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Market trends of personal borrowing by taking credit

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Abstract

The analysis of the scientific literature has revealed that the problematics of the borrowing market in respect of issuance of the credits for physical entities still lack of the scientific attention. The research of this type was considered to be purposeful since crediting of physical entities generates a significant share of the revenue for credit institutions. The main purpose of this paper is to research the problematic and trends of Lithuanian borrowing market in respect of issuance of the credits for physical entities. The methodology of the research includes analysis of the scientific literature and analysis of the statistical data. The results of the research have revealed that Lithuanian borrowing market has recovered after the economic/financial crisis, which is confirmed by the gradual increase in the volumes of different kinds of credits issued for physical entities as well as by the increased turnover of the credit cards market.

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Introduction

Crediting of physical entities is usually a direct (Lukina, 2012; Shaitanova & Michailof, 2012; Janof, 2012) or indirect (Andriukaitis, Ceponyte, & Jureviciene, 2009; Deimantaite-Gedminiene, 2012; Gudelyte & Valuzis, 2012; Kilinc, Karasoy, & Yucel, 2014) object of the scientific research. The analysis of the scientific literature has revealed that crediting of physical entities is commonly analysed in the context of the total crediting system, concentrating on the specificity of the crediting of juridical entities (Jimenez & Saurina, 2005; Adamoniene, Mikuteniene, & Trifonova, 2008; Mileris, 2012). While studying crediting of physical entities, scientists usually

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introduce and compare different methods of risk management (Jaseviciene, Kedaitis, & Vidzbelyte, 2014; Chowdhury & Ahmed, 2009; Deimantaite-Gedminiene, 2012; Lileikiene & Lileikyte, 2012). However, the problematics and trends of the borrowing market in respect of issuance of the credits for physical entities lack of the scientific attention. With reference to the data, presented by the Central Bank of the Republic of Lithuania (2014), issuance of the credits for physical entities makes nearly 40 – 45 per cent of the overall volumes of crediting in the country. Thus, the analysis of the problematics and trends of Lithuanian borrowing market in respect of issuance of the credits for physical entities is purposeful since this kind of crediting generates a significant share of the revenue for credit institutions. The main **purpose of this paper** is to research the problematics and trends of Lithuanian borrowing market in respect of issuance of the credits for physical entities. **The methodology** of the research includes the analysis of the scientific literature and the analysis of the statistical data – statistics dynamic lines.

1. The structure of the physical entities' crediting system

Issuance of credits for physical entities commonly is an indirect object of scientific studies (Andriukaitis, Ceponyte, & Jureviciene, 2009; Deimantaite-Gedminiene, 2012; Gudelyte & Valuzis, 2012). Being analysed alongside with crediting of juridical entities (Jimenez & Saurina, 2005; Adamoniene, Mikuteniene, & Trifonova, 2008; Mileris, 2012, etc.), it is researched in terms of credit institutions' management, risk management or improvement of risk management techniques (Chowdhury & Ahmed, 2009; Deimantaite-Gedminiene, 2012; Lileikiene & Lileikyte, 2012).

Considered as an independent object, issuance of credits for physical entities can be interpreted as lending funds for "individuals who act personally on their own behalf" (Bagdanavicius, Stankevicius, & Lukosevicius, 1999, p. 55). In this context, an individual can be treated not only as a person, but also as an inhabitant, household, citizen, final customer. According to Lukina (2012), the main aim of issuance of credits for physical entities is fulfilling the needs of consumers' society. Also, it should be noted that the relationship between a creditor (bank) and a debtor (physical entity) is one of basic features characterizing the nature of crediting of physical entities (Mileris, 2012).

The structure of the physical entities' crediting system consists of several blocks (see Fig. 1).

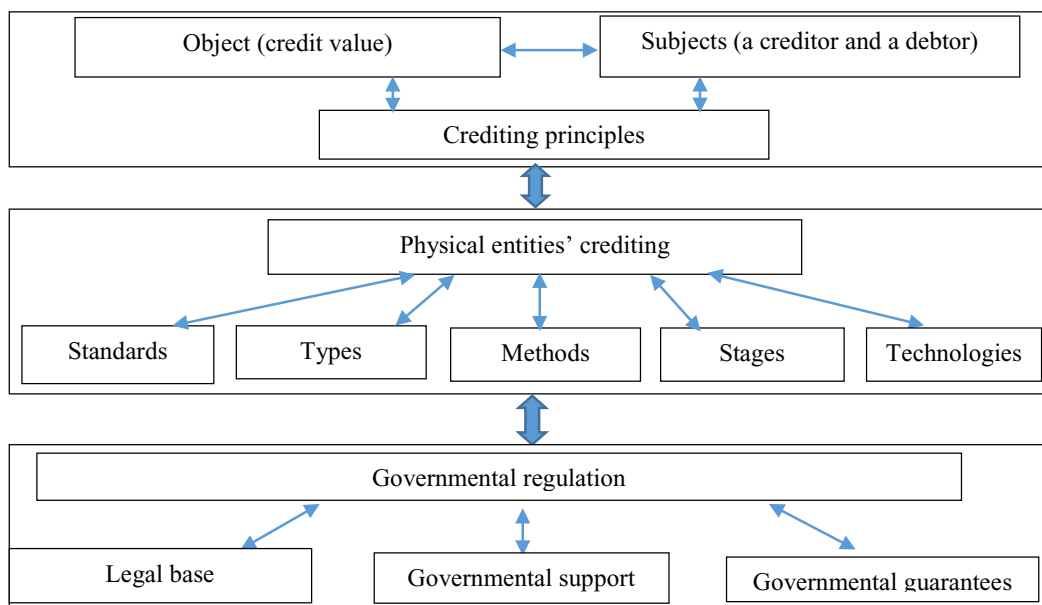


Fig. 1. The structure of physical entities' crediting system (source: Janof, 2012, p. 204).

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