

Economics

For example, to offer customers the money back if they return the packaging made of glass, plastic and metal. When buying a product in such a package a small sum can be added to its price to return the package to the point of its production.

Another method of increasing the use of secondary resources is to ban burial of certain materials as waste, such waste may include waste oil, old batteries, tires and garden waste. The purpose of this method is to create a policy for proper disposal of banned products.

In Austria, collected and disposed of such waste as cooking oils. These wastes are used to produce biodiesel. Glycerol obtained as a by-product is used as biogas, or it is purified and sold as raw materials for the chemical, pharmaceutical and cosmetic industries.

In addition to the above mentioned, it is possible to introduce the principle of producer responsibility for manufactured products, that is, a manufacturer is responsible for the collection and disposal of produced products and regulates them, as the collected waste must be used (recycled and / or reused). It stimulates manufacturers to produce resource-saving products that are easier to recycle and contain no ecologically dangerous substances.

It is also considered appropriate if the renovation or expansion of existing ones, as well as the design of new businesses will provide for the development of measures on the use of BMPs. The refusal of consumers from the use of secondary energy resources at both the existing and planned facilities can be justified only by the expectation that confirms the ineffectiveness of economic or technical impossibility of using SMR.

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**ACTIVITIES AND RECOMMENDATIONS FOR IMPROVING FINANCIAL MANAGEMENT
SYSTEM OF COMMERCIAL BANK PROFITABILITY**

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The profit of a commercial bank is an internal source of its development. Therefore, the profit management, to our mind, is an important part of bank management, the aim of which is to maximize profit at an acceptable level of risks and to provide the liquidity of balance.

The profit management of a bank is carried out through the system of management elements (blocks), which are closely related to one another.

We can distinguish the following basic elements of the profit management of a commercial bank:

- determination of bank branches involved in profit management process;
- planning of income, expenses and profit of a bank;
- application of assessment ways of profitability level of banking activities;
- determination of methods of current profit regulation (financial results).

The criterion of bank activity efficiency is the size of profitability that ensures a maximum profit rate while simultaneously implementing standards set by the National Bank of the Republic of Belarus. To increase the profitability of assets, in our opinion, banks should perform the following steps:

- increase the number of loans by reducing credit percentage;
- increase the proportion of bank`s own funds in the total amount of funds;
- reduce the ratio of own and borrowed funds.

However, the main factor of the increase in profitability indicators and bank profitability in general is the increase in bank equity, because:

- it is the cheapest source of receiving money by a bank;
- the change in the size of bank`s own funds influences the change of other analyzed factors;
- it is impossible to achieve a fundamental change in other indicators characterizing the financial performance of a bank without the increase of its own funds.

By carrying out these recommendations some difficulties may appear that are associated with the need to choose between the most profitable activities and measures that are necessary for the implementation of banking legislation standards.

We consider this on a particular example.

Theoretically, to maximize the income as a result of a set of operations, it is necessary to invest the maximum possible amount of funds in the operations that have the highest income. In practice, however, we should consider a number of limitations associated with the formation of bank assets structure, such as:

- Not all borrowed funds can be implemented in profitable active operations. The first part of such funds must be located in cash desk of a bank and on its correspondent account to be able to fulfill its current liabilities, and the second part should be kept on the reserve account in the National Bank in accordance with the requirements of regulatory bodies. In addition, some part of bank's own funds is used to purchase fixed assets. Thus, the assets of a bank are divided into operating, i.e. invested in operations that can generate income, and non-operating;

- When using operating assets one should be aware that regulatory bodies can set some standards for the performance of a bank, affecting the structure of their active operations, i.e. the ratio between own funds of a bank and its risk assets, as well as other standards related to the issuance of loans and liquidity ensuring;

- When using assets in order to get profit one should take into account the statement that any financial transaction can bring both profits and losses, and, as a rule, the higher the expected rate from the standard of operation profitability, the higher is financial risk. In this regard, the structure of assets portfolio always reflects some compromise between the desire to get profit and the desire to reduce the risk from financial investments.

To improve the ongoing profitability of commercial bank operations it is necessary, firstly, to manage income and expenses of a bank in quite an intelligent way. The essence of management of income and expenses is in the selection of optimal structure of income and expenses, which can impact the profitability of ongoing bank operations [1]. This work highlighted the main areas of income accretion:

- general fusion of group of assets, that earn interest income, for which purpose a bank should, firstly, attract more investors and carefully analyze their financial situation, and secondly, increase its lending capacity due to the increase of borrowed resources. This is possible when one implements a balanced marketing and interest rate policy;

- change in a significant portion of earning assets in total assets, for which purpose it is necessary to reduce non-operating assets to minimum, but within the limits that ensure bank liquidity;

- change in the general level of interest rates for active operations of a bank. Theoretically, a higher interest rate is sure to bring the highest income. In modern conditions banks rarely take such measures. In a competitive environment they are more likely to reduce interest rate to attract the largest possible number of lenders. The decrease in an average interest rate in Belarus is a clear evidence of this;

- change in the structure of earning assets portfolio.

It is known that the higher the income, the greater is the risk in banking activity.

The conducted research revealed that it is possible to allocate, in addition to the above-mentioned, the following main directions of profitability increase of commercial banks:

1. The growth of non-interest income should be provided, and income from rendering of "non-bank" services should be paid more attention to.

It means an increase of commission, trading and other charges of banking operating revenues, primarily, an increase in the income from cash management services by providing a better service quality, an introduction of new banking products, a development of "salary projects", an intensification of customer service system "Client-Bank", "Internet-Banking", which will help to service customers more efficiently. More attention should be paid to the income from rendering of "non-bank" services (consulting, auditing, factoring and leasing operations, providing assurance warranty). But the problem is that all these sources of income also depend on the expansion of a bank's customer base.

2. The costs to establish banking services should be decreased, which will give an opportunity to discount it. The reduction of prices on the services offered is a powerful argument in a competitive struggle. An important element is the creation of a positive image of a banking institution that largely provides it with customers' favour. Cheaper services may provide a bank with a profit higher than the competitors have due to the greater volume of proposals. Therefore special attention should be paid to reduction of costs while providing services without compromising their quality.

3. Management of assets and liabilities as well as of risk should be proper [1].

In practice, the implementation of all these activities helps to increase the profitability of commercial banks and to achieve risk minimization.

Thus, the construction of bank management system aimed at improving profitability and capable of applying a comprehensive approach to solve such problems as cost reduction and income growth is a solution to the problem of bank profitability increase.

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