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IMPROVING THE MANAGEMENT EFFICIENCY OF BANKING INSTITUTIONS THROUGH INTERACTION WITH CREDIT BUREAU

Elena A. Posnaya[1]
Olga I. Ditsulenko
Margarita I. Kaznova
Diana Cheremysynova

A B S T R A C T

Emerging financial crises adversely affect the activities of banking institutions, which requires additional measures of the bank aimed at allocating resources with a minimum level of risk. Developed at the legislative level mechanism of interaction between credit bureaus and bank institutions will help to avoid losses and reduce the risk of damages in the implementation of credit operations. The study proposes to resolve some issues of improving the legislative and regulatory framework on the interaction of the bank lending segment and credit bureaus. The research results can be taken into account when making changes and additions to the current legislative framework. Banking institutions need to interact with credit bureaus, which specialize in collecting and storing information about borrowers. But there are problematic aspects observed in the functioning of the credit bureaus in the Russian Federation, which are analyzed in the article. The theme direction of the study is relevant, since when issuing credit funds a banking institution should minimize the risk of default.

1. INTRODUCTION

The lending of banks of the Russian Federation traditionally represents the dominant area in macroeconomics and microeconomics, being the most profitable of all operations of a bank institution. Bank loans provide borrowers with the opportunity to resolve current issues related to the need for certain goods and services and a lack of money (Albekov et al., 2017a, 2017b).

Banking institutions must constantly and continuously form a resource base from which loans will subsequently be issued to legal entities and individuals (Andreeva, 2016). The classic "golden banking rule" is that the requirements of the bank for the amounts and terms must coincide with the obligations. But, if you observe the practical aspect of this rule, then we can conclude that it is extremely rare. The balance sheet of the bank reflects the availability of funds that are in the bank institution at the current date and requirements at this particular moment; they must be balanced (Posnaya et al., 2019).

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[1] Corresponding author: Elena A. Posnaya
Email: sntulena@mail.ru

But there is one point, in order for this correspondence to be maintained in the future, it is necessary to constantly replenish withdrawing temporary funds, maintaining them at the required level.

Compliance with the "golden banking rule" is achieved by maintaining a dynamic balance of liabilities and assets with the continuous replacement of funds that are withdrawn from the resource composition with new ones. Liabilities and assets of both the banking system as a whole and specific banking institutions are unbalanced in terms (Bashanova, 2016).

Banking institutions in the process of their functioning ensure their adaptation and coordination, which contributes to a qualitative change in the accumulated funds (Jarý, 2015). Thus, short-term deposits are converted into long-term and significant in volume resources that meet the conditions for their placement in long-term and most profitable assets.

If we consider the resources that are available to the bank at the current date, then, based on the ability of banking institutions to place them in fixed-term assets, they would be limited. Banking practice confirms that even term deposits attracted by banking institutions from both legal entities and individuals are shorter in duration than assets. Taking into account the fact that balances on current bank accounts (call liabilities) can be claimed by their owners at any time, it is problematic to place these resources in assets of a profitable nature. The functioning of banking institutions assumes that the bank has funds that meet the conditions for their placement in assets of a profitable nature and for cash settlement, foreign exchange operations, and for maintaining bank liquidity (Lai & Wong, 2008). These funds are based on equity, which is funds of shareholders or shareholders, which is approximately 5…20% of the liabilities of a banking institution. Bank liabilities are formed by the accumulation of temporarily available funds of business entities, individuals, or through loans to other banks. In connection with the situation described above, we can conclude that the "golden banking rule" is absolutely always followed, despite the circumstances, it is not entirely appropriate. There may be deviations, but the decision to invest resources should be reasonable and balanced in order to prevent bankruptcy and reorganization procedures and increase the profit margin of a bank institution.

The role of the credit bureau in this moment can also play an important role, since when issuing loans deviating from the "golden banking rule", the manager needs to clearly know the credit history of the borrower. Undoubtedly, with the unsatisfactory credit history provided by the credit bureau, the decision to issue a loan will be negative; if, on the contrary, the borrower does not have a negative credit history, then the banking institution when issuing a loan in violation of the "golden banking rule" minimizes the risk (Korkushko, 2016).

Thus, credit bureaus provide financial and legal assistance to banking institutions both in traditional lending and in issuing loans with a deviation from the classical banking rule (Keisidou et al., 2013; Labyntsev et al., 2017; Mahboud, 2017).

2. THEORETICAL, EMPIRICAL AND METHODOLOGICAL GROUNDS OF THE RESEARCH

Based on the length of the time period for which the funds are transferred to management, they can be classified into temporary and permanent. The capital of a banking institution should be attributed to permanent resources, it is formed from contributions of shareholders who invested them in banking activities in order to generate income and capitalized profit. The term of capital in banking management is not limited, but its value changes over time. In a theoretical direction, the capital of a banking institution can be used without a certain restriction on the duration of the allocation of resources; they can be used both for settlement and cash transactions, and for investing in targeted assets with a variety of terms. The main resource component of the bank's own capital, or its net capital, can be placed in assets of absolutely any duration, without requiring any transformation (Makarenko et al., 2017).

Unlike shareholders of a banking institution, investor investors place their funds in a banking institution for a certain time to generate income. These are temporary remedies. As a rule, the average period of finding these funds at the disposal of the bank is 6 months. They are represented by a combination of borrowed funds and borrowings of various durations, mainly term deposits from 1 month to 13 months. Their placement in the operation of an active nature does not raise questions. But the timing of the targeted software assets of both loans and investments usually exceeds them. Currently, there is an increase in long-term lending. There are consumer loans for a period of 7 years and for the construction of housing up to 15…20 years. The theoretical aspects of the accumulation of funds by banking institutions are fully reflected in theoretical sources on banking, but there are a number of problematic issues. If we analyze the state of affairs in the banking system of the Russian Federation, we can conclude that approximately 10% of the banking system's resources consist of capital, term liabilities are about 30%, and current liabilities (as a combination of demand deposits) comprise 60% of resources. At the same time, current liabilities include balances on "loro" (vostro) correspondent accounts, received interbank loans, attracted demand deposits, demand deposits of legal entities and individuals, accounts payable. Urgent liabilities include received term interbank loans, attracted interbank deposits, term deposits of legal entities and individuals and securities of own debt. Analysis of statistical reporting of assets showed that fixed-term assets account for 75% of profitable assets. Assets can also be conditionally

classified into "current" and "urgent". Their comparison with the above grouping of liabilities makes it possible to assess the degree of participation of unmanaged liabilities in fixed assets (Mussina et al., 2018). Thus, the current assets include a primary and secondary liquidity assets, which involves the use of funds on demand. Based on the practice of banking, it can be concluded that more than 50% of current liabilities are used by banks to finance the placement of funds in fixed assets and to treat these resources as unstable, uncontrollable and unpredictable only in terms of their formation. In practice, banking management has developed techniques for using part of these funds as managed resources.

Thus, the data on the formation of resources in the practical activities of banks indicate that their division only into permanent, stable, urgent, unstable (on demand) is not complete. Unstable balances of demand deposits in each individual account in the aggregate create current liabilities that acquire new ones that are different from an individual demand deposit of quality, that is, quantitative changes lead to qualitative changes; as part of current liabilities, an "irreducible" part is formed, which is used by banks as stable, long-term resources. The formation of a stable component of current liabilities occurs due to the random nature of the change in the balances for each of them and the mismatch in the time intervals of the moments of "zeroing" of each account. Banking institutions with a significant client base and the largest number of demand deposits create "cheap" resources as the basis for their profits. The stable "minimum" component of current liabilities is a significant component of banking resources and is successfully used for investment (Makarenko et al., 2019).

The equity capital of banking institutions varies and can either increase (with the replenishment of the authorized capital, capitalization of profits, etc.), or decrease (with losses in its activities or with a decrease in the authorized capital for other reasons). Attracted and borrowed funds are temporary, while it is generally accepted that fixed-term deposits and loans are considered as stable, and demand funds as unstable.

Also in the financial system, namely, in the activities of credit history bureaus, an important point is functioning in a crisis.

The financial system needs to develop proactive measures so that even in a crisis, banking institutions are not badly affected by the massive non-repayment of credit.

And credit bureaus should classify non-repayable loans as "forced defaults", that is, in times of crisis and "non-repayment", without extenuating circumstances. Such a classification will provide significant assistance to banking institutions in the future when requesting information from a credit bureau and deciding on a loan. In times of crisis, there is a sharp outflow of long-term

resources. Investors, as a rule, withdraw funds or transfer them to short-term deposits. Banks in this case have a problem that is associated with a shortage of funds for the formation of long-term resources, and this leads to a decrease in lending. The current direction of this issue is due to the fact that at the time of the crisis, despite a significant outflow of long-term funds, there is an increase in the volume of short-term funds and demand deposits of individuals and legal entities, and this allows attributing these resources to resources for granting loans, despite the "golden banking rule".

Interesting questions regarding the resources of banks are the laws of their formation from short-term funds and demand funds in times of crisis.

During their functioning, bank institutions accumulate significant amounts of funds according to different parameters: by terms, types of depositors, as a result, a combination of permanent and temporary, stable and unstable funds may be formed (Posnaya et al., 2018).

Based on the classical theory of banking, capital of banking institutions, which is formed from the funds of shareholders and the capitalized amount of profit, can be classified as permanent funds. The net-capital of banking institutions represents equity without "non-working" assets (fixed assets and intangible assets) and the amount of reserves. Net-capital is characterized by the qualities of consistency and stability, and in theory it is used by banking institutions without any restrictions on the timing of the allocation of resources. Funds of investors who are depositors of the bank are characterized as temporary. The whole composition of temporary funds of a banking institution is diverse, which determines the presence of a high level of bank management on the formation of stable banking resources from them.

The urgent funds of the bank are characterized mainly by the contractual nature of their presence at the disposal of the banking institution. They are divided in theoretical sources into short-term (less than a year) and long-term (more than a year). When forming a portfolio of urgent funds, banking institutions take into account their quantity (volume) and proceed from maintaining this amount in future plans.

When the presence of urgent and long-term funds is observed in banking institutions, it selects a guideline for their specific level at the current moment and perspective. Also, the bank management may decide on the investment of these resources (both urgent and long-term) in long-term assets. But the terms of assets, namely, special-purpose loans of program nature and investments are usually longer than the terms of urgent funds raised. A necessary mechanism is the adaptation of urgent liabilities to the maturities of assets in the longest terms. Competent management in a commercial bank, organized taking into account the transfer of demand funds to long-term banking resources, will help to create

stable resources for a long time. Consider the resources of the banks of the Russian Federation by structure (Table 1).

When issuing loans, banks need to consider the information described above. With a competent resource and credit policy, the credit histories of borrowers will have a positive side and the credit history bureau will

contain a minimum of information about unscrupulous borrowers.

In 2017 changes took place in the structure of the resources of the banking system of the Russian Federation: net capital and current liabilities increased, while term deposits decreased by 1.5%, which is shown in Figure 1..

Table 1. Resource structure of the Russian Federation banking system

Date	01.01.16	01.01.17	01.01.18	01.01.19	01.01.20
Net-Capital	9.6 %	9.8 %	10.6 %	11 %	9.5 %
Term Deposits	71 %	69.5 %	67.6%	68.1 %	69.7 %
Current Liabilities	19.4 %	20.7 %	21.6 %	20.9 %	20.8 %

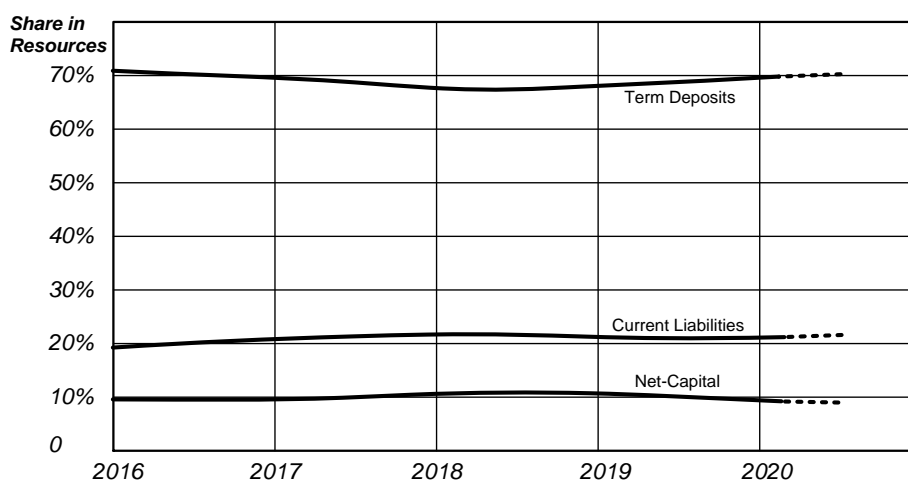Source: compiled and calculated by the authors.

Figure 1. Resource of the Russian Federation banking system
(Source: compiled and calculated by the authors)

This is due to the confidence of depositors in the banking system and the transition of deposits to long-term liabilities, which indicates the stability of the banking system. Net-capital has stability in circulation and constancy. This can be explained by the fact that the term of his stay at the disposal of the bank is not limited. For the analyzed period, one can observe the growth of term deposits, which confirms the fact of the stable functioning of the state banking system. Deviations in the structure of resources are insignificant and are explained by the policy of the regulator, mainly in terms of the discount rate and other factors.

It should be noted that 2019 led to an increase in net capital and an increase in term deposits compared to the previous year. 2020 data show a slight decrease in net capital and growth in term deposits. In general, we can conclude the fact of stable operation of the banking system of the Russian Federation.

Consequently, credit bureaus and banking institutions in their work must take into account the stability of the resource base of banking institutions of the Russian Federation and focus only on personal circumstances that have arisen or may arise from borrowers. "Force Majeure" in the last five years, which could adversely affect the credit histories of borrowers, has not been identified.

It should also be noted that the capital of a banking institution plays an important role in the process of forming resources in the economic system of the Russian Federation.

Consider the dynamics of capital of banking institutions in Russia in the period from 2016 to 2020, which is presented in Table 2.

Table 2. Capital dynamics of banking institutions in Russia, million RUB

Date	01.01.16	01.01.17	01.01.18	01.01.19	01.01.20
Capital	20216084	17272211	17187273	21261703	21905031
Net-Capital	6937931	7214148	8772466	9928646	8840248

Source: compiled and calculated by the authors.

It can be noted that as of 01.01.16, the equity capital of the banks of the Russian Federation amounted to 20216084 million RUB, and the net capital as of the same date is 6937931 million RUB. That is, 34.3% of equity is net-capital. These findings can be observed in Figure 2.

Throughout the analyzed period, stability and stability of the net capital and equity of the banking system are observed (minor deviations are easily explained by the growth in the resource base of banking institutions and the increasing number of banking customers).
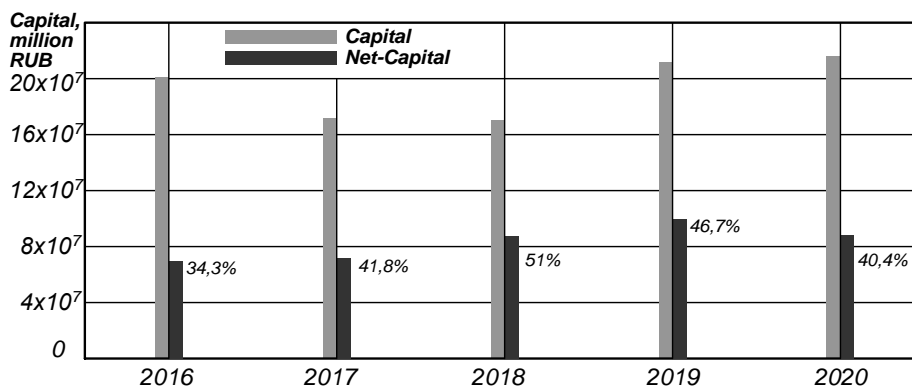

Figure 2. Capital dynamics
(Source: compiled and calculated by the authors)

Given the stability of the banking system, it can be recommended to direct current deposits to "long" (long-term) resources, which will provide the real sector of the economy with the necessary loans, and get additional profit to banking institutions.

This circumstance must be taken into account by banking institutions in their activities in general and when analyzing the results of requests from credit bureaus, in particular.

The banking system of the Russian Federation has shown the ability to build up and maintain positive trends in short-term funds and demand deposits (with slight acceptable deviations). The manifestation of stable qualities of the resource component of banking institutions indicates the normal functioning of the macroeconomy.

It should be noted that in addition to the positive aspects that were present during the formation of the resource base, the business activity of legal entities and individuals in the Russian Federation continues to remain at an insufficiently high level, and insufficient lending to the state economic system can be noted.

Consequently, according to the results of the survey studies, some exogenous reasons are identified that influenced the insufficient growth of trends in the availability of credit resources and credit activity of banking institutions:
– insufficient access of banking institutions to international capital markets and the outflow of deposits from the financial and credit system, which had a significant impact on the liquidity of banks and, as a consequence, the lowest ability of banks associated with credit operations due to insufficient growth of resources, and in some situations, their reduction;
– insufficient volumes of long-term banking resources,

despite positive trends; after all, it is resources of a long-term nature that provide the basis for long-term lending, which improves the credit potential of banking institutions in the long term.

It can be noted that in the banking system of the Russian Federation the structure of loans in terms of terms differs from the structure of deposits. The highest part of loans issued is loans for a period of 1 to 5 years (approximately 40%). There is and there is an imbalance between the attracted amounts on deposit and loans issued by the terms of attraction. Due to the lack of long-term resources, short-term deposits are attracted for long-term loans. So that all borrowed funds can be placed in assets of medium and long-term nature, it is necessary to carry out their adaptation, based on the internal policy of the bank. The lack of balance between the volumes of long-term borrowed and placed funds is observed both in individual banking institutions and in the banking system of the Russian Federation as a whole.

The interconnection and interdependence of deposits and loans can be observed in the macroeconomic indicator, gross domestic product. When it is settled, payment for services of banking institutions as financial intermediaries is taken into account. This value is calculated as the difference between the percents received and paid by financial intermediaries and is relevant to absolutely all clients: enterprises, households, residents and non-residents.

Before requesting information from credit bureaus, banking institutions need to regularly analyze the volumes of loans issued and attracted deposits and compare them by time (in terms of fulfilling the "golden banking rule") and take these trends into account when issuing loans together with information from the credit bureaus stories.

Since 2018 there has been an increase in the issuance of loans to legal entities and individuals in Russia. In the first half of 2019 the total volume of loans issued was 4.22 trillion RUB. In percents this figure compared with the first half of 2018 increased by 11%. The number of loans issued increased as well in the first half of 2019 this number approached almost 19 million, while in the same period of 2018 the amount was 10% less.

The growth in bank lending is taking place against the backdrop of changes in macroeconomics such as inflation, consumer price index and situation in the foreign exchange and oil markets. Bank lending helps to accelerate the process of receiving benefits for the consumers which they could count on only in the future, provided there is accumulation of the necessary amount of cash.

If successfully implemented, bank lending benefits all participants in this process. First, the issuance of loans increases the current effective demand of the population. Secondly, it helps to increase the capital of producers of goods. It should also be noted that a loan, provided to interested borrowers, helps to finance sectors of the economy, which are in need (Semenyuta, 2019).

The essential point in the implementation of the program of bank lending state supervision is the introduction of the country's general credit policy, which serves as a vector of a continuously functioning and stable financial system of the state. This fact is a part of the state policy in the field of financial regulation of banking at the legislative level. However, gaps in the legislative and regulatory framework obstruct the development of bank lending in Russia.

Federal Law of December 30, 2004 N 218-FL "On Credit Reports" allows commercial organizations, credit bureaus, to render services to credit organizations on a contractual basis for the formation and provision of borrowers' credit reports. The existence of a credit bureau is ambiguous and controversial. This study is devoted to improving the legislative and regulatory framework on the interaction of the bank lending segment and credit bureaus.

Since January 1, 2006, the bank lending segment was replenished with an additional entity, referred to as a credit bureau. It allows to minimizing bank's credit risks and fully providing reliable loans to individuals and legal entities. Bureau of Credit Histories is an independent legal entity that is officially registered in accordance with the current legislation of the Russian Federation, is a commercial organization and provides services in full compliance with Federal Law of December 30, 2004 N 218-FL "On Credit Histories". Services can be provided in the following areas: services for the formation, processing and storage of credit histories, and in addition they can provide credit reports and other related services.

It should be noted that information on the credit history of an individual must be stored for 10 years from the date of receipt of the latest information on the size (amount) of his debts. It's impossible to simply "clean up" or delete information; therefore, care must be taken to maintain a positive reputation. Usually, as a rule, banking institutions emphasize their requests for the last 2…5 years. If you look at the historical aspects of the functioning of credit history bureaus, you can see that even in various institutions that functioned in the 19th century, the goal of the activity was to collect, store and provide for fee information about commercial enterprises and specific merchants. The intention was to provide the information that the customer needed to verify the solvency and reliability of the business partner.

Currently, credit bureaus offer banking institutions the following services:

- credit reports online;
- discipline of borrowers of a banking institution by transmitting data on their financial activities to the bureau;
- obtaining information from the Central catalog of credit histories;
- obtaining information from the Federal Migration Service;
- monitoring of financial discipline of borrowers;
- scoring bureau, the data in which are present from the bureau data;
- development of "customized", individual scoring cards using their own database;
- discipline of borrowers of a banking institution by sending them letters on behalf of a bureau or institution in violation of financial discipline or even an increase in debt burden;
- reports that characterize the loan portfolio of the banking institution and comparing the portfolio of the banking institution with the data of the bureau as a whole (provided the bank transfers the data to the bureau database);
- systems to combat fraudulent schemes and operations;
- systems of accurate processing of loan applications;
- integration systems for several credit bureaus.

Constantly and in continuous interaction with banking institutions, the range of services provided by credit history bureaus is expanding, which are gradually moving away from the functions of a conventional data warehouse and can offer more and more analytical services.

There is such a category in practice and science as the "Joint Bureau of Credit Histories". For example, the United Credit Bureau operates in the Russian Federation is the largest credit history bureau in the Russia. United Credit Bureau provides its customers with a highly effective service for assessing potential risks, managing a loan portfolio and combating fraud. Among the clients

of this "United Credit Bureau" are more than 600 banking institutions of the Russian Federation, microfinance organizations, insurance companies, mobile operators (Sysoeva, 2017).

The main services of the bureau presented in the example are:
- scoring trustworthiness;
- scoring for debt collection;
- scoring for portfolio management;
- scoring for insurance companies;
- scoring is a way of assessing creditworthiness.

Scoring is a system for assessing the borrower's creditworthiness is based mainly on statistical methods. As a rule, it is used in consumer express loans for small amounts of cash.

Reliability scoring is to evaluate the borrower's reliability based on data from his credit history according to the methodology of the bureau. Scoring for collecting debts presents an assessment of the borrower who has made late payments, based on his credit history.

Scoring for portfolio management is to assess the reliability of the borrower in the current loan portfolio of the bank.

Scoring for insurance companies is represented by an assessment of the possibility of future loss-making of the owner of the insurance policy based on data from his credit history.

Thus, it can be noted that the combination of several credit bureaus can give the maximum positive effect. The current legislative framework regarding the functioning of credit history bureaus allows the possibility of interaction between several bureaus to achieve certain goals and obtain the best result.

According to the existing legislative field, an organization should be addressed to a bureau of credit organizations in case it has commercial operating, which provides basic services related to the accumulation and monitoring of all credit reports of borrowers. Federal Law of December 30, 2004 N 218-FL "On Credit Reports" authorized banks to conclude an agreement on the provision of information services with at least one credit bureau, although it is allowed to conclude an agreement with several credit bureaus at once.

Therefore, credit bureaus act as the so-called information intermediaries, which act independently and profit from their activities. Lenders transmit information about their clients to the bureau, and the bureau compares it with the data received from other sources. Then they form a file cabinet for each borrower.

Having studied the information on the website of the Central Bank of the Russian Federation, one can synthesize information on all credit bureaus operating throughout Russia, as of December 4, 2019 there are eleven of them. Banks often face the difficult task of choosing a credit bureau. Which of the eleven bureaus should be chosen and is the information received by the bank from the credit bureau able to minimize credit risks and form an optimal loan portfolio?

One of the main shortcomings in the work of the credit bureaus seems to be their fragmentation. Often there is no opportunity to exchange information and there is a lack of a single nature database that could become available to current and potential market participants. According to the legislation of the Russian Federation, data on a specific borrower can be stored in any bureau. However, it is not mandatory to store information in the bureau where the cooperation agreement with a credit institution is located. In this regard, to minimize risks banks have to cooperate simultaneously with several credit bureaus to obtain complete and detailed information about the borrower. This is disadvantageous as financially as organizationally and technically. Of course, the interaction of banking organizations and credit bureaus can reduce the risks of lending to the population by obtaining complete information about the borrower's loan portfolio from partner credit bureaus. But in the end the conclusion of an agreement immediately with 3…4 credit bureaus results in a considerable amount of money.

Issues regarding the functioning of credit bureaus have not been sufficiently studied in banking theory. That is why there is a gap in the economic literature in terms of covering issues related to the functioning of credit bureaus in our country. A huge contribution to the study of this problem was made by A.B. Kopeikina and H.H. Rogozhin, who had been collecting materials on the activities of credit bureaus abroad for several years. They analyzed them and came to a reasonable conclusion that operating of credit bureaus in Russia is essential. In addition, some aspects of credit bureaus' activities are reflected in the work of A.M. Tavasiev, O.I. Lavrushin, D.A. Endovitsky and S.N. Kabushkin.

The Central Bank is a bank of Russia, which is the mega regulator of the country's financial market, is responsible for the effectiveness of the state's monetary policy and the stable operation of banks in the Russian Federation. Currently, the only link between the Central Bank of the Russian Federation and credit bureaus is the work of the Central Catalog of Credit Reports, which is a structural unit of the Central Bank, a reference base where the title parts of all credit reports in Russia are concentrated. The functions of the Central Catalog of Credit Reports include the storage, processing and issuance of information about where the credit report of a particular borrower is present, and it also controls the activities of all credit bureaus. The question arises, why are credit

bureaus essential in this interaction? And why cannot the functions of the Central Catalog of Credit Reports be expanded? It is proposed that the information on borrowers of all credit bureaus be consolidated in a single database, and the Central Bank of the Russian Federation should be selected as a regulatory body. This will allow credit organizations to assess the total debt of borrowers and then see the fullest picture of the debt burden of customers. This should reduce the costs of credit organizations and increase the efficiency of obtaining the information necessary for making the most objective decision regarding the borrower, which in general will serve more efficient functioning and development of banking system (Rupeika-Agora et al., 2018).

3. RESULTS

However, the process of delegating credit reports to the Central Catalog from the credit bureaus is impossible without legislative intervention. This requires drastic actions, and namely, a modification of federal laws governing banking.

We also propose to strengthen the interaction of credit bureaus with banking institutions in the following areas:
- increase the list of services that can be provided by credit bureaus to banking institutions;
- credit bureaus should establish prompt receipt of information on problem borrowers;
- introduce Internet applications in the activities of the credit bureaus to inform market participants more quickly;
- banking institutions should develop and implement a matrix, using which questions on the issuance or non-disbursement of credit to borrowers will be quickly resolved (Thalassinos & Politis, 2011).

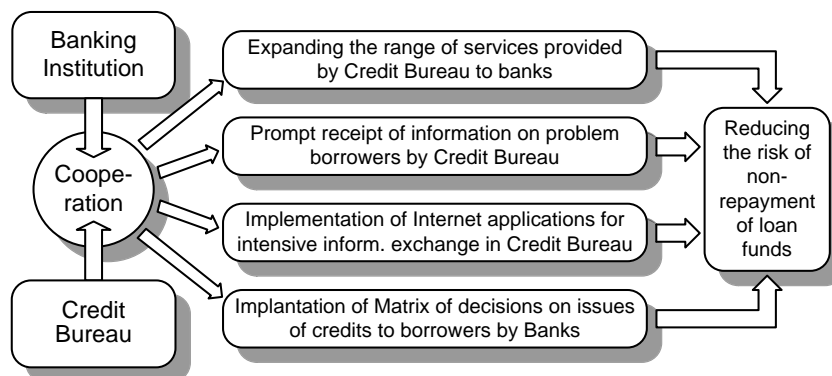The indicated relations and activities are shown in Figure 3.

Figure 3. The mechanism of interaction between banking institutions and credit bureaus
(Source: compiled and calculated by the authors)

Currently, the functioning of credit bureaus is regulated by the Federal Law of December 30, 2004 N 218-FL "On Credit Reports", the Federal Law of December 2, 1990 N 395-1 "On Banks and Banking Activities" and other federal laws (Vovchenko et al., 2019).

Having analyzed the Federal Law of December 2, 1990 N 395-1 "On Banks and Banking Activities", it should be noted that the credit bureau is mentioned as a relation between the Bank of Russia, credit organizations, their customers and credit bureaus. This article regulates the transfer by a credit institution of all available information necessary for the creating credit reports to at least one credit bureau included in the state registry of credit bureaus. The change of the phrase "credit bureau" to "central catalog of credit reports" in this article will launch a mechanism for improving the legislative framework for bank lending (Tihomirov, 2017).

Federal Law of December 30, 2004 N 218-FL "On Credit Reports" includes more information about the credit bureaus. In the studied and analyzed legislative act, the terminology "credit bureau" is mentioned 275 times, and this suggests that it will not be enough just to amend this

Federal Law, it should be completely rewritten. It is supposed to choose the Central Bank of the Russian Federation as the main regulatory body, supplementing the relevant article of the Federal Law of July 10, 2002 N 86-FL "On the Central Bank of the Russian Federation (Bank of Russia)", dedicated to the functions of the Bank of Russia with the additional item "keep a single register of credit reports of borrowers".

The cancellation of the Federal Law of December 30, 2004 N 218-FL "On Credit Reports" and the publication of a new one will entail changes in other regulatory documents that are related to the presented law, and there are 38 such regulatory documents. First of all, there should be reviewed the Bank of Russia Ordinance of March 15, 2015 N 3599-U "On the format and procedure for providing the Bank of Russia with credit reports of credit history subjects from the credit bureaus at its request" and Bank of Russia Regulation dated December 28, 2014 N 452-P "On the procedure for the Bank of Russia to maintain the state registry of the credit bureaus and requirements to financial position and business reputation of credit history bureaus participants".

4. CONCLUSION AND RECOMMENDATIONS

As a result of the research of the interaction of banks and credit bureaus, it was identified that, due to objective reasons causing difficulties in obtaining reliable information, it is essential to improve the legislative framework on the functioning of credit bureaus. In addition, the possibility of information exchange between various credit bureaus from time to time was taken into account, and this will serve as a greater protection for banking institutions when issuing credit funds. The measures proposed above are time-consuming and will require the work of more than a dozen specialists, since introducing amendments to the legislation is not an easy task, but in the future, this will serve more effective development and functioning of the banking system.

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Elena A. Posnaya
Sevastopol State University,
Sevastopol,
Russia
sntulena@mail.ru

Olga I. Ditsulenko
Sevastopol State University,
Sevastopol,
Russia
info-erk@yandex.ru

Margarita I. Kaznova
Sevastopol State University,
Sevastopol,
Russia
m-kaznova@mail.ru

Diana Cheremysynova
Sevastopol State University,
Sevastopol,
Russia
obsidian78@mail.ru