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THE PROBLEMS AND PERSPECTIVES OF THE BANKING SYSTEM DEVELOPMENT: A GLANCE INTO THE FUTURE

Banks generate a profit from the difference between the rate of interest they pay for deposits and other sources of funds and the level of interest they charge for their lending activities. This difference is referred to as the spread between the cost of funds and the loan interest rate. Banks have developed their activities in financial instruments through financial market operations such as brokerage and trading and become big players in such activities. The problems of the banks include: liquidity risk – where many depositors may request withdrawals beyond available funds; credit risk – the chance that those who owe money to the bank will not repay them; and interest rate risk – the possibility that the bank will become unprofitable if rising interest rates force it to pay relatively more on its deposits than it receives on its loans. In order to secure its liquidity the bank maintains a given level of bank reserves and a part of them are obligatory minimum of 5 to 15 % which is set by the Central Bank. The upper limit of the reserves is set by the commercial bank and determines their optimum use. The difference between the total reserves and the obligatory ones is called excess reserves.

Banks' role in the economic system makes their bankruptcies extremely dangerous for the development of some companies, institutions, and for the economy as a whole. Banks' bankruptcies lead to depositors and shareholders losses, they have a negative influence over debtors because they restrict the possibility of taking credits, and last but not least – they shake the society's trust into the financial-credit system. This is why the research on controlled parameters of the bank is of such a great importance.

On macro-level the trust in the system of banks is a substantial condition for the directing the savings of the economic towards bank channels. Depositors' trust is of a paramount importance for the normal functioning of the banks in a market economy. Banks' losses have an effect on almost all sectors of economy. This is the reason why banks should all the time take into account the responsibility they have both themselves and depositors on one hand and the economy as a whole on the other.

For the last few years the bank system has become stronger concerning the requirements of the bank monitoring. This conclusion has been confirmed by researches conducted by some international financial institutions as well. A considerable change in the attitude of the commercial banks can be seen namely in their becoming more cautious about giving credits. This results into quick

increase of the liquidity in the bank system and improves the parameters for capital adequacy and profitability.

In the USA banks have took the risk to try to get to the poorest class: former prisoners or people who were not employed for a long period of time whom nobody would give a credit. The banks knew that those people wouldn't be able to return their loan and in one or two years the banks would be able to get their houses and to sell them on high price. But the rising tendency of housing price inverted at the beginning of 2006 and the banks have taken big losses. In future banks have to reconsider the trade with high-risk instruments by diversification of the risk to their portfolios. Thus they will contribute to a considerably more stable economic system.

Yanev, D. The problems and perspectives of the banking system development: a glance into the future [Text] / D. Yanev // Global Financial Crises and its national specific features: the International Scientific-Practical Conference papers (23-25 April, 2009). – Sumy: UAB NBU, 2009. – P. 32-34.