

ISCKMC 2020**International Scientific Congress «KNOWLEDGE, MAN AND CIVILIZATION»****PROBLEMS OF BANKING SYSTEM AS THREAT TO ECONOMIC
SECURITY OF COUNTRY**

Magomed-Ramzan Buvaysarovich Khadisov (a)*, Ali Kazbekovich Khazbulatov (b),
Ayub Khasanbekovich Abubakarov (c)

*Corresponding author

(a) Grozny State Oil Technical University named after M.D. Millionshchikov, 100, Isaev ave., Grozny,
364051, Russia, umoggni@yandex.ru,

(b) Grozny State Oil Technical University named after M.D. Millionshchikov, 100, Isaev ave., Grozny,
364051, Russia, umoggni@yandex.ru,

(c) Grozny State Oil Technical University named after M.D. Millionshchikov, 100, Isaev ave., Grozny,
364051, Russia, umoggni@yandex.ru

Abstract

The paper explores the problems of interaction between the banking system and the real sector of economy, as well as their impact on the economic security of the country. Criteria for the stability of the banking system were studied and identified. Interpretations of the concept of “economic security” from the point of view of various scientists were studied, a causal relationship between the banking system and the real sector of economy of the regions was established, a number of measures were proposed that contribute to the creation of opportunities for the balanced development of the banking sector and the real economy. Failed banks, in turn, pose a threat not only to the entire banking sector, but also to the direct influence on the real sector of economy serving the basis for the national economy. Banks influence the economy through the exercise of their functions. It should also be noted that the interaction of the banking sector with the real sector of economy is primarily determined by objective economic conditions in which the banking system will develop, hence it appears that the Bank of Russia should pursue an incentive policy, as well as develop a mechanism for differential regulation of credit institutions in the regions. It was concluded that the economic development of the Russian regions at a fairly high quality level will have a stabilizing effect on the economy as a whole.

2357-1330 © 2021 Published by European Publisher.

Keywords: Economic security, banking system, threat



1. Introduction

To maintain Russia's position on the global arena, sustainable economic development is necessary, as well as the creation of favorable conditions for its further development.

Many works of domestic scientists are devoted to the study of theoretical aspects of economic security.

Thus, from the point of view of academician L.A. Abalkin, economic security is a set of conditions and factors that ensure the independence of the national economy, its stability and sustainability, ability for constant renewal and self-improvement (as cited in Senchagov, 2005).

Bogdanov defines the term "economic security" as

the state of the country's economy, which, firstly, in terms of volume and structural parameters is enough to ensure the existing status of the state, its independent political and socio-economic development and, secondly, is able to maintain a level of legal income that ensures the absolute majority of the population a well-being that meets the standards of civilized countries. (as cited in Khadisov et al., 2019, p. 2217)

Thus, economic security can be defined as achieving such a state of the economy that will ensure sufficiently high sustained economic growth, effective satisfaction of economic needs, state control over the movement and use of national resources, protection of the country's economic interests at the national and international levels (Khadisov & Khazbulatov, 2018).

At the present stage of the market economy, ensuring economic security is the main function of state regulation, since economic security is inextricably linked to national security, where the banking system is a key factor.

The banking system of the Russian Federation occupies a special place in the financial system of the country and serves the central link of all economic relations.

2. Problem Statement

The relevance of the topic of the study is caused by the fact that the economic security of the country occupies one of the central places within the matters of the country's national security. This is explained by the fact that the impact of the economic sphere on others is more important than the impact of those spheres on it. This is related to the fact that the economic sphere is fundamental and determines the life support system of other areas.

3. Research Questions

Unfortunately, the Russian banking system is at a low level of development compared to developed countries, which increases the negative impact of constantly emerging economic threats. The successful work of the banking system determines stability of economic as well as political situation as a whole (Beloglazova, 2011).

The sustainability of the banking system implies a strong link between all its elements.

Therefore, foreign practice pays special attention to the problems of modernizing methods for assessing the sustainability of banks. In relation to the banking system, sustainability involves the following criteria:

1. Positive trend.
2. Reflection through active quantitative increase in volumes of not only economic, but also the actual financial field of the economy.
3. Growth is not only quantitative in the consolidation of its activities, but also growth that provides a vector for optimizing its quality.
4. Reason for further endless development (Beloglazova, 2011).

4. Purpose of the Study

From the point of view of the banking system the main purpose of this study is to ensure the “healthy” economy, which determines the high degree of correlation between the economic security of the country and the state of economic security of the banking sector.

5. Research Methods

The study utilized the methods of evolutionary-institutional theory, analytical evaluation. The research methods include historical and logical methods of cognition, general scientific methods: analysis, scientific generalization, comparative analysis.

6. Findings

The banking sector is more vulnerable and exposed to risks than other industries. This is primarily caused by the fact that banks bear the risk of financial losses: loss of their own funds, loss of income, additional costs as a result of certain financial transactions.

The economic security of the bank is determined by a number of factors:

- competitive environment in the banking market;
- regulatory mechanism for control and supervision of commercial banks by the Central Bank;
- level of the country’s national economy;
- impact of external and internal sources of financing on the level of development of the banking system;
- stability of the national currency (Beloglazova, 2011).

In this regard, there is a growing role of ensuring the security of the banking system of the regions, which is the structural elements of the entire banking system of the country.

The functioning of the banking system can be considered effective when banks interact with the real sector of economy, namely, influence the economic development of the real sector of economy. Direct influence is the bank loans. The participation of banks in investment processes contributes to the creation of favorable conditions for economic entities, as well as provides a stabilizing effect on the economic situation as a whole. The balance of the banking sector with the real sector of the economy will ensure the sustainable economic development of the country, the effectiveness of which is determined by

a favorable investment climate. At present, the problem of the interaction of the banking system and its impact on the economic growth of the real sector of economy is caused by a number of factors. One of them is insufficient participation of banks in short-term lending to enterprises, which prevents the economic development of the real sector of the country's economy (Beloglazova, 2011).

According to experts, the need for small businesses in credit funds is satisfied by only 20-30%. Since small businesses mainly need small sums, compared to medium and large businesses, the risk of loan failure among this kind of business is much higher. Therefore, many banks are reluctant to interact with them, many even refuse to issue a loan, since, among other things, small businesses often face the problem of a collateral – and they simply have nothing to offer the bank. Nevertheless, in the first quarter of 2019, in Russia as a whole, there was an increase (10.2 %) in SME lending compared to 2018: 1.54 trillion rubles and 1.4 billion rubles. This suggests that the investment activity of banks is growing, albeit slowly, but growing (Khadisov & Daurbekov, 2011). The comparative performance of loans to SMEs in the Russian Federation is shown in Table 1. Based on the data of the table, we see that in some regions there is a positive dynamics of investment activity. For example, the analysis of data for the Central Federal District shows that the volumes for the analyzed period are growing, if in 2018 the debt on loans amounted to 12350.9 billion rubles, then in 2019 it increased by 13.8 %, and amounted to 1,4333.7 billion rubles. We see low debt indicators in the North Caucasus, Volga, Siberian Federal Districts, which indicates underutilization of the credit potential. The current situation prevents the development of the real sector of economy in these regions.

Table 1. Debt on loans in rubles presented by SME credit organizations, billion rubles

	2013	2014	2015	2016	2017	2018	2019
Russian Federation	16142.5	17963.3	20659.5	20888.9	21731.6	22880	25760.8
Central Federal District	8299.2	9181.6	10722.6	10756.6	11565.6	12350.9	14333.7
Northwestern Federal District	1793.5	1992.6	2245.3	2188.8	2055.8	2199.6	2576.3
Southern Federal District	1052.9	1187.8	1284	1260.7	1307.8	1451.4	1583.1
North Caucasian Federal District	250.5	292.8	307.4	311.4	303.8	306.5	292.3
Privolzhsky Federal District	2095.7	2322.9	2633.1	2601.7	2558.7	2536.1	2481.3
Urals Federal District	1042.8	1230	1439.1	1709.5	1647.7	1743.5	2046.6
Siberian Federal District	1123.4	1192.3	1417.9	1490.6	1685.4	1633.1	1678.4
Far Eastern Federal District	484.2	563.1	609.7	569.2	606.7	658.5	768.7

Note: Official website of the Central Bank of the Russian Federation [Electronic Resource]: URL: <http://www.cbr.ru/>

The development of credit relations at the regional level will be facilitated by the following:

- implementation of policies to reduce the average interest rates;

- development of a mechanism for differentiated regulation of interest rate policies of credit institutions in the regions;
- development of specialized licenses to stimulate industrial development of enterprises;
- formation of competitive environment in the banking services market in the regions.

7. Conclusion

It should be noted that despite the positive dynamics of most indicators so far the banking system has not fully realized its investment potential. It should also be noted that the interaction of the banking sector with the real sector of economy is primarily determined by objective economic conditions in which the banking system will develop, hence it appears that the Bank of Russia should pursue an incentive policy, as well as develop a mechanism for differential regulation of credit institutions in the regions, since the development of Russian regions at a fairly qualitative level will have a stabilizing effect on the economy as a whole.

Thus, the positive development of the stability of the banking system and its interaction with the real sector in ensuring “healthy” economy determines the high degree of correlation between the economic security of the country and the state of economic security of the banking sector. Despite a sufficient amount of research, this problem is still relevant and requires continuous thorough study, which is explained by the variability in the nature of the banking system itself, which requires constant scientific attention.

References

- Beloglazova, G. N. (2011). The development strategy of the regional segment of banking expansion. *Banking*, 2, 74–78.
- Khadisov, M-R. B., Daurbekov, S. -E. S., & Datsayeva, L. S. (2019). Assessment and optimization of region economic security mechanism. *Europ. Proc. of Soc. and Behavioural Sci.*, LVIII, 2215–2225.
- Khadisov, M-R. B., & Daurbekov, S. S. (2011). Features of geo-economic security in the system of socio-economic relations of the Chechen Republic. *Geology, geography and global energy*, 2, 206–209.
- Khadisov, M-R. B., & Khazbulatov, A. K. (2018). Threat analysis and optimization of the economic security mechanism of the Chechen Republic. *News of the Chechen State Pedagog. Inst.*, 4(24), 197–213.
- Senchagov, V. K. (2005). *Economic Security of Russia: General Course*. Case.