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**RELEVANT ASPECTS OF MANAGEMENT OF BANKS
INVESTMENT ACTIVITIES ON SECURITIES MARKET**

Abstract. In the article the determining terms of origin of market vagueness are considered in investmanagement on securities market, the structuring of these terms is conducted depending on their predictability and relevance, and also there are discovered the separate directions of process perfection of noted management taking into account an informative aspect. There are considered the basic approaches about the reasonability determination of bank entry on securities market, the priorities of investment bank activity at securities market are determined with the use of securities of fixed and unfixed income, the possible variants of risk origin of investment bank activity at securities market are grounded, the introduction terms of securities implementation are determined after basic classification signs and also the features of their use in the process of realization of investment bank activity at securities market, the logical analysis scheme is developed in reasonability determination of bank exit to securities market in accordance with consideration of terms of securities introduction.

Keywords: securities market, investment activity, market uncertainty conditions, predictability, risk.

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JEL Classification: G 11, G 21, G 24, G 31

Introduction. As a key tasks of the current research the generalization of

conditions of the market uncertainty appearance in the management of banks investment activities on securities market, the structuring of such conditions in dependence on predictability of the information environment, the practicability of bank entry on securities market and the determination of basic advantages and shortages of the realization of investment operations with securities in modern conditions are selected.

Literature review and the problem statement. The practicability of research of the task of analysis the market uncertainty conditions within the management of banks investment activities on securities market and structuring of these conditions is important for improvement the risk management of the investment activity. This importance is confirmed by domestic scientists' research, among which Vasyurenko O. [Vasyurenko, Musienko, Maslova 2015, Vasyurenko, Podchesova 2008], Vitlinskiy V. [Vitlinskyy, Velykoivanenko, 2004], Markovskiy [Markovskiy 2009], Williams [Williams 1938]. The substantial contribution in development of theoretical approaches for banks investment activities on securities market is made by next famous scientists-economists: Vasilyeva [Vasilyeva 2007], Luciv [Lutsiv 2001], Mayorova [Mayorova 2013], Peresada [Peresada, Mayorova 2005]. They have developed the methodological base of the management of banks investment activities on securities market.

The purpose of this article is developing and grounding of the theoretical and methodological aspects of management of banks investment activities on securities market in the scope of an effective realization of the market uncertainty conditions, that are as the basic indicator of the economic process changeability, and considering the practicability of bank entry on securities market accordingly to the conditions of securities implementation.

Research results. An uncertainty in the area of management of banks investment activities on securities market – is the reason of appropriate risks appearance within the processes of forming and using the resource potential, that provide for necessity of consideration the market uncertainty conditions, and also demands to form the proper management solutions with the aim to prevent the risk situations appearance which can perform the important threat to the bank activity in the securities market condition [Sharpe, Gordon, Bailey 1999].

An appearance of the different market uncertainty conditions in management of banks investment activities on securities market can be divided in aspect of their predictability. First of all, it is reasonable to select the group of market uncertainty conditions which appear because of different situations, but such that it is able to predict. As an example of predictability of the particular market uncertainty conditions appearance in management of banks investment activities on securities market can be the situations of determination the actions of potential competitors on pre-defined segments of the banking market. The possibility of such conditions prediction lies in determination the consequences from competitors' actions on banking market and ability to achieve the effectiveness in management of banks investment activities on securities market. Under the considering the actions of potential competitors it is important to define the time interval during which these actions will have maximal influence on the current bank activity.

As other example of predictability of the particular market uncertainty conditions appearance in management of banks investment activities on securities market can be the situation with changing the applicable legislation in the context of performing the appropriate banking directions or following the regulations in investment activity realization.

For consideration and determination the market uncertainty conditions, development of which can be predicted, as usual the probabilistic and statistical methods of their evaluation are used. Also the set of approaches for solving the optimization tasks that are based on Gurvitz, Sevidg, Vald, Laplas, Bayes criterions [Vitlinsky, Velykoivanenko 2004, Labsker 2000, Markovskiy 2009, Sio 2000] etc. Thus, in completion as particular directions, which are pointed at improvement the management of banks investment activities on securities market in the market uncertainty conditions appearance, it is possible to define the development of the scenarios of management of banks investment activities on securities market. This will allow to minimize the negative influence at appearance of the situation with predicted market uncertainty conditions appearance. At this such scenarios should have as economic leverages of holding the influence of negative aftereffect of the predicted market uncertainty conditions appearance, as actions that are aimed at bank interests lobby. Particularly, at changing the economic standards of banks activity it is appropriate to implement the flexible transient period for determination the new standards or implementation such periods on the basis of positions of different banks groups.

If talk about using from the side of current bank the economic leverages of holding the influence of negative aftereffect of the predicted market uncertainty conditions appearance, then it is necessary to note that they can be divided in causation to the situations of market uncertainty conditions appearance. At this, in the context of banking economic standards varying, such leverages should provide for prediction value of the banking standards changing. But if talk about applying the economic leverages from the side of minimizing the negative influence because of predictability of the potential competitors actions, then it is necessary to note only importance using of that leverages which are adequate to potential competitors' leverages at least.

It is very difficult to predict the development of market uncertainty also at mass deposits withdrawal of retail customers, which are directed at decreasing of current and potential bank resource bases. That straight influences on condition of management of banks investment activities on securities market [Arnold 2010]. At the same time the difficult predicted and unpredictable conditions of market uncertainty development can perform real set of influences on bank activity.

From the other side, if talk about the directions of improvement of the management of banks investment activities on securities market in the conditions of noted appearance of market uncertainty, then it is necessary to note, that the majority of probable actions firstly are defined by banking regulator.

Equally with the division of conditions of appearance and development of the market uncertainty in management of banks investment activities on securities market in accordance with their predictability it is necessary to consider the uncertainty taking into account the saturation of the proper information management system. In this case it is possible to mark out the uncertainty in the context of as inefficiency of informational support, as of presence of the excessive information at management of banks investment activities on securities market.

If talk about the market uncertainty conditions that are obtained because of the received excessive information at management of banks investment activities on securities market, in this case it is appropriate to focus the attention

on fact that such conditions can be taken into account only if current information is reduced or the most priority data from it presence set is selected.

In this context, for selecting the most priority data from it presence set, having the aim to reduce an excessive information, it is possible also to use the methods of expert evaluations, which allow at the objective- subjective level to determine the appropriate management decisions.

At the same time under the solving of strategic tasks within the management of banks investment activities on securities market there should be realized the coordination at generalization of the obtained information with bank departments, which are responsible or risk management. Thus, strategic decision making within the management of banks investment activities on securities market should be coordinated between different bank management structures independently of its volume of activity [Coval, Shumway 2001]. An also the general vision of basic directions of the management of banks investment activities on securities market at the uncertainty conditions can be presented as a scheme (Figure 1).

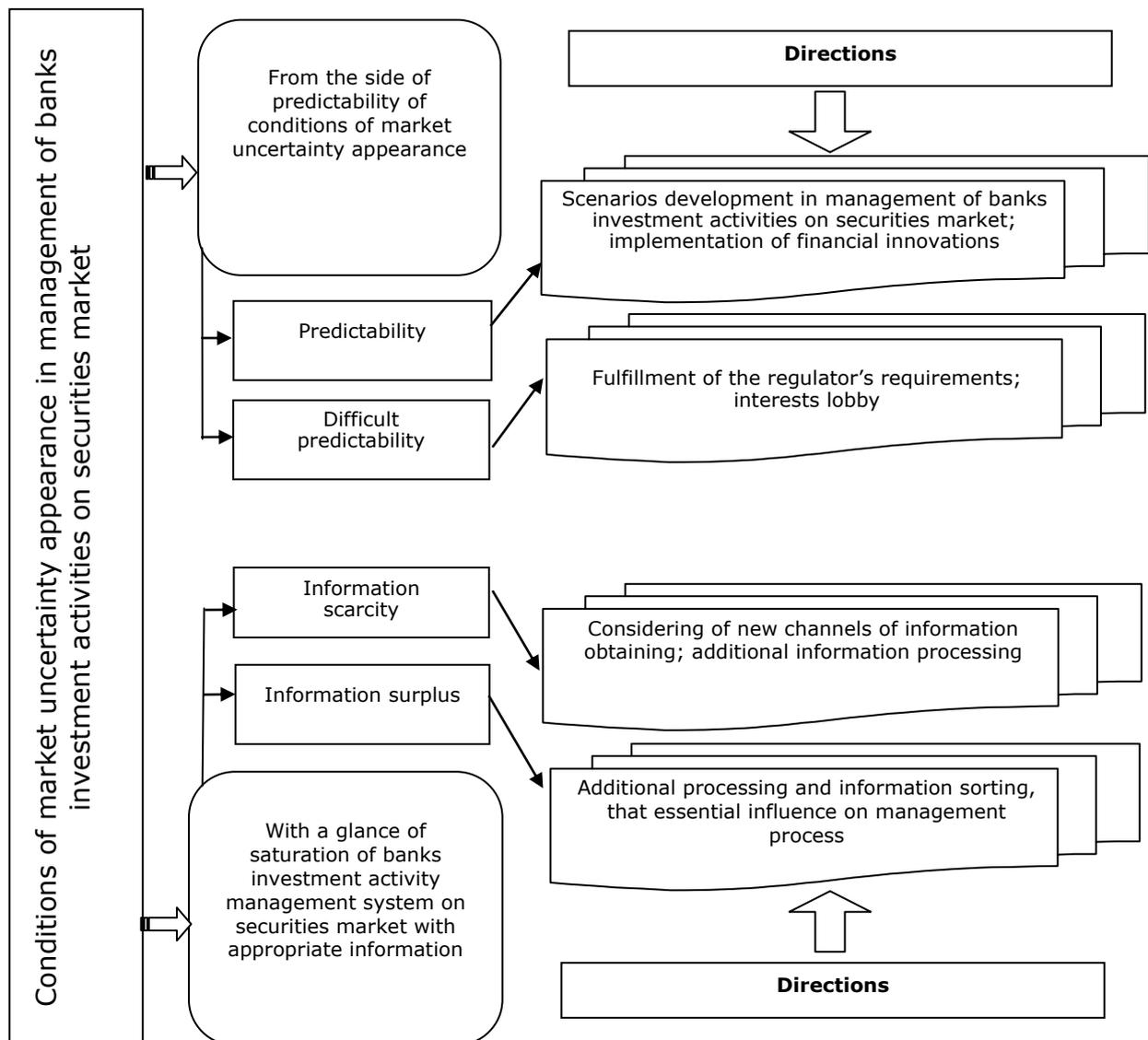


Figure 1 – Basic directions of the management of banks investment activities on securities market in the conditions of appearance of market uncertainty

Source: authors' own development

From the data at fig. 1 it is follow that the basic directions of the management of banks investment activities on securities market, in the context of taking into account the conditions of appearance of market uncertainty, are based on integration the methods of obtained information processing and on applying the necessary leverages of achieving the stable positive effect within noted management. In completion it allows to improve and increase the horizons of management of banks investment activities on securities market and grounds the considering of practicability of bank entry on the securities marked at large. Considering of such approach is based on 1) taking into account the risky actions with securities; 2) taking into account the expected securities income at a point of bank entry on the securities marked; 3) evaluation the varying of expected securities income with the lapse of time.

It is also necessary to note that the main difference between considering of practicability of bank entry on the securities marked with fixed and unfixed income lies in taking into account the risky actions first of all with unfixed profit securities. The validity of such division is based on next facts. If the security has fixed income, then bank can compare the risk value and income value in the context of performing the investment activity on the securities marked with selected tool and do this more objective. At this as determining is the value of the expected income and its varying during the time. These parameters are the basic indicators for determination the practicability of bank entry on the securities marked.

In the case if security has unfixed income, then this increases the risky actions in the context of performing the bank investment activity on the securities marked with such tool. Thus, the question about the practicability of bank entry on the securities marked mostly depends on value of security risk indicator that is determined in accordance to the issuer class of such security, its rating or issuer's security rating [Polozhennya 2012]. So, if the risk volume of the current security in the moment of bank entry on securities market is unacceptable, then the practicability of performing the bank investment activity on securities market in such direction is also unacceptable.

As to the taking into account the expected income and its varying under the determination of practicability of performing the bank investment activity on securities market with securities which have unfixed income, in this case it is necessary to pay attention to next conditions.

Firstly, at considering the possibility to bank entry on securities market it is necessary to compare the profitability of current security with the profitability of possible using of other tools.

If the current market profitability of proposed security at the moment of entry on securities market is greater or equals to the current profitability of possible using of another tools, then this entry is practicability. If other, then the practicability of bank entry on securities market with the corresponding type of securities is insufficient and is determined as management disposition to risk, as predicted evaluation of varying of expected profitability of applied security type during the time.

Secondly, is the predicted evaluation is positive in the context of increasing the expected profitability of applied security type during the time, then the bank entry on securities market with such security is practicability.

And the last situation, when the predicted evaluation is negative in the same context, then the bank entry on securities market with such security is not practicability. As the method of determination the expected profitability of applied type of security can be used the regression procedures, methods of expert evaluations, approaches of the theory of games etc.

Thereby, the determination of practicability of bank entry on securities market in accordance to criterion of possibility and necessity of using the current securities type should be performed according to the author's logical scheme (Figure 2).

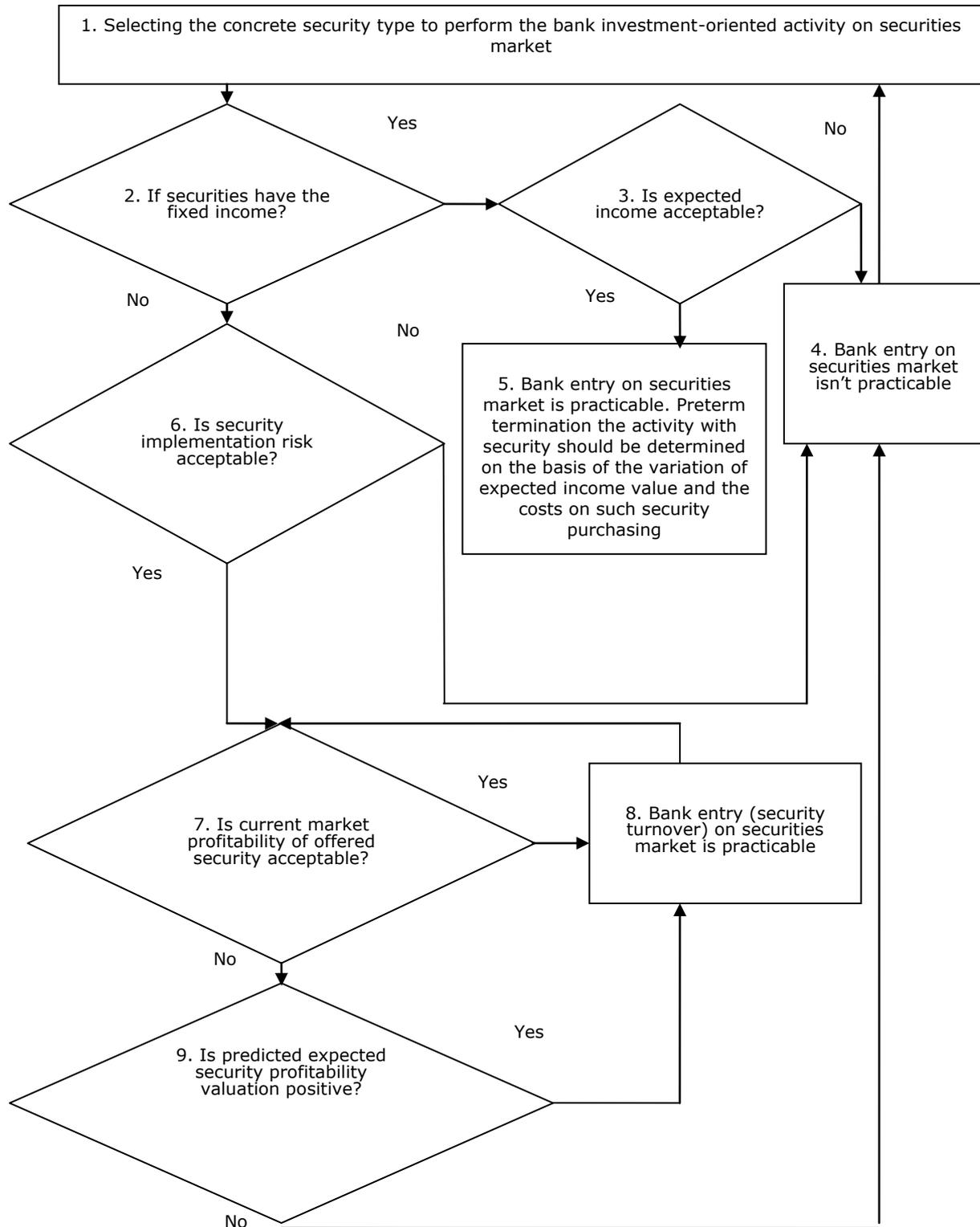


Figure 2 – Methodical approach to determination the practicability of bank entry on securities market accordingly to considering the securities implementation conditions

Source: authors' own development

From the data at fig. 2 it is clear that proposed logical scheme of determination analysis of practicability of bank entry on securities market in accordance to considering the conditions of implementation the security determines not only the practicability of performing the bank investment activity on securities market with selected type of security, but also the conditions of termination of such activity.

At the same time this scheme has no the conditions of termination of bank investment activity on securities market with selected type of security in accordance to prescribed term of security turnover, that is apparent.

So, the given on fig. 2 scheme it is necessary to consider with taking into account the selected horizon (term of security turnover) of performing the bank investment activity on securities market. Also it can be noted that offered approach takes into account next conditions of security implementation: type of security by the content of obtained income (fixed and unfixed); term of security turnover; implementation risk; evaluation of current security profitability; evaluation of security profitability varying which depends on time.

In the same time the analysis of determination the practicability of bank entry on securities market, indeed, supposes the considering of qualitative criterions of performing the bank investment activity on security market.

This is because that fact, that the main criterion of considering the acceptability of the securities implementation conditions (though, as the base of determination of such acceptability are various quantity calculations), is the taking into account the current activity of different bank and varying of conditions of their investment activities on securities market.

Other approach to determination the practicability of bank entry on securities market can be base only on quantitative comparing of the obtained results.

Then in this case as the indicator of practicability of performing the bank investment activity on securities market is, for example, irrelevant variation of the structure of current bank securities portfolio. That structure, particularly, is determined by bounds of such variation which generalized in accordance to concrete quantitative indicators. That is, for example, the value of variation of the bank securities portfolio by each element of such structure should not exceed the concrete numerical value.

At this such generalization of quantitative characteristics subordinates, first of all, to bank requirements and possibilities to perform its banking activity at large.

But it is necessary to note that the current approach determines as practicability as possibility of performing of bank investment activity on securities market and under the determination of securities implementation conditions. Thereby, considering of using different securities is the base of practicability of bank entry on securities market. Also at this at generalization of qualitative comparing of obtained results on the basis of optimization management within bank investment activity on securities marked should be taking into account the own bank propositions for securities portfolio changing.

Conclusions. A generalization of the emergence conditions of market uncertainty in the management of bank investment activity on securities market and consideration of the saturation of the information management system contributed us to the disclosure of certain directions of such management process improvement.

The definitions of the main directions of management of banks investment

activities on securities market in respect of considering the emergence of market uncertainty that are made by authors are based on a combination of methods of received information processing and applying the necessary leverage to obtain stable positive effect in such management.

In banks' activity this allows to improve and to expand the horizons of management not only of investment potential, but also management of the Bank as a whole.

The banking sector functioning within the securities market is one of the priority directions of modern banking management that, firstly, due to the importance of solving the optimization task in forming the securities portfolio and determination of banks investment activity with taking into account the financial aspects of its implementation in modern conditions.

The developed approach for determination the appropriateness of bank entry on securities market in accordance with the conditions of introduction of securities provides the optimization process of using the various securities types as the basics of investment activity reasonable. However, in summarizing the quantitative comparison of the results obtained on the basis of optimization management of banks investment activities on securities market, it is appropriate to account the situational investment needs of the bank on the restructuring of the securities portfolio, which is a perspective direction for further research in this direction.

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