Економіка

UDC 336.77:334.72

Nepochatenko Olena
Doctor of Economics, Professor
Uman National University of Horticullture
Непочатенко Олена Олександрівна
доктор економічних наук, професор,
Уманський національний університет садівництва
ORCID: 0000-0002-1212-6335

Bechko Petro
PhD in Economics, Professor
Uman National University of Horticullture
Бечко Петро Кузьмич
кандидат економічних наук, професор,
Уманський національний університет садівництва
ORCID: 0000-0003-0928-4778

Ponomarenko Olga
PhD Student of the
Uman National University of Horticulture
Пономаренко Ольга Володимирівна
здобувач третього освітньо-наукового рівня вищої освіти (PhD)
Уманського національного університету садівництва
ORCID: 0000-0003-3273-1150

Polyshvaiko Serhii
PhD Student of the
Uman National University of Horticulture

Полишвайко Сергій Сергійович

здобувач третього освітньо-наукового рівня вищої освіти (PhD)

Уманського національного університету садівництва

ORCID: 0009-0001-3947-2019

ISSUE OF THE ESSENCE OF THE CONCEPT CREDIT IN THE CONTEXT OF CREDIT MARKET DEVELOPMENT
ПРОБЛЕМИ СУТНОСТІ КАТЕГОРІЇ "КРЕДИТ" В КОНТЕКСТІ РОЗВИТКУ КРЕДИТНОГО РИНКУ

Summary. *The development of credit markets in the context of the study of the nature of credit determines strategic approaches and principles of optimization and improvement of credit relations in the financial sector. This requires a deep theoretical study and analysis of understanding and formulation of the essence of both credit and credit market as economic concept that form the conceptual content of the studied relations.*

Despite the antiquity of the essence of credit and credit market as economic categories, disputes about their theoretical interpretation, which is of fundamental importance in modern market conditions, still persist. Scientific analysis of the results of research on this problem shows that there is no unified approach to the economic essence of both categories - credit and credit market, which form the basis of credit relations. The study of credit relations in market conditions of economic management gives grounds to assert that credit and credit market are economic categories characterizing the relations arising between banking institutions and borrowers on the distribution and redistribution of free monetary funds, temporarily released in the process of production to borrowed funds.

The research has shown that the essence of credit and credit markets is an independent economic category forming an independent niche in the general *system of credit relations. This requires both theoretical research and analysis of understanding and clarification of the essence of credit and credit markets as economic categories that form the semantic content of the studied relations.*

Research has shown that since the field of lending is subject to the general laws of the market and the behavior of lenders and borrowers is completely subordinate to them, the methodological approach to lending should be based on both the basic principles of the nature of credit and the principles of the nature of credit market.

Key words: *credit market, credit, credit theory, lending, economic relations.*

Анотація. *Розвиток кредитного ринку в контексті дослідження сутності «кредит» визначає стратегічні підходи та принципи для оптимізації та покращення кредитних відносин у фінансовій сфері. Це потребує як поглибленого теоретичного дослідження, так і аналізу усвідомлення та уточнення як сутності «кредит», так і «кредитний ринок» як економічних категорій, що формують понятійне наповнення досліджуваних відносин.*

Не дивлячись на давність сутності «кредит» так і «кредитний ринок» як економічних категорій, досі не вщухають дискусії щодо їх теоретичного трактування, що важливо за сучасних ринкових умов господарювання. Проведений науковий аналіз результатів дослідження з цієї проблеми свідчить про відсутність єдиного підходу щодо економічної сутності як категорії «кредит», так і «кредитний ринок», що є підґрунтям кредитних відносин в країні. Дослідження кредитних відносин у ринкових умовах господарювання дає підставу стверджувати, що кредит та кредитний ринок є економічними категоріями, що характеризують відносини, які виникають між банківськими установами і позичальниками з приводу розподілу та перерозподілу вільних грошових *коштів, що тимчасово вивільняються у процесі виробництва у позичкові фонди.*

Результати дослідження свідчать, що сутність «кредит» та «кредитний ринок» є самостійними економічними категоріями і утворюють окрему нішу в загальній системі кредитних відносин. Це потребує як теоретичного дослідження, так і аналізу усвідомлення та уточнення сутності «кредит» та «кредитний ринок» як економічних категорій, що формують понятійне наповнення досліджуваних відносин.

Результати проведеного дослідження свідчать, що методичні підходи щодо кредитування повинні базуватися, як на основних принципах сутності «кредит», так і принципах сутності «кредитний ринок», оскільки сфері кредитування притаманні загальні закони ринку, а поведінка кредиторів і позичальників цілком їм підпорядковані.

Ключові слова: *кредитний ринок, кредит, теорія кредиту, кредитування, економічні відносини*

Statement of the problem. Historically, the emergence of credit was only possible through the development of the commodity-money relationship. In the process of commodity exchange, buyers were not always able to pay for goods immediately. Therefore, if the seller trusted the buyer, he could sell the goods later, i.e., on credit. Credit facilitates the sale of goods. This is one of the main purposes of credit. Credit allows funds to be converted into borrowed capital in an economic environment, thus facilitating the relationship between borrowers and lenders. The ability to effectively manage credit resources is an important component of a country's international competitiveness. Research on this topic will help develop strategies for attracting foreign investment and developing credit markets. Although the views and opinions of scholars on the nature of credit, its content, and the related term *lending* have changed and developed, the issue still remains unresolved. In fact, the lack of a systematic approach to the theory of credit, which, in addition to its essence, defines certain regularities, principles, and ways of dealing with it, is manifested not only in the existence of various inconsistent interpretations of credit and lending by different authors, but also in current legislation.

Analysis of recent research and publications. Such scholars as V. Aleksiichuk, M. Demianenko, O. Hudz, T. Herasimova, S. Maslova, S. Pelykh, P. Stetsiuk, M. Savluk, O. Nepochatenko, P. Bechko and others have devoted their scientific works to the study of theoretical and practical issues on the essence of the category *credit* in the context of the development of the credit market and the role of the credit market in the system of bank lending. Despite the number of studies conducted and the volume of scientific research on this topic, it remains important to understand and clarify the essence of "credit" and "credit market" as economic categories that form the conceptual content of the studied relations.

Formulation purposes of article (problem). The main purpose is to conduct an in-depth theoretical study and analysis to understand and clarify both the essence of "credit" and "credit market" as economic categories that form the conceptual content of the relations under study.

The main material. The nature of credit has been studied in many interpretations, the primary basis for which is the Latin expression. The word *credit* is derived from the Latin *creditum*, which means *loan*, i.e., money lent on credit on the basis of full credit "credere". The results of the research of many scientists in the field of financing show that the economic essence of credit is a combination of the two disadvantages of *credit* and *financing*. According to the research of M.Y. Demianenko, the main precondition for the emergence of credit relations is credit, since credit is essentially a social relation that arises between economic agents in connection with the mutual transfer of free funds (value) for temporary use, based on return, payment and voluntariness" [1, p. 372].

Researchers have analyzed the category of *credit* in a number of definitions found in various sources, including Ukrainian legal acts. *Credit* is interpreted as economic relations, processes, contracts (agreements), loans, forms of transfer of borrowed capital, basic economic categories, funds and material assets, borrowed capital, credit, and manifest forms of credit relations. Based on the results of the study, the author argues that all definitions do not adequately reflect the essential characteristics of credit, but does not provide a radically new definition of the concept of credit that combines the characteristics of this category identified in her publication [2].

Further study of other uses of the term "credit" leads to the conclusion that it is a multifaceted concept that requires further study to determine its essence, essential characteristics and functions. The essence of credit as a category is expressed by the unity of all its various properties, relations, and external forms of existence, and is related to the necessity and preconditions for its emergence.

The need for credit is directly related to the nature of the economy: limited resources and the need for efficient redistribution among economic agents. Credit arises from the practical necessity of production development and represents the linkage of this category with various economic processes. With the development of the agricultural sector, the level of division of labor, specialization, and concentration of production increased so much that even small-scale production could no longer be organized without credit [3, p. 67].

The economic basis for the emergence and development of credit relations is the circulation of funds (capital). These phenomena are characterized by continuity, which does not exclude fluctuations in the circulation and turnover of capital. In the process of its movement, there are cash inflows and outflows, fluctuations in the need for resources and sources of its coverage. Due to the unevenness of capital circulation and turnover, there is a need for relations that eliminate the mismatch between the time of production and the time of circulation of funds. Credit makes it possible to eliminate these contradictions between the temporary accumulation of free funds in the accounts of enterprises and the need to use them for the needs of the economy. Credit relations are based on certain legally defined principles.

Despite the long history of existence of the economic category "credit market", there are still many points of view on its definition with different contents. This situation leads to disagreements in defining the essence of "debt capital markets", "financial markets", "credit markets" and "credit systems". Some authors believe that the credit market can be divided into two main segments: the credit system (a set of various financial institutions) and the securities market. The latter can be divided into the following types of markets: - primary; - secondary (exchange); - over-the-counter. This approach to the definition of credit markets is purely institutional, as it focuses on the organizational form of market functioning. Considering this issue from the point of view of the nature of credit relations (i.e. financing based on the principles of repayment, maturity and payment), it is easy to see that in this definition there are no clear boundaries between debt capital market segments, since credit relations exist not only in the first but also in the second basic segment (debt and non-equity securities markets).

Credit markets, by their content and function, encompass all types of interest-based capital, including debt securities. In his view, the credit market is the market for bank loans, which is the integration and interconnection of the loan and deposit markets. The definition of the credit market as a bank lending market is too restrictive. A more precise definition of the credit market and its boundaries can be given only on the basis of the following criteria: - First, its definition should be approached from the point of view of the essence of credit - relations on borrowing funds on the terms of repayment, maturity and payment. Secondly, its definition should be based on the definition of the very concept of "market" - the sphere of relations in which money is an object of sale and purchase, i.e. a commodity [5].

In the conditions of credit market relations development, further study of the economic essence of credit theory in the context of credit market is of particular importance. Modern economic science considers the theory of credit from two directions: naturalism and capitalism. The difference between these theories lies in the role of bank credit in the economy. The founders of the naturalistic theory of credit were such classics of political economy as A. Smith, D. Ricardo, J. Mill and A. Surbaugh, and over time this theory was supported by K. Marx, J. Say and A. Marshall. Their works are based on the process of production and circulation of capital. In their opinion, it is on the basis of these processes that credit relations arise and develop. Therefore, when studying the essence of the theory of credit, they relied on the process of production and its characteristics, and the objects of credit were the means of production and the reproduction value of labor force.

Proponents of the naturalistic theory of credit believed that lent money is a means of transferring capital from one entity to another for further use, and banks as intermediaries only temporarily accumulate free capital and place it in the form of loans. According to Schumpeter's conclusions, the essence of the naturalistic theory of credit is that capital invested in banks can be received in the form of deposits. His work is based on the fact that depositors are the first creditors and banks are intermediaries who temporarily accumulate the capital of some subjects at their disposal and make it available to other subjects. In this case, the bank does not add anything to the invested capital, but only manages it in order to maximize economic profit [6].

The advantage of this theory is that priority is given to the production process itself, when an aggregated product is produced and value is added. The role of credit in these conditions guarantees the continuity of the production process and therefore has a positive impact on the financial performance of the borrower. The size of the resulting profit directly affects the interest rate on the loan.

A deeper analysis of this theory reveals its shortcomings. This is due to the fact that the supporters of this theory inadequately assessed the role and specificity of borrowed capital and at the same time did not study the borrowed capital as an independent part of industrial capital in monetary form, did not emphasize the ability of borrowed resources to expand and reproduce. The shortcomings of this theory include the fact that its supporters did not sufficiently study the differences between borrowed and real capital, did not take into account the interdependencies existing between the amount of interest on loans, the ratio of borrowed capital and supply and demand, the influence of market conditions [6, p. 9]. The founder of the theory of capital formation in credit was the English economist J. Lowe. The result of his work was to bring credit and money to a single principle, which is capital - a form of wealth that also serves as a basis for guaranteeing expanded reproduction.

Due to the fact that banks are only creators of capital, they have to strengthen their credit impact on production, including by issuing money. According to the theory of capital formation, the volume of credit depends directly on economic market conditions, not on the banks themselves.

Historically, both the theory of capital accumulation and the naturalistic theory existed and were studied in parallel. This is explained by the fact that with the help of credit savings are transformed into investments. Under these conditions, the role of credit is reduced to the redistribution of cash flows in the economy, and banks perform the function of capital formation. Although research in credit theory has revealed both the positive and negative aspects of both naturalistic and capitalist theories of credit, it has not been possible to fully establish their ultimate superiority.

The development of economic science in the modern era has allowed a more rational approach to the task of studying the theory of credit depending on market conditions. The role of credit in interaction with the economy is reflected in Keynesian theory and is the methodological basis for national monetary policy, which affects the level of output, employment and inflation in the country. Central banks influence the real economy by reducing or increasing the money supply through "high" or "low" monetary policy.

When the money supply changes as a result of central bank policy, interest rates change, then investment, and only then does nominal gross domestic product change. This model reveals the shortcomings of this theory. In particular, a decrease in interest rates does not mean that economic agents will immediately start investing in the means of production at the expense of credit resources, even if it is not necessary. In such a situation, monetary policy does not produce the desired results, and it is necessary to regulate government spending and taxes.

The role of credit in the formation of capital in the economy became an important issue of credit theory and was later singled out as a subject of research by M.H. Bunge, who argued that various researchers assess the role of credit according to subjective assertions and perceptions. Having analyzed the research data in the field of credit theory, M.H. Bunge criticized utopian notions about the capital-forming properties of credit. Based on his research, the scientist came to the conclusion that credit is closely related to the circulation of goods and money, is one of the elements of exchange value, is essentially of such a nature that value or personal services are transferred on the basis of trust and future remuneration, and that all items of such value are the subject of credit transactions The conclusion is made [7, p. 14-16].

When studying the theory of credit, attention should be paid to the impact of credit on the economy of the country. This is due to the fact that the excessive size of credit as a source of continuous production for a considerable period of time was considered as one of the main causes of the crisis. In favor of this hypothesis are the works of M. Carey. In 1816 he published his "Treatise on Banking", in which he considered the practical problems of trade depression. In this context, it is worth considering that this study was based on the economic conditions prevailing in the post-war 19th century, when along with the growth of industrial production, the expansion of trade operations was widespread. He believed that banks should control the expansion of trade operations and not encourage their excessive expansion through the settlement of bills of exchange [7, p. 9].

In 1879, Alfred Marshall in his book "The Economics of Industry" described crisis as an irrational phenomenon. He viewed it as a phenomenon associated with expansion [7, p. 15]; as J.C.L. Sismondi argued, bank credit intensified the industrial crisis by replacing coins with banknotes, absorbing large amounts of tangible capital, entitling it to interest, to profits from production, and to income to future posterity in the form of intangible Substitute marks [7, p. 260]. By the middle of the XIX century, the notion that crisis is primarily a phenomenon related to money circulation, bank credit and finance was formed; in 1866, W.S. Jevons drew attention to the business activity of the production process and real factors causing fluctuations in its volume, the main ones being increase, decrease in some years and harvests due to climatic conditions [7, p. 13-14].

According to economic theory, the financial crisis was caused by monetary reasons. Thus, I. Fisher argued that in fact there is no economic cycle, but there are only fluctuations in the purchasing power of money, and that the reason for the decline in production is the process of debt formation, in which a significant part of the debt is irrecoverable, received at the time of falling prices. This is what he considered the cause of depression that led to the economic crisis [7, p.139].

Although financial science in Ukraine is developing in its own direction, it should retain the results obtained in the former USSR, as well as develop and supplement new categories, research methods and practical applications in accordance with the realities of the market economy. Certainly, most of the credit problems associated with the Soviet period is unacceptable today due to market conditions. However, some studies conducted at that time can be used in the conditions of market economy. In particular, methodological approaches to the study of the nature of credit can be used in modern conditions, since Marxism is no longer the only theoretical basis of this or that economic science.

Of particular value are the legislative interpretations of the nature of credit set forth in the NBU Regulation "On Lending", the Law of Ukraine "On Corporate Income Tax", the Law of Ukraine "On Banks and Banking" and the Tax Code of Ukraine. In particular, the NBU Regulation "On Lending ... Loans are borrowed capital of banks in monetary form, which is transferred for temporary use on the terms of security, repayment, maturity, payment or purposeful use" [8].

The Tax Code of Ukraine, which came into force on January 1, 1991, defines that ".... A loan is financial and physical assets provided by a legal entity or an individual for use by a resident or a non-resident for a certain period of time and with interest"" [9].

The definition of "bank credit" in the Law of Ukraine "On Banks and Banking Activity" is based on the nature of credit operations of the bank. Article 2 of the Law gives the following definition of credit: "Bank credit is the obligation of the bank to provide a certain amount of money, guarantee, acquire the right to claim the debt, extend the term of debt repayment and pay interest and other payments on such amount, provided in exchange for the debtor's obligation to repay the loan" [10].

According to the Law of Ukraine "On Banks and Banking Activity", loans are not considered to be monetary or tangible assets. According to this law, the essence of credit refers to obligations arising from contractual terms, in accordance with the Civil Code of Ukraine, in particular, Articles 4 and 151, from which it follows that credit functions within the framework of economic relations. Thus, different Ukrainian laws have different approaches to the interpretation of the essence of credit, the very economic category that ultimately underlies all credit relations in Ukraine, which undoubtedly has a negative impact on the organization of bank lending in general.

To ensure the continuous financing of enterprises, the government should adopt appropriate laws on financing, taxation and budgetary policies, and intervene in market mechanisms in a scientifically sound manner. This will enable the expansion of production and contribute to the recovery from the financial crisis.

Methodological approaches to credit should be based on the basic principles of credit. The study of the nature of credit should be based on the general theory of markets, which will help to establish the fact that the credit sphere is inherent in the general laws of the market, the behavior of lenders and borrowers, and pricing mechanisms are fully subordinated to them. The main features of a market economy, such as horizontal links between participants, competition and self-organization, are applicable to the credit sphere and fully apply to the credit market.

Conclusions. Further study of credit relations requires clarification of the category of credit, so the study of this category in market conditions should be considered in accordance with the theory of loanable funds. Credit is the main form of transfer of borrowed funds, provided on the conditions corresponding to the principles of lending, in particular, repayment, maturity, purpose and payment. The study of credit relations on the basis of market conditions shows that credit is an economic category characterizing economic relations arising between creditors and borrowers on the distribution and redistribution of free money temporarily released in the process of production into loan funds (free credit resources) and transferred for temporary use in accordance with the principle of lending. This gives grounds for claims.

Studies of credit relations show that the development of credit leads to significant changes in the organization and functioning of economic entities. From the point of view of economic theory, economically unjustified government interference in the market mechanism, granting certain preferences to some market participants and imposing artificial restrictions on others, distorts the operation of market laws and reduces the efficiency of the economy. In modern economic conditions, the establishment of credit relations between banks and borrowers is possible only on condition of theoretical substantiation of the nature of credit and its role in the reproduction process.

Literature

1. Гроші та кредит: підручник / М.І. Савлук, А.М. Мороз, М.Ф. Пуховкіна та ін. / За заг. ред. М.І. Савлука. К.: КНЕУ, 2001. 602 с.
2. Склярова Н.І. Логічний аналіз поняття „кредит" як однієї з провідних категорій економіки. *Регіональні перспективи*. 2002. № 1(20). С. 105-107.
3. Колотуха С.М., Мельник К.М. Пошук шляхів реформування кредитних відносин в аграрному секторі економіки. *Економіка АПК.* 2002. № 1. С. 66-70.
4. Фінанси підприємств: підручник / А.М. Поддєрьогін, М.Д. Білик, Л.Д. Буряк та ін.; кер. кол. авт. і наук. ред. проф. А.М. Поддєрьогін. 5-те вид., перероб. та доп. К.: КНЕУ, 2004. 546 с.
5. Бечко П.К., Демченко О.В. Роль кредитного ринку в системі кредитування агросвіт. *Агросвіт.* 2012. № 19. С. 23–27.
6. Березовик В.М. Кредитування банками України сільськогосподарських підприємств: автореф. дис. на здобуття наук. ступеня канд. економічних наук: спец. 08.04.01. "Фінанси, грошовий обіг і кредит". К., 2006. 20 с.
7. Пармаклі Д.М., Філиппова С.В., Добрянська Н.А. Історія економічних вчень: навч. посіб. Одеса, 2018. 113 с.

8. Про кредитування: положення Національного банку України: за станом на 28 верес. 1995 р. №246. *Українська інвестиційна газета.* 2003.05.19.
9. Про оподаткування прибутку підприємств: Закон України станом на 22. трав. 1997 р. № 334/94. *Верховна Рада України*. 1995. № 4. С. 28.
10. Про банки і банківську діяльність: Закон України. *Законодавчі і нормативні акти з банківської діяльності.* 2001. № 1. С. 3-47.

References

1. Savluk M.I., Moroz A.M., Pukhovkin M.F. (Eds) (2001). Hroshi ta kredyt [Money and credit]. Kyiv: KNEU [in Ukrainian].
2. Skliarova N.I. (2002). Lohichnyi analiz poniattia „kredyt" yak odniei z providnych katehorii ekonomiky [A logical analysis of the concept of "credit" as one of the leading categories of the economy]. *Rehionalni perspektyvy - Regional prospects, 1(20),* 105-107 [in Ukrainian].
3. Kolotukha S.M., Melnyk K.M. (2002). Poshuk shliakhiv reformuvannia kredytnykh vidnosyn v ahrarnomu sektori ekonomiky [Finding ways to reform credit relations in the agricultural sector]. *Ekonomika APK - Agricultural economy, 1,* 66-70 [in Ukrainian].
4. Podderiohin A.M., Bilyk M.D., Buriak L.D. et al. (Eds) (2004). Finansy pidpryiemstv [Corporate finance]. Kyiv: KNEU [in Ukrainian].
5. Bechko P.K., Demchenko O.V. (2012). Rol kredytnoho rynku v systemi kredytuvannia [The role of the credit market in the agricultural lending system]. *Ahrosvit – Agroworld, 19,* 23-27 [in Ukrainian].
6. Berezovyk V.M. (2006). Kredytuvannia bankamy Ukrainy silskohospodarskykh pidpryiemstv [Lending by Ukrainian banks to agricultural enterprises]. *Extended abstract of candidate's thesis.* Kyiv [in Ukrainian].

7. Parmakli D.M., Filyppova S.V., Dobrianska N.A. (2018). Istoriia ekonomichnykh vchen [History of economic doctrines]. Odesa [in Ukrainian].
8. Pro kredytuvannia: polozhennia Natsionalnoho banku Ukrainy za stanom na 28 veresnia 1995 r. № 246 [On lending: regulations of the National Bank of Ukraine from September 28, 1995 №246]. Ukrainska investytsiina hazeta - Ukrainian investment newspaper, 246 [in Ukrainian].
9. Pro opodatkuvannia prybutku pidpryiemstv: Zakon Ukrainy pryiniatyi 22 trav. 1997 roku № 334/94 [Law of Ukraine on corporate profit taxation from May 22, 1997, № 334/94]. *Verkhovna Rada Ukrainy - Verkhovna Rada of Ukraine, 4,* 28-32 [in Ukrainian].
10. Pro banky i bankivsku diialnist: Zakon Ukrainy [Law of Ukraine on Banks and Banking Activities]. (2001). *Zakonodavchi i normatyvni akty z bankivskoi diialnosti - Legislation and regulations on banking activities, 1,* 3-47 [in Ukraininan].