

DOI: [https://doi.org/10.18371/fp.4\(44\).2021.495961](https://doi.org/10.18371/fp.4(44).2021.495961)

JEL Classification G 21

## WAYS TO IMPROVE CONSUMER LOAN MANAGEMENT BASED ON DETERMINATION OF THE COMERCIAL BANK BORROWER'S SOLVENCY

**VYSHNEVSKA Kateryna**

*Ph.D in Economics, Senior Lecturer,*

*Department of Economic Entities' Finance and Innovative Development,*

*Kyryvi Rih National University*

**BARADAKOVA Svetlana**

*student,*

*Department of Economic Entities' Finance and Innovative Development,*

*Kyryvi Rih National University*

**Abstract.** *The importance of improving the process of forming the structure and management of the bank 's consumer loan portfolio, minimizing credit risks and assessing the solvency of borrowers is substantiated. The expediency of forming an appropriate organizational structure, increasing the completeness of information support, scientific validity of analytical support of the lending process and risk management is argued. It is proposed to assess the borrower's solvency based on effective and resource approaches, which allows to analyze the actual financial burden, identify the level of solvency through an optimization model that reduces credit risk, improve loan portfolio quality and profitability of bank operations.*

**Keywords:** *commercial bank, consumer credit, solvency, creditworthiness, scoring model, credit risk.*

The issue of determining the solvency of the borrower of a commercial bank has never lost relevance, and during the crisis, which includes the current pandemic crisis, it has only become even more important. The pandemic crisis confirms the impact of the crisis on the business of borrowers, which jeopardizes the ability to meet their obligations to the bank. This emphasized the importance of using a reliable scientific and methodological apparatus to assess the solvency of the borrower, which, in turn, requires identification of analytical trends in the theory of assessing the

solvency of the borrower, constructive analysis and further development of new methodological approaches, taking into account the peculiarities and variability of the borrower's financial condition during its life cycle under the influence of various external and internal factors.

The aim of the article is to generalize theoretical approaches to determining the essence of the conceptual basis of consumer lending, to develop recommendations for improving the assessment of the solvency of the borrower of a commercial bank.

The importance and significance of consumer lending to ensure the welfare of the general population, increase the efficiency and profitability of the bank is proved. The conceptual basis of the sphere of consumer lending is generalized. The importance of improving the process of forming the structure and management of the bank's consumer loan portfolio, minimizing credit risks and assessing the solvency of borrowers is substantiated. The expediency of forming an appropriate organizational structure, increasing the completeness of information support

through the use of open sources of unstructured information, the scientific validity of analytical support for the lending process at the level of scoring models and risk management are reasoned. The logic of preliminary assessment of the borrower's solvency based on effective and resource approaches is proposed, where the first allows to analyze solvency through the actual financial burden, and the second allows to identify solvency by applying an optimization model that reduces credit risk, credit quality.

### References

1. Danilenko, S.A. & Komissarova, M.V. (2011). *Bankovskoe potrebitel'skoe kreditovanie [Bank consumer lending]*. M.: Yustitsinform. [in Russian]
2. Kirichuk, A. A. (2007). Potrebitel'skiy kredit: zashchita prav zaemshchika [Consumer credit: protection of the rights of the borrower]. *Zakonodatel'stvo - Legislation*, 12, 40-43. [in Russian]
3. Larina, T.M. (2004). Potrebitel'skiy kredit: ponyatie i sposoby kreditovaniya [Consumer loan: the concept and methods of lending]. *Yuridicheskiy analiticheskiy zhurnal - Legal analytical journal*, 2-3 (10-11), 138-146. [in Russian]
4. Moroz, A. (Ed.), Savluk, M. & Pukhovkina M. (2008). *Bankivski operatsii [Banking operations]*. K. : KNEU. [in Ukrainian]
5. Ofitsiyni sait Natsionalnoho banku Ukrainy [Official site of the National Bank of Ukraine]. bank.gov.ua. Retrieved from: [https://old.bank.gov.ua/control/uk/publish/article?art\\_id=123657&cat\\_id=123321](https://old.bank.gov.ua/control/uk/publish/article?art_id=123657&cat_id=123321) [in Ukrainian]
6. Panova, G.S. (2011). *Kreditnaya politika kommercheskogo banka vo vzaimootnosheniyakh s naseleniem [Credit policy of a commercial bank in relations with the population]*. Moscow. [in Russian]
7. Law of Ukraine on consumer lending № 1734-VIII (2016, November 15). Retrieved from: <http://zakon3.rada.gov.ua/laws/show/1734-19> [in Ukrainian]
8. Susidenko, V.T. (1997). *Orhanizatsiia i metody upravlinnia kredytnoiu diialnistiu kome-rtsiinoho banku [Organization and methods of credit management of a commercial bank]*. Vinnytsia: Lohos. [in Ukrainian]