

Trends in the Development of the Commercial Banking System in a Market Economy

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Abstract

The purpose of this work is to study current trends in the development of the banking system, study the world banking experience and its adaptation in local conditions. Economic analysis, evaluation of the second-tier banks in the Republic of Kazakhstan, as well as the structure, quality of the Bank's liabilities, the role and features of the Bank's equity formation analyzed on the example of Kazakhstan's commercial banks. Commercial banks regulate cash flows that ensure efficient use of financial resources by all society, especially, first, credit money and their inflow into the industry, which bring significant and maximum profit in the economy. Currently, the country's monetary system has undergone structural changes, which have also occurred in commercial banking services. In a market economy, an economic review of the trends and level of development of the banking system in the Republic of Kazakhstan and issues of its further development conducted. In a market economy, examined the status and features of functioning of system of a commercial Bank in formation of the optimum economic potential of Kazakhstan's economy in the direction of strategic development. When determining the level and trends of development of the banking system in the Republic of Kazakhstan in a market economy, the opportunities for the development of its

types corresponding to the economy of Kazakhstan identified; recommendations on the use of appropriate models are developed.

Keywords

Bank, Intermediary Enterprise, Credit, Banking System, National Bank, Commercial Bank, Financial Indicator, Subsidiary Bank, Loan Portfolio.

JEL Classifications: B23, G17, R11.

Introduction

Another significance of the topic is a new direction of studying modern trends in the development of the banking business under consideration, issues related to the management and development of the banking system in Kazakhstan.

American writer Will Rogers-1879-1935) - since ancient times, believed that there were three famous arts in the world: the use of fire, the round and the Central banking system. It is impossible to disagree with this opinion, as it reveals financial misunderstandings and instability. However, it is necessary to correctly register the role and activities of banks. In some non-financial industries, it is believed that this can only be an intermediary in the transfer (transfer) of funds by these institutions. Since the scope of banks ' activities and their specific activities are more difficult tests, this is a rather superficial opinion.

Republic of Kazakhstan, Almaty, Almalinsky district, Tole bi, house 73a, a branch of joint stock company "national company" Kazakhstan Temir Zholy "- branch of JSC" national company "Kazakhstan Temir Zholy" - branch of JSC "national company" Kazakhstan Temir Zholy "- branch of JSC" national company "Kazakhstan Temir Zholy" - branch of JSC "national company" Kazakhstan Temir Zholy "- branch of JSC" national company "Kazakhstan Temir Zholy" - the branch of joint stock company "national company" - Unprofitable activity of the Bank "national company" Kazakhstan Temir Zholy " reflects the state of complete bankruptcy of the Bank in the market environment and is the basis for closing banks. Therefore, if banks carry out their activities and perform many operations in Commerce. adheres to the principles of a. n. (seitkasymov S. G., mauletov str., 2013).

The Bank is created to service monetary and financial transactions of clients and serves the expansion of production, the movement of loan capital.

Commercial banks are also characterized as important link in the lending system. It means that banks, as the important credit center, unfold great lending opportunities. In the banking system, loans are issued by the Central Bank, second-tier banks, and special credit institutions. Commercial banks in a market economy are active business banks and occupy a special place in the banking system of all countries. Banks, served by the entire economy, give loans to businesses, entrepreneurs, individuals make for to the development of production and turnover, approaching consumers more financial intermediaries (Smagulova. auth., 2012).

The Republic of Kazakhstan is linked to banking stability. Due to the above-mentioned reasons, non-payment and distrust of banks hindered the activities of many banks, put before the Kain on the reliability of banks, and to resist it, bankruptcy. Profit in the economy of the country and foreign joint banks and their branches increased competition by more than 3%. As a result, the turnover of banks ' credit resources will decrease and the volume of deferred loans will increase. Commercial banks in the context of the crisis, with a high level of General risk that they face, in which to resist it, the banks of Kazakhstan are not closed. Therefore, we must study the methods of activity in the development of banking activities, formulated today in world practice, and use the knowledge achieved in the practice of the country's banking system (Bekbolatova. 2012).

Therefore, an urgent problem is the further advancement of accounting methods, assessment and analysis of the effectiveness of intellectual assets, and in recent years, the number of enterprises developing an advanced product and using intellectual assets to receive economic benefits has been growing (Plaskova et al., 2020).

Literature Review

The degree of study of the topic. Having studied the complex concept of the banking system that provides economic services, the concept was developed by a huge work of Russian and Kazakh scientists-economists: E. V. Atlas, F. Bogdanov, S. L. Vygotsky, G. N. Dmitriev-Kramskoy, Yu. Weidengammer, E. Zeligman, D. Komorzinsky. Concepts and research of these scientists M. Yu. Bortnik, A. A. Demina, N. V. Raskova, L. D. Shirokorad, O. I. Lavrushin, G. N. Beloglazova, L. P. Krolivetskaya, E. F. Zhukova, L. A. Drobozina and Kazakh TS. I. Friedman, V. D. Melnikov, V. V. V. Seitkasymov, N. K. Mamirov, M. S. Samiev, K. B. Irishev, V. V. Chumakov.

In this regard, the study of the banking system and credit mechanism should take into account the specifics of the sovereign Kazakhstan market. In solving this problem, such

issues as well-known Kazakh researchers-economists G. S. Aynabek, O. B. Baymuratov, A. K. Koshanov, K. A. Sagadiev, S. Satybaldin, N. K. Mamirov, R. A. Alshanov, O. Zh. Aliev, E. M. Arynov, A. A. Arupov, V. D. Li, T. A. Esirkepov, S. A. Akhanov, B. Ziyabekov, N. N. Khamitov, M. K. Shedenov, T. D. Makysh, S. M. Tulegenova were solved. and others have dedicated their great work.

For example, K. A. Koshanov, K. A. Sagadiev, K. K. Mamyrov, M. S. Saniev, K. B. Irishev, N. N. Khamitov, V. D. Melnikov, V. D. Seitkasimov, V. D. Li, in their works, the banking system played a huge role in improving any branch of the national economy in the office era, due to the fact that they are engaged in the enterprise due to their right.

S. S. Satybaldin, O. B. Baimuratov. if we consider within the framework of a social market economy, then such Sciences as U. Kshedenov, R. a Alshanov, S. Akhanov, I. A. Esirkepov, B. Ziyabekov, etc., will promote the services of the National Bank in the banking system.

The banking system of Kazakhstan at the present stage is represented by various aspects of development in the works of domestic economists: D. Y. Lomonosov. Dean of the faculty of history and law of M. H. Dulati tarsu, doctor of technical Sciences, Professor, doctor of technical Sciences, Professor, candidate of technical Sciences, associate Professor, candidate of technical Sciences, associate Professor, candidate of technical Sciences, associate Professor, candidate of technical Sciences, associate Professor
And this can not only affect the cost of credit products, but also reduce the quality of services provided (Kozlov, etc., 2019; Gerasimov, etc., 2019; Ivanova, etc., 2019; Zhuravlev, etc., 2019; Kontev, etc., 2019; Uteshova, etc., 2020).

The crisis also affected the real sphere of the economy. These clusters are designed to reduce the consequences of the economic crisis: the bankruptcy of second-tier banks; a decrease in Bank deposits of effectual entities and individuals; a decline in production and construction; an growth in the cost of implementing new technologies; a decrement in potential markets for consulting services for small and average businesses as well as a decrease in the capitalization of companies (Uteshova et al., 2020).

Materials and Methods

The theoretical foundation of the research is the works of scientists of domestic and foreign Economics on this issue, legal acts of the Republic of Kazakhstan, government resolutions, laws on banking and banking activities in the Republic of Kazakhstan, laws On the National Bank of the Republic of Kazakhstan, annual Messages to the people of

Kazakhstan, reports of international organizations. The study used methods of comparative and statistical analysis, empirical, interview, control, and economic and mathematical modeling.

The statistical base of the study consists of data from the Agency of the Republic of Kazakhstan on statistics, quantitative indication in the annual report of Sberbank JSC.

Theoretical and methodological bases of research work are the laws and regularization of the Republic of Kazakhstan, scientific works of foreign and domestic economists, and information from textbooks, periodicals, and statistical reference books. In addition, in the course of writing the work the methodological framework was banking and banking services of the Republic of Kazakhstan, laws and regulations On the National Bank of the Republic of Kazakhstan, message of the President of the Republic of Kazakhstan to people of Kazakhstan, other normative documents, strategies and programmes of Parliament and Cabinet Ministers.

Results

Subsidiary Bank Sberbank of Russia JSC is a subsidiary Bank of Sberbank of Russia in Kazakhstan, which has been properly operating in the financial market of Kazakhstan for more than 12 years. In terms of assets, the Bank currently ranks 4th among all second-tier banks in Kazakhstan. In 2017, the International Agency Fitch Ratings confirmed the Bank's rating at BBB.

Today, the subsidiary Bank of Sberbank of Russia JSC has a branch network consisting of 89 structural divisions, 16 of which are sections. The Bank's Central office is located in Almaty (Report of the National Bank, 2018).

A significant place in the financial market of Kazakhstan occupied by a subsidiary Bank of JSC Sberbank of Russia. If you look at the chart below, for each indicator, the share in comparison with 32 other banks is in the leading position. Here, the largest share taken for 2 years by deposits of corporate clients. In addition, in the minimum shares on deposits of individuals. In General, having determined its place in the banking sector based on these indicators, Sberbank of Russia, a subsidiary Bank, currently occupies the top five in the rating of Bank development.

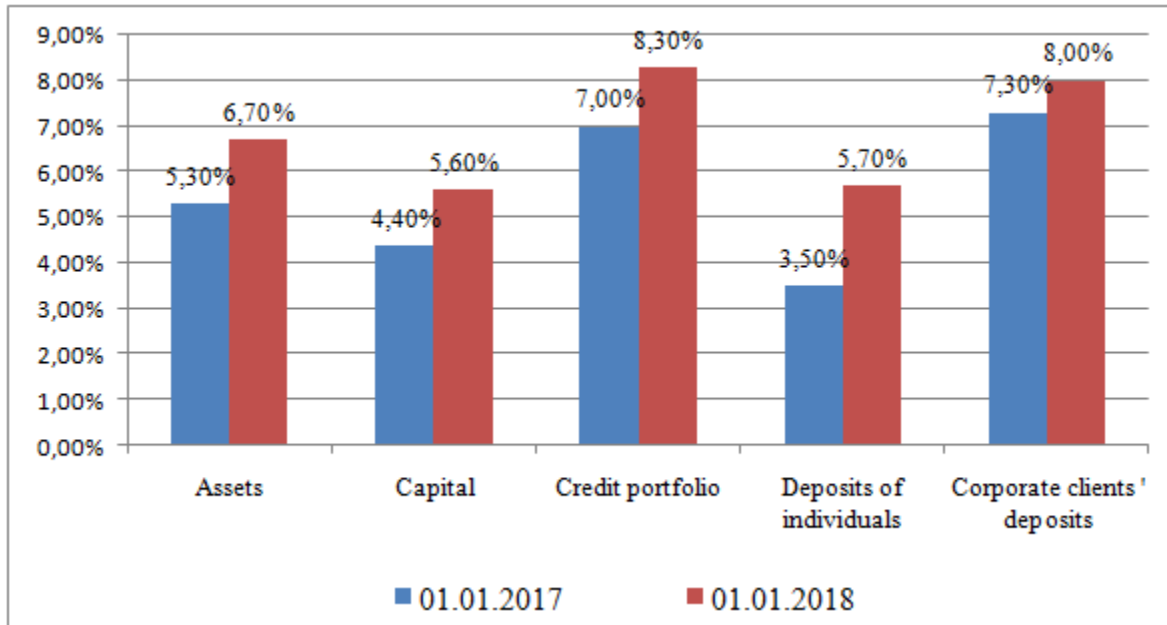


Figure 1. Share of Sberbank of Russia subsidiary Bank in the main segments of the banking sector in Kazakhstan

Source - Report of the National Bank of the Republic of Kazakhstan on the financial stability of Kazakhstan, 2018 -2019

The Bank's resources as of 01.03.2018 shown in the table below.

Table 1. Financial indicators of the subsidiary Bank of Sberbank of Russia JSC as of 01.03.2018

Capital	143, 86 млрд. Теңге
Assets	1 679, 39 млрд. теңге
Credit portfolio	998,66 млрд. теңге
Obligations to customers	13296,65 млрд. теңге
Current profit	13,0 млрд.теңге
<i>Source:</i> Report of the National Bank Of the Republic of Kazakhstan on the financial stability of Kazakhstan, 2018 -2019	

Let's focus on the main financial indications of the subsidiary Bank Sberbank of Russia. Because this is the most important component of the Bank's business analysis.

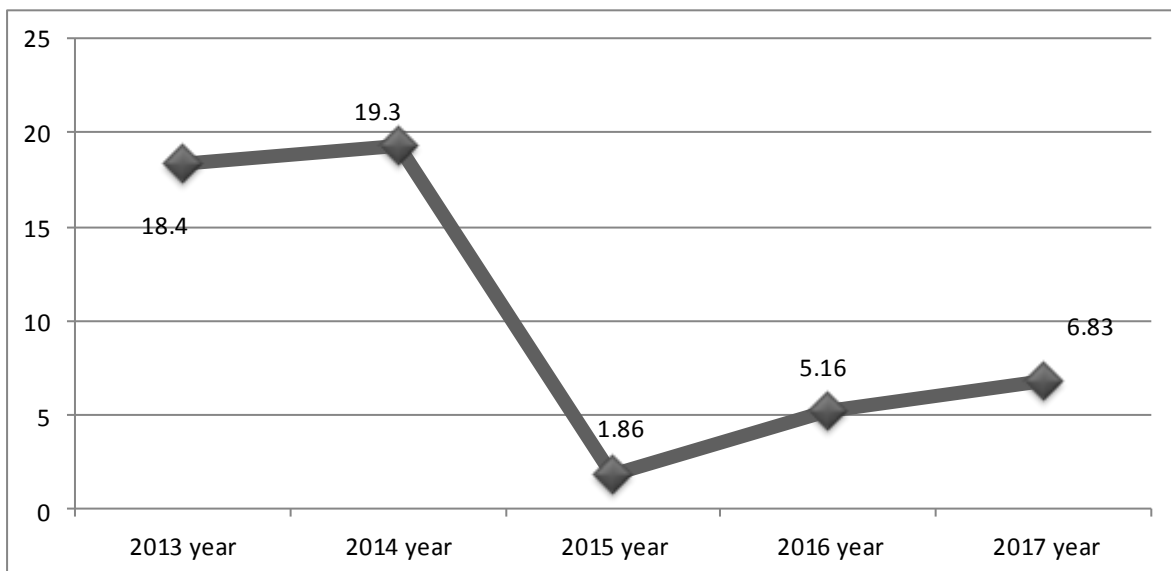
The analysis uses the return on equity proportion, return on equity proportion, return on assets proportion, and other financial ratios (Report of the National Bank, 2018).

First of all, consider the Bank's return on equity ratio. This coefficient shows how many units of net profit each unit of the company's owners ' contribution brings.

$$ROE = \text{net profit} / \text{equity} * 100\% \quad (1)$$

ROE(2013 year) = 21623/ 117339 = 18,4
ROE(2014 year) = 27017/139862 = 19,3
ROE(2015 year) = 2667/ 142753 = 1,86
ROE(2016 year) = 7692/ 148988 = 5,16
ROE(2017 year) = 11218/ 164067= 6,83

The Bank's return on equity (ROE) ratio was 18.4 in 2013, rising slightly to 19.3 in 2014. In other words, the company's own capital began to be effectively used at a high level in order to make a profit. In 2015, the ROE index fell sharply to 1.86, and in 2016 - to 5.16, in 2017 - to 6.83. This means that the efficiency of using the company's own funds for profit is normal, but we can conclude that the degree of efficiency is low. The dynamics of these coefficients are shown in the table below (Figure 2).



Graph 2. Dynamics of the return on equity ratio of a subsidiary Bank of Sberbank of Russia"

Source - Report of the National Bank, 2018

Return on assets describes the ability of the Bank's assets to generate profit, as well as the strength of managing the Bank's own assets and liabilities. This indicator determines the efficiency of using the company's assets. The return on assets proportions shows how many units of net profit per unit of asset and is determined by the following formula::

$$\text{ROA} = \text{net profit} / \text{assets} * 100\% \quad (3)$$

ROA(2013 year) = 21623/ 1033454 = 2,09

ROA(2014 year) = 27017/1280918 = 2,10

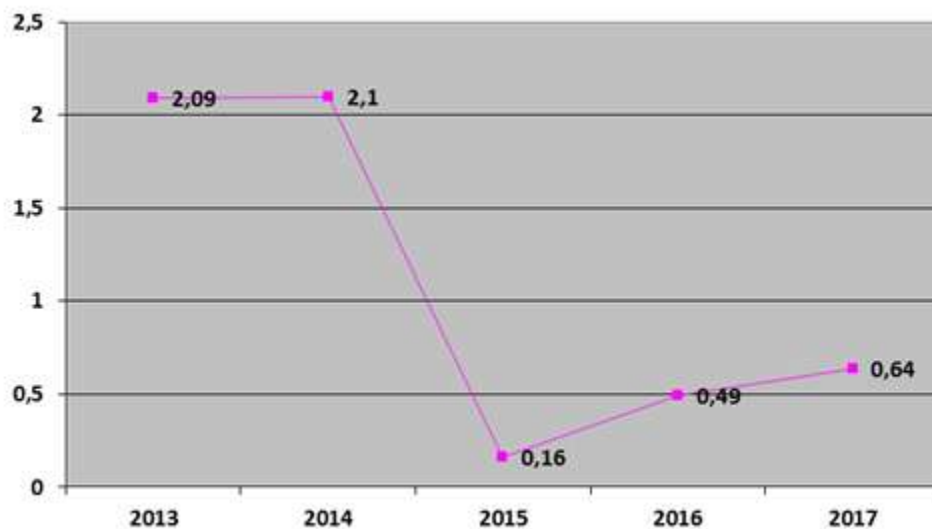
$$\text{ROA}(2015 \text{ year}) = 2667 / 1594219 = 0,16$$

$$\text{ROA}(2016 \text{ year}) = 7692 / 1650405 = 0,46$$

$$\text{ROA}(2017 \text{ year}) = 11218 / 1737333 = 0,64$$

As for the return on assets indicator, it is difficult to distinguish both a stable and obvious trend. However, when analyzing the return on assets ratio from 2013 to 2014, this indicator decreased from 2015 to 2016.

In other words, this is in the first place due to an increase in assets compared to the previous year and the absence of a corresponding net profit or its decline. However, there is an increase in the indicator.



Graph 3. Dynamics of the return on assets ratio of a subsidiary Bank of Sberbank of Russia''

Source - Report of the National Bank, 2018

Now we must pay attention to the adequacy of our own capital. The Bank's equity capital adequacy characterized by three coefficients:

1) The ratio of the total amount of first-level capital to the Bank's assets, reduced by the amount of the Bank's investment received within the first-level capital share. To the amount of the Bank's investment received within the first-level capital share, the total amount of first-level capital, less the Bank's investment taken within the first-level capital share, and included in the calculation of second-level capital in the part of equity (k-1) ;

2) the ratio of the total amount of first-tier capital to the amount less the Bank's investment received within the share of first-tier capital, and to the amount of first-tier capital included in the calculation of second-tier capital as part of equity;

Assets, contingent and possible financial obligations, weighted by the degree of credit risk, decreased by the amount of total reserves (provisions), not included in the computation of second-tier capital;

Assets, conditional and possible requirements and financial obligations, measurable considering market risk;

Operational risk (k1-2);

3) The ratio of equity to the amount:

assets, contingent and possible financial obligations, weighted by the degree of credit risk, decreased by the amount of total reserves (provisions), not included in the calculation of second-tier capital;

Assets, conditional and possible requirements and liabilities, measurable considering market risk;

Operational risk (k2).

Assets, contingent and possible liabilities for calculating the coefficients k1-1 and k2, weighted by the degree of risk, are included at the book value, taking into account the formed special reserves (provisions) for special reserves (provisions) in accordance with the requirements of decree No. 296.

The third level is a subordinated debt of the third level, the capital of which meets the following requirements:

1) Security not been received from an affiliate of the Bank provided by the Bank that has an exclusive relationship with it or an affiliate of the Bank;

2) Does not constitute a Deposit or obligation for the offer;

3) early repayment (in whole or in part), as well as early repayment by the Bank only on the Bank's initiative, if this repayment did not lead to non-compliance with the prudential standards established by this Instruction, in accordance with the conclusion of the authorized body;

4) Has an initial term exceeding two years before maturity. Second-tier subordinated debt that is not included in the second-tier capital may be included in the third-tier Bank's capital, with the exception of its depreciation part.

The value of the Bank's equity capital adequacy ratio:

k1-1 - 0,05-at least;

k1-2 - 0,05-no less.

When calculating the equity capital adequacy proportions (k1-1, k1-2, k2), the balance of non-invested funds accepted by the Bank for storage on the basis of a custodial arrangement is excepted from the amount of assets weighted by the degree of investment risk and the amount of assets.

The value of the Bank's equity capital adequacy ratio k2 is not less than 0.10.

Subsidiary Bank JSC»Sberbank of Russia «meets the prudential standards of the STB of the Republic of Kazakhstan for equity capital adequacy (table 2).

Table 2. The coefficients of capital adequacy of the subsidiary Bank JSC»Sberbank of Russia"

years	coefficient of adequacy capital(k1-1)	adequacy ratio of own capital.(k1-2)	equity ratio. (k2)
01.01.2014	0,08 >0,05	0,079>0,05	0,127>0,10
01.01.2015	0,091>0,05	0,092 >0,05	0,127>0,10
01.01.2016	0,093>0,05	0,093>0,05	0,105>0,10
01.01.2017	0,115>0,05	0,115>0,05	0,130>0,10
01.01.2018	0,117>0,05	0,117>0,05	0,125>0,10
<i>Source:</i> The current state of the banking sector of the Republic of Kazakhstan is based on data from 2018.			

Over the past five years, the capital adequacy ratios have been normal. The annual dynamics of this coefficient is expressed in the following graph (Graph 4)

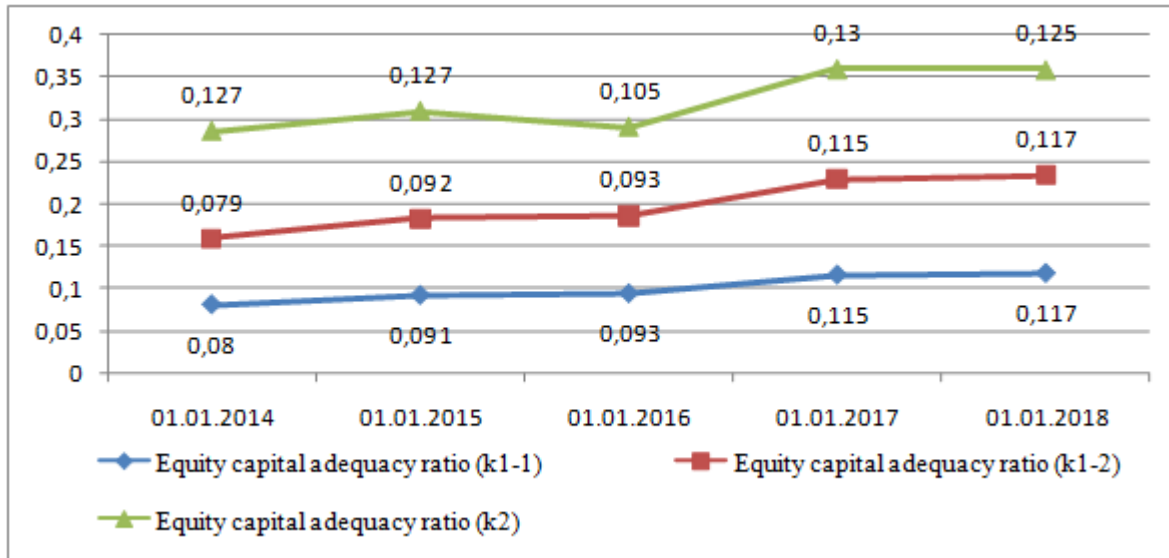


Figure 4. The coefficients of capital adequacy of the subsidiary Bank JSC "Sberbank of Russia"

Note-developed by the author based on table 2 data.

As you can see from the graph, the coefficient value for the entire year corresponds to prudential standards, but as of 01.01.2014, the coefficient value reduced. This is due to a decrease for equity during this period.

One of the next important indicators is the Bank's liquidity analysis. The term "liquidity" means ease of sale, sale, transfer of material assets to cash. The following concepts of liquidity can be divide:

- Increasing the amount of money of market participants to ensure the proper functioning of the market;
- The Bank's ability to repay its obligations in a timely manner;
- Compliance of the balance-the balance assigned to the standards of individual articles;
- Availability and speed of transformation of assets-their individual types into cash.

A Bank considered liquid if it has a lot of cash and other liquid assets, as well as the ability to summon instruments from other sources for well-timed repayment of debt and financial obligations. In addition, the Bank must have a large number of liquidity reserves to meet any financial needs. To increase the Bank's liquidity, in theory, we can identify some areas of its operation:

- The requirement for repayment of loans demand;
- Passive operations to attract clients ' instruments

- Zoom out;
- Issue of issued certificates of Deposit, bonds;
- Making loans on the money market;
- Sale of a part of the portfolio of securities held in the primary reserve.

The required level of Bank liquidity can be provide by distributing assets and liabilities. For this purpose, tables of all liability accounts will be compiled and describe the need to place that part of each type of liability in liquid asset items in order to maintain the actual value of the liquidity ratios.

The balance sheet of a commercial Bank considered liquid if its condition allows covering short-term liabilities on the liability, taking into account the sale of instruments on the asset. At the same time, the balance sheet in monetary form provides equality between the term of leave and the amount of instruments on the asset and the future payment term of the Bank's obligations.

When analyzing the liquidity of the Bank's balance sheet, the following obligations must be resolved:

- Determining the Bank's liquidity;
- Determining whether the Bank's actual liquidity meets economic and prudential standards;
- Identification of the reasons for deviation of the Bank's real liquidity indicators from economic standards;

In accordance with section 4 of the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated September 30, 2005 No. 358 "on approval of the Instruction on regulatory values and methods for calculating prudential standards for second-tier banks", liquidity is characterized by the following coefficients:

- With urgent liquidity ratios K4-1, K4-2 and K4-3;
- With urgent currency liquidity ratios K4-4, K4-5 and K4-6.

The minimum value of the coefficients of urgent liquidity and urgent currency liquidity is set in the following amounts:

k4	K4-1	K4-2	K4-3	K4-4	K4-5	K4-6
0,3	1	0,9	0,8	1	0,9	0,8

The Bank's current liquidity ratio k4 is calculated as the ratio of the Bank's average monthly highly liquid assets to the average monthly amount of demand liabilities, taking into account accrued remuneration.

When calculating the current liquidity ratio, the amount of on-demand obligations includes all on-demand obligations, including obligations for which no settlement period has been set, unsecured guarantees and sureties of the Bank with the right of the lender granted when attracting external loans by the Bank's subsidiaries, legal entities connected with the Bank, as well as within the Bank's securitization transactions, to demand early refund of the debtor's obligations under these loans, including]:

multiplied by a conversion rate equal to 50% and the minimum value of the Bank's equity proportions (K2), with at least three years remaining to maturity;

the remaining term to maturity is three years or more, multiplied by the conversion rate equal to 100% and the minimum value of the Bank's equity proportions (K2), with the exception of guarantees and sureties issued by the Bank when attracting loans included in the calculation of the K4 standard, as well as "overnight" loans received from banks, and deposits attracted by the Bank for one night, and urgent unconditional obligations with the right of the lender to demand early refund of obligations, including, and contingent deposits of banks, with the exception of refined precious metals.

The term liquidity ratio K4-1 is calculated as the ratio of the average monthly amount of highly liquid assets to the average monthly amount of term liabilities with up to seven days remaining to maturity.

the K4-2 term liquidity ratio is calculated as the ratio of the average monthly amount of liquid assets with a remaining maturity of up to one month, including highly liquid assets, to the average monthly amount of term liabilities with a remaining maturity of up to one month, inclusive.

the quick liquidity ratio K4-3 is calculated as the ratio of the average monthly amount of liquid assets with remaining maturity to three months inclusive, including highly liquid assets to average monthly size of urgent liabilities with remaining maturity to three months inclusively.

When calculating the liquidity ratios (k4, k4-1, k4-2, k4-3), the balance of non-invested funds accepted by the Bank for storage on the basis of a custodial agreement is excluded from the amount of demand obligations and the amount of highly liquid assets.

The data shown in the table were obtained by meeting the annual standards of the subsidiary Bank Sberbank of Russia. Analyzing the table data, the Bank's current liquidity was significantly higher than its lower limit of 0.3. the term liquidity Ratios are also significantly higher than their low level.

Table 3. Liquidity ratios of a subsidiary Bank JSC»Sberbank of Russia"

Liquidity / years	Current liquidity ratio.(k4)	term liquidity ratio.(k4-1)	term liquidity ratio.(k4-2)	term liquidity ratio.(k4-3)
01.01.2014	0,848 > 0,3	5,419 > 1,00	4,006 > 0,90	3,008 > 0,80
01.01.2015	0,670 > 0,3	1,366 > 1,00	2,155 > 0,90	2,086 > 0,80
01.01.2016	1,127 > 0,3	9,950 > 1,00	4,526 > 0,90	2,607 > 0,80
01.01.2017	1,731 > 0,3	16,129 > 1,00	7,432 > 0,90	3,331 > 0,80
01.01.2018	1,424 > 0,3	40,420 > 1,00	17,001 > 0,90	5,496 > 0,80

Source: The current state of the banking sector of the Republic of Kazakhstan is based on data from 2018.

In other words, the Bank can say that the Size of the liquidity ratios correspond to the standards. At the same time, it should be taken into account that the values of these coefficients were obtained directly from the documentation, records reflected on the website of the National Bank and the Bank's annual reports. Its dynamic appearance can be seen in the following chart.

Thus, in this section, we have reviewed the progress of implementation of the annual standards of the subsidiary Bank Sberbank of Russia. Analyzing the table data, the Bank's current liquidity was significantly higher than its lower limit of 0.3. the term liquidity Ratios are also significantly higher than their low level. We have fully reviewed the financial condition of Sberbank of Russia's subsidiary Bank. Here we not only analyzed its financial indicators, but also determined compliance with the regulatory indicators established by the National Bank of the Republic of Kazakhstan. The Bank is one of the first banks in the country in any parameter.

Now in the next section you will find an idea about the credit portfolio in the Bank, which is the basis of our topic, and its development.

Discussion and Conclusion

Improving the efficiency of the organization of the reporting system and document flow of financial market entities. you should pay attention to the fact that the activity of Kazakhstan's commercial banks meet the requirements of international banking practices. Because the banking system is an important element in the credit system, because it is the root of our economy as a whole, and the prospects for this economic situation also rest on the functioning of the banking system.

Therefore, summing up the results of the work, first of all, they are based on the theoretical nature of the Bank's activities in the Republic of Kazakhstan and their exclusive intermediary activities.

The formation of the commercial Bank's activity in accordance with the modern market economy was described, so the economic significance and necessity of the ongoing reform changes in the banking system were outlined.

The theoretical foundations of the banking system functioning as a specific financial intermediary agent of the market economy and factors affecting the Bank's activities are developed.

In the expert part of the dissertation work, an economic assessment of the activities of commercial banks in the market conditions was carried out. The structure, quality of the Bank's liabilities, the role of the Bank's equity, liquidity, and features of the Bank's asset formation are analyzed on the example of Kazakhstan commercial banks.

Subsequently, the Bank's assets and quality, as well as the relationship between the Bank's assets and capital, were assessed using significant coefficients of the financial indicator. The result was shown on the example of commercial banks obtained as an object of analysis.

In conclusion, the analytical Department analyzes the conditions for the Bank's capital adequacy and liquidity, depending on the degree of risk. The features of forming a portfolio of optimal assets of banks depending on the degree of risk are classified. In this direction, a classification assessment of the composition of the portfolio of optimal assets is carried out.

The section on developing proposals and issues on the topic specifies various directions for further effective and optimal management of the Bank's activities.

In the conditions of dynamic development of the country's economy, there is a steady growth in the activity of second-tier banks from year to year.

The peculiarity of the modern banking system of the country is that it is characterized by the beginning of the introduction of new technologies in banking, the appearance of banks based on a market model, and the advanced development of the system of legislation aimed at regulating banking activities. Therefore, the banking system is one of the most important and unified structures of the market economy.

And the effective and stable functioning of the banking system is directly related to the fact that the laws aimed at regulating it meet the requirements of society and international standards, are effective and correct in practice.

Banking activities are carried out not only on the territory of one state, but they are closely linked to all sectors that are important for any state.

However, it should be noted that most of these legislative acts are generally recognized, so they cannot fully regulate the sphere of banking activities and banking legal relations. Banking legal relations that are not fully regulated in the legislation require regulation by special acts. Such acts include regulations issued by the National Bank of the Republic of Kazakhstan and regulations issued by the newly created Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial organizations.

It should be noted that in accordance with the Law of the Republic of Kazakhstan dated July 10, 2003" on emendations and additions to certain law-making acts of the Republic of Kazakhstan on the organization of a unified system of state regulation and supervision of the financial market and financial organizations", the powers of the National Bank for financial regulation and supervision and the law-making power were transferred to the newly formed Agency of the Republic of Kazakhstan for regulation and supervision of the financial market and financial organizations.

In accordance with the head first position "on the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations", approved by decree of the President of the Republic of Kazakhstan dated 31 December 2003 №1270: "the Agency under and pursuant to the laws of the Republic of Kazakhstan on the issues within its competence, adopt regulatory acts mandatory for all financial institutions, consumers of financial services, other legal and physical persons on the territory»,

Published in the official publication "Financial Bulletin" in the state and Russian languages.

The Committee on regulation and supervision of the financial market and financial organizations of the Republic of Kazakhstan, established today, has issued a number of legal acts on banking regulation.

As a result, in a market economy, control and supervision of second-tier banks occupy a special place in the country's economy. Due to the stability of the banking system, the country's economic development is determined. Therefore, it is necessary to pay great attention to the evolution of legislation aimed at regulating the banking system.

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