

ECONOMIC CHARACTERISTICS OF BANK MANAGEMENT

Vinnitsia National Technical University

Анотація

Показано сутність банку як економічної категорії, досліджено проблеми та особливості процесу управління банком, складові елементи банківського менеджменту, завдання банківського менеджменту.

Ключові слова: банківський менеджмент, банк, банківська система, банківська діяльність.

Abstract

The essence of the bank as an economic category is shown, the problems and features of the bank management process, components of banking management tasks are analyzed.

Keywords: *bank management, bank, banking system, banking.*

Introduction

One can hardly imagine the functioning of modern economy of any country without an effective banking system. Banks of different levels actively influence economic and social processes, so all members of society constantly deal with these institutions.

The banking system is one of the most dynamic spheres of the economy in modern conditions. The technological revolution, rapid inflation, the intensification of competition and the processes of regulation of banking activities have led to the formation of difficult conditions for the functioning of banks. A crisis situation can arise due to the fact that it becomes much more difficult to take into account and manage risk factors deteriorating the structure of assets and reducing the efficiency of operations. There exists a large number of scientific articles in modern economic literature that have studied aspects of banking activity, peculiarities of separate banks types functioning, patterns of formation and development of banking systems. Scientists analyze the essence of banks and their role in social and economic life. However, this economic concept of banking management has not been fully investigated. Therefore, there is a topical issue of the bank's research as an economic category, its function, tasks and structure principles.

Commercial bank is a financial institution that offers a wide range of lending, savings and payment services. The bank performs various financial functions in relation to any business in the economy and is also a leader in the monetary policy of the state. In general, banks keep and manage social capital, and therefore, they must be responsible to the owners for the preservation of cash[1]. A specific feature of banking activity is that banks operate mostly with foreign money, which is temporarily accumulated on their accounts. Therefore, the reliability of a bank and the banking system as a whole is considered to be a necessary condition for their activities.

The concept of "commercial bank" has a broad content, therefore, the objects of management and research are specified as follows: capital, attracted and borrowed resources, assets, financial tools, methodology, organizational structures, banking products, personnel, information flows, intrabank operations, material and technical base, accounting and reporting, financial results and taxes, security, public relations, etc[1].

Bank management is an important element of the banking system. It is the science of reliable and efficient management systems for all processes and relationships that characterize the bank's activity. Increasing profitability and reducing risk are two main areas of banking management. The processes and relations can be referred to the whole set of financial, economic, organizational and social spheres of banking activity. As any commercial enterprise the banking institution has the main purpose of receiving profits. But the list of problems facing the bank management and necessary to be effectively solved is rather long.

Thus, the tasks of bank management are the following[2]:

- provision of profitable activities;
- satisfaction of the needs of clients in the structure and quality of services offered by the bank;
- availability of adequate control systems on the level of bank risks;
- creation of an effective organizational structure of the bank;
- organization of work of control, audit, security, information and other systems;
- creation of conditions for recruitment of qualified staff and full realization of their potential opportunities;
- creation of systems of training, retraining and placement of personnel;
- provision of conditions for the implementation of competent and efficient management of the bank;
- creation of conditions for raising the culture of employees, the presence of common values, ensuring the moral climate in the team.

The organization of control systems is aimed at ensuring stable and reliable operation of the bank, which would comply with the rules of the current legislation. Management should ensure the implementation of such control systems as internal audit, internal control, asset quality analysis and risk control systems, as well as control systems for bank staff that would indicate how many employees perform their duties and in what way their action comply with the law.

Organizational management of the bank carries out[2]:

- organization of control systems;
- organization of bank security systems;
- management of human resources;
- information technology management.

The effectiveness of the management process depends on the ability to foresee the future, to think in perspective and to closely monitor the risks. The quality of training and the level of professionalism, competence of all bank staff are of great important. In addition, the success of this case can't be achieved without the priority of universal values in the system of values of the bank. It is impossible to quantify most of the features and they are qualitative characteristics of banking management. Banking management is often regarded as art which is definitely not defined but is implemented in practice and is subject to its own laws as managerial decisions are often based on intuition, perception and expectation of changes in market parameters and the financial indicators provision. Since banking is closely linked to the state of financial markets and the main feature of them is volatility, the bank's management result is largely determined by the ability to predict these changes, respond accordingly and coordinate the activity.

Conclusion

By improving banking management financial institution can enhance customer satisfaction and loyalty and, as a consequence, achieve sustainable revenue. The management and the regulatory authorities should ensure that the asset quality of the commercial banks adheres to international standards and measures of managing the bank operating environment to enhance earnings capacity of commercial banks.

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Рудницька Тетяна Григорівна – старший викладач кафедри іноземних мов, Вінницький національний технічний університет, e-mail: rudnytska@vntu.edu.ua

Іванчик Тамара Віталіївна – студентка групи МОФ-15б, факультет менеджменту та інформаційної безпеки, Вінницький національний технічний університет, м. Вінниця, e-mail: fm.2mo15.ivanchyk@gmail.com

Rudnytska Tetiana Hryhorivna – an assistant professor of Foreign Languages Department, Vinnytsia National Technical University, e-mail: rudnytska@vntu.edu.ua

Ivanchyk Tamara Vitaliyivna – Faculty of Management and Information Security, Vinnytsia National Technical University, Vinnytsia, email: fm.2mo15.ivanchyk@gmail.com