

Influence of the Government on the corporate relations of commercial banks of Kazakhstan

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Abstract. The article deals with the current issues of corporate relations between the government agencies, commercial banks of Kazakhstan and consumers of financial services. In order to improve the quality of financial services by the example of the developed countries, the Government at the moment gives a great importance to a corporate environment conducive to the realization of the "Strategy of inclusion of Kazakhstan in the top 50 most competitive countries of the world". The formation of the adequate corporate environment has a huge value due to the transition of the Republic of Kazakhstan to market economy. Effective corporate relations make possible the necessary climate for the development of both the banking sector and the economy as a whole.

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Introduction

Corporate relations – a system of relations between the members of organizations, such as shareholders and the shareholders, which separate from the executive office, as well as the managers and the other stakeholders in the organization, such as employees, partners, government agencies and other individuals, where each has a particular interest.

Main part

Each individual performs certain actions, operations and transactions. As a result of the commission of certain operations (for example, a citizen buys a few shares, and therefore, he or she becomes a shareholder in the joint stock company) the realization of interests of different parties appears. For example: reception of the dividends, purchase of the shares and other actions. Thus, there are the most various intracorporate, external, publicly-legal relations take place. Corporate governance in banking organizations - is managing their activities by a board of directors and senior managers. They determine the methods by which banks set goals of its business, applies to the creation of value for the owners of the banks, make everyday financial transactions, take into account in their work positions stakeholders (employees, customers, the public, regulators and the state); corporate actions carried out in accordance with the rules to ensure the reliability of the banking business and the requirements of legal acts; protect the interests of depositors [1,2].

The economy of any country and its development depends on the organization of its banking system and productive relationships of commercial banks with the enterprises and the government. The determinants of the success of commercial banks in the Republic of Kazakhstan in

the post-crisis period is the level of corporate relations, qualified strategic planning, correct selection of priorities for achieving the various goals and objectives. All these components define the success of a particular bank and its place in the market and the results of the positive influence of government regulatory institutions. Ensuring the financial stability and the national security of the country is in direct dependence of the banking sector. Preserving stability and competitiveness of financial institutions in case of arrival of foreign companies is an important condition for the upcoming entry into the World Trade Organization. In this regard, the government should take an active part in solving some of the problems of the banking sector [3,4].

The Government of the Republic together with the first level banks, the National Bank, is taking measures to improve the competitiveness of commercial banks and improve the quality of services provided. Stability, sustainability, transparency, leadership in quality and diversity of financial products are the main aspects on the way to the standards of the developed countries and in achieving leadership in the Commonwealth of Independent States and Central Asia. The stability of commercial banks of Kazakhstan promotes economic development of country and increases its competitiveness in preparation for accession to the World Trade Organization. It is necessary to increase the transparency of decisions made by the government regulators. Understanding the decisions of the various issues should proceed from a clear collaborative work between the government, commercial banks and private businesses. To do this, it is necessary to set up a working groups composed of professionals of these industries, for the proper phased introduction of new and improved standards

of financial instruments in the economy. There should be continuous conferences, forums with the representatives from government agencies, business associations and financial institutions to discuss the urgent problems and shortcomings of the financial system, as well as the introduction and promotion of qualitative services [5].

Development of corporate relations in the banking sector is the actual direction of modern research. The greatest interest to foreign and domestic academics are the following questions : a study of the impact of corporate governance on the financial soundness of banking institutions ; study the impact of the global financial and economic crisis on the current state of corporate governance in banks and the prospects for its further development; analysis of the current status and effectiveness of banking sector reform countries with economies in transformation from a position of corporate relations [6].

The main objectives of the National Bank for the medium term are: the development of payment systems, the improvement of the quality of retail and corporate lending, the improvement of conditions for deposits, the protection of depositors and the expansion of the retail non-cash payments as well as the progressive development of new types of banking products with the introduction of computer technology. An important tool to further enhance the competitiveness of the banking sector of the country and to increase the level of modernization of the economy as a whole is the introduction of new mechanisms for information exchange between the government regulators and financial institutions. It is a need to develop innovative methods of exchange of views on the decisions taken by the government in the economy, to discuss them with the formal financial sector and business associations [7].

Modern commercial banks are actually the foundation of the national economy, through which pass all financial flows. The stability of these flows ensures the functioning of the credit system of the country and determines the level of financial stability of the commercial bank. The main objective of bank management is the formation of such a system of management of financial stability, which would be able to cover the risks, ensure profitability and implement socio-economic importance of banks in the modernization of the economy. A decisive role in ensuring the stability of the financial sector banks play it. In fact, analysis of the stability of the banking sector plays a central role in the assessment of overall financial stability in most countries, as the banking sector has a dominant position in the financial sector in comparison with the issue of bonds or other market methods of financing investment [8,9].

How does the government affect the attitude of banks and corporate clients? Let's consider this issue with an example of the introduction of the banking ombudsman. For the first time this post in Kazakhstan came at the end of 2011. Banking Ombudsman is a person carrying out the settlement of differences arising between the Bank, or the provider of certain banking operations, and the customers to meet the rights and lawful interests of one party or another. With all that an ombudsman is not an executive or an authorized agent. Moreover, apart from resolving the issues of mortgage and other lending, banking ombudsman should be able to resolve the case with the provision of equal opportunities for banking services to all customers. Today, there are situations when clients of commercial banks are provided with an additional opportunities and favorable conditions in granting loans, in case if the client is an investor of the affiliated with the bank pension fund. According to the western experience Kazakh experts suggest that the Ombudsman will be the so-called a third party who will be able to prevent the bank from the emerging issue, as well as to consult ordinary consumers on various issues arising from the use of financial services. The first banking ombudsman in Kazakhstan was elected in August 27, 2011. Another example of the government influence on the relationship between the bank and the consumers of financial services includes the following steps. A program to refinance mortgages was adopted by the President of Kazakhstan Nursultan Nazarbayev. In these activities 120 billion tenge have been allocated by the Joint-stock company "Fund of national well-being Samruk-Kazyna". The refinancing of loans has successfully conducted in 11 commercial banks. For example, "CenterCredit" bank received more than 33 thousand applications, more than 23 thousand of which fall on the regions [10].

Another factor influencing the government regulators of the financial sector is the requirement to coordinate the executive positions of the banks, with the mandatory testing of employees. Candidates recommended for appointment are tested in training, and the information about their qualifications is studied. It is mandatory to provide letters of recommendations from at least two representatives of the head positions of other banks that have received prior to consent of the National Bank for their assignment [5,11].

How the banking sector is involved in stabilizing the economic situation of the country as a whole? Currently, the major problem of the banking sector is the quality of loan portfolio of corporate clients. Wherefore, on behalf of the President of the Republic of Kazakhstan, the Government of the

Republic of Kazakhstan together with the Financial Supervision Agency and the Joint-stock company "Fund Samruk- Kazyna" developed and approved a plan to improve the asset quality of commercial banks. The action of this plan is mainly aimed at stimulating commercial banks to clean the balance of the so-called "bad debts", as well as to attract foreign and domestic investors. In addition, the National Bank of Kazakhstan has developed and adopted the Concept of improving the quality of assets and to improve the efficiency of the banks in the post-crisis period. With the proper conduction of these activities in the medium term the recovery of the loan portfolio of banks and the rise of their lending activity are expected. Also, it is worth to note such government programs as "Business Road Map 2020." The program will seek to refinance loans, grant a delay to debtors, interest rate subsidies, loan guarantees in the absence of liquid collateral, business service support and other services [5,10,11].

Conclusions

Thus, we can observe the tremendous influence of the Government in association with the government agencies on the development of corporate relationships in commercial banks of Kazakhstan, the development of an integrated system of control and regulation of adequate relationships between the banks and the consumers of financial services, as well as improved quality of financial instruments and increased level of competitiveness as one of the decisive factors in the development of the financial system as a whole.

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