

JEL CLASSIFICATION: O23

## LOAN INTEREST RATES AS A TOOL OF NON-FORCE ECONOMIC MANAGEMENT OF THE COUNTRY

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*Summary. Authors is proved that a credit bank percent is the instrument of unpower management of country economy, investigated influence credit bank*

*to the percent on the standard of living and on the level of economic development of countries.*

**Key words:** *financing, money, credit funds, credit.*

The aim of the research is to assess the impact of bank lending interest on living standards and the level of economic development.

One of the tools of non-coercive influence on the economy is a bank lending interest rate. The effect of this tool on country's economy (on the material of Ukraine) is worth considering. The increase of the lending rate in the banking sector to the level higher than the yield level of the enterprises of the real economy sector unables them to work using loan and investment funds and leads either to stopping the activities of enterprises, or to producing cheaper goods of poor quality. Closure of industrial enterprises leads to the flow of human resources (personnel) to the enterprises which provide a more rapid turnover (such as trading). It induces a temporary increase in their activity, and therefore success. On the contrary, industries with slow turnover wind up, for example: crop production in agriculture, manufacturing, high-tech development, etc. Long-term preservation of high lending interest rate leads to stopping produc-

tion in the country, increasing the share of import, laundering resources out of the country and declining other sectors of economy, including trade and banking. The analysis of the relationship of country's economic development, the standard of living of its population and the bank lending interest rate enables us to come to the conclusion that the higher the lending interest rate is, the worse is the socio-economic situation.

We find it necessary to focus on the effects of the above mentioned circumstances on the processing industry. Manufacturing is forced to raise the yield to the level sufficient for paying off loans and interests. It is achieved by increasing the number of production cycles per year. The latter led to the replacement of natural juice on supermarket shelves with 20–50 % fruit drinks. Similar replacements in other food industries are likely to have become one of the main reasons of the improved results in pharmaceutical industry (the increase was 7,5 % in September 2013) and simultaneous health deterioration.

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