

Credit risk and the region's financial maturity: in search of relation

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- ***Instruction CBR №242-P on 16.12.2003, "On the organization of internal control in credit institutions and banking groups" :***

«1.2. Internal control is carried out in order ... the identification, measurement and determination of an acceptable level of banking risks.

1.3. In order to manage bank risk on a consolidated basis for the whole banking group organization of internal control in the banking group provides a unified approach to the organization of internal control in credit institutions belonging to the banking group».

- ***Letter CBR №70-T on 23.06.2004, "On the typical banking risks» :***

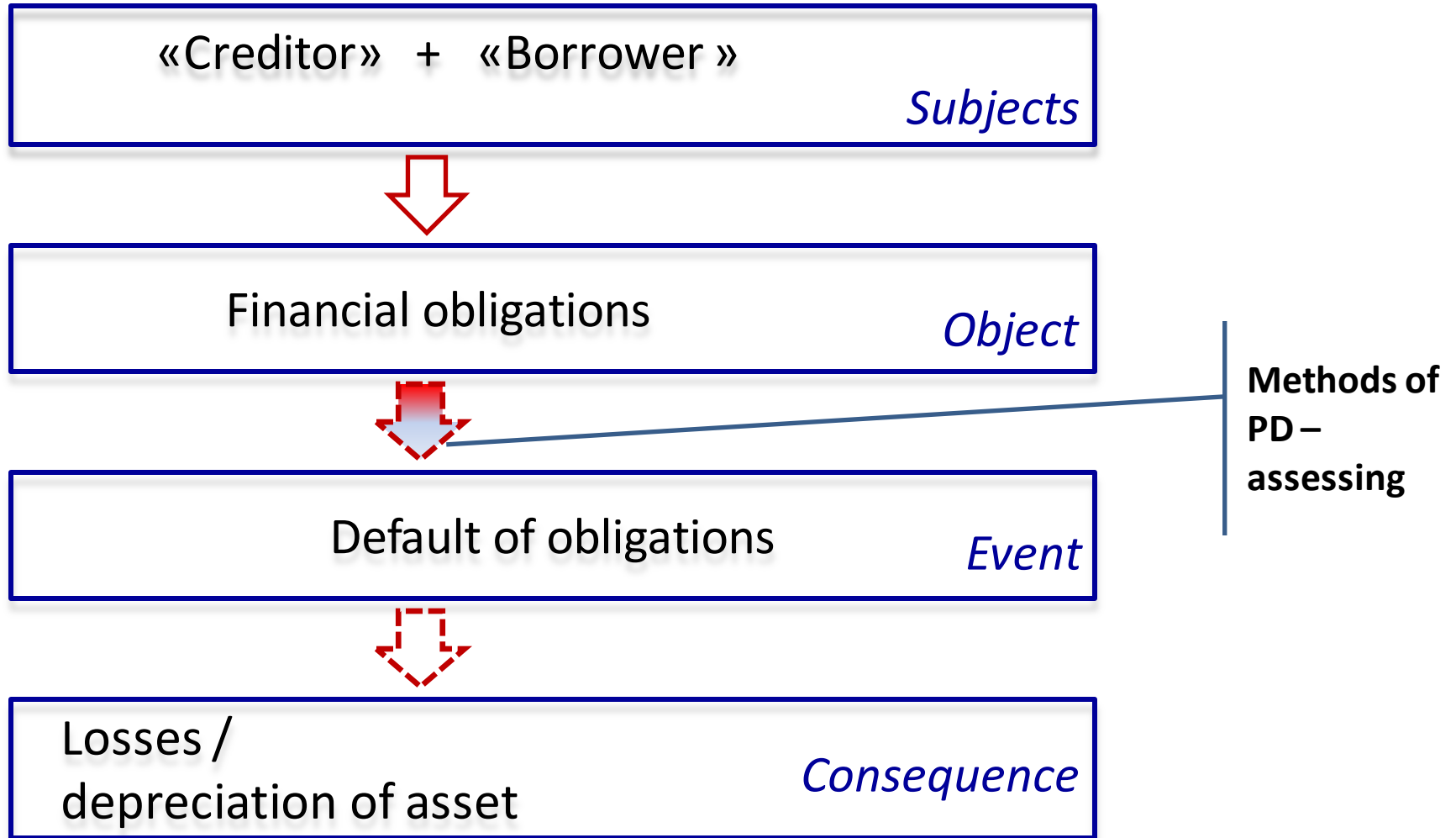
«The typical banking risks include:

1. Credit risk
2. Country risk
3. Market risk
4. Stock risk
5. Currency risk
6. Percentage risk
7. liquidity risk
8. Operating risk
9. Legal risk»

- ***Basel-I,II,III:*** management of credit risk

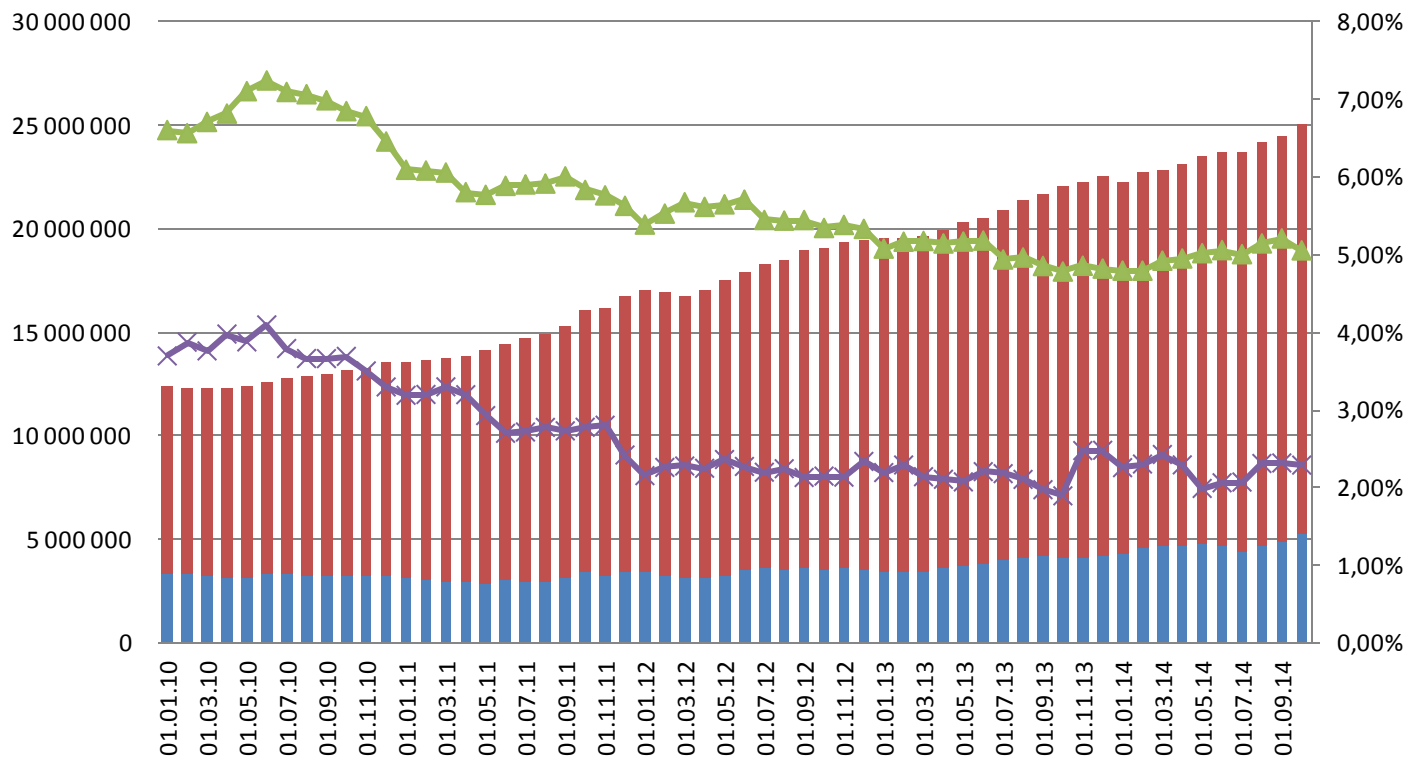
Credit risk.

Logical structure: the components and connections



Dynamics of credits and the share of overdue credits in the banking system of Russia

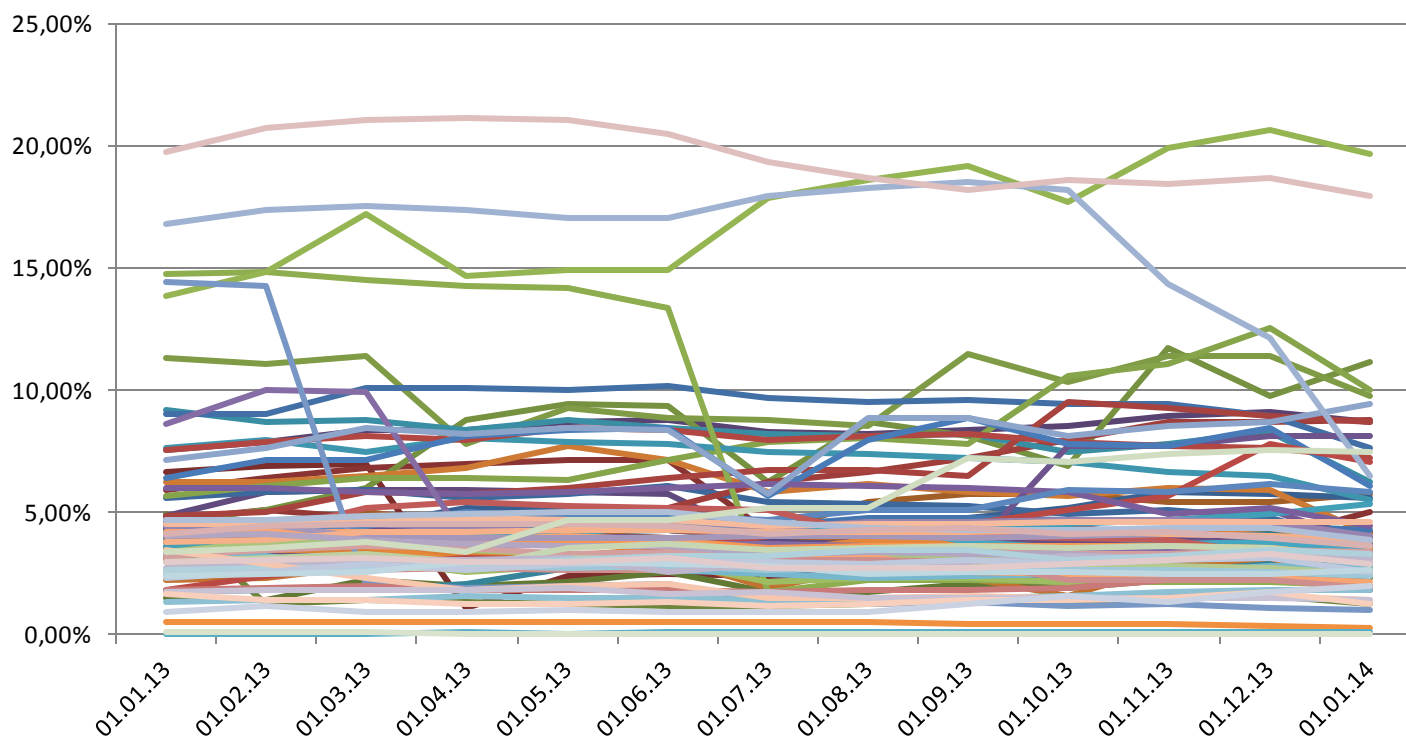
Source: www.cbr.ru



The need for modeling credit risk systemic banks considering the factor of regional adaptation

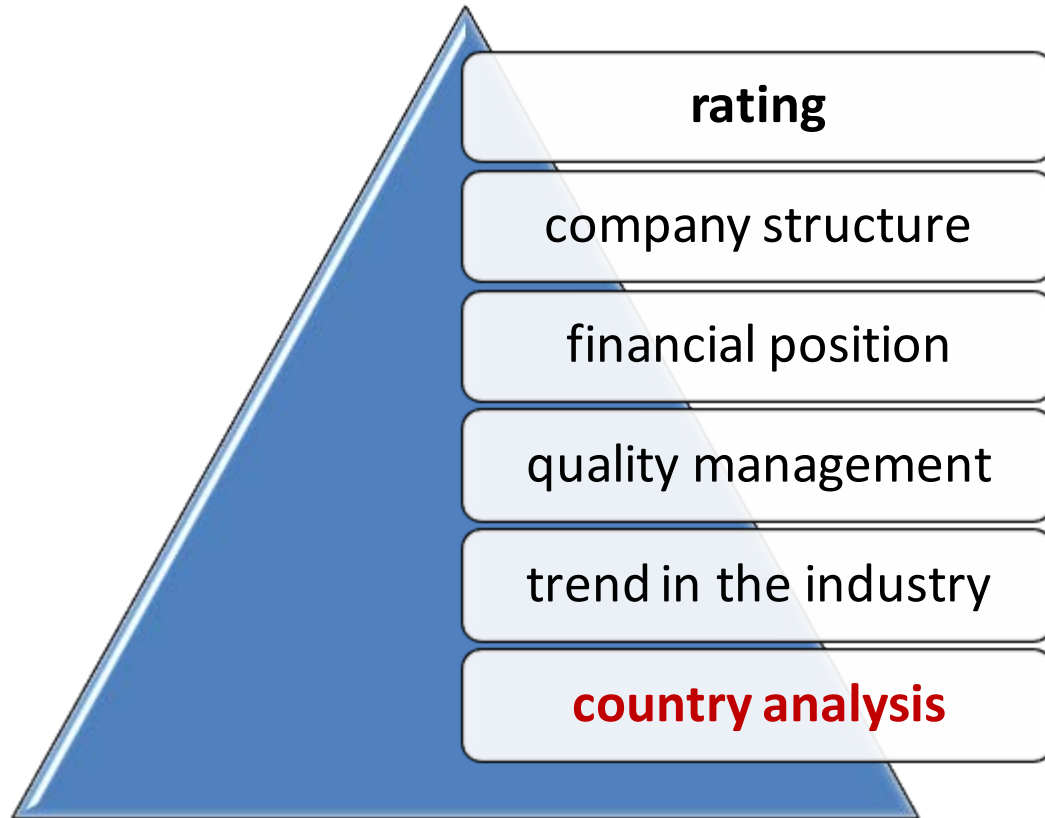
Data on overdue loans, deposits and other placements by head offices and branches of credit institutions located in the territory of the region.

www.cbr.ru



IRB.

Moody's Rating. The process of forming.

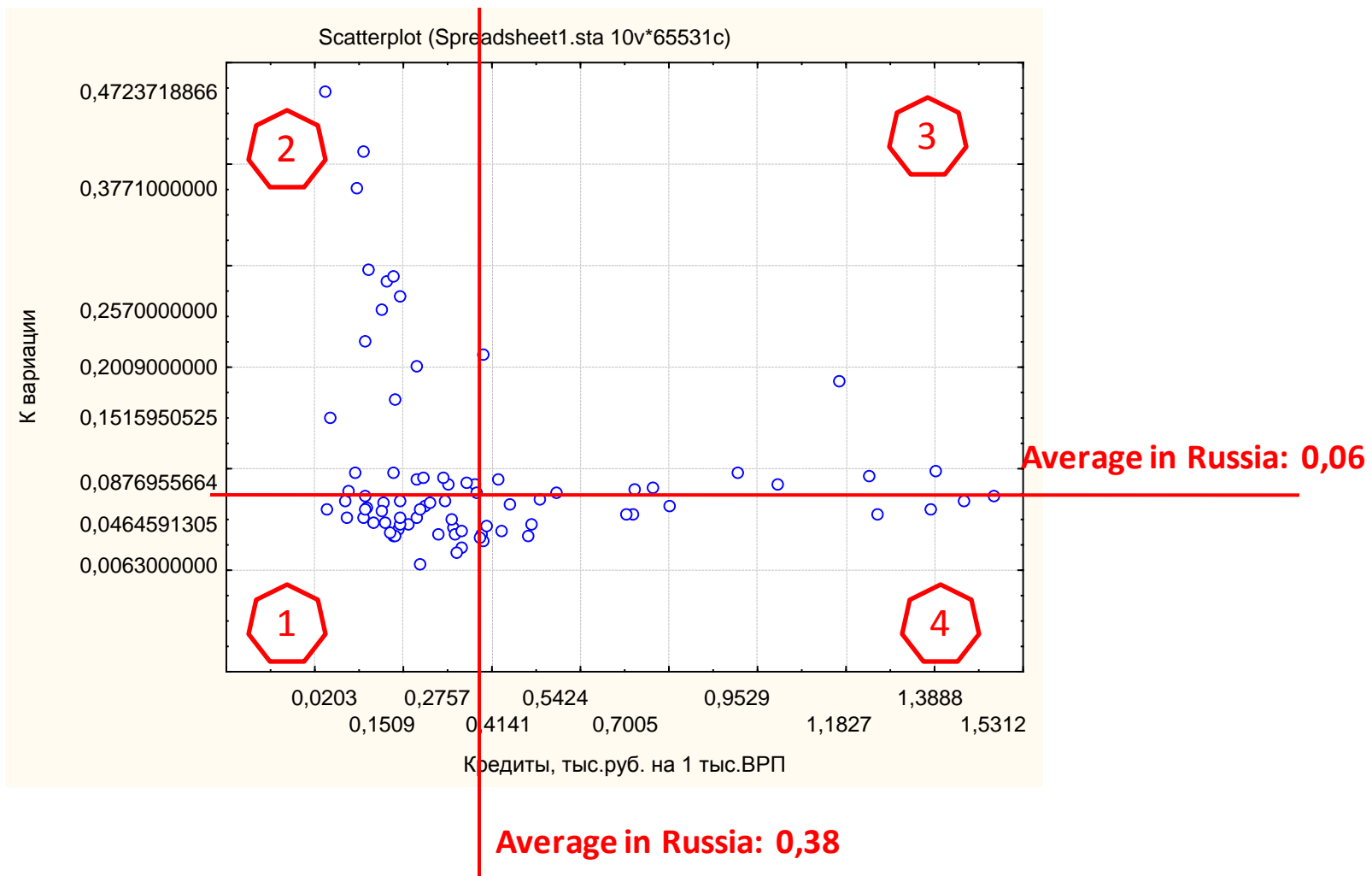


Financial maturity of the region

Indicators to assess

Maturity:	Financial maturity:
(1) Saturation	The ratio of loans in region to the gross regional product
(2) Stability	The standard deviation of loans in region to the average amount of loans in region $V = \frac{\delta_C}{\bar{C}}$

Financial maturity of the region



1	2	3	4
<ol style="list-style-type: none"> 1. Vladimir region 2. Kursk region 3. Lipetsk region 4. Tambov 5. Kaliningrad region 6. Karelia 7. Volgograd region 8. Adygea 9. Kalmykia 10. Kabardino-Balkaria 11. Ingushetia 12. Ossetia 13. Orenburg region 14. Penza 15. Saratov 16. Chuvashia 17. Chelyabinsk region 18. Altai region 19. Trans-Baikal Territory 20. Kemerovo region 21. Omsk region 22. Altai 23. Tomsk region 24. Kamchatka Krai 	<ol style="list-style-type: none"> 1. Belgorod region 2. Bryansk 3. Ivanovo region 4. Kaluga region 5. Kostroma region 6. MO 7. Orel 8. Razan 9. Smolensk region 10. Tver region 11. Tul 12. Arkhangelsk region 13. Vologda Region 14. Leningrad region 15. Murmansk region 16. Novgorod region 17. Komi 18. Astrakhan region 19. Karachay-Cherkessia 20. Dagestan 21. chechnya 22. Bashkortostan 23. Udmurtia 24. Ulyanovsk 25. Kurgan region 26. Buryatia 27. Tuva 28. Khakassia 29. Amura 30. Jewish Autonomous Region 31. Primorsky Krai 32. Sakha-Yakutia 33. Sahalin 34. Chukotka 	<ol style="list-style-type: none"> 1. Voronezh region 2. Moscow 3. Yaroslavl region 4. St. Petersburg 5. Krasnodar region 6. Stavropol 7. Nizhny Novgorod region 8. Mari El 9. Sverdlovsk region 10. Tyumen region 11. Irkutsk region 12. Krasnoyarsk Territory 13. Novosibirsk region 14. Magadan region 15. Khabarovsk Krai 	<ol style="list-style-type: none"> 1. Pskov region 2. Rostov region 3. Kirov region 4. Perm Region 5. Mordovia 6. Tatarstan 7. Samara region
<p>Overdue: 5,84% StD: 4,24%</p>	<p>Overdue: 5,19% StD: 3,89%</p>	<p>Overdue: 4,19% StD: 1,68%</p>	<p>Overdue: 4,26% StD: 2,76%</p>

Findings

- The possibility of clustering regions in terms of credit risk
- The connection between clusters
- Patterns of development in the clusters

THANK YOU FOR ATTENTION!