgages. However, the development of such kind of banks depends largely on government involvement in their organization and functioning at the initial stage of development of mortgage lending.

Draft land reform, which is currently being implemented in Ukraine, establishes the State Land Bank as an indispensable tool for its implementation. State Land Bank should be established according to the procedure prescribed by the Law of Ukraine "On Banks and Banking Activity" for state banks [3]. But the functioning of the State Land Bank, as a subject of legal relationships on the land market in Ukraine remains not identified.

State Land Bank (hereinafter - the Bank) must be a full member of the banking market, which means that it cannot avoid participation in the competition for customers. So, the model building of such a bank should consider its future prospective financial and technical capabilities, namely the presence of the universal license for all possible operations with monetary instruments and securities; lasting universal core of IT - systems and modern IT - architecture to improve internal and external bank capabilities, controlling and reporting; optimum structure of offices that provide maximum opportunity to render services for clients with the minimum amount of own expenses; mobile decision-making system, which will allow customers to save time.

All of the above mentioned facts make it possible to identify the next most promising and important areas of the State Land Bank activities: credit facility of all areas and agricultural industries on differentiated conditions, both in direct way and through the provision of appropriate guarantees; the introduction of integrated services to clients businesses and individuals, the use of plastic business cards; implementation of joint projects with government and non-financial institutions, implementation and support of trusted relationships with partner banks that are residents and non-residents of Ukraine.

Regional network of State land bank should be expanded to 26 regional offices. Remote branches in the regional centers should be placed on existing offices of PJSC "State Savings Bank of Ukraine" (Oschadbank). This contributes to the branching network of regional savings bank, which has 595 institutions, 263 of which are located in rural areas. Providing advisory services to lending and borrowing should be implemented through agency services partner banks. Thus, the inhabitants of the remotest villages of any region can get contemporary banking.

The advantages of establishing such a model bank are: universalism of the service delivery and simplification of the procedures for discovery of documents (registration of contracts through the Internet); convenience for the customer (the loan agreement may be entered in a bank partner at the place of the client's residence), the minimum time spent for the loan agreement execution (15-20 minutes), a decision must be made in the current working time, which minimizes the time spent on loan granting to 1 - 2 working days, full control over the proper use of loan funds, availability of services for monetary and credit services throughout Ukraine. Thus, the regional offices of the State Land Bank should be opened gradually, depending on the concentration of customers and the availability of agricultural development programs. Guarantees provided by the State Land Bank to attract the loans in the banks will be carried par value of 0.2% of the value of the resource, thus ensuring loyalty to the client covering exceptionally the costs of providing such services. The total amount of guarantees should be at least 75-80% of the value of the mortgage, which in turn will promote complete value of the mortgage while obtaining credit from other banks.

To the competitive advantages of the State Land Bank one can refer: a sufficient customer base, scale of operations, both in financial performance and in terms of quantity and quality of mortgage infrastructure (regional and mobile network for retail and corporate clients); brand and reputation - the status of the state bank provides an opportunity to get resource trust from all categories of clients and potential partners using advanced financial technology - to create mobile bank service center with a wide base at optimum cost, as well as find and cultivate qualified bank staff.

Conclusions. In the course of our study we revealed that the introduction of incentives of bank lending for agricultural producers now faces a number of challenges, including the establishment of an appropriate legal and institutional basis for stimulating banks. In our opinion, the further development of bank lending to agricultural producers without solving these problems is impossible. The basis for introducing motivation of bank lending to agricultural producers brings to the foreground issues related to the creation of the legal basis of the motivation of banks, the possibilities of their investment, mortgage, innovation and emission activity, guarantees promotion and protection of creditors.

We believe that the stabilization and further development of bank lending to agricultural producers is impossible without resolving the issue of development and effective

use of incentive mechanisms, which involves the creation and operation of the Land Bank. Creation of the State Land Bank will facilitate the fulfillment of state tasks in the agricultural domain.

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