

Factors of the Population's Credit Activity: Regional Features on the Example of the Russian Far East

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Abstract— The dynamic and structural features of the population's credit activity of the Russian Far East and its federal subjects were compared with other federal districts in the period of 2009-2017. Based on the study of the main retail lending markets characteristics of the Far East (consumer and mortgage lending), the influence of two groups of factors was analyzed and quantified: 1. The features of the region's traditional interrelations between volume of loans and financial position of potential borrowers (level of income, debt load, characteristics of accumulated assets, including Housing and privately owned vehicles); 2. The closeness of ties between lending activity and demographic and social characteristics of the territories population was assessed within the framework of the behavioral finance concept, including age structure, education, migration mobility, marital status, etc. A high level of segmentation of the Far Eastern territories was established in terms of sensitivity to individual factors within both traditional, and the behavioral analysis. The research results prove the necessity of including a number of indicators in development programs aimed at increasing the migration attractiveness of the territories, taking into account the differentiation of their influence on the population's activity in local credit markets. A purposeful structural adjustment of the retail credit market was proposed under the institutional characteristics of the emerging "Far Eastern financial center".

Keywords— *Russian Far East, credit activity, credit behavior, regional development, banks.*

1. INTRODUCTION

Development of the Far East region as a territory, which occupies a special place in the Russian economic strategy in the 21st century, determines the necessity to use in this process a wide range of methods of formation of external and domestic demand for stimulating the development of the economic system. Taking into account the low modern level of indicators characterizing a condition of socio-economic environment in the Far East, the expansion of crediting of the population (as well as increasing of household's solvent demand due to this process) takes an important place in the complex of decisions on development of the region. The importance of researching the territorial aspects of this process is determined by the direct linkage of credit behavior with the formation of solvent demand in local markets of goods and services, and the potential opportunities of using it to solve the regional development problems.

In order to solve these problems, it is important to predict the consumer's behavior in the credit market, and, on this

basis, create the most favorable conditions for regulating the participation of the population in financial transactions. The Central Bank of Russia has indicated that identification of population's credit behavior motives, estimation of influence of factors changing trajectories of credit processes development are among the most important directions of the effective organization of the financial markets now [14, p. 25-26]

2. REGIONAL DIFFERENTIATION PROBLEM

We considered the dynamic and structural features of credit behavior of the population of the Far East region and its federal subjects in the period 2009-2017. The received estimations of the current state of the Far East credit market, the developing tendencies and potential opportunities in the organization of crediting of the population of the region showed heterogeneity and nonlinearity of these processes

On the one hand, this was determined by the general condition of the national credit system. The rises and recessions observed in the country's economy adequately affected the retail money market (both national and regional). In particular, in the Far East after the steady growth, which characterized the period from 2010 to 2014, there was a fall lasted until 2016. The credit activity of the population at this stage of development has been greatly reduced by shocks in the economy, including devaluation of the ruble. (see Figure 1.)

Table 1. Correlation coefficients of population's incomes per capita with the loans issued per capita in the territories of the Far Eastern Federal District

	Correlation coefficient
Far Eastern Federal District	0,66
Sakha (Yakutia) Republic	0,79
Kamchatka Krai	0,8
Primorsky Krai	0,61
Khabarovsk Krai	0,45
Amur Region	0,69
Magadan Region	0,67
Sakhalin Region	0,68
Jewish Autonomous Region	0,7
Chukotka Autonomous Okrug	0,92

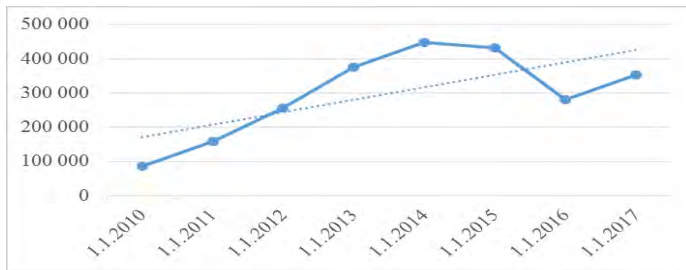


Fig. 1. The volume of loans issued in the Far Eastern Federal District to individuals in 2010 -2017, million rubles.

Due to increased credit risks, the growth of overdue debt banks were forced to tighten the requirements for borrowers, thus trying to improve the quality of the loan portfolio and maintain financial performance, including liquidity and profit, at a sufficiently high level.

At the same time, it should be noted that at the general level of credit activity falling, its intensity and decrease of propensity to receive the credit were considerably differentiated by regions of the Far East. Thus, the volume of credit per capita was strongly polarized and was 3:1 between extreme values: The maximum was observed in the Magadan Region; Minimum - in the Jewish autonomous Region.

This gives grounds to assert that credit behavior of the population is determined not only by the general tendencies in the market of banking services for individuals, but also by a number of additional factors characterizing the groups of borrowers localized in the territories.

3. RESULTS

Within this hypothesis, we have studied dynamic and structural characteristics of main Far Eastern markets in the segment of retail crediting (consumer and mortgage). The influence of two groups of factors, traditional and behavioural, was analyzed and quantified.

The first group relates to traditional estimates, according to which the key factor in this process is the interrelation between the credits, on the one hand, and both earned income and accumulated assets on the other. [See 7. 16. 19]

According to the estimates, the level of population's income, in fact, significantly correlates with the rate of received loans (see Table 1). However, the tightness of these links are not identical. There is a significant differentiation in indicators across territories. Though the level of population's incomes is an important factor in the process of forming the financial behavior, but has the low importance in many cases.

Another group of factors relates to the estimates generated by the concept of behavioural finance. A large list of such factors is contained in a number of works by researchers of credit behavior of the population [see, e.g., 1, 2, 9, 10, 11, 13].

We estimated tightness of correlation of credit activity of the population living in the territories of the Far East, with demographic and social characteristics, including age structure, education, migration mobility, marital status, etc. (more than 20 positions in total). The most significant identified relationships are shown in table 2.

Table 2. Correlation coefficients of social characteristics of the population with the loans issued per capita in the territories of the Far Eastern Federal District

	Proportion of women	Proportion of persons over working age	Proportion of students	Proportion of people with higher education	Number of private cars per capita
Far Eastern Federal District	-0,79	0,71	-0,7	0,77	0,8
Sakha (Yakutia) Republic	0,8	0,78	-0,81	0,72	0,89
Kamchatka Krai	-0,91	0,79	-0,76	0,66	0,88
Primorsky Krai	-0,77	0,72	-0,74	0,78	0,76
Khabarovsk Krai	-0,78	0,62	-0,51	0,46	0,65
Amur Region	0,53	0,66	-0,53	0,83	0,8
Magadan Region	0,72	0,67	-0,59	0,44	0,61
Sakhalin Region	-0,56	0,8	-0,87	0,75	0,87
Jewish Autonomous Region	0,52	0,72	-0,59	0,64	0,8
Chukotka Autonomous Okrug	-0,91	0,88	0,78	0,07	0,74

4. CONCLUSION

The data show that, firstly, in territories of the Far East of the Russian Federation the age structure of the population, social activity, level of education, ownership of tangible assets can act as determinants of the population's financial activity in the banking services market and have a significant impact on the change in credit behavior.

Secondly, there is a high level of segmentation of the Far East in terms of sensitivity to individual positions in both traditional and behavioral analysis.

Thirdly, the comprehensive complementary estimates of economic and sociological factors that determine the credit behaviour of the population, give the grounds for the inclusion of a number of indicators in the programmatic development. These indicators justify the need to stimulate consumer demand for the development of territories of the Far East, increase the migration attractiveness of the territories taking into account differentiation of their influence on the population's activity on local credit markets.

Conceptually, such positions are directly related to the ideology of forming a local financial center in the Russian Far East, providing priority conditions for the development of the region's economy and stimulating positive migration flows.

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