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SCENARIO-PARAMETRIC APPROACH IN EVALUATION OF FOOD ENTERPRISE CREDITWORTHINESS

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Summary. The threats to regional food enterprises activity due to the growth of volumes of borrowings from commercial banks are investigated. The change in credit policy towards interests of the borrower

is justified. A new method of company-borrower creditworthiness evaluation with attention to the stage of its life cycle and position in activity field is proposed

Key words: *regional food enterprises, credit risks, short-term borrowing, evaluation of life cycle, creditworthiness.*

The current level of the relations of the commercial banks and the industrial organizations in the food sector is fraught with significant threats for the food market of any country. Competitiveness of local food production is reducing. This fact threatens the banking sector depending on this important segment of corporate borrowers. There exists a great necessity of changing the policy of the bank risk management in relation to corporate borrowers. Author considers it's useful to act applying the principles of Total Quality Management (Total Quality Management – TQM) and the transparency of the decision-making processes.

In Russian and foreign theory and practice there are enough researches devoted to the problem of the development of banking risk management of the corporate borrowers. But all of them are focused on the interests of a lender, ignoring the aftermath of the credit transactions for the borrower – an industrial organization.

It is in contradiction to the principles of quality management processes that require the attention of the provider to the interests of the consumer.

This article proposes a new method of scenario assessing the creditworthiness of corporate borrowers operating in the food production sphere – the largest consumers of banking sector credit products.

This method includes the next features:

- The methodic is adapted to the specifics of food production activities and considers the key quantitative indicators: Growth – Financial leverage ef-

fect – Yield – Investment resources – The degree of solvency.

- Also, the algorithm considers the influence of short-term loans, applying to financing the current activities, to change ROE (the differential). This aspect is regarded both as an important element of the loan process construction quality, and as the examination of the usefulness of credit product by the borrower.

- Our innovation allows setting the stage of the life cycle and the enterprise position in the group of competitors. The credit institution would be able to predict the further development of the borrower and the prospects for their long-term cooperation;

- The result of the credit assessment is presented by key parameters of the borrower performance. Variants of values in their logical composition are considered as scenarios of the organization activity. This fact differs the methodology from nontransparent integrated assessments models that are widely used in Russian banks nowadays.

There are presented the effects of lending and prognoses of further activities of several meat processing enterprises (Voronezh, Russia) in the application of this article. That data has been revealed with using of our methodic.

We practiced the following additional factual material analysis techniques to improve the reliability of the results:

1) Assessment of credit risk impact on the performance of food production enterprise, situated in

Voronezh region, was studied. To get the whole picture, both the individual (for separated enterprises) and group (based on a sample of enterprises pool) data were analyzed.

2) Such a method allows obtaining an overall picture of the impact of using the short-term bank loans on the activities of enterprises. One should add that all these establishments are operating in similar market and climate conditions, no individual characteristics, management, technical and technological base are taken into account.

3) The analysis of the credit risk impact is made on the long-range (2002 – 2012), which covers pre-crisis, crisis and both crisis periods. This assists one to discover and generalize stable lending con-

sequences both for separate borrowers and for the group of them. Methodology is addressed banks' risk management responsible for short-term loans of corporate customers. It is useful for the management of enterprises, preparing the rationale for credit transactions. Further studies in the field of assessing the creditworthiness of borrowers we associate with the development of methodical assessment procedures qualitative indicators of corporate borrower credit risk at:

a) The stage of signing the loan agreement, b) The stage of execution of the credit transaction c) During the assessment phase of risk management actions examining the results of the completion of the credit transaction.

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