

COMPETITIVENESS OF BANKING PRODUCTS

*Y.V. Sumarevich, D.I. Yasiukaits, 2 year
Scientific adviser – V.G. Martynovich, Lecturer
Polessky State University*

The relevance of the research topic is related to competition strengthening in the banking services market. In conditions of dynamic economic development, each bank today must choose competitiveness which determines financial performance and customer service quality, effective operations both on the national and international markets [2]. Thus, the purpose of the study is to analyze “ASB Belarusbank” and “Status Bank” competitiveness in the field of providing consumer individuals’ credit products.

We propose to compare the conditions for the loan products presented (table 1). At the same time, we take into account the data of the National Bank of the Republic of Belarus on March 16, 2013, the refinancing rate is 10.5%.

Table 1 – Comparison of the terms of credit for the bank products “Consumer Loan” “ASB Belarusbank” and “Your Money” “Status Bank”

Condition	Loan product	
	“Your money” “Status Bank”	“Consumer credit” “ASB Belarusbank”
The maximum loan period, months.	48	60
The minimum loan amount, rubles.	100	345
Maximum loan amount, rubles	9000 – 10000	8000
Interest rate, % per annum	15 – 16	10,5 – 15,5
Income Statement	yes / no	yes / no
Security	forfeit, insurance (optional)	forfeit, insurance (optional)

Note–Source: own development based on [1,3]

As a result of the comparison, we see that the maximum loan period for the credit product "Consumer Credit" of JSCB "Belarusbank" is 5 years (60 months), whereas for the product "Your Money", OJSC "StatusBank" – 4 years (48 months). At the same time, interest rates are also different – on the loan "Your money" the rate is in the range of 15 – 16 per annum, and for the loan "Consumer Loan" the range is wider – 10.5 – 15.5% and depends on the credit period.

Moreover, we have made a conditional comparison of these credit products by calculating the loan calculator for each of them.

Credit terms:

- loan amount – 1000 rubles;
- term of the loan – 36 months;
- currency type – Belarusian rubles;

We can calculate the amount of monthly (annuity) payment for the loan product "Your Money" by OJSC "StatusBank" according to the formula (1):

$$x = S \times \left(P + \frac{P}{(1 + P)^n - 1} \right), \quad (1)$$

where x is monthly payment amount;

S – initial loan amount;

P – (1/12) interest rate (0.15: 12 = 0.0125);

n – is the number of months.

$$x_1 = 1000 \times \left(0,0125 + \frac{0,0125}{(1 + 0,0125)^{36} - 1} \right) = 1000 * (0,0125 + \frac{0,0125}{0,56}) = 1000 * 0,0348 = 34,8 \text{ rubles}$$

Similarly, we can calculate monthly annuity payment amount for the credit product "Consumer Loan" ("ASB Belarusbank"):

$$x_2 = 1000 \times \left(0,0108 + \frac{0,0108}{(1 + 0,0108)^{36} - 1} \right) = 1000 * (0,0108 + \frac{0,0108}{0,47}) = 1000 * 0,0338 = 33,8 \text{ rubles}$$

So, in accordance with the received data under equal conditions of crediting (the sum of 1000 rubles, the term of 36 months) we observe the following (table 2).

Table 2– Results of comparison of credit products "Consumer Loan" "ASB Belarusbank" and "Your Money" "StatusBank"

Condition	Loanproduct		Deviation, +/-	Deviation,, %
	"Yourmoney" "StatusBank"	"Consumer credit" "ASB Belarusbank"		
Monthly payment, rubles.	34,8	33,8	- 1	97,1
Interest rate,% per annum	15	13	- 2	-
Total cost of credit, rubles	1252,8	1216,8	- 36	97,1
Excess of the total loan value over the initial amount, rubles.	252,8	216,8	- 36	85,8

Note–Source: own development

Based on the obtained data, the following conclusions can be drawn:

In accordance with the data in the table, the monthly payment for the products submitted varies – for the "Your Money" product ("StatusBank"), the monthly payment is 34.8 rubles, for the product "Consumer Credit" ("Belarusbank") – 33.8 rubles, which by 1 rub. or 2.9% less.

In its turn, the interest rate on the loan is higher in "StatusBank" – 15% against 13% in "ASB Belarusbank". Accordingly, the total value of the loan for the entire period of its payment (36 months) for the

loan product "Your money" of "StatusBank" is also higher and amounts to 1252.8 rubles, while for the product "Consumer Credit" of "Belarusbank" 1216.8 rubles, which is less by 36 rubles or 2.9%.

Accordingly, the excess of the total value of the loan over the original amount and the overpayment in percentage terms is also greater for the "Your Money" product of OJSC "StatusBank" – 252.8 rubles against 216.8 rubles on the product "Consumer credit" of "ASB Belarusbank", respectively.

Thus, the credit product "Consumer credit" of "ASB Belarusbank" can be considered more profitable, attractive for individuals and competitive than the "Your Money" product of "StatusBank".

Due to the above mentioned we can come to a conclusion about "StatusBank" non-competitiveness at present and recommend the next steps:

1. lower the interest rate;
2. increase the crediting period;
3. increase the maximum amount of lending;
4. propose a new loan product.

List of used literature:

1. "Your money." Credits // Official site of OJSC "StatusBank" [Electronic resource]. – Access mode: https://stbank.by/private_client/credits/kredity – nalichnymi / vashi – dengi – 2 /. Access date: 03/11/2018.

2. Money, credit, banks: a textbook [Electronic resource] / G.I. Kravtsova, G.S. Kuzmenko, E.I. Kravtsov [and others]; under the Society. Ed. Kravtsovoy G.I. – Minsk: BSEU, – 2010.

3. Consumer loans // The official site of JSC "ASB Belarusbank" [Electronic resource]. – Access mode: https://belarusbank.by/en/fizicheskim_licam/kredit/consumer. – Date of access: 11.03.2018.