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**CURRENT APPROACHES BANKS TO RAISE FOUND CLIENTS**

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*The economic nature of deposits in current economic conditions both for banks and for the main group of consumers of banking products – population. It is noted that in recent years the value of deposits for households slightly different. This realization banks, allowing them to more balanced approach to the development of the deposit policy.*

*Keywords: bank, resource base, deposit, inflation, interest rate, term, alternative forms of savings.*

In recent years the banking system of Ukraine suffered from crisis processes that have led to changes in the economic value of many banking products including deposits. That is why it is important to present the determination of the economic content of the deposit for key stakeholders escrow process ─ bank and population, and identify the causes of the recent interest in this bank product.

**Analysis of recent research and publications.**

Modern authors pay much attention to the study of the economic merits of bank deposits as resources and methods for managing them. Deposit regarded as an economic category authors such as Kosovo T.D Vasyurenko, O.V Tsyganov, Zhukov E.F, Lavrushina O.I, Moroz A.M, Savchuk M.I, Ivasiva B.S, and other authors. Focusing on issues related to the involvement and management of retail deposits ─ is an objective understanding of the overall situation. Therefore, this study is a logical reflection of real events in Ukraine's banking sector and the availability of an increasing number of scientific papers on this area confirms that the effectiveness of banking through the situation in the financial sector depends more on attitude towards it than from alternative and competing sources of savings temporarily free funds.

This determines the relevance of the study and enables you to define the tasks that were set by the authors for the achievement of this objective. These include: defining the essence of deposits for the relevant group of institutions in the current economic conditions, the study investigated the factors influencing the economic category, identify possible alternative sources of savings.

**The purpose of the study –** identify current approaches banks to raise funds of clients and areas for improvement.

**The main material.** For the operation of the bank as a financial institution requires substantial financial resources that can be divided into their own, attracted and borrowed. The peculiarity of these resources is primarily the fact that, unlike the enterprise in which the major part is on its own resources, which determine its financial stability, solvency and other indicators of effective activities in the banking sector the major part is attracted to it and borrowed resources managed determines the effective functioning of not only banks, but also the entire financial system.

Consider in this study, it involved resources, which often take the form of deposits and of their contemporary understanding of the nature and role of the bank's further work depends on their effective engagement and management.

For a more complete picture of the economic substance of the deposit will explore different interpretations of the term.

First, we turn to the applicable law, whereby ─ deposit funds in cash or in the form of cash, in the currency of Ukraine and foreign currency placed by customers on their personal accounts on a contract basis for a fixed period or without specifying a months to be paid to the depositor in accordance with the laws of Ukraine and the contract.

Vasyurenko O. believes deposit the money transferred to the bank by the owner to store and depending on the storage conditions are taken into account in a bank account [1].

Another definition of deposit given in the Kosovo TD and Tsyganov AR: deposits (contributions) are available and funds in the form of cash in the currency of Ukraine and foreign currency that the person or entity placed on accounts with commercial banks on a contractual basis for a fixed term (with or without its definition) at interest and to be paid to the depositor in accordance with applicable law and the terms of the contract [3].

I think it means a deposit ─ persons or entities granted the bank on a contract basis for a specified period and at a certain percentage.To attract temporarily idle funds in public bank should adopt an integrated approach that will enable you to balance the interests of all participants in the deposit process and get the expected result. Approaches to raising money through changing perception of banks is quite logical: as soon as the presence of banking institutions was perceived as really needed and, moreover, easy and profitable way to manage your money, then the escrow process was aimed at developing additional incentives to attract, for light of its competitive advantages, and others. Today, due to changes in relations between the parties to change banks and approaches to attract money and they focus their attention on other issues.

It is clear that the perception and behavior is entirely dependent on macroeconomic developments and selected bank deposit policy, which, in turn, played a role in macro and macro levels: the first - forming loan fund, the second - to ensure the stability and sustainability of the bank, profitability, liquidity, adequacy of its business customers' needs and his own.

Consideration of the nature and value of deposits in current conditions would not be complete without highlighting the aspect that if fundraising is where rule of consistency, namely borrowings which form free reserves should be minimal, that is aimed at active operations ─ only for such conditions, the bank will receive the maximum benefits. To achieve this goal, the bank need to plan and manage their own banking resources, to provide quantitative and qualitative correspondence between the size and nature of the available funds and bank lines of credit and maturity investments. But if you examine the dynamics of active operations of commercial banks in Ukraine, we can get the conclusion that the banks now and do not need such large volumes of resources because of their placement in active operations is limited.

Therefore, an integrated approach to attracting temporarily free funds ─ it is really a difficult task, and during his resolve to consider a number of aspects of macroeconomic indicators ─ to the performance of individual banks. At present there are many approaches by which optimizes bank deposit policy using a different combination instruments (incentives to raise funds), which generally can be differentiated into the following components: interest rate, term of involvement, quantity and quality of banking services, the price of the service (conversion) rate carry out these procedures, the frequency of use of this banking product. This list is not definitive, but it makes it possible to imagine the complexity of the process of raising funds, because developing the deposit policy, the bank has to find a "middle ground" that provides the maximum benefit to each participant deposit process.

Without diminishing the importance of each of the listed instruments (incentives) and based on a common definition of deposits for households ─ deposit is a bank product, whereby the population is able to accommodate free money and get a reward in the form of bank interest rate, most attention in the research nature of the deposits paid interest rate and the period for which the deposit is placed.

In general, the rate of deposit rate is calculated by the ratio of the sum of money paid as a percentage, the amount of money received as a deposit. The order of calculation and payment of interest, interest rate on deposits recorded in the deposit agreement. The percentage should encourage investors to long-term preservation of cash in bank accounts, that is saving money in organized forms. However, the bank deposit interest rate - is the value of the resource, the cost of money involved, and its size depends not only on the deposit, but the credit policy of the bank. Deposit rate, which is also called "bank rate" depends on the internal and external factors that influence its size. The external factors may include the discount rate (refinancing of commercial banks), the state of the banking system, inflation in the country, the demand for deposit resources, political situation and others. The internal factor is the policy of the bank deposit and cost of credit, that bank will decide the need to attract resources, while in the case of tight resources necessary banking institution increases the rate and vice versa.

Now the bank deposit rate is very low, with the result that investors do not consider the deposit as a way to profit. The reasons for these low rates, there are several, one of them ─ banks do not require a significant amount of money, because the policy of deposit rates formed depending on the needs of banks in financial resources. Since banks only began to renew loans, they have little need for additional financial resources, then as soon banks will actively lending, deposit rates will rise.

Another of the reasons for the decline in deposit rates is to reduce the discount rate.

The discount rate is one of the monetary instruments by which the National Bank sets the subjects of monetary market benchmark of the cost of attracting and placing cash in the period. The discount rate is the benchmark interest rate on other interest rates of the National Bank of Ukraine. The discount rate used by the National Bank of Ukraine at the same time as a means of implementing monetary policy and the benchmark price of money. The dynamics of the discount rate describes the basic directions of changes of monetary management. The level and nature of changes in the discount rate depends on the trends of economic development, macroeconomic and budgetary processes, the monetary market and so on. The discount rate is maintained at a positive level on the projected inflation rate, which is determined by the Cabinet of Ministers of Ukraine for the year and taken into account in the preparation of the state budget. The discount rate is the lowest rate among the interest rates on the National Bank of Ukraine can support bank liquidity. Discount rate approved by the Board of the National Bank of Ukraine. During the period 2012 ─ 2013 it dropped from 7.5% to 6.5%, which is why interest rates on deposits are reduced in direct proportion to the reduction in the discount rate.

Of course, time deposits and bank interest play a great importance in the population distribution of money in the banking sector, but given the current economic realities go ahead inflation. Because of this deposit considered not only as a way to obtain a certain profit, the main purpose is to help deposit ─ investor in the fight against inflation.If we trace the situation on deposits, it can be stated that the deposit is no longer a way of saving money on inflation, in particular it does not allow a profit.

*Table 1.*

**Dynamics of changes in deposit rates of individuals in Ukraine on average (as of 30/10/2013)**

|  |  |
| --- | --- |
| **Сurrency** | **Termdeposit** |
| **1 month** | **3 month** | **6 month** | **12 month** |
| **UAH** | 14.00% = | 15.00% = | 19.00% = | 20.00% = |
| **USD** | 5.00% = | 7.50% = | 7.50% = | 8.00% = |
| **EUR** | 5.00% = | 6.00% = | 5.50% = | 8.00% |

So, given the situation in the country, the failure of deposits cut inflation and low interest rates on deposits, we can say that a deposit has lost its economic value to the public. Investors concludes deposit agreements for profit only if large amounts, and inother cases a deposit - a way to preserve funds from the manifestation of inflation.

This study would be incomplete without consideration of alternative allocation of funds. The most common include: ─ endowment insurance is a financial instrument that combines the possibility of savings and insurance. The possibility of accumulation is that the insurance company invests the contributions of its clients in a variety of financial instruments, thereby increasing the company's assets and the investor over time, profits, and in the case of an insured event receives the sum insured. Since insurance in Ukraine is not yet widespread, but abroad, most of the population uses it. If you compare it with the deposit, firstly, the population elects a deposit for this type of deposit in a higher interest rate. Secondly, the citizens of Ukraine are not used to insure their lives and hope to retire based on state support. However, along with this, endowment insurance has several advantages over deposits- an opportunity not only to make a profit, it is also possible to use the services of the insurance company at the time of the accident, in addition, receive a decent pension and transfer it in the inheritance of the children.

Another type of investing idle funds are deposits of precious metals ─ it's an investment in future profits due to the rising cost of precious metals in the world market. This type of investment is convenient because it does not require cash, but precious metals, but the interest rates on deposits in precious metals are less than the deposit. The biggest advantage of this type of investment is that it is the surest way to save money on the impact of inflation.

There is an alternative to deposit funds ─ a way of investing money for a group of investors for whom the cost of the investment target objects shared among all of them. The advantage of mutual funds is deposits of diversity programs for investment. The only downside to this type of investment ─ lack of clear profit, because the law prohibits funds to guarantee customers a fixed percentage of income as a percentage depending on the profits that the fund earns.

Another competitors banks involved funds of the population are credit unions. Interest rates on deposits in credit unions are higher than banks, and therefore profit is usually higher. Today, credit unions are not so thoroughly controlled by the state as banks, so there is a risk of default of their funds through fraud, which is why the government is planning to check in detail the activities of credit unions and establish an appropriate assurance fund deposits of credit unions.

So, there are many alternatives to deposits, which can use the population. The main advantages of bank deposits are fixed rate and reliability of saving deposits, because banking is strictly regulated by law: banks must fund the Deposit Guarantee that provides even greater confidence in public investment. In terms of risk of some alternatives deposits are riskier than deposits, but profits are directly proportional to the risks of default funds. Population may choose any method of investing, it can be as bank deposits, which have fixed a small percentage, and precious metals with protection money from inflation, or it can be a profit funds, which is directly proportional to the risks. With free money, people make important decisions about their investments, based on the result, which is seeking. All this leads to stiff competition for potential financial resources not only between banking institutions, but also among other financial institutions. In such circumstances, the weather, which can make for disappointing the banking system - people will choose alternative forms of investment, which, although not always yield high profits, but provide other benefits when using them.

**Conclusions and recommendations for further research.**

Thus, the deposit - this means individuals or entities, provided the bank on a contract basis for a specified period and at a certain percentage. Today, there are many incentives to attract customer funds, which can be divided into the following components:

* interest rate;
* term involvement;
* quantity and quality of banking services;
* pricing;
* speed of the procedure;
* frequency of use of this product bank (deposit);

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**СОВРЕМЕННЫЕ ПОДХОДЫ БАНКОВ К ПРИВЛЕЧЕНИЯ СРЕДСТВ КЛИЕНТОВ**

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*Определенно экономическую сущность депозитов в современных экономических условиях как для банков, так и для основной группы потребителей этих банковских продуктов – населения. Отмечено, что за последнее время значение депозитов для населения несколько изменяется. Осознание этого факта банками даст им возможность более взвешенно подходить к разрабатыванию депозитной политики.*

*Ключевые слова: банк, ресурсная база, депозит, инфляция, процентная ставка, срок, альтернативне виды сбережения.*