

MACROECONOMIC ANALYSIS OF THE BANKING SECTOR OF THE REPUBLIC OF BELARUS

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The article analyzes the banking sector of the Republic of Belarus by indicators reflecting financial stability, sustainability, and the size of the banking sector in relation to the country's GDP. The dynamics of the main indicators is tracked, threats are outlined, and recommendations on how to improve the current situation are given.

Key words: banking sector of the Republic of Belarus; return on investment; return on assets; net interest margin; ratio of bank assets to Gross Domestic Product; ratio of liquid assets to short-term liabilities; the discount rate.

МАКРОЭКОНОМИЧЕСКИЙ АНАЛИЗ БАНКОВСКОГО СЕКТОРА РЕСПУБЛИКИ БЕЛАРУСЬ

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В статье проводится макроэкономический анализ банковского сектора Республики Беларусь по индикаторам, отражающим финансовую стабильность, устойчивость и размеры банковского сектора по отношению к ВВП страны. Отслежена динамика основных показателей, обозначены угрозы и даны рекомендации по улучшению сложившейся ситуации.

Ключевые слова: банковский сектор Республики Беларусь; окупаемость инвестиций; рентабельность активов; чистый процентный доход банка; отношение банковских активов к валовому внутреннему продукту; отношение ликвидных активов к краткосрочным обязательствам; ставка рефинансирования.

Efficient performance and development of the banking sector is directly related to the economic growth of the country. By providing loans to enterprises and individual entrepreneurs, banks finance investments in production, technological innovations and business development. This helps to increase production, create new jobs and raise the overall level of economic activity. Bank loans also stimulate consumer demand as they allow households to purchase goods and services, which helps to increase sales and expand the market. Overall, it can be said that the banking sector is one of the most

important catalysts of economic growth, providing access to financial resources, supporting investment and stimulating consumer demand and entrepreneurship.

To analyze the banking sector of the Republic of Belarus, it is proposed to identify and trace the dynamics of changes in the following indicators:

1. ROE (Return on Equity), which is calculated as the ratio of net profit to equity capital. This indicator enables to estimate how effectively the bank uses its capital to generate profit.

2. ROA (Return on Assets), which measures the efficiency of using the bank's assets for profit generation and is calculated as the ratio of net profit to total assets of the bank.

3. NIM (Net Interest Margin), which is the difference between interest income and interest expense expressed as a percentage of the bank's total assets. This indicator allows estimating the profitability of the bank from the main activity – lending and attracting deposits.

4. The ratio of bank assets to GDP as the main indicator of the importance of the banking system in the economy.

5. The ratio of liquid assets to short-term liabilities, which is used to assess the liquidity of the banking sector, i.e. the ability of the banking sector to meet short-term financial obligations in time. This indicator makes it possible to assess the financial stability of the banking sector and its ability to overcome temporary financial difficulties without damaging its activities.

6. The discount rate as a key value on which the terms of provision of banking products depend [1, p. 303].

In the paper we will consider the period of analysis 2018–2024. Let us collect data as of January 1 of each year and present the results of the calculated indicators in Table 1 [2].

Table 1

Key Macroeconomic Indicators of the Banking Sector of the Republic of Belarus, 2018–2024

	2018	2019	2020	2021	2022	2023	2024
ROE	9,6%	10,7%	10,9%	8,9%	10,0%	13,2%	15,8%
ROA	1,4%	1,6%	1,5%	1,1%	1,4%	2,0%	2,5%
NIM	4,1%	3,7%	3,3%	3,2%	2,9%	-	-
The ratio of bank assets to GDP	12,6%	14,0%	15,3%	18,0%	17,1%	18,5%	-
The ratio of liquid assets to short-term liabilities	60,2%	167,6%	155,6%	122,9%	141,9%	180,6%	157,8%
The discount rate	11%	10%	9%	7,75%	9,25%	12%	9,5%

For better visualization of the dynamics of changes, consider the corresponding graphs. Image 1 shows the dynamics of changes in the main financial multipliers for the period 2018–2024) (fig. 1):

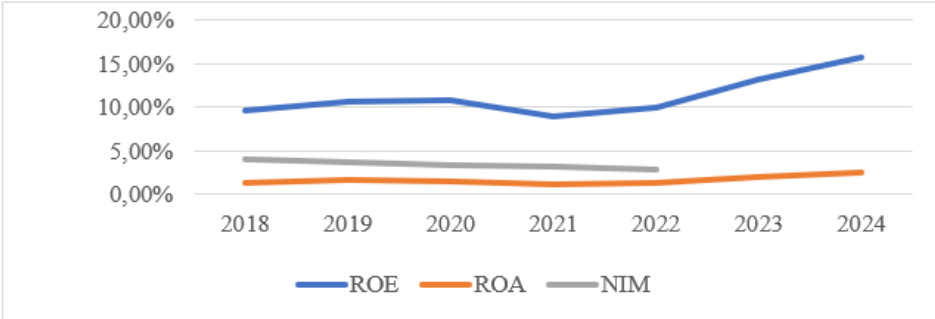


Fig. 1. Dynamics of Main Financial Indicators, 2018–2024

Looking at the chart, we can conclude that the return on assets and capital of the banking sector of the Republic of Belarus is increasing over time, which indicates that they are being used more and more efficiently to generate profit. However, there is a downward trend in the net interest margin, which is a marker of the fact that banks’ profitability from their core activities – making loans and attracting deposits – is declining. Accordingly, return on assets and return on equity increases for other reasons, while lending volumes and deposit-taking activity remains stable or declines.

Figure 2 shows the share of banking assets in the GDP structure to track the trend of banking sector expansion:

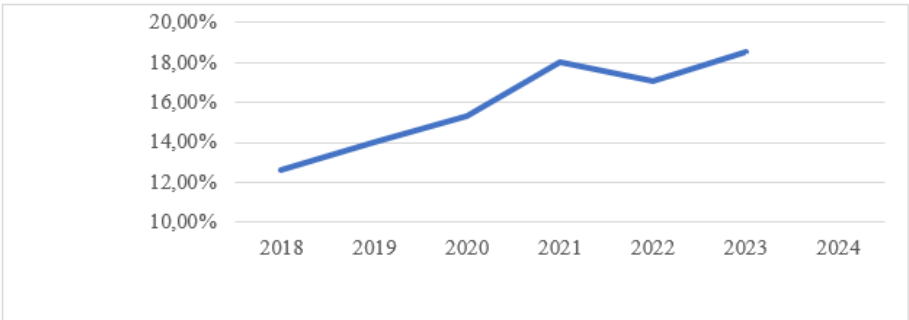


Fig. 2. The Ratio of Bank Assets to GDP, 2018–2024

Based on the information presented in the chart, we can conclude that the share of the banking sector in the country’s economy has been increasing over time, which indicates its growing influence on economic processes. An exception is 2022, when sanctions were imposed on the banks of the Republic of Belarus, which significantly hampered their

performance. However, a year later the banking system of the Republic of Belarus adjusted to external circumstances and continued its expansion.

Figure 3 considers the indicator reflecting financial stability of the banking sector of the Republic of Belarus and presents the ratio of liquid assets to short-term liabilities:

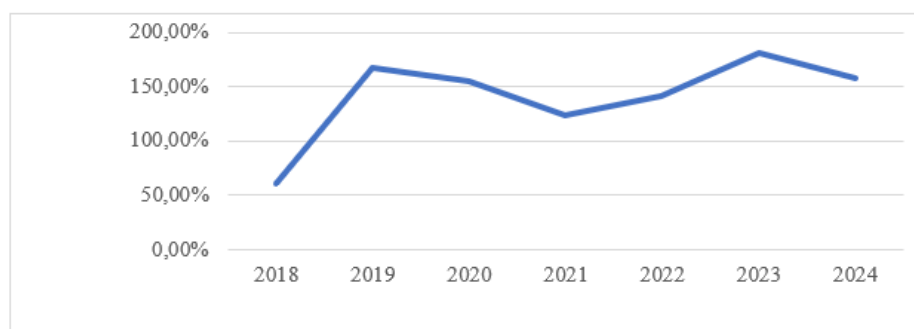


Fig. 3. The Ratio of Liquid Assets to Short-Term Liabilities, 2018–2024

Looking at the chart, one can notice serious fluctuations in this indicator, but the main conclusion to be drawn is that over the last four years the value of this indicator has been above 100%, which indicates the possibility of full coverage of short-term liabilities in case of necessity and a high degree of stability of the banking sector of the Republic of Belarus.

Figure 4 presents data about one of the main instruments of the National Bank to regulate the monetary policy:

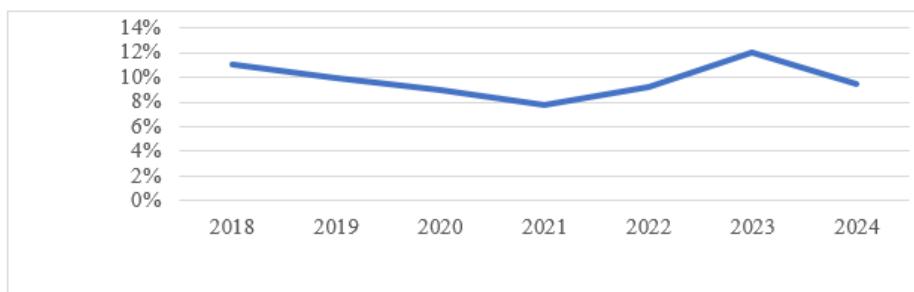


Fig. 4. The discount rate in the Republic of Belarus, 2018–2024

Throughout the whole period under review, the value of the discount rate fluctuated insignificantly. This indicates the stability of the monetary policy, in which there was no need to carry out tough interventions.

Thus, the banking sector of the Republic of Belarus plays a key role in the economy of the country, ensuring financial stability and supporting economic growth. An increase in the share of banking assets in GDP indicates its growth and development. However, attention should be paid to efficient risk management and maintaining stability of the financial system, and at the same

time, stagnation of profitability of this sector, which may pose a threat in the near future.

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