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Аңдатпа

Даму стратегияның әзірлеуі қаржы нарығындағы кез келген банктің табыстылығы мен тұрақтылығының басты элементі болып табылады. Өкінішке орай, көптеген қаржылық институттар нақты даму стратегиясына не емес, осылайша банктің бар екеніне қауіп төндірседі. Соңғы төрт жылда Қазақстанның қаржы нарығындағы өскелең банктердің дефолттарды ескере отырып, нашар сапа менеджменті, мерзімі өткен берешектің жоғары үлесі және дамудың нақты стратегиясының жоқтығына байланысты, біз қаржылық сарапшылар даму стратегиясын жасаған кезде сілтеме ретінде қолдануға болатын тиісті әдісті әзірлеу қажеттілігін көріп отырмыз.

Бұл жұмыс Қазақстанның қаржы нарығында жұмыс істейтін қаржы институттарының даму стратегиясын талдауға негізделген. Осы зерттеудің нәтижелерін банктердің даму стратегиясын жасау кезінде қолдануға болады, сондай-ақ банктік оқытуды жүзеге асыратын жоғары оқу орындарының және колледждердің оқытушылары пайдалана алады.

Аннотация

Разработка стратегии развития является ключевым элементом успешности и устойчивости любого банка на финансовом рынке. К сожалению не многие финансовые институты имеют четкую стратегию развития, тем самым, ставя под угрозу само существование банка. Учитывая участившиеся дефолты банков на финансовом рынке Казахстана за последние четыре года, связанные с некачественным управлением рисками, наличием высокой доли просроченных кредитов и отсутствием четкой стратегии развития, мы видим необходимость в разработке соответствующей методологии, которую финансовые эксперты могут использовать в качестве справочника при составлении стратегии развития банка.

Данная работа базируется на анализе стратегии развития финансовых институтов, работающих на финансовом рынке Казахстана. Результаты анализа в данном исследовании могут быть использованы при составлении стратегии развития банков, а также могут использоваться преподавателями университетов и колледжей, обучающих банковскому делу.

ABSTRACT

Development of the strategy is a key element of the success and sustainability of any bank in the financial market. Unfortunately, not many financial institutions have a clear development strategy, thereby endangering the very existence of a bank. Taking into account the increasing number of defaults in the financial market of Kazakhstan over the past four years, associated with poor-quality risk management system, the presence of a high share of overdue loans and the lack of a clear development strategy, we see the necessity to develop an appropriate methodology that financial experts can use as a reference when drawing up a development strategy for a bank.

This work is based on an analysis of the development strategies of financial institutions operating in the financial market of Kazakhstan. The results of the analysis in this study can be used in drawing up the development strategy of banks, and can also be used by teachers of universities and colleges teaching banking classes.

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1. INTRODUCTION

1.1. Research background

The relevance of the research topic is determined, first of all, by a necessity in methodological substantiation and analysis of methods and principles of strategic development in the banking sector and in the activities of commercial banks operating in conditions of unstable development of a market economy in the country and in the world. Its importance is characterized by the fact that for the development of Kazakhstan's economy the role of the banking sector is significant, therefore, the effective activity of banks will depend on how their strategy is developed, strategic management is organized within banks and development directions are planned.

1.2. Problem statement

It is determined by the fact that commercial banks currently do not have effective strategies for their prospective development and are largely concerned with operational aspects. This problem concerns especially non-systemic commercial banks of Kazakhstan, which have to compete in the conditions of market economy transformation with large banks of the Republic of Kazakhstan, which occupy a dominant position in the banking services market, especially with banks that have state or foreign participation. Therefore, in modern conditions, the organization of second-tier banks should be based on a clear and well-coordinated strategy for its development. At the same time, there is no scientifically based and approved in domestic practice methodology for developing a strategy for banking sector in Kazakhstan. Generalized methods of strategic development are designed for adapted Kazakhstan banks and are used by some of them.

Requirements for the development of strategic development directions are also associated with the following market conditions of the financial market of the country and the world: the dynamics of the formation of modern banking technologies, strong competition in the unstable development of the financial market, changing priorities in

the formation of the banking sector, frequent changes in the country's legislation, etc. At the same time, modern trends in the development of the banking system of Kazakhstan are accompanied by both increasing liquidity and reliability of second-tier banks, and are characterized by a decrease in growth dynamics and a low level of profitability, which leads to a restriction of their investment attractiveness and further capitalization of the entire banking sector of the country.

World experience shows that the effectiveness of the banking sector and the banking system as a whole depends on the level of implementation and practical application of strategic development methods. This is confirmed by the analysis of the banking sector of the Republic of Kazakhstan, which showed that competition in a dynamically changing environment, including risk and uncertainty, is exposed not so much to banking services and products, as to the mechanisms for strategic development of banks, their information and analytical support and ability to plan make the right management decisions. All of the above, which confirms the general relevance of the research topic and its practical significance for Kazakhstan banks.

1.3. Research question

What are the main problems of second-tier banks of Kazakhstan with the development of strategy and providing methods for the development of a strategy for commercial banks?

1.4. Research objectives

The methodological basis of the study is based on a systematic approach to the analysis of the object of study. Both general scientific methods (induction and deduction, logical analysis and synthesis, identification, abstraction and ascent, etc.) and particular methods of economic sciences (structural, functional and economic analysis) were used in the work. The integrated use of these methods allowed developing a methodology for the strategic development of banks.

1.5. Research Gap

The degree of elaboration of the noted problem. In modern Kazakhstani science is still not enough research on the strategic development of banks. In this connection, this issue can be considered as one of the most relevant.

Earlier, a large amount of foreign scientific research of various directions was devoted to the study of theoretical and methodological aspects of banking development. Among the authors: I. Ansoff, N. Baxter, T. Barrell, X. Wissema, S. Ghoshal, H.W. Derig, P. Drucker, F. Kotler, J. Quinn, P. Lorange, McKinsey, D. MacNorton, M. Mescon, G. Mintzberg, P. Rose, J. F. Sinki, D. Hussey and others.

In local science, it is worth noting a contribution to the development of the theory of banking, including strategic development, of such scientists and researchers as K. R. Tagirbekova, A. M. Mustafayeva, A. M. Rudenko, A. P. Nasyrova and others. At the same time, the problem of developing a methodology for the strategic development of the banking sector has not yet received the required solution, which is primarily due to the lack of accumulated experience and the dynamics of the development of integration processes, when the methodology fails to development of practice on this issue.

1.6. Contribution

Theoretical and practical significance of the research. The theoretical significance is determined, first of all, by its novelty, and also consists in defining and clarifying the methodological and institutional grounds for the importance of modern forms of strategic development of the banking sector. Theoretical statements and practical recommendations formulated in the work can be applied in further research, and can also be used in the development of the banking sector and the financial market in Kazakhstan. Can be used in the work of teachers of universities and colleges teaching banking, and used to improve the quality of functioning of the analyzed banks.

2. LITERATURE REVIEW

Strategy, as noted by A.R. Alaverdov (2011), denotes the method of committing purposeful human activity of a particular focus. At the same time, strategic management is a decision-making process and their implementation, and its fundamental element is considered a strategic choice, which is based on the need to compare the bank's own resource potential with the threats and opportunities of the external environment in order to achieve the goals in bank management [1, p. 17].

The development strategy of the bank (McNoton D. 1995) is based on the theory of strategic management, taking into account the characteristics of this type of activity. The concept of "strategic management" was defined in the 60-70s of the last century, in order to distinguish top-level management features from management in current production, which is also important for the banking business [2, p. 94].

In the evolution of strategic development, historically, there are four main stages that, in the opinion of Y. Maslennikov (1998), distinguish between two stages: the first is mass production, the second is mass marketing, reflected in figure 1.

These stages indicate that for banks, the task of constantly developing and improving the mechanisms of positive development and survival, as well as making effective decisions and coordinated plan becomes topical for banks in an environment of increasing uncertainty and instability of the external environment. At the same time, the methods of bank management and the banking business systems themselves are becoming more complex (R. A. Isaev, 2011) [4].

From the new studies, it became obvious that modern researchers (R.A. Isaev, 2012; O.I. Lavrushina, 2011) add to the existing elements of the analysis of the content of the above stages of management system evolution three more components, whose influence is important for banks especially [5, 6]: the nature of the banking process, which in modern conditions can be periodic or cyclical, can occur traditionally or in real time; integrated management and monitoring of deviations, based on tracking changes in strategic factors, as well as predicting and forecasting growth; The main focus is on the stage of development of the degree of bank instability, characterized by

such qualitative indicators as the degree of stability, the level of reactivity, foresight and creativity.

Figure 1. Stages of evolution of strategic development

The first stage is budgeting (budget planning, budgeting and control, budget and financial control, management on the basis of control over execution); covers the period from the 1880s to the 1950s.

The second stage is long-term planning (management on the basis of extrapolation); covers the period 1950-1960.

The fourth stage - strategic management, strategic market management, management on the basis of flexible emergency solutions; happening since the 1990s until now.

The third stage is strategic planning (management based on predicting changes); developed in the 1970-1980s.

Note: compiled by the author, according to the source [3, p. 106]

The concept of the American scientist R. Ackoff, an interactive strategic manager, developed in the field of operations research and systems theory, is of considerable interest when considering the problems of the evolution of strategic development (E.Yu. Kuznetsova, 2016). The essence of this concept is the ability to develop enterprise development strategies based on the creative potential of the entire enterprise team, as it allows you to more effectively collectively plan strategic goals and achieve your desired goals compared to the planning of individual employees of the enterprise or third parties (outsourcing) [7]. Formed bank development strategies, provided they are properly applied, allow the bank to use all the opportunities and bring profit in the near future. However, in practice, it is noted that Kazakhstan banks often turn more often than others to the experience of strategic consultants, thus they minimize the significance of their potential and do not use the talent of their experienced employees and knowledge of the characteristics of this business in order to independently develop strategies and individual strategic plans.

Initially, in banks, as A. Alaverdov notes, the most important problem of strategic management was only the rational use of available resources in order to expand the line of banking services and products. Then the concept of a commodity based on competitive strategy was formed, where the quality of banking products and services dominated over their quantity. The concept of promoting banking services and products, as well as the search for the most rational distribution channels, completed the evolution of past banking strategies.

He also notes that today a commercial bank has ceased to be a body of redistribution of limited resources and ranked with other manufacturers of banking products, which led to a change in the nature of the work of this organization. And banks are faced with the question of choosing the right option for managing a bank, and, moreover, for the future under the conditions of the modern external environment, which is extremely changeable and practically unpredictable [1].

In modern conditions, banks cease, as noted by Yu.V. Samoilov (2009), to operate in a narrow banking sector and significantly expand the scope of banking and other activities of the entire financial industry [8, p. 74-77]. In the course of its development, banking has evolved evolutionarily into a diversified type of business that is currently operating, as many scientists and researchers have noted, in unstable market conditions and other environmental factors. Today it is saturated with a number of financial instruments that are derivatives for this type of activity and thereby increase the risks of this type of activity. In addition, financial intermediation is developing in this sector, which, thanks to globalization, consolidation, institutionalization, securitization, inventions, is being transformed into a separate financial services industry.

In the conditions of volatility of market conditions, they should represent the growth of uncertainty, as N.I. Parusimova (2005), “where the banks are moving” and “how will the bank achieve its long-term goals” [9, p. 16]. The answers to these questions can be given by the strategy of banking development, through strategic planning, which lies at the heart of the banking strategy. She also notes that in order to

draw up a strategic plan, it is also important to understand “where the bank is currently located”, to represent its value, profitability and the adequacy of bank capital to the market environment. In order to be competitive in the banking system, with the development of multi-level financial intermediation, banks will have to develop new strategies based on new technologies.

It should be noted that the banking strategy for a rather long period dominated the banking sector, defined as financially oriented. Its essence is in the direction of banks to achieve a narrow number of indicators, which include: balance sheet profit of the bank, net profit of the bank, EPS of the bank, growth rate of the currency balance of the bank, etc.

According to J. Sinki (2007), the goal-setting system, noted in a financially oriented strategy, is not a strategy, but a set of assessments determined by the effectiveness of operational banking. And notes that banks in this approach are mainly focused on the results of previous periods, thereby completely abandon the forecasting of their activities, predicting all financial indicators using extrapolation. The disadvantages of a financially-oriented strategy: the short-term planning of banking activities, the consideration of the interests of economic entities in an incomplete volume [10].

The main focus of this strategy, as Derig Hans Ulrich (2009) notes, is on the financial results of the bank's activities, which are found more clearly in the form of bank management outcomes, which are understandable, since they can be easily formalized and accumulated in the necessary values that are empirically derived. Such an approach with weak banking competition suited bank managers and did not require a high rate of innovation, since there was no acute struggle for financial resources [11].

As N. Parusinova notes, the strategy of financial indicators, in the face of growing banking competition, the reliability of banks, in price direction and convenience for consumers, has become ineffective. Explaining this by the fact that if the operating costs of a commercial bank are high, they will restrain capital investments

in promising investment objects, while the volume of products sold will decrease and income will fall [9].

In this regard, J. Sinha notes that as a result, banks are closed on the interests of survival, and thereby the state will decrease the volume of national production, which negatively affects all economic and social issues [10, p. 18]. Under these conditions, the bank's management, providing itself with the necessary information in the volume of financial indicators of banking business development, turned out to be completely helpless regarding the answer to the questions about the replenishment of financial performance indicators, taking into account external factors that form the bank's position in a competitive environment.

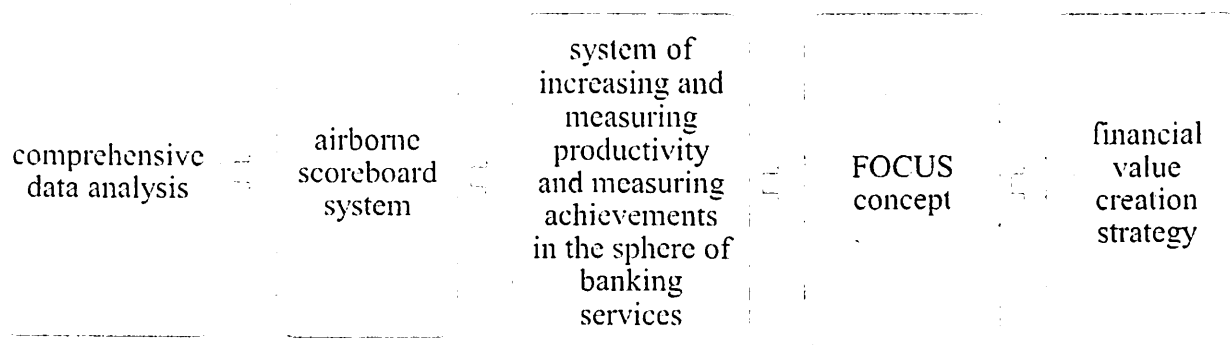
It is noted that, exploring only the financial indicators of a bank, it is impossible to make a forecast for sharp market changes, determined by internal and external factors, which were usually considered secondary and, in the opinion of many, insignificant and inexpedient for solving the strategic tasks needed by the bank. The lack of flexibility and conservatism of this strategy, as Derig Hans Ulrich notes, began to manifest itself actively as the following conditions occur: with unexpected changes in the competitive environment, banking business is becoming more complex, the banking activity in the derivatives market is increasing, and the number of "sudden" bank failures is increasing [11].

These conditions, as noted by Yu.V. Samoilov, led to the emergence of more complex systems for assessing the state of the banking business, and creating new approaches to development strategy and strategic planning, which relies on a balanced scorecard (hereinafter BS), taking into account all the options possible for the bank. At the same time, from the very beginning, the BS did not provide the necessary efficiency regarding the development strategy of banks for the following reasons: it did not allow defining responsibility levels unequivocally and clearly when solving strategic tasks, could not supply the required level of detail regarding future development of banking, was not able to determine with the required accuracy the necessary time to achieve the

goals, did not allow building the bank's strategy without clearly defined performance indicators flax this type of business. [7]

These and other authors (S.V. Zubkova, Yu.O. Sokolova) suggest that the following types of [12], reflected in Figure 2, be considered as alternative approaches for the development of banks' strategies.

Figure 2. Types of banking strategies



Note: compiled by the author, according to the source [12]

They investigated the disadvantages and advantages of these approaches. So, for example, it is the advantage of a comprehensive analysis: the ability to use the advantages of linear programming, the ability to measure the effectiveness of bank departments, the possibility of applying and external analysis, in the field of marketing research and to select the optimal counterparty.

Problems of methodological and managerial orientation regarding the use of methods for integrated data analysis, as noted by S.Yu. Shutilin, are considered: problems arising from the high complexity of the calculations; problems arising from strict requirements regarding the comparative base, given the fact that banks have a large amount of data: incoming and outgoing; increased costs in the variability and high complexity of the banking business, which leads to a decrease in the number of potential users of this system [13].

The second system, called the "airborne scoreboard," according to V.Yu. Pashkus, N.A. Pashkus, S.A. Khomenkova (2004), provides management of the bank information: brief and key to the volume of each unit. Its main goal is to determine the overall vision of the bank, which for each structural unit is decomposed into derivative goals. And allows you to evaluate in detail each structural unit of the enterprise. Then,

on this basis, they identify their critical success factors, which make it possible to achieve the set of strategic goals. At the same time, it notes the absence of a clear division into types of banking activities in the context of certain prospects.

The system of the onboard scoreboard has the following disadvantages: the binding of a rigid system of goals and development indicators to the organizational structure; when adjusting goals, there is insufficient flexibility; there are no instruments of the so-called "strategic initiatives" [14].

The system for improving performance measurement is determined, according to V.F. Temnikov, because he has a set of combined goals, in the form of interconnected elements, and the ability to assess the success of the measures taken to achieve the goals set at the beginning, and the possibility of a high level of accounting for past information over a number of years or other periods. Its main advantage is the separation of the organizational structure and personnel, which makes it possible to assess the success and effectiveness of the activities of both individual employees and the structural unit [15]. However, it does not allow in large modern banks that are engaged in a diversified business to evaluate individually the activities of each bank employee, both because of the high cost of this procedure, and because there are no clear assessment indicators. At the same time, this approach to measuring achievements makes it possible to classify banks based on how many variables are present, leading them to search for the optimal state to ensure their effective use. Allows you to define three indicators of the effectiveness of banks, which complement each other: allocation efficiency (criteria for a banking product: price, marginal utility for the consumer); information efficiency (equality of marginal costs and marginal utility of information); operational efficiency (achievement in the production of banking products minimum costs).

The concept of FOCUS (financial and operational transparency) appeared in the period of the creation of the financial services industry due to globalization, the impact of institutionalization, privatization, securitization and modernization. Its main elements, as noted by J. Sinki, are the following: the mastery of information

technology, the adequacy of capital, the success of the struggle for a potential client, the degree of banking risk. J. Sinki distinguishes the 1st level factors from these variables and conducts additional gradation among them [10]. Under the FOCUS system, it is a strategic goal regarding the management of a commercial bank to ensure, through the introduction of innovations and inventions, its competitiveness. Based on the fact that they are able, subject to the adequacy of capital to the risks taken, create value while ensuring compliance with the required standards of safety and reliability of the bank. J. Sinki considers exactly innovations as an engine of strategic development and progress in the bank and a source of ensuring its competitiveness.

Also J. Sinki singled out for the first time such concepts as corporate strategy and strategies of types of business in a bank, since they do not coincide, provided that the bank is diversified and large. His opinion is shared by Yu.V. Samoilov, noting that plays a special importance in the strategic management of the banking business risk management and transfer pricing.

At the same time, Yu.V. Samoilov noted the importance of risk management in determining the development strategy of a bank, as it contributes by maximizing the market value of the bank and assessing its sensitivity to changes in the market environment to effective management of the bank's business. And pointed out that in the present period there is a growing uncertainty in the development of the financial market. This leads to the fact that a large number of banks become bankrupt, which has a negative impact on the national and global economy. This market situation occurs as a result of falling energy prices, which leads to speculative expectations from a number of investors [8].

These and other factors in general identified new challenges and problems in the banking industry and led to the creation of a more advanced bank model.

H.U. Deriga [11] believes that the transition to the model of a "focused" universal bank is due to the possibility of forming a financial strategy based on the creation of new value. It is represented by three main elements: focusing the bank on

success, management 12 “K”, identifying twelve opportunities and strengths of a focused bank.

Sekerin V.D., Golubev S.A. note the main, which have already become classical. approaches to the types of strategies used by banks, and argue that no modern bank can do without the coordination, approval and implementation of development plans for the long term. There are currently in many banks special units that are directly involved in the analysis of previously implemented strategies and the formation of new development strategies [16]. Based on the analysis of banking practice, we note: those commercial banks that survived and strengthened their positions were spared no effort and time in devising their development strategies and, moreover, presented their public version to clients, competitors and partners.

In general, the significance and effectiveness of the chosen strategy is determined by its role in the bank management system. At the same time, the main strategic document of the bank determining its development is always considered a corporate development strategy designed to build a flexible management system for all resources, based on the basic principles of corporate governance, which include: accountability, responsibility, fairness and transparency. On the basis of the corporate strategy of the bank, specialized strategies that require special development are then developed in certain areas of the bank's activity — this is a marketing strategy and financial strategy, as it evokes heightened interest among shareholders and the bank's regulator.

Thus, the analysis of literary sources showed that banking development strategies theoretically developed and have both historically established and new concepts and approaches. Moreover, all approaches to the development of banking strategies do not have any fundamental internal contradictions, they successfully complement each other, corresponding to certain stages in the development of the banking business. The challenges of the XXI century require the formation of new strategies for the development of banks, according to which in modern conditions, taking into account the growing instability, the uncertainty of the banking market and the asymmetry of

the information received, banking strategies are formed based on the need to transform this type of business that requires constant development.

3. METHODOLOGY

The research was conducted systemically. Both general scientific methods (induction and deduction, logical analysis and synthesis, identification, abstraction and ascent, etc.) and particular methods of economic sciences were used in the work:

1) analysis of the banking sector of the Republic of Kazakhstan based on statistical and rating materials;

2) analysis of the development strategy of second-tier banks of the Republic of Kazakhstan, based on statistical and strategic materials.

The integrated use of these methods allowed developing a methodology for the strategic development of banks.

4. ANALYSIS

4.1. Analysis of the development of the banking sector of the Republic of Kazakhstan

The analysis revealed that currently the banking sector of the country is represented by 28 second-tier banks, 14 of which are banks with foreign participation, as well as twelve foreign banks (in the form of their subsidiaries) [17, p. 4]. The share of the top 5 banks in total customer deposits amounted to 64.1%, which is more than in previous years.

As of the beginning of 2019, the assets of all banks amounted to 25 241.0 billion tenge (an increase of 4.5% compared with last year). In the structure of assets, the largest share is occupied by «loan portfolio» it is: 50.7% of total assets, in the amount of 13 762.7 billion tenge (an increase of 5.5% compared to last year), as shown in Table 1, which reflects the main assets of second-tier banks of Kazakhstan for the last three years.

Table 1 - Structure of total assets of second-tier banks of the Republic of Kazakhstan for 2016-2018

Indicator / period	2016		2017		Change in %	2018		Change in %
	In bln.K ZT	% of total	In bln.K ZT	% of total		In bln.KZ T	% of total	
Cash and equivalents	3654	13,4	3605,5	13,6	-1,4	3753,4	13,8	4,1
Deposits with other banks	1168,2	4,3	955,6	3,6	-18,3	1267,2	4,7	32,6
Securities	3326,2	12,2	4812,5	18,2	44,7	5335,7	19,7	10,9

Interbank loans and REPOs	1551 0,8	56, 9	13590 ,5	51, 4	-12,4	13762, 7	50, 7	1,3
Investments	300,3	1,1	527,5	2,0	75,6	370,7	1,4	- 29,7
Other assets	3302, 0	12, 1	2 943,4	11, 1	-10,9	2 -653,4	9,8	-9,9
Total assets without provisions	2726 2,2	100 ,0	26435 ,0	10 0,0	-3,1	27 143,2	10 0,0	-2,7
IFRS provisions including:	1701,	-6,2	2 271, 1	- 8,6	33,5	- 1109,2	- 7,0	- 16,5
Provisions on nostro accounts and interbank deposits	-5,7	0	-8,5	0	-13	-4,5	0,0	- 47,3
Reserves on securities	-10,4	0	-10,3	0,0	-0,10	-36,4	- 0,1	252, 5
Reserves on loans and REPOs	1640, 1	-6,0	-10,3	0	-0,6	- 1776,6	- 6,5	- 16,5
Reserves on investments in subsidiaries	-0,3	00	-46,7	0	-15	15,7	- 0,1	- 66,3
Reserves on account receivables and other banking claims	-44,5	-0,2	-85,4	- 0,3	-53	-69,1	- 0,3	- 19,0
Total	2556 1,2		24157 ,9		-5,5	25241, 0		4,5
<i>Note: source [17. p. 6]</i>								

It is noted in 2017, the decline in assets by 5.5%, and in 2018 an increase of 4.5%, but this is lower compared to 2016 by 1.65%. In the structure of assets, the largest share is made up of: bank loans and “reverse repo” operations - 50.7%; cash, refined precious metals and correspondent accounts - 13.8%; securities - 19.7%; deposits placed in other banks - 4.7%, investment in capital - 1.4%.

The analysis of the main indicators of the loan portfolio showed the following results for the last three years: loans to legal entities, constituting 28.5% of the total loan portfolio of second-tier banks, increased by 6.4%; loans to individuals (36.3%) increased by 17.2%; consumer loans amounted to 25.5%, showing an increase of 18.7%. SME loans (33.2%) increased by 2.1%; non-performing loans (NPL): volume 7.4%, a decrease of 2.1% from the loan portfolio; provisions for loan portfolio: 12.9%, a decrease of 3.5%.

The equity capital adequacy indicators of the second-tier banks of the Republic of Kazakhstan include the regulatory capital adequacy ratios of the second-tier banks: k1-1 - 16.5%; k1-2 - 16.8%; k2 - 21.8%. In general, the regulatory capital of second-tier banks of Kazakhstan is equal to 3 863.8 billion tenge. The average monthly value of highly liquid assets shows an increase of 7.9% since the beginning of the year.

The profitability of second-tier banks amounted to 638.4 billion tenge in 2018, with an increase in ROA (ratio of net income to total assets 2.64%. ROE (ratio of banks' net income to equity) - 21.44% (-2.12 % in 2017).

Macroeconomic indicators of the country's banking sector: the share of assets of second-tier banks of Kazakhstan in the country's GDP reached 43.3%, and the loan portfolio of banks in the country's GDP was 23.6%. The share of deposits of all customers of second-tier banks in the country's GDP is 29.3%. The bank loan portfolio is concentrated mainly in the five largest banks as follows: 62.4% - a share in the assets of second-tier banks (hereinafter referred to as STB); 61.8% is the share in the total loan portfolio; 64.1% is the share in total customer deposits [17, p. five].

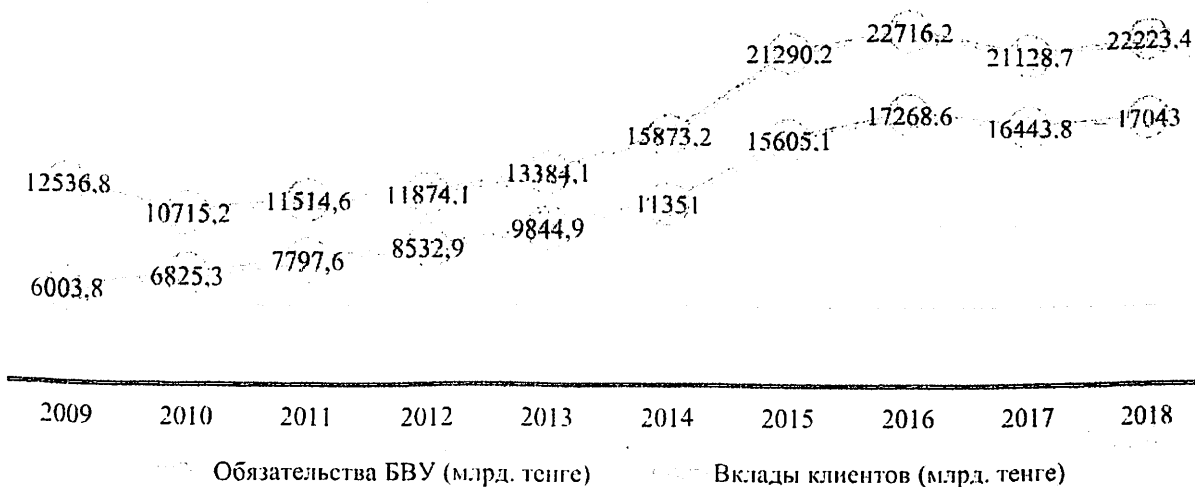
Figure 3. Dynamics of assets and loan portfolio of the banking sector of the Republic of Kazakhstan from 2010 to 2018



Note: source [17, p. 7], «Активы» - Total assets; «Ссудный портфель (основной долг)» - Loan portfolio (principal amount)

Until 2017, there is an annual significant growth in assets of the STB, but by 2018 there is a decrease, especially in the first quarter, by the end of the year, their indicators improved and approached the indicators of 2017.

Figure 4 - The dynamics of liabilities and deposits of the second-tier banks of the Republic of Kazakhstan since 2010 till 2018

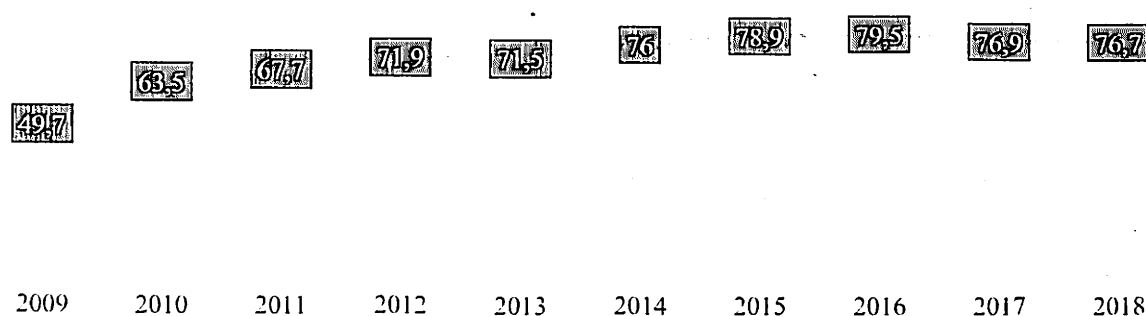


Note: source [17, p. 8], «Обязательства БВУ (млрд.тг.)» – Total liabilities of second-tier banks of Kazakhstan (in billion tenge), «Вклады клиентов (в млрд.тг.)» – deposits of customers (in billion tenge).

Liabilities of banks increased significantly, with their decline in 2011 and in 2018. Clients' deposits grew annually, and only in 2018 we notice a slight decrease compared to last year.

Figure 5 shows the dynamics of the share of deposits in banks' liabilities (in%) for the same period, which shows a consistent increase from 49.5% in 2009 to 76.7% in 2018.

Figure 5. Dynamics of the share of deposits in the total liabilities of the second-tier banks of Kazakhstan



Note: source [17, p. eight]

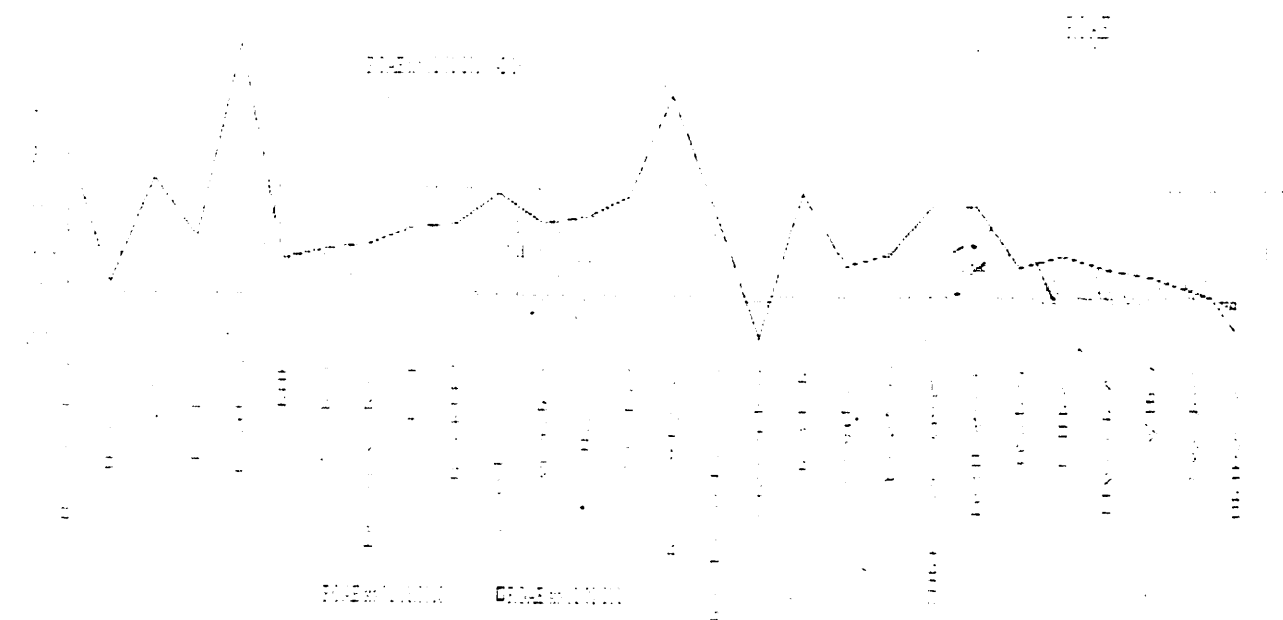
At the end of 2018, the net profit of the country's banking sector amounted to 639.7 billion tenge, while in 2017 there was a net loss of 62.3 billion tenge. At the same time, 70% of this amount falls on:

- 1) Halyk Savings Bank Kazakhstan - 284.7 billion tenge;
- 2) Kaspi Bank - 98.8 billion tenge;
- 3) SB Sberbank - 43.7 billion tenge.

Regarding the profitability of the bank for the last year: against the background of profit, the average rates of return on assets and equity also show an improvement and are reflected in Figure 6.

The return on assets ROA is 2.6% (-0.3%), and the average return on equity is 21.1% (-2.1%, which is four times higher than the inflation rate for 2018). According to the given data, there is the largest increase in profitability of Kaspi Bank, Home Credit Bank and Halyk Bank.

Figure 6 - Profitability of second-tier banks



Средняя доходность активов (ROA) и минимальная доходность активов (ROA) второго уровня банковской системы (в % от активов) в Республике Казахстан (данные за период с 2007 по 2015 гг.).

Note: source [17]

Thus, we have established that, in general, the country's banking sector develops mainly through loans and customer deposits. Banks have a lot of bad loans. The main profitability of the banking sector is provided by the five largest banks. Investment banking is underdeveloped.

4.2. Evaluation of development strategies on the example of second-tier banks of the Republic of Kazakhstan

Halyk Savings Bank of Kazakhstan JSC (hereinafter referred to as Halyk Bank) is not only a universal, but also the largest a second-tier (commercial) bank of the Republic of Kazakhstan. Halyk Bank has been carrying out its banking business for 95 years.

It carries out its activities in accordance with the current legislation of the country: Laws of the Republic of Kazakhstan "On Joint Stock Companies" [18], "On Banks and Banking Activities in the Republic of Kazakhstan" [20]; Civil Code of the Republic of Kazakhstan [19]; Tax Code of the Republic of Kazakhstan [21]; Labor Code of the Republic of Kazakhstan [22] and other regulatory acts related to banking

and investment activities. The legal regulator of banking sector is the National Bank of Kazakhstan.

Currently, Halyk Bank and all its subsidiaries are incorporated into the Halyk financial group. Halyk Group is the fastest growing integrated conglomerate in Kazakhstan today. At the same time, the group is a large and active player on the national, regional and global financial services markets. In this group, it is the main and leading structural subdivision of Halyk Savings Bank of Kazakhstan JSC.

In general, corporate governance is defined by the corporate code of the bank and is recognized as successful, confirmed by the successful activity of the Bank, which operates in a competitive and free market. This allows the bank to grow in value and guarantees investors and customers of the bank that their funds are used by the bank quite effectively. Since 2006, the Bank, since the public offering of its shares on the international market, in the form of GDR, attaches particular importance to corporate governance issues, since the fact of placing shares was a starting point not only for raising funds, but also building a corporate governance system, which should a financial institution that intends to maintain high international standards of world-class banks.

The mission, values and strategic business vision are defined by the corporate code of the bank and are reflected in Figure 7 [23].

Figure 7 - The mission, values and strategic business vision of Halyk Bank

The mission is to provide services in Kazakhstan and a number of other countries in all segments of the financial market (banking, insurance, stock), at the level of international standards, thereby ensuring the safety, efficient placement and multiplication of customer and shareholder funds;

The core values of the bank: customer-oriented bank, reliability, leadership, social responsibility; honesty, professionalism;

Strategic business prospects for the period 2019-2021:

- a. use and enhance competitive advantages, especially in terms of manufacturability, customer experience and quality of service;
- b. positioning of the Bank as a key partner and the bank of first choice for a diverse group of customers;
- c. taking into account the needs of a wide range of clients and creating value for society and the economy of the Republic of Kazakhstan as a whole, as a result - diversification of sources of profitability and liquidity;
- d. selective international expansion and partnership with Chinese investors on projects in Kazakhstan.

Note: compiled by the author, according to the source [23]

The organization of strategic management is carried out by the bank according to the main strategic directions of development of the Halyk Group (an analogue of the Development Strategy). Designed for three years and it seems to be a concept for the development of the Group, in which the main goals and guidelines for the development of the entire Group are set, which are planned to be achieved in this strategic period. They reflect the key development parameters for the main activities of the Bank and its subsidiaries. It has the following sections: the current challenges of the bank, the mission and values and the strategic business vision of the group.

For the strategic cycle of 2019-2021 in the section “Strategic Business Vision of the Group” the following basic strategic principles of development are formulated (Appendix 1), which are reflected in Table 2.

Table 2 - The main strategic principles of development of Halyk Bank

Leader positions in all key client segments
Taking into account the market share of Halyk Bank and Kazkom (30-50% in most submarkets), focusing on working only with selected customer segments is not practical, since may lead to a loss in total market share.

Diversification by working with a wide range of corporate clients and open ("non-salary") retail is needed to reduce the dependence of the Bank's profitability / liquidity on companies associated with the state.

Openness and availability of the Bank for all customer segments and their needs is a strategic focus for its positioning as a key partner, as well as for protection from aggressively growing competitors.

Customer focus, focus on quality of service

Digital services and solutions at the level of best market practices

Customer experience and digitalization: key competitive differences in banking services, especially for RB and SMEs - competitors are constantly raising the bar for customer expectations in these areas.

Halyk Bank lags behind some key competitors; The acquisition of Kazkom creates an opportunity to make changes in both directions.

Long-term improvement of these aspects requires a number of changes in the business and operating model (without technology) - a culture of innovation, decision-making approaches, the use of customer feedback, a motivation system.

The main transaction bank of the country

Creating a leading provider of transactional services for all payment flows (cash and non-cash) across the economy, using a unique infrastructure for retail and corporate customers (card processing, acquiring, ATM and terminal infrastructure, etc.), as well as a number of specialized digital services and payment making.

Ensuring the availability of banking services for all segments of the population as another element of more open positioning.

Selective international expansion

Take advantage of the first move to seize the leading position (top 3) on the banking market of the Republic of Uzbekistan, using geographic proximity and the superiority of capital and competencies.

Ensuring the availability of banking services for all segments of the population as another element of more open positioning.

Note: compiled by the author, according to the source [23]

The result of the implementation of these strategic principles is the positioning of Halyk Bank as the main transaction bank of the first choice for all customer segments, which provides its customers with high-quality and high-tech service and will help improve performance in terms of key indicators of both the Group and Halyk Bank, a significant increase in profits, growth in market share for major products and maintaining consistently high financial ratios. These results will be achieved through a more efficient and focused sales process, as well as through the introduction of products into the product line, which are more complex and are ahead of the offer from competitors of the bank.

Let us show what the situation of the bank is in practice within the framework of the previous development strategy for 2016-2018.

The Bank provides a wide range of banking and financial services to private businesses and individuals. Provides services both traditionally and remotely via Internet banking, mobile business client, SMS banking and the HalykNotify mobile app.

Halyk Bank is a member of the following financial institutions: Association of Banks of the Republic of Kazakhstan, AFINEX (Almaty Stock Exchange of Financial Instruments), KASE (Kazakhstan Stock Exchange), Central Asian Stock Exchange, Almaty Clearing House, KCEM (Kazakhstan Interbank Clearing Center), EvroCard / Master and VISA (international payment card systems), SWIFT (international payment system), etc.

The current position of the Bank in the markets is stable and positive, which is confirmed by international agencies and is shown by us in Table 3.

Table 3 - The current rating of the National Savings Bank of Kazakhstan

Moody's Investors Service	
Long-term deposits in foreign currency	Ba1
Short-term deposits in foreign currency	Not prime

Rating forecast	Stable
Standard and Poor's	
Long-term deposits in foreign currency	BB
Short-term deposits in foreign currency	B
Rating forecast	Stable
Fitch Ratings	
Long-term issuer default rating	BB
Short-term issuer default rating	B
Sustainability Rating	bb
Support rating	4
Long-term rating forecast	Positive
<i>Note - source [23]</i>	

This is confirmed by the financial performance of the Bank for the period from 2017 to 2018. The analysis of the financial indicators is based on the financial statements (balance sheet and income statement) and is shown in Table 4.

Table 4 - Analysis of financial indicators for 2017-2018, million tenge

Показатели	2018	2017	%	Change 2018	Change, %
1	2	3	4	5	6
Interest income	682,041	506,328	34.7	167,867	6.9
Interest expense	- 333,772	- 257,805	29.5	-83,044	-3.2
Net interest income without provisions	348,269	248,523	40.1	84,823	16.8
Commission income	113,241	87,640	29.2	29,350	0.5
Commission expense	-39,006	-26,732	45.9	-10,199	6.2
Net commission income	74,235	60,908	21.9	19,151	-2.5
Revenues from insurance	7,329	6,493	12.9	1,199	3.6

Foreign exchange operations	-64,577	-4,949	-13	31,992	14.0
Income from derivatives and securities	116,586	32,487	3.6	56,156	-48.9
Other income	24,664	23,618	4.4	1,007	5.8
Loss Expenses (loans)	-31,995	-67,302	-52.5	-8,266	-89.7
Recovery of other expenses for credit losses	15,951	1,737		698	18.5
Operating expenses	-164,531	-112,330	46.5	-33,879	7.8
Profit before tax	325,931	189,185	72.3	88,896	17.7
Income tax expense	-82,474	-25,598	3.2	-10,947	30.9
Profit for minus consumption income tax	243,457	163,587	48.8	77,949	15.8
Profit from discontinued operations	9,974	9,876	1	-	-
Non-controlling share	807	-101	-8	-162	-100.0
Net income	254,238	173,362	46.7	77,787	16.1
Net interest margin per annum	5.1%	4.9%		5.1%	
Return on average net worth	27.9%	22.7%		33.8%	
(ROAE), annual					
Return on average assets (RoAA), annual	3.0%	2.6%		3.7%	
Ratio of operating expenses to operating income	31.7%	29.5%		24.5%	
Cost of risk on loans to	0.5%	2.2%		1.5%	

customers per annum					
<i>Note: source [24]</i>					

Based on the analysis of financial and economic activities, we established the dynamics of growth in the context of the main indicators, which allowed the bank to achieve a 49% increase in profit compared to the previous year, while in general interest income grew by only 34.7%. And interest expenses by 29.5%, net interest income before expenses for credit losses by 40.1%. Revenues from services and commissions by 29.2%, expenses for services and commissions by 45.9%. Net income from services and commissions - by 21.9%, income from insurance activities by 12.9%, transactions with foreign currency - by 13.0%, income - 3, 6%, other income - by 4.4%. Profit minus expenses on income tax amounted to 243.457 million tenge, an increase of 48.8%, profit from discontinued operations 9.974 and an increase of 1%. Net income - 254.238 (2017 - 173.362), an increase of 46.7%. Net interest margin per annum - 5.1% (2017 - 4, 9%).

Analysis of data based on the unconsolidated statement of financial position of the Bank showed that the bank's assets grew by 1.1%, cash and cash equivalents decreased by 1.1%, funds in credit institutions by 37, 3%, Treasury bills of the Ministry of Finance of the Republic of Kazakhstan and National Bank of Kazakhstan notes increased by 18.5%. Other securities and derivatives decreased by 5.9%, gross loan portfolio increased by 9.0%, net - by 7.1%. Total liabilities decreased by 0.4%. Deposits increased by 6.4% (individuals. - 9.4%, deposits of legal entities - 3.4%). Debt securities issued rose 6.4%. Other liabilities increased by 3.5%. And in general, the bank's capital grew by 14.0%. The Bank's capital adequacy indicators correspond to the minimum capital adequacy requirements: k1 - 9.5%, k1-2 - 10.5% and k2 - 12.0%, including a conservation buffer of 3% and a system buffer of 1% for each of the coefficients.

The Bank achieved these results as part of the Halyk Group Development Strategy for the period 2016-2018, since the Bank implemented over 30 strategic

initiatives for the qualitative transformation of Halyk Bank aimed at active interaction with customers during this period. In particular, the collection and updating of customer base information was established, a new stationary format was approved and the functionality of distant sales channels was improved, new products and services were launched, new service and sales models were developed, an employee motivation system was built and an approach to determining individual ratings was introduced branches. Implemented a number of tasks affecting the architecture and infrastructure of IT, organizational model and processes, issues of information security and corporate data management.

During the implementation of the Development Strategy for the period 2016-2018, the Bank continued to increase its return on assets and capital due to the rapid growth of net profit, while focusing on high-quality growth and improving business efficiency, as well as controlling cost effectiveness. This allowed him to occupy a leading position in terms of assets, deposit base and loans to clients, at the same time annually, for the last seven years.

In April 2018, Halyk Bank completed a transaction to sell a 60% stake in the share capital of Altyn Bank JSC to Chinese investors China CITIC Bank Corporation Limited in the amount of 50.1% and China Shuangwei Investment Co. Ltd. at a rate of 9.9%. This unique and strategically important deal for the Halyk Group was a positive event for the entire banking sector of Kazakhstan, as evidence of the continued interest in it from large institutional foreign investors. The strategic alliance between the largest banks of Kazakhstan and China expands the group's capabilities in the field of banking technology and allows it to attract key Chinese customers operating in Kazakhstan. The integration of Halyk Bank and Kazkom radically changed the positioning of the Halyk Group in the financial market and the key priorities of its further development. Some of the strategic initiatives planned for 2016–2018 have lost their relevance, because as a result of integration, it became possible to select and scale the best approaches to doing business and technological solutions used in the practice of the two banks to the entire Halyk banking business. At the same time, the successful

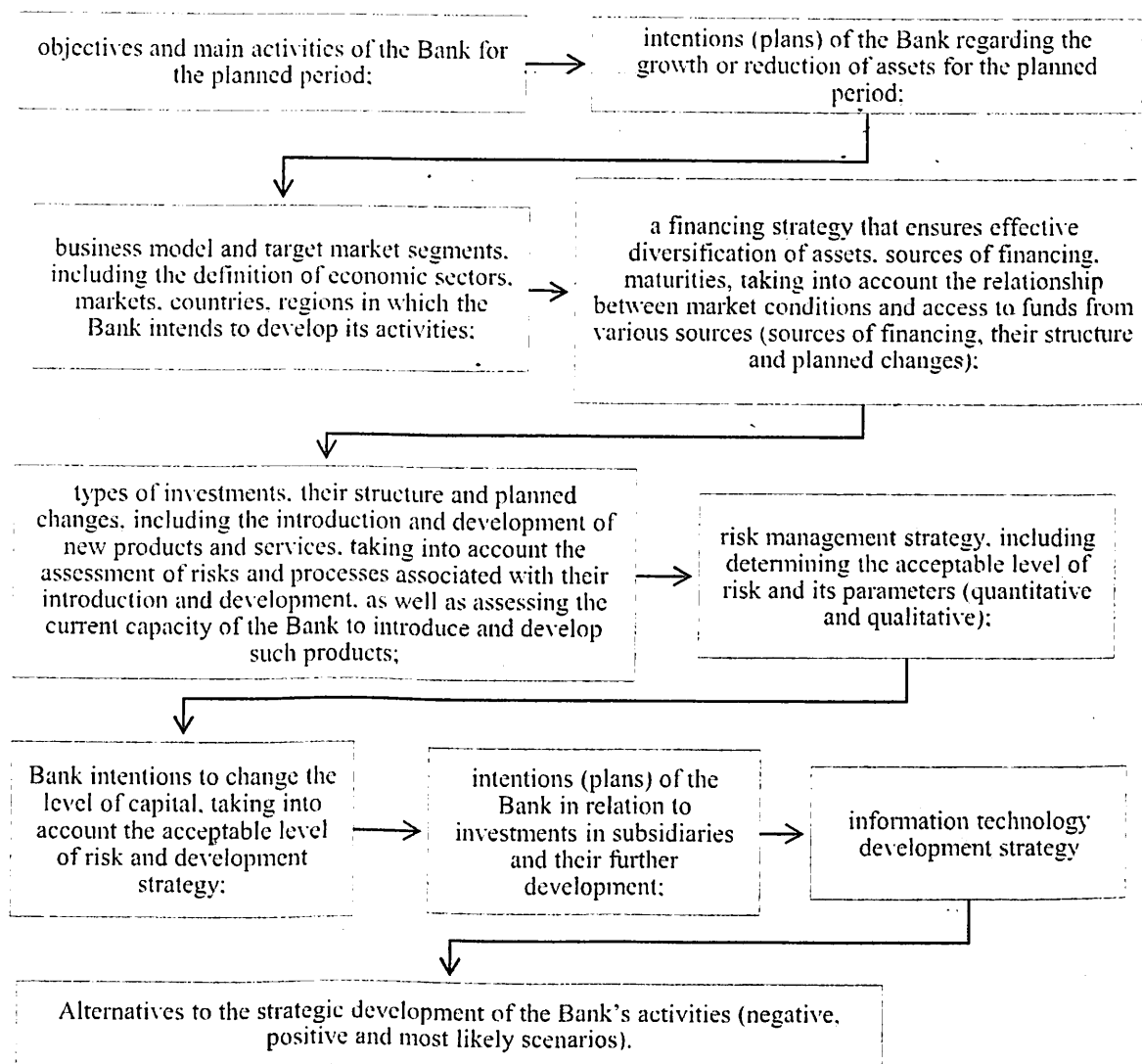
completion of projects planned for the strategic cycle of 2016-2018 significantly strengthened the financial, technological and resource base of the Group, and also allowed Halyk Bank to receive a record annual profit for the banking sector of Kazakhstan during the strategic cycle.

Thus, we have established that within the framework of the Development Strategy developed by the Bank, the Bank implemented a set of measures to reduce the level of non-performing loans, reduced the level of NPL 90+ and the reserve rate (IFRS). At the time of the integration with Kazkom, the quality of the loan portfolio did not cause any concerns, since, according to the Bank's management, it was well-established. Halyk Savings Bank has the best international ratings among Kazakhstan's second-tier banks without state and foreign participation. Subsidiaries of the Bank operating in the financial markets of Kazakhstan and other countries also have high international ratings. According to preliminary results, the net profit of Halyk is more than 30% of total profits in the sector (excluding STBs with a negative indicator value) and the Bank consistently ranks the first in this indicator during all analyzed years.

For comparison, let us show how the development strategy of a foreign bank operating in Kazakhstan is formed – Industrial and Commercial Bank of China, which was established in 1993 in Almaty and is a subsidiary of the Industrial and Commercial Bank of China Limited (ICBC), Beijing, China, Chinese banking conglomerate. It is the first Chinese subsidiary, represented in the Republic of Kazakhstan and in the Central Asian region.

The Strategy or the Strategic Development Plan was developed for 2019, in accordance with the current legislation of the Republic of Kazakhstan and the standards of the ICBC group and the internal regulatory documents of the Bank (Appendix 2). The strategy is for this bank the main guideline for the development of its core business and determines the following key provisions for the planning period, which are reflected in figure 8.

Figure 8. The main provisions of the development strategy of the Industrial and Commercial Bank of China (Almaty)



Note: compiled by the author, according to the source [25]

This strategy provides brief information about the Bank and its main development goals. The third chapter shows the results of the analysis of the external environment, in the fourth - analysis of the banking industry, in the fifth - analysis of bank resources in the sixth - the development strategy of the bank's business and its business model, in the seventh - the risk management mechanism and risk appetites; in the eighth, information technologies; in the ninth, the personnel management procedure; and in the tenth, the final provisions of strategic development.

The analysis of resources identified, for example, the main financial indicators of profitability and balance, in three scenarios: basic, pessimistic and optimistic, as shown in Table 5 and 6.

Table 5 - The main financial indicators of profit of the Industrial and Commercial Bank of China (Almaty)

Indicator	Scenarios					
	Baseline		Pessimistic (-10%)		Optimistic (+5%)	
	in bln tenge	in mln \$	in bln tenge	in mln \$	in bln tenge	in mln \$
Interest income:	5.44	14.69	4.89	13.22	5.71	15.42
Loans	2.61	7.07	2.35	6.36	2.74	7.42
Bonds	0.32	0.85	0.28	0.77	0.33	0.90
Deposits with NBRK	2.11	5.69	1.90	5.12	2.21	5.98
Deposits with other banks	0.40	1.08	0.36	0.97	0.42	1.13
Interest expense:	0.49	1.32	0.44	1.19	0.51	1.39
Customer deposits	0.47	1.28	0.42	1.15	0.50	1.34
Deposits of banks	0.02	0.05	0.02	0.04	0.02	0.05
Net interest income	4.95	13.36	4.45	12.03	5.19	14.03
Commission income	0.53	1.43	0.47	1.28	0.55	1.50
Commission expense	0.07	0.20	0.07	0.18	0.08	0.21
Net commission income	0.45	1.23	0.41	1.11	0.48	1.29
Dealing income	0.67	1.81	0.60	1.63	0.70	1.90
Other income	0.03	0.08	0.03	0.07	0.03	0.08
Operating expense	0.73	1.98	0.66	1.78	0.77	2.08
Administrative expense	0.41	1.12	0.37	1.01	0.43	1.17
Net operating income	5.37	14.51	4.83	13.06	5.64	15.23

Income before tax	5.36	14.50	4.83	13.05	5.63	15.22
Tax expense	1.01	2.72	0.91	2.45	1.06	2.86
Net income	4.36	11.78	3.92	10.60	4.57	12.36
<i>Note: source [25]</i>						

Table 6 - Key financial indicators of the balance of Industrial and Commercial Bank of China (Almaty)

Indicator	Scenarios					
	Baseline		Pessimistic (-10%)		Optimistic (+5%)	
	in bln tenge	in mlri S	in bln tenge	in mln \$	in bln tenge	in mln \$
Total assets	187.75	507.42	168.97	456.68	197.13	532.80
Loan book	57.37	155.04	51.63	139.54	60.23	162.79
NPL ratio	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities	160.90	434.87	144.81	391.38	168.95	456.61
Customer deposits	152.86	413.13	137.57	371.81	160.50	433.78
Total equity	26.85	72.56	24.16	65.30	28.19	76.18
<i>Note: source [25]</i>						

The main strategic financial objectives for the strategic period are as follows:

- 1) prevention of a significant decrease in the balance sheet (assets and liabilities) as compared with the previous period;
- 2) attracting new customers from the target segment and maintaining the high quality of the loan portfolio - without overdue debts.

The main assets of the income-bearing bank are as follows:

- 1) loans issued to corporate clients;
- 2) interbank deposits (including term deposits with the National Bank of the Republic of Kazakhstan);
- 3) securities.

In the planning period, it is the customer deposits (both on-demand and without maturity) that will form the main funding base of the Bank.

The bank's business development strategy is generally based on working with legal entities and is also a business model of the bank aimed at corporate business, since it is this that is the main direction of the Bank's strategic business development for the planned period. The priority market segments are shown schematically in Table 7.

Table 7 - Priority segments of the strategic development of Industrial and Commercial Bank of China (Almaty)

Priority segments		
Companies with Chinese participation and other transnational corporations represented on the territory of the Republic of Kazakhstan — to fulfill our main mission, including the implementation of the One Belt, One Way Initiative and the industrial transformation of the Republic of Kazakhstan	Companies of the quasi-sovereign sector of the Republic of Kazakhstan - state-owned companies of the Republic of Kazakhstan are the most reliable customers in terms of credit risk in the market	Large commercial banks of the Republic of Kazakhstan — we expect that the initiatives of the central banks of the CIS countries and the SCO to switch to settlements in national currencies will help to increase

Note: compiled by the author, according to the source [25]

In the main target segment "Corporate business", the priority tasks for the progressive and qualitative development of the Bank's business are the following: the provision of bank credit products, the bank's transaction business, the diversification

and strengthening of the bank's funding base. In a separate segment allocated treasury and retail business.

Thus, we have established that, in a foreign bank, there is, in contrast to a leading Kazakhstan bank, a full-fledged development strategy.

5. METHODOLOGY FOR THE DEVELOPMENT OF STRATEGY FOR BANKS

In this part, we consider a detailed algorithm for developing an effective development strategy for a commercial bank, based on the fact that most foreign researchers in the industry have concluded that the overwhelming majority of bank failures are due primarily to internal causes, to which the lack of an effective strategy development of the bank [26] Therefore, in order to effectively develop a strategy, the bank should carry out strategic management in the form of a dynamic aggregate of 5 interrelated, consequential from each other processes: analysis of internal and external environment, the definition of the mission and objectives of the bank, the choice of strategy, the formation of its own strategy and overseeing its implementation.

In general, the methodology for developing a bank's strategy involves the following process: collecting information on the state of the bank's external and internal environment; processing and analyzing information that is carried out using such strategic management tools as PEST and an analysis sheet; evaluation of competition and development scenarios; conducting SNW-and SWOT-analyzes, etc. This work allows you to understand your own situation and to assess the factors of the world, in part of the strengths and weaknesses, showing what the bank is; opportunities and threats showing what the bank expects; strategic goals showing where the bank is going and where it would like to go. We show the methodology for developing a strategy on the example of a conditional bank.

Initially, an analysis of the internal environment or self-diagnosis, which is usually carried out by bank managers, is carried out in order to determine its strengths and weaknesses, subject to honesty and utmost objectivity. To highlight the main areas that characterize the banking business, a management efficiency profile is built (using a 10-point system). The profile of bank management efficiency is built according to control units (separate types of strategies). This allows you to evaluate the effectiveness of each block from the standpoint of its full-fledged interaction with all other blocks. The results are reflected in table 8.

Table 8 - Bank Management Efficiency Profile

Types of strategies	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
HR strategy					+					
IT strategy							+			
Production strategy				+						
R&D strategy							+			
Marketing strategy							+			
Sales strategy							+			
Logistics strategy					+					
Financial strategy								+		
Investment strategy						+				

Note: compiled by the author

As can be seen from the table, the efficiency of personnel work with personnel (personnel strategy) is assessed by managers by 50% - rating "5", while the effectiveness of financial strategy is well evaluated - by 80%, etc.

At the next stage, the ABC analysis is carried out, and according to its results we also note that this bank needs to pay the most attention to the strategies that have the lowest scores: production, personnel, logistics, and investment. They turned out to be the most problematic areas in the bank's activities. In a similar way, we find medium-efficient and highly efficient control units that relate to the strengths of the enterprise.

Then an SNW analysis is performed, during which the state of the internal environment of the bank (of one or another aspect) is assessed using the following gradations: strengths (strength), neutral (neutral), and weakness. The set of parameters for SNW analysis is individual for each bank, it is formed by managers. This analysis essentially provides decoding which parts of the control units from the efficiency profile discussed above are the most significant and how they affect the control process. By the way, then you can compare the data of the efficiency profile and the SNW analysis - how, where and how much they coincide. This will indirectly characterize

the degree of objectivity of the estimates obtained. If significant discrepancies are revealed, the analysis is biased, and the reasons for this bias must be sought. The main task of the SNW analysis is to identify the asset (S) and liability (W). The task of the bank development is to use the asset to neutralize and eliminate the liability. For our bank, the results of the SNW analysis are shown in Table 8.

Table 9 - Results of SNW-analysis of the bank

Important areas	S	N	W
Trainings of the staff			+
Working conditions		+	
Motivation of the staff			+
Staff turnover		+	
Staff qualification		+	
Assessment of the quality of work of the staff		+	
Social package	+		
Arrangement of planning	+		
Level of technical equipment	+		
Information support	+		
Quality of products and services		+	
Marketing governance		+	
Customer service offices	+		
Organizational structure		+	
Security		+	
Deallers network	+		
Sales of the bank			+
Product line of the bank			+
Number of personnel	+		
Salary		+	
Reputation	+		

Psychological climate in the team		+	
Dependency on suppliers			+
Location	+		
Pricing policy		+	
Volume of sales		+	
Client-orientency		+	
Financial position	+		
Investment policy			+
Innovations (R&D)		+	
Development strategy			+
<i>Note: compiled by the author</i>			

As can be seen from the table, in our example, weaknesses include (according to the ranking adopted by enterprise managers): lack of development strategy, insufficient staff training, weak motivation and incentives for staff, insufficient bank turnovers, narrow range of bank products / services, strong dependence on suppliers, weak investment policy. As you can see, the lack of a strong development strategy of the bank is in the first place. The second is insufficient staff training, which suggests the need for a corporate training system. Ineffective system of motivation and incentives for staff - in third place, etc. Thus, not just a strategy is necessary, but a strategy and tools for its implementation.

The strengths of the bank include: social package, planning organization, level of technical equipment, information support, customer service offices, dealer network, staff size, bank image, location, financial sustainability. So, we have every reason to argue that the results of the analyzes are compatible, since the general conclusions about the strengths and weaknesses of the bank in the management efficiency profile coincided with the interpretation of the constituent parts of these blocks in the SNW analysis. It speaks about the objectivity and reliability of the estimates.

The next most important object of analysis of the bank's development strategy should be the assortment policy, which allows us to understand: what the company produces, what needs to be done to improve performance. As you know, the bank produces services. This means that you should be especially careful when analyzing your current marketing strategy. And it is useful to start with an analysis of what the material well-being of a particular business is built on. And it is built on the revenue from sales resulting from the production and sale of goods and services to consumers. If a bank produces a relatively wide range of services, then the loss-making capacity of some positions is often offset by the super-profitability of others, and against this background, the average profit may seem quite acceptable. Some fluctuations in the sales volumes for one or another product line actually speak little, since the consumer's attitude to the product or service differs by constancy.

The most well-known method for analyzing the effectiveness of assortment policy is the Pareto rule (or 80/20 rule), according to which 20% of efforts yield 80% of the result. In other words, 80% of sales revenue can bring 20% of customers (or products). If the manager identifies this dependence and focuses on the areas of maximum performance, he will be able to achieve better results by highlighting the product lines or markets with the highest sales (profits), which become priorities in developing a development strategy. The results of the analysis of the assortment policy of our bank are shown in table 9.

Table 10 - Analysis of the assortment policy of the Bank

Service/product type	Turnover, annually		Profit, annually	
	In thds. of tenge	% of turnover	In thds. of tenge	% of profit
Deposit «Great opportunity»	9223	8,6	1845	14,3
Deposit «Simple»	7452	7	1490	11,5
Deposit «Freedom»	3854	3,6	771	6
Deposit «Multicurrency»	1745	1,6	349	2,7

Commercial lending	54353	51	5435	42.1
Consumer lending	14209	13.3	1421	11
Car loans	8218	7,7	822	6,4
Mortgage lending	7644	7,2	764	5,9
<i>Note: compiled by the author</i>				

Analyzing the data in the table, we can conclude that the most efficient products / services that give the bank the greatest profit are: commercial lending, the “Great Opportunities” and “Simple” deposits, consumer lending. It should be noted that the above services together account for about 80% of the profits, which fully corresponds to the Pareto principle. However, in general, the range of the bank is quite narrow. Steps are needed to expand it as part of strategy development.

Then the analysis of the external environment, which allows you to determine the strategic climate of the bank. To identify the opportunities and threats of the environment, they use such tools as the assessment of competitive forces in the industry according to M. Porter, PEST-analysis, weight matrix and other tools. Thus, the results of the assessment of the level of competition according to M. Porter for “Bank C” are determined in points, meaning the degree of competition in a particular parameter. In this case, all competitive forces are approximately equal. At the same time, the average scores of all five forces lie in a rather narrow range: from 5.6 points for substitutes to 6.8 points for intra-industry competition. This suggests a fairly stable position of the bank, taking into account all possible competitive threats. However, in three to five years, the competitive situation may change dramatically. The range of scatter of the average values of competitive forces is much increased: from 4.5 points for new competitors to 8.5 points for intra-industry competition, based on the fact that bank managers, for example, predict a serious increase in intra-industry competition (from 6.8 to 8.5), which will be accompanied by tightening the struggle for the client and his money. It is also projected to strengthen the position of substitute products (from 5.6 to 7.6), to which credit and other cards, electronic payments, e-wallets and others can

be attributed. In total, it is noted that the competition from suppliers, obviously, will remain at the same level. The influence of the fifth competitive force (consumers), apparently, will also weaken as the consumer becomes more loyal, more secure and his requirements for a particular bank are less stringent. At the very least, you need to strive for this.

Then a PEST analysis is carried out for strategic forecasting; identifying and assessing environmental factors, policy, economy, society, technology, which may in the present and in the future affect the activity of the bank. As experts here are usually top managers, specialists and consultants of the bank. In this case, it is determined that now in Kazakhstan the main role is played by political factors, the significance of which was estimated at 6.8 points on a ten-point scale. This is a fairly high score. Among current political factors, dependence on decisions of the country's top leadership, corruption, existing legislation and stricter state control are leading in importance. The average assessment of economic factors is 6.4 points. The significance of social factors is somewhat lower - at the level of 6.2 points. Technological factors received the lowest score (5.3 points), which is quite logical. However, in three to five years, the situation may change, as managers predict, in the hope that the role of political factors will decrease. This is rather a positive outlook.

An important and universal tool for developing a bank's development strategy is a SWOT analysis. As a result of the previous analyzes, the situation in the bank and around the bank is considered in detail. This makes it possible to form a matrix of SWOT analysis, in the amount of strengths and weaknesses, opportunities and threats that will be required to develop a bank development strategy.

Strengths and weaknesses are reflected above. Opportunities: stable demand for services and opportunities to increase it, no shortage of workers in the labor market, a wide range of consumers, consumer loyalty, no likelihood of the emergence of new players in the market.

Threats: high tax burden; a rise in prices for energy carriers, raw materials, materials, components and services; increased competition in the industry; the

development of crisis phenomena in the economy: the emergence of substitute products on the market; the threat of late repayment of loans; investment climate in the industry; the threat of the emergence of new technologies.

It should be understood that not all of them will act equally on the development of the bank. Therefore, the task of the developers is to identify the key factors of the internal and external environment, on which the bank should rely strategically and use them in the development of development strategies. To do this, they make up a weight matrix that allows considering the factors of the internal and external environment against the background of mutual action: the identified strengths and weaknesses of a given bank, taking into account the fact that they are threatened and possible, which allows to establish how much or another factor.

The weight matrix developed for the bank shows:

1) strengths: the first place (five points) among the strengths was taken by affordable prices, the second and third places (four points) - technical equipment and financial stability of the bank (with an equal number of points), fourth place (3 points) - the image of the bank in the market, the fifth (last) place - (2 points each) social package and convenient location;

2) weaknesses: the first (8 points) is a narrow product line, the second and third places (6 points each) weak staff motivation and small production volumes, fourth place (five points) is an insufficiently developed system of personnel training; the fifth (4 points each) weak investment policy and dependence on suppliers;

3) opportunities: 6 points - stable demand, 5 points - high solvency of the population; 4 points - a wide range of consumers, others - less than one point;

4) threats: the development of crisis in the economy (10 points), high taxes (8 points), rising prices for raw materials, energy, etc. (7 points), and so on.

The overall rating is shown in table 10.

Table 11 - Weighing Results

Indicator	Points
Total score of strengths	20

Total score of weaknesses	33
Total score of opportunities	10
Total score of threats	30
<i>Note: compiled by the author</i>	

The final weighing results showed that the sum of the strengths is inferior quite seriously to the total rating of the weaknesses. And the total cumulative result of opportunities is lower than the total cumulative result of threats, which indicates the enormous risks that come most often from the external environment. But at the same time, it is the results of the weighing that make it possible to assess the balance of strengths and weaknesses of the bank, opportunities and threats, and to determine the development strategies that are most important for the bank.

The next step is to develop a mission and strategic goals. The proposed mission options are shown in Figure 9.

At the last stage, the development of strategy options and their evaluation is carried out in order to select the most optimal option for the bank's development strategy. For this purpose, the most effective and most ambitious ones are chosen from the entire set of strategies. To do this, as a rule, use the method of pairwise comparisons, as shown in Table 12.

Figure 9 - Missions and strategies

<p>Missions</p> <p>“We help our customers, employees, contractors, and even competitors to realize their financial capabilities”;</p> <p>“Providing clients and business partners with effective financial solutions that make their lives better”;</p> <p>“Increasing the value of a business while observing the optimal level of risks, ensuring transparency, stability and reliability.”</p>	<p>Strategic goals:</p> <ul style="list-style-type: none"> - ensuring the profitability of capital and assets at the level of 6% per annum and 1.5% per annum, respectively; - ensuring business growth of at least 10% per year in key areas and expanding the market segment occupied by 10% per year: - the growth of the quality of business management; - increasing brand awareness and customer loyalty; - further development of the regional network
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Note: compiled by the author

Table 12 - SWOT Analysis for Developing Strategy Options

	Opportunities (stable demand, high solvency of consumers, a wide range of consumers)	Threats (development of the crisis, high taxes, rising prices for raw materials)
Strengths	Type A	Type B
	<p>opening of new branches in various regions of the country;</p> <p>increase in sales volumes due to affordable prices for services;</p> <p>development of innovations</p>	<p>flexible pricing policy depending on the stage of the crisis;</p> <p>reducing credit risk;</p> <p>taking high risks for the sake of high returns;</p> <p>tax optimization;</p> <p>outsourcing and out staffing;</p>

Weaknesses (poor product range, poor staff motivation, low production volumes)

in products and customer service;
 active involvement of clients through qualified consultations;
 active advertising with an emphasis on the financial stability of the bank;
 improving customer service;
 Significant growth in bank assets and liabilities.

more thorough underwriting, assessment of the solvency of the applicant, confirmation of the presence of a stable income;
 optimization of purchases due to more thorough marketing study and financial stability with large wholesale lots.

Type C

expansion of the product line;
 development of an effective staff motivation system;
 expansion of the client network (the larger the network, the more information about borrowers);
 meeting the demand of the population due to the minimum requirements for the applicant;
 active sales policy;
 active staff training with a focus on new forms of work with the client;

Type D

reduction of interest rates on loans;
 increase in deposit rates;
 diversification of product areas;
 staff motivation to develop ideas for reducing tax payments, costs;
 continuous staff development;
 improving the database of problem borrowers and fraudsters;
 sale of a business or part of it in the event of a deep crisis;
 reduction of sales volumes due to liquidation of non-core assets, etc.

development of new forms
of remuneration depending
on the result.

Note: compiled by the author

These tables suggest that you need to begin the effective development of the bank with a decrease in interest rates on loans and an increase in interest rates on deposits. Note that these options are related to the type of survival strategies, and they need to be used as temporary shares to attract depositors and borrowers, which will ensure the growth of bank turnover. This is the root of the strategy, the key to the development of the bank and increase its effectiveness. Of course, to reduce interest rates on loans and raise deposit rates should be without fanaticism, but significantly for customers and without much damage to the bank, when the growth of turnover, even with a small unit margin, will increase the total profit. Next in importance should be the development of innovations in products and services (so that there is something to attract customers). Then come the expansion of the client network, obtaining more complete information about borrowers (to increase the repayment of funds), reducing credit risk, taking into account the risk / income ratio, developing an effective incentive system, an active marketing policy and increasing sales. The opening of new branches in various regions of the country, the growth of assets and liabilities of the bank complements the list, and it closes the sale of a business or part of it during a crisis, when nothing else remains (a typical survival strategy is a "last resort" strategy). On this basis, form a full-scale and effective strategy, which was the result of an analysis of the strengths and weaknesses of the bank, the possibilities and threats of the environment, their weighting and the selection of the best strategy options by means of pairwise comparisons. In Figure 10, we will display the bank's development strategy for the main 10 positions, arranged in order of priority.

Thus, we have established that an effective methodology for the strategic development of a bank is based on an analysis of the factors of the external and internal environment of the bank, which have a significant impact on the development of the bank. Then, the matrix identifies the main factors of the internal environment (weak and strong points) of the bank and the external environment (threats and opportunities), on the basis of which strategy options are developed. Their pairwise comparison allows you to make a rating relative to the developed options and choose the best option, which will be issued in the form of a bank's development strategy.

Figure 10 – Banks development strategy

- 1) a decrease in loan rates and an increase in deposit rates
- 2) development of innovations in products and services;
- 3) expanding client network, getting more complete information about borrowers;
- 4) reducing credit risk, taking into account the risk / earnings ratio;
- 5) development of an effective motivation system;
- 6) active marketing and sales campaigns;
- 7) opening of new branches in various regions of the country;
- 8) a significant increase in bank assets and liabilities;
- 9) product line expansion;
- 10) continuous staff development

6. CONCLUSION

In the course of the research aimed at identifying problems and developing methods for the strategic development of a commercial bank, all the tasks were solved: theoretical approaches to the research topic; the level of development of the banking sector of the Republic of Kazakhstan; development strategies used by second-tier banks of the Republic of Kazakhstan; development of methods for strategic development of banks.

During the theoretical study, it was established that the bank's development strategy is based on the theory of strategic management, taking into account the characteristics of this type of activity, in its evolution has four main stages.

Banking development strategies have also evolved in stages and have both historically and new concepts and approaches. Moreover, all approaches to the development of banking to which in modern conditions, taking into account the growing instability, the uncertainty of the banking market and the asymmetry of the information received, banking strategies are formed based on the need to transform this type of business and require their constant development.

The methodology of the practical study is based on an analysis of the banking sector of the Republic of Kazakhstan, conducted on the basis of statistical and rating materials and an analysis of the development strategy of second-tier banks of the Republic of Kazakhstan, based on statistical and strategic materials.

The study found that, in general, the country's banking sector is actively developing, mainly due to loans and customer deposits, while the investment activity of banks is underdeveloped. Banks have a lot of problematic issues. The main profitability of the banking sector is provided by the five largest banks, which reduces competition in the banking sector.

By the example of a savings bank, it has been established that the organization of strategic management is carried out by the bank according to the main strategic directions of development of the Halyk Group, developed for three years. And it seems to be a concept for the development of the Group, in which the main goals and

guidelines for the development of the entire Group are set, which are planned to be achieved in this strategic period. They reflect the key development parameters for the main activities of the Bank and its subsidiaries. It has the following sections: current calls of the bank; the mission and values and strategic business vision of the group, which does not meet the generally accepted requirements for the bank's development strategy. At the same time, at a foreign bank of the Industrial and Commercial Bank of China (Almaty), we note a detailed development strategy.

Proceeding from this, we have proposed a detailed effective method of strategic development, which is universal and allows any commercial bank to develop its development strategy, which should enable it to be a competitive, sustainable and profitable bank.

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Приложение 1
к протоколу заседания Совета директоров
АО «Народный Банк Казахстана»
от 14 сентября 2018 г. № 5

**Основные направления стратегического развития Группы «Халык»
на период 2019-2021 годов**



АО «Народный Банк Казахстана» (Банк) и его дочерние организации (совместно – Группа «Халык») сегодня являются активной, динамично развивающейся финансовой группой, крупным игроком на всех основных рынках финансовых услуг в Республике Казахстан.

В рамках задач Стратегии развития Группы «Халык» (Группа) на период 2016-2018 гг. реализован ряд стратегических инициатив по качественной трансформации Группы и Банка, направленной на активное взаимодействие с клиентами. Основные усилия Группы в указанном стратегическом периоде были направлены на решение задачи внедрения новых элементов и совершенствования действующей модели ведения бизнеса с учетом требований клиентов к высокому сервису, комфортным условиям обслуживания, доступности высокотехнологичных финансовых услуг и продуктов. В результате этих усилий достигнута стратегическая цель защиты и улучшения позиций Группы на рынке финансовых услуг, что позволяет ставить новые, более сложные задачи на следующий стратегический цикл.

В 2017 году произошло важное для Группы «Халык» событие, которое кардинально изменило условия функционирования и ключевые приоритеты Группы – завершение сделки по приобретению 96,81% простых акций АО «Казкоммерибанк» (Казком), его докапитализация Народным Банком на сумму 185 млрд тенге и Холдинговой Группой «АЛМЭКС» на сумму 65 млрд тенге. Советом директоров Народного Банка была одобрена интеграция двух банков в форме присоединения Казкома к Народному Банку по сценарию технологического и юридического слияния при сохранении бренда «Халык Банк».

Это значимое событие, ставшее свидетельством успешности выбранной стратегии и модели развития Народного Банка, его сильных позиций в финансовом секторе как

Универсально-протоковому
Совету директоров АО
«Туркво-промышленный Банк
Кыргызстан» г. Алматы»
№ 2019

От 27.08.2019 г.

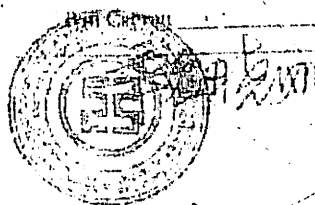
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Специально-протоковому
Президенти АО «Туркво-
промышленный Банк Кыргызстан»
г. Алматы»
№ 2019

От 27.08.2019 г.

Президентом Президентом



Стратегический план развития
АО «Туркво-промышленный Банк Кыргызстан» г. Алматы
на 2019 год