

## THE ECONOMIC ESSENCE OF COMMERCIAL BANK RESOURCES AND THEIR CLASSIFICATION

*YULIYA PETROVSKAYA, IRINA POZDNJAKOVA*

**Polotsk State University, Belarus**

*The article considers the economic essence of bank resources, the approaches of different authors to the definition of the resources of the bank, their similarities and differences. Classifications of the resources of a commercial bank are presented. The specific features of bank resources are revealed.*

Banks, like other business entities should have a certain amount of cash funds to ensure its commercial activities. In modern conditions the problem of formation of resources has paramount importance as the resource base of commercial banks determines the magnitude and directions of active bank transactions, i.e., the volume and structure of bank income, and thus affects the liquidity and financial performance as a whole.

As banking is a special kind of economic relations, economic and financial bases of bank activity are different from any other commercial activity. The differences relate mostly to the issues of formation and use of resource base. The specificity of activity of banks is that on the one hand, they obtain temporarily available funds from a variety of sources and place them satisfying the needs of enterprises, organizations and populations in monetary resources.

Obtained funds occupy the major share in the overall structure of bank resources.

In theory and practice the concept "bank resources" is of multilateral and polysemic nature. According to some economists the following definition is correct: resources of commercial banks are their own capital and funds as well as funds obtained by banks as a result of passive and active-passive transactions and used for active investment of a bank [1, p. 75].

The problems of formation of resource base of commercial banks were covered in the works of the Russian scientists Y. Alymov, T. Bondar, G. Kravtsova, A. Rakov, S. Sploshnov, F. Chernyavski, S. Peliha, as well as the foreign researchers A. Berger, V. Wagner, E. Zhukov, M. Goncharov, M. Kosterin, Y. Kopchenko, O. Lavrushin, N. Pronskaya, E. Reed, J. Sinky, G. Sege, S. Smart, R. Herring, A. Tavasiev etc.

Let us consider the main approaches to the definition of "resources of commercial banks" presented in modern national and foreign literature on economics. T. Kosterina believes that bank resources are bank's own funds (capital) and its liabilities (borrowed funds) used to conduct active transactions [2, p. 48]. E. Zhukov defines bank resources as the aggregate of own funds (capital and assets) of a bank and the funds obtained as a result of passive and active-passive transactions and used for active transactions of a bank [3, p. 15]. According to S. Puplikov, the resources of a bank are resource base, which consists of regulatory capital and borrowed funds [4, p. 56]. N. Vasilenko, T. Leonovich suggested the following definition: bank resources is a set of means at the disposal of a bank used for credit and other active transactions [5, p. 72]. A. Botarova defines bank resources as the aggregate of its stock, obtained funds received in the sale of debt securities and borrowings obtained by a bank in financial market, and used by a bank for active transactions [6, p. 13]. According to O. Lavrushina bank resources is the total of own and borrowed funds in its possession which are used for the conduction of active transactions [7, p. 39]. T. Kosterina defines bank resources as own funds of a bank and its liabilities (borrowed funds) used to conduct active transactions [8, p. 34]. In the unabridged economic dictionary there is the following definition: bank resources are a set of funds at the disposal of a bank used for credit and other transactions [9, p. 247].

The main characteristics of the presented definitions are: 1) a combination of monetary funds, bank stock obtained and (or) borrowed capital; 2) the use of available bank resources for active transactions.

In our opinion, the most detailed is the definition proposed by E. Zhukov, as this definition not only indicates the use of resource base of a bank, but also reflects the sources of its formation. One must also note the concept of S. Puplikov, as it reflects the peculiarities of the Belarusian legislation. S. Puplikov suggested this definition taking into account the fact that banks have the right to carry out banking activities only within the limits of legislation.

In addition to the concept "bank resources" in the literature one may come across the term "credit resources"; these concepts must be distinguished. The first concept is much wider than the second, as credit resources present only that part of money which a bank invests directly in lending activities. By means of bank resources, the formation of all types of banking assets is possible [10, p. 32].

The resource base of a commercial bank is formed by a variety of sources. The authors suggest various classification of bank resources. The most common one is the classification of bank resources according to their economic essence and their division into own and borrowed bank resources.

Here is the classification of bank resources according to the source of their formation (Figure).

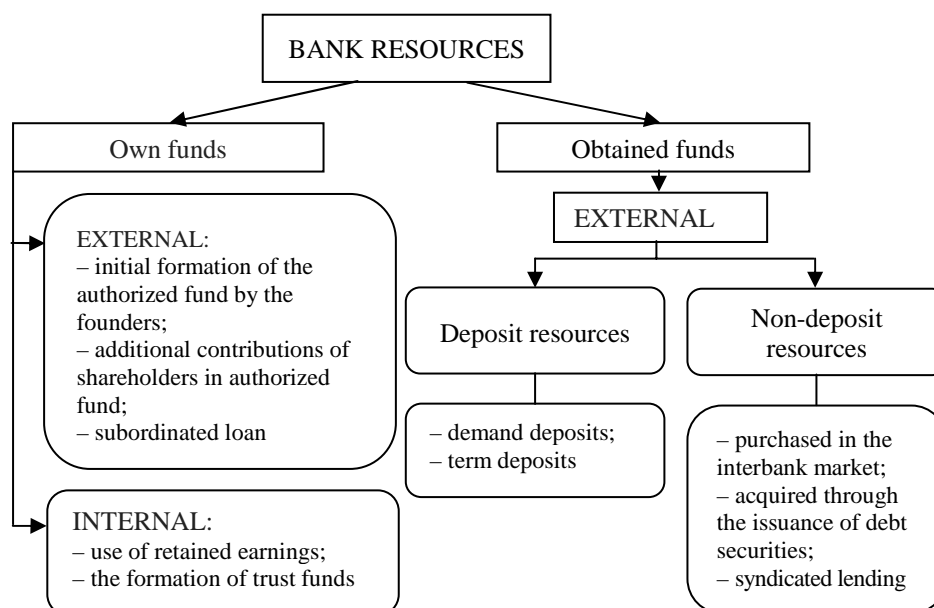


Fig. Classification of bank resources by source of their formation

Source: own analysis based of special literature.

According to widely accepted banking practice all obtained resources are divided into deposits and non-deposit funds according to the accumulation. In the global banking practice by deposit they mean monetary funds or securities deposited to a financial institution [3, p. 148].

According to the value of resources one can single out the three groups: free, cheap and expensive. The first group of resources generally includes a part of a bank's own funds, the source of which is profit. Free can also be resources which are balances on clients' accounts, not provided with interest charge. Cheap resources are demand deposits. Expensive ones include term deposits and resources purchased in the interbank market [2, p. 50].

The criterion of classification of bank resources can also be the currency which forms them: the national, foreign.

Depending on the mobilization of bank resources they are divided into mobilized by the commercial bank and obtained from other banks. Commercial banks mobilize most of the resources locally, such as deposits of citizens and deposits of enterprises and companies. To meet the additional demand in monetary funds quickly commercial banks attract resources mobilized by other banks.

Resources of commercial banks can be classified according to the possibility to predict the magnitude. In this case, they divide resources subjected to direct and indirect forecasting. Resources of direct prediction include profit of previous years and retained earnings. Accounts receivable, balances of temporary surplus funds of enterprises and companies, and some other sources of bank resources are subjected to indirect prediction.

According to the usage bank resources are divided into permanent and temporary. Permanent are funds with development and turn-round which can be predicted by a commercial bank and some part of them (stable balances) can be used for active transactions. Temporary bank resources create funds generated periodically as a result of certain banking transactions, the turn-round of which is difficult to predict.

According to the source of bringing in bank resources can be divided into:

- resources of other commercial banks;
- resources of the Central Bank;
- resources obtained from legal entities;
- resources obtained from individuals;
- budget [2, 3, 7].

The structure of bank resources of the different banks may be different. It depends on many factors, including the characteristics of a bank, customer mix, market conditions, etc. The sources of bank resources are

## Economics

formed as a result of passive transactions conducted by a bank. Despite their general character, these transactions are quite diverse. They differ in the reasons and initiators, methods and technologies of conductions, documenting, the way it is reflected in the balance sheet of a bank, etc.

Passive transactions can be conducted in the following forms:

- transactions aimed at increasing bank stock, including deductions from profit of a bank to increase its assets;
- deposit transactions, i.e., transactions on attraction of funds of legal entities and individuals into long-term or call deposits;
- opening and managing of client's accounts, including correspondent banks;
- the issue of own securities (shares, bonds) other financial instruments (promissory notes, certificates);
- transactions in the interbank credit market;
- transactions related to obtaining of centralised credit resources of the National Bank of the Republic of Belarus.

In the conduction of some passive transactions by a commercial bank it gets different types of own and obtained resources [4, p. 59].

In the Republic of Belarus the procedure and conditions of forming of resource base of a commercial bank are regulated by the following legal acts:

- the bank code of the Republic of Belarus;
- the Charter of commercial Bank;
- the orders of the President of the Republic of Belarus, which are regulatory;
- the decisions of the Government of the Republic of Belarus;
- regulatory legal acts of the National Bank of the Republic of Belarus;
- regulatory legal acts adopted by the National Bank jointly with the Government of the Republic of Belarus or the Republican organs of state administration on the basis of and in pursuance of the Banking code and other legislative acts of the Republic of Belarus.

Thus, the banking system in the economics of any country occupies a special place without taking part in production directly; through its activities banks create the possibility of efficient operation of modern market economy. Commercial banks should have a certain amount of monetary funds for the implementation of their activities. The resource base is the basis for the activity of a commercial bank. This is because commercial banks can conduct lending and other active transactions within the limits of available resources, and this ultimately has an impact on the financial result. Bank resources are classified by source of formation into own and obtained. Own resources have a very important role at the initial stage of the formation of a commercial bank and are the "guarantor" of the fulfillment of obligations of a bank throughout its operating. But the largest share in the resource base of a commercial bank belongs to obtained resources. The obtained resources is the most important factor of the profit of banks used to conduct active transactions by banks, to purchase securities and contribute to profit earnings to ensure long-term growth.

## REFERENCES

1. Осипов, И.А. Организация деятельности коммерческих банков / И.А. Осипов. – Минск : Изд-во МИУ, 2010. – 261 с.
2. Тарасов, В.И. Деньги, кредит, банки / В.И. Тарасов. – Минск : Мисанта, 2003. – 245 с.
3. Жуков, Е.Ф. Деньги. Кредит. Банки. Ценные бумаги. Практикум : учеб. пособие для вузов / Е.Ф. Жуков. – М. : ЮНИТА-ДАНА, 2003. – 310 с.
4. Пупликов, С.И. Организация деятельности коммерческого банка : банковский портфель : справ. пособие / С.И. Пупликов. – Минск : Изд-во А.Н. Вараксин, 2010. – 320 с.
5. Василенко, Н.К. Организация деятельности банков / Н.К. Василенко, Т.И. Леонович. – Минск : БГЭУ, 2011. – 172 с.
6. Батарова, А.М. Банковские ресурсы: привлеченные средства клиентов – юридических и физических лиц / А.М. Батарова // Финансы и кредит. – 2008. – № 24. – С. 28.
7. Лаврушин, О.И. Банковское дело : учеб. / под ред. О.И. Лавришина. – 2-е изд., перераб. и доп. – М., 2002. – 69 с.
8. Костерина, Т.М. Банковское дело : учеб. / Т.М. Костерина. – М., 2003. – 47 с.
9. Азрилян, А.Н. Большой экономический словарь / под ред. А.Н. Азриляна. – 7-е изд., перераб. и доп. – М : Институт новой экономики, 2007. – 1472 с.
10. Ханкевич, А.В. Формирование ресурсной базы коммерческих банков: от привлечения депозитов до IPO / А.В. Ханкевич // Экономика и управление. – 2013. – № 1. – С. 73–77.