

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of economics



Bachelor Thesis

**Lending of small and medium sized businesses in
Kazakhstan as an example**

JSC “ Bank CenterCredit ”

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BACHELOR THESIS ASSIGNMENT

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Economics and Management

Thesis title

Lending of small and medium-sized businesses as an example JSC "Bank CenterCredit"

Objectives of thesis

The object of study is to research activities of Kazakh commercial banks for lending to small and medium-sized enterprises of Kazakhstan.

The aim is to find proposals to optimize the provision of credit resources of small and medium-sized businesses, to improve their credit.

To achieve this goal the following tasks were:

- Examine the economic nature of the credit and give their definition;
- Identify issues of credit support to small and medium-sized businesses;
- To analyze the structure of sources of financing of small and medium-sized businesses;
- Identify risk factors for second-tier banks in lending to small and medium businesses, the forms and methods of their minimization;

Methodology

Theoretical and methodological basis of the study served as a scientific work of economists, dialectical and logical approaches to the study of economic phenomena, laws and regulations of the Republic of Kazakhstan, Statistical Bulletin of the National Bank of Kazakhstan and Karaganda region, materials statistical yearbooks of the Agency for Statistics, annual reports second-tier banks and certain small and medium-sized businesses.

The proposed extent of the thesis

40 – 60 pages

Keywords

Kazakhstan, Bank, Business, Credit, Analysis

Recommended information sources

Kaliev G.A., Satybaldina A.A. Tursunov S.T., Kazakhstan: small business and the basic principles of its organization

Makeyev A.P. Development of small and medium-sized small business in Kazakhstan.

Pessel M.A. Financial and credit mechanism of the intensification of social production.

Ustyugov O.I. "Small Business."

Expected date of thesis defence

2015/16 WS – FEM

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Electronic approval: 20. 11. 2015

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Electronic approval: 20. 11. 2015

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Prague on 23. 11. 2015

Declaration

I declare that I have worked on my bachelor thesis titled "Lending of small and medium sized businesses in Kazakhstan as an example JSC " Bank CenterCredit " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any third person.

In Prague on _____

Sun Igor

Acknowledgement

I would like to thank Doc. Ing. Mansoor Maitah, Ph.D. et Ph.D. for his advice and support during my work on this thesis.

Poskytující úvěr malých a středních firem v Kazachstanu jako příklad JSC "Bank CenterCredit"

Lending of small and medium sized businesses in Kazakhstan as an example JSC " Bank CenterCredit "

Souhrn

Tato studie je do značné míry ukazuje potenciál malých a středních podniků jako hnací motor rozvoje a posílení trhu, reformování ekonomiky. Malé a střední podniky by měly: významně a bez významných investic kapitálové rozšíření výroby spotřebního zboží a služeb; pomoci vyrovnat životní podmínky; aby se zapojily do výroby práce, materiální a finanční zdroje; k zrychlení de-monopolizaci výroby; rozvoj hospodářské soutěže; slouží jako základ pro tvorbu vlastníků hromadného vrstvy střední třídy jako základ společnosti, garantem jeho stability, aby se pozitivní alternativu k neformální ekonomice; slouží jako hmatatelný zdroj rozpočtových příjmů.

Dynamický rozvoj odvětví malých podniků vyžaduje odpovídající finanční podporu, zejména zvýšení toku úvěrových zdrojů přidělených na toto odvětví, zlepšení efektivity jejich použití.

Světové zkušenosti ukazují, že úvěry pro malé a střední podniky tvoří soběstačnou proces vývoje a rozšíření reálné ekonomiky a služeb, zajištění růstu zaměstnanosti, rozvoj pracovní aktivity a řešení jejích sociálních problémů. Úvěry malým podnikům umožňuje aktivovat proces zavádění nových technologických zařízení a moderní technologie, která umožňuje spotřebitelský trh vyplnit široký sortiment kvalitního zboží a služeb.

Summary

The present study is largely shows the potential of small and medium business as the driving force of development and strengthening of the market, reforming the economy. Small and medium enterprises should: significantly and without significant capital investment expand the production of consumer goods and services; help equalize living conditions; to engage in the production of labor, material and financial resources; to accelerate the de-monopolization of production; development of competition; serve as a basis for the formation of owners of mass layer of the middle class as the foundation of society, the guarantor of its stability; to make a positive alternative to the informal economy; serve as a tangible source of budget revenues.

The dynamic development of the small business sector needs adequate financial support, in particular, increasing the flow of credit resources allocated to this sector, improving the efficiency of their use.

World experience shows that lending to small and medium business creates self-sustaining process of development and expansion of the real economy and services, ensuring employment growth, the development of labor activity and addressing its social problems. Lending to small business allows you to activate the process of introduction of new technological equipment and advanced technology, which allows the consumer market to fill a wide range of quality goods and services.

Klíčová slova: Kazachstán , Bank , Byznys , Kredit , Analýza

Keywords: Kazakhstan , Bank , Business , Credit , Analysis

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Introduction

The present study is largely shows the potential of small and medium business as the driving force of development and strengthening of the market, reforming the economy locomotive. Small and medium enterprises should: significantly and without significant capital investment expand the production of consumer goods and services; help equalize living conditions; to engage in the production of labor, material and financial resources; to accelerate the de-monopolization of production; development of competition; serve as a basis for the formation of owners of mass layer of the middle class as the foundation of society, the guarantor of its stability; to make a positive alternative to the informal economy; serve as a tangible source of budget revenues.

The dynamic development of the small business sector needs adequate financial support, in particular, increasing the flow of credit resources allocated to this sector, improving the efficiency of their use.

World experience shows that lending to small and medium business creates self-sustaining process of development and expansion of the real economy and services, ensuring employment growth, the development of labor activity and addressing its social problems. Lending to small business allows you to activate the process of introduction of new technological equipment and advanced technology, which allows the consumer market to fill a wide range of quality goods and services.

Meanwhile, the problem of access of small businesses to financial and credit resources takes over the last few years one of the leading places in the list of obstacles to its development in Kazakhstan. The main obstacles in obtaining credit are the high cost of borrowing from commercial banks for small businesses up to 16-18% in foreign currency and 20-24% in Tenge and short loan repayment period, averaging 11-12 months.

However, commercial banks are not interested in lending to small businesses due to lack of proven technologies for their investment, low efficiency of the projects and the long repayment loans, the need to consider a large number of investment projects with high costs of operations on their elaboration. Particular difficulties in obtaining credit are experiencing start-up businesses that need additional investments for the development of the business. This is due to the reluctance of banks to invest in companies that do not generate a stable income, as well as in the company, whose activities are in the early stages

of work related to the risk of bankruptcy. All the above and determined is the choice of the theme of this study.

Scientists and engineers are working on the development of small and medium-sized businesses, great experience and valuable research material. However, the diversity of issues, a variety of points of view on issues referring those or other enterprises in the category of small and medium-sized, lack of a systematic approach to providing credit facilities to small and medium-sized businesses have necessitated a deeper study of the theory and practice of lending to small and medium business in Kazakhstan.

1.1 Aims and objectives

The aim is to find proposals to optimize the provision of credit resources of small and medium-sized businesses, to improve their credit.

To achieve this goal the following tasks were:

- Examine the economic nature of the credit and give their definition;
- Identify issues of credit support to small and medium-sized businesses;
- To analyze the structure of sources of financing of small and medium-sized businesses;
- Identify risk factors for second-tier banks in lending to small and medium businesses, the forms and methods of their minimization;
- To give recommendations for the improvement of lending to small and medium-sized businesses.

Subject of investigation - a set of economic relations connected with the formation and use of credit by small and medium-sized businesses.

The object of study is to research activities of Kazakh commercial banks for lending to small and medium-sized enterprises of Kazakhstan.

1.2. Methodology

Theoretical and methodological basis of the study served as a scientific work of economists, dialectical and logical approaches to the study of economic phenomena, laws and regulations of the Republic of Kazakhstan, Statistical Bulletin of the National Bank of

Kazakhstan and Karaganda region, materials statistical yearbooks of the Agency for Statistics, annual reports second-tier banks and certain small and medium-sized businesses.

Scientific novelty of the work lies in the analysis of complex problems in the theory and practice of credit support to small and medium-sized businesses, identifying ways to optimize them, improving lending to small and medium-sized businesses in Kazakhstan.

On defense are made the following scientific results:

- Clarify the definition of "loans" and "providing credit facilities to small and medium-sized enterprises";
- A distinction is made of small businesses in the micro, small and medium enterprises based on quantitative criteria;
- Suggested the formation of a regional credit bureau to create a database of information about borrowers to prevent and minimize credit risks;
- Kazakh banks offered recommendations to improve the system of lending to small and medium-sized businesses.

The practical significance of the work lies in the fact that:

- Made by the author of the findings and proposals were considered in the development of regional programs to support and stimulate small businesses and the socio-economic development of Kazakhstan;
- Main points and conclusions of the thesis can be used by commercial banks to develop lending programs for small and medium-sized businesses;

2. Theoretical Foundations of credit and financial support of small and medium enterprises in the Republic of Kazakhstan.

2.1 The economic nature of credit resources.

At first sight of the question about the nature of credit cannot be considered as relevant for a long time already have quite a detailed formulation of this concept, it is used in economic theory (political economy), the theory of finance, banking, etc., but mostly on their own, separately from other, often representatives of various sciences - economists, financiers differently unilaterally interpret the concept of credit resources, restricting their content within its science.

There is still no unanimity of views or on the concept of "loans", nor on the basic

parameters of characterizing or the factors of development of these resources, or to the place of the category in question, in the productive forces and production relations and, very important - sources of their formation.

Stratification of Economic Sciences - raises the important issue of the principle of "relay" in economic development, in particular when handling the problems of commodity-money relations, finance, credit, etc. So, depending on the decision of the economic theory of the question of the economic nature of credit is an understanding of its specific economic functions and tasks. Often the difficulties of using scientific advances of economic theory in business practices associated with the lack of clarity in the definition of the functions of various economic categories.

The set of relations between people in the process of economic activities can be organized on a number of criteria, one of which is the criterion for movement of resources and products from production to consumption. Economic relations in this aspect as relations appear on the production, distribution, exchange and consumption of goods. At each stage of the process of reproduction, they receive different forms and relationships involved in constantly new subjects.

From these positions (Marxist) are the Soviet economists, describing the loans. Loan fund under socialism is an economic category. First of all, it should be noted the existence of the general characteristics of the loan capital and the socialist Loan Fund as a category of commodity-money relations, acting as their causes - the contradiction between production time and the time of treatment. Depending on the socio-economic formations reproduction of the released funds has its own characteristics. Under capitalism - is a form of movement of loan capital, which along with the general inherent specific features. In terms of the formation of all sorts of means to involve in economic circulation, take the form of capital.

Under socialism the means of temporarily released during the reproduction of the social product and national income, are in the form of loan fund. Loan Fund socialist society - one of the foundations of economic resources, with his usual economic specifics (for example, to the fore challenging feature percent). Loan Fund is the category that reflects the material content of the socialist loan. Therefore, loans at a public form of ownership - the form of motion Loan Fund socialist society. Consequently, the loan fund of the company is a form of expression of the economic resources, periodically released

during reproduction, which are mobilized by the bank and the loan involved in economic circulation for the expansion of socialist production base, accelerating its growth and more profits [Senchagova V.K., 2006: 19].

If you look at the problem from today's perspective, then the post-Soviet scientists and economists as the other approaches to the explanation of the financial and credit relations, and to the essential content and function of credit. "Banking Resources - wrote G.Beloglazova - formed as a result of passive operations of banks and liabilities are recognized in the balance sheet of the bank. For bank resources include banks' own funds, borrowed and borrowed funds, the totality of which is used for the bank's active operations, that is, placement of resources mobilized for the purpose of earning income. Passive and active operations are closely linked: the structure and nature of the liabilities is largely determined by the bank's ability to conduct active operations at the same time a change of policy in the field of bank lending can significantly influence the nature of resources "[Kolesnikova V.I., Krolivetsskoy L.P., 2009: 12]. Such an approach is noteworthy. It opens ample opportunities of use of credit resources in the contemporary economy.

In the form of credit and economic relations are implemented at all stages of reproduction, while at the same time and the integrity of social reproduction. All of this suggests that the specific economic studies must be analyzed and a credit form of production and form of credit allocation and credit application form and the form of consumer credit - their activity and passivity in relation to each other. In light of the foregoing, we consider it necessary to accept the interpretation G. Beloglazova, from our point of view, it is quite justified.

Considering the credit as an economic category of modern Russian researchers believe that the loan - the movement of loan capital. Loan capital - money capital is provided to the owner of the loan on terms of repayment for a fee in the form of interest. This is a particular historical form of capital. The qualitative difference from the money that loan capital - is a form of self-expanding value, at the same time as the money itself does not produce growth [Pessel M.A., 2004: 15].

Credit - economic category, inherent in all socio-economic formations, modes of production, type of economy, civilizational systems, technological structures, etc.

(depending on the approaches to the research stages of periodization of society), where there are commodity-money relations.

The word "credit" comes from the Latin word "kreditum" -loans from the "Credo" - trust, I believe. Credit as an economic relation is always a risk, and without trust lender and the borrower cannot do. Though it carries some psychological nuance, however, no doubt based on the knowledge of a subject or object, or secure a loan [Pessel M.A., 2004: 15].

The essential content of the category, where it is not functioning, is the cost of the return movement. Marx wrote: "This movement - the return on the condition return - is the general movement of loans issued and loans received, this specific form of a conditional disposition of money or goods" [Kuchukov N.K., 2007: 8]. This position is acceptable to all socio-economic systems that emphasize only that the credit like other economic categories inherent in a number of formations has certain similar features that reveal their community for these formations.

Credit as well as other economic categories inherent in a number of formations, has some similar features, revealing their community for these formations. These features characterize the moments of deep essence of economic categories, the feature that internally distinguishes it from other categories, defines its core, are called "generic" as opposed to "species", unique to the socio-economic structure. Raising the question does not mean separation from the generic features of the species - the first must necessarily occur and to determine the specificity of the latter. Moreover, these symptoms persist during the reproduction of a number of socio-economic formations, as they are in one degree or another, directly or indirectly express the continuity of the productive forces these formations.

Every socio-economic system contains elements of the enterprise, specific and explicit new items and rudimentary. Economy entrepreneurial type - this is primarily an economy with a high degree of competitive activity, the higher the level of competition, the greater the degree of entrepreneurial activity. Hence the need to improve the old forms of credit with the development of new content in the solution of problems of credit adequate to the market economy. Western long-term practice has prompted banks to that in a tightening competition for deposits and lending businesses, new modern forms of banking services:

- Provision of consumer credit, the opening of loan accounts for individuals;

- Financial counseling clients on the optimal use of credit, tax returns and preparation of business plans, marketing prospects for the domestic and foreign markets;
- Management of cash flow, consisting of the fact that the bank takes over cash collection payments and making payments on the company's operations, as well as investing surplus cash in short-term securities and loans;
- Leasing of equipment, the bank buys the equipment and leases it to his client;
- The offer of risk capital, financing costs on the creation of new companies, especially in industries with high levels of technology;
- Sale of insurance services, provide customers with standard insurance policies;
- Sale of pension assets, providing old-age citizens;
- Offer brokerage services for securities transactions;
- Offer services that are typical for investment and merchant banks [Peter S., 2009: 17].

The search for new forms of lending has a major influence on the composition and amount of credit resources, respectively, and on the interpretation of their substance. Many years of controversy over the inclusion of short-term funds and long-term lending in the financial resources have not led to consensus, the established point of view on the issue. Notice here at least for the fact that the formation of both credit and financial resources is closely connected with the creation of the gross domestic product and its primary distribution.

Most of the financial resources constitute income in the form of profit, VAT, depreciation and others. In the process of circulation of funds there is a discrepancy between the actual needs of the enterprise in cash and cash, the presence in the immediate disposal of the company at any given moment, so part of the money remains temporarily free. These funds and serve as the basis for the formation of credit resources, in addition, are sent here and the funds accumulated by business entities for payment of wages, the recovery of worn-out fixed assets and of other capital expenditure savings of the population, etc. Finance and credit resources are the result primarily of labor, the monetary expression of the newly created value, a part of GDP, national income. Based on the above it can be concluded that the mixing of financial and credit resources (more specifically credit in finance) is legitimate. In 1977. M. Pessel attempted to justify the need for an integrated methodological approach to the mechanisms of finance and credit. "Due to the

fact that financial-credit form of monetary relations are in unity and are closely intertwined, - he writes - the study of problems of the organization's financial and credit mechanism cannot be considered in isolation" [Pessel M.A., 2001: 16].

Economic categories, reflecting the economic structure of society, are organically linked. Their analysis leads to the disclosure of the cause-effect relationships and the objective prerequisites of development, historical and other features existing in reality. Both are necessary to distinguish. One relation to financial and credit resources in the domestic science did not work and although the economic nature of our view of the same type, you cannot go from the analysis of multilevel and a lot of subjectivity of industrial relations in business, each of these phenomena has its own characteristics to a greater or lesser extent, expresses nuances expounded material.

Based on the foregoing and credit resources, and financial resources need to be analyzed from the standpoint of not only their genesis (limited to a relationship), but also from the standpoint of practical implementation of financial-credit policy. What is the ratio of financial and credit measures is optimal, how methods of financial or credit in that particular situation to give preference - these problems are not only in developing countries, they are very badly act periods of vibration levels of employment, output and inflation in developed countries. The practice of implementation of economic policy has shown that the most efficient is the combination of both directions of regulation of the economy, although depending on the current situation in this combination may be fluctuations in the direction of strengthening the financial and fiscal or monetary instruments. State, using financial and credit resources, implementing measures to achieve stability and balance, promotes a stable utilization of production capacities. This reduces the entrepreneurial risk on investment and sales significantly reduce the possibility of a crisis the employment situation.

"Key features of life in the planned economic policy of the state concluded the impact on cash flow during the movement of gross domestic product. Change the direction of the current cash flow (financial, credit) or affect the "rules of the game" in their profitable placement - these are the main tasks of government agencies that regulate economic life.

State regulation in the conditions of market relations should be directed primarily at the control of the circulation of financial (cash) resources, and through them, indirectly and over the sphere of production "[Kuchukov N.K., 1995: 7].

In the transition to a market economy, it is important not only to detect a variety of epistemological origins settled in domestic science dogma, but also determines the efficiency of their radical measures averaging. The economy should be seen as a unity of production, distribution, exchange and consumption of material goods. Marx gave critical production, considering that it defines "impact on the other phases." Distribution, - he wrote - is itself a product of production - not only in content, can only be allocated for the production, but also in form, For a certain way of participation in production determines the particular form of distribution "[Marx K., Engels F., 1856-1859: 10].

Learning credit, first, from the standpoint of the essential characteristics, i.e., a high level of abstraction, and secondly, by means of implementation in the category of modern business practices, i.e. It has a sufficient measure of specificity leads to the discovery and causal relationships and other relationships that exist in reality.

Relations arising on the conditions of formation and use of credit resources, basically depend on the form of ownership of the means of production, which imposes on the movement of their specific nature. With this approach, the system of industrial relations is the form of expression of all sides of the productive forces, because their structure is not such elements, which would not be covered by the relations of production. The task of economic theory is precisely to examine the concrete forms in which reproduced the conditions of formation and use of credit.

In this context, the starting position in the disclosure of the essential content of the "loans" should be not so much in the sphere of material production (circulation patterns and turnover funds) as in distribution. Inequitable distribution of wealth is often the cause of social tensions could undermine incentives for entrepreneurial activities. Distribution in the narrow sense (product distribution) and the distribution in the broad sense (the conditions and factors of production) manifest itself in many forms. It is not by accident. For the distribution is carried out on the basis of objective market signals. F. Hayek said: "abundance of products we have to methods of distribution, i.e., market pricing system. The volume that we share depends on the principle of the organization of production, in this case, the market system of pricing and distribution "[Hayek F., 2009: 5].

The logical sequence of consideration of economic categories should reflect the objective connection between them in reality. Otherwise, the circuit may be far-fetched and sidetrack the theoretical play a specific order and connection of individual industrial relations functioning economic system. In this context, it is important to show the approaches of economists to the problems of the credit relationship, because it has a scientific importance, not only in the study of the theory of credit, understanding the mechanism of action and use, but also in the formation of credit and, therefore, find more sustainable forms of lending. This approach is seen in N. Kuchukov understanding of credit that can be seen from its interpretation of the functional areas of the financial and credit system. Financial and credit system of the modern market economy is a set of financial and credit institutions and the relations arising in the process of reproduction and redistribution of financial resources in the community, as well as regulatory instruments of financial and credit relations through the mechanisms of the budget system and the loan market [Kuchukov N.K., 1995: 7].

And further emphasizes that the main feature of the financial and credit system of the market economy is a decentralized decision-making on the redistribution of financial resources on a commercial basis, of course, taking into account the considerations of the risk-benefit [Kuchukov N.K., 1995: 7].

The term "loans" reflect the connection elements in the multi-level subsystems: the state - an enterprise, organization, establishment of all forms of ownership; State - region; State - population; region - the region; region - an enterprise of any form of property; state enterprise - the state enterprise; state enterprise - the enterprise of private ownership; collective enterprises any form of ownership - private worker.

The economic changes in society have led to major changes in the credit relationship entered into by state and non-state actors of economic policy. The system of credit relations includes the following areas:

- The relationship between the creditor and enterprises of all forms of ownership in the process of social reproduction associated with servicing domestic economic and foreign trade turnover of the country;
- The relationship of the state with the population over the formation, distribution and redistribution of income of the population;
- Relations between the state and the regions on the storage means, formed on the

territory itself, the order of their distribution and redistribution;

- Relations between the state and the enterprises (organizations, institutions, individuals and legal entities) on the issuance and use of a mortgage loan;
- Relations between the state organizations and institutions, non-material production, located on the budgetary financing;
- The relationship of the state with other countries in the process of foreign economic, scientific-technical and other relations;
- The relationship between the institutions of the financial system (the Ministry of Finance, National Bank, second-tier banks, insurance and pension funds, stock exchange, etc.);
- Between enterprises and the banking system for the receipt and return of long-, medium- and short-term loans, interest payments on loans, the implementation of the loan agreements, securities transactions and other financial transactions between banks and enterprises;
- Relationships between enterprises (structural associations) related to the circuit of production funds and handling of the main structural units of the economy (credit relations on education and the use of temporary free funds, mutual financial settlements for the supply of goods, services, payment and collection of fines and others.);
- Relationships between enterprises and organizations on the production and distribution of shares of enterprises, as well as mutual credit and equity funds in the creation of joint ventures;
- Relationships between enterprises, foreign trade associations, foreign buyers and banks servicing foreign trade turnover, in the formation and use of credit.

Understanding the nature of credit would not be complete without clarifying their structures.

The structure of credit resources in the literal sense of the word reflects its structure. When we talk about the structure of credit resources, it is primarily the elements of which they are composed, their level-location communication characterizing loans have the following elements:

- Cash reserves (temporarily free funds), released during the turnover of assets of enterprises;

- Cash reserves in the form of special funds (sinking fund);
- Government cash reserves;
- Issue of bank notes in accordance with the requirements of turnover [Pessel M.A., 2004: 15].

At a certain stage of knowledge is theoretical and practical understanding of the structure of credit resources could well meet the researchers. However, a deeper analysis of the formal structure of the scheme of credit depletes your cognitive capabilities. Especially is felt in the transition to a market economy.

In fact, the structure of credit resources - is relatively stable unity of its components, their relationships within integrity. When considering the structure of the credit must be approached from two sides: First, the structure is dynamic as dynamic and volatile market itself. During the transformation of the economy and the formation of market relations in it, and there are significant qualitative changes. On the other hand the structure of credit resources is very versatile, it can be represented in the following aspects: the levels of property relations; object-subject composition; for the phase analysis of social reproduction, acting as a powerful lever of change of its natural-real proportions.

Every component of the credit, in turn, has its own structure. This structure will have with respect to the inner structure of credit resources in general. There is however much structural, which gives grounds to speak of a subordination structure, because they are not one serial. From the perspective of the genesis, the subsequent formation and development should be allocated, and the main structure of credit derivatives. They cannot exist in isolation, and their elements are in direct and indirect relationships, new ties, ordered the old, level-changing arrangement of the elements included in the new connection properties.

The development of new elements in the structure of credit resources predetermines further change in their functional orientation, as purely quantitative changes inevitably turn into qualitative change.

The foregoing makes it possible to understand the content of credit in terms of transformational changes in the economy. It includes a series of deep moments. Firstly, being based on commodity-money relations loans are the material carriers of the principles of equivalence and retribution, economic form of their implementation. On the basis of these principles the society assesses the actions of individual producers in terms of their

competitiveness, survival and enrichment opportunities through credit resources. Formation and development of new content of credit resources is reflected in the transition to commercial loans, cash loans to commercial displacement, in the creation of a single banking system, holding a single credit policy.

2.2 Theoretical Foundations of credit support to small and medium-sized businesses.

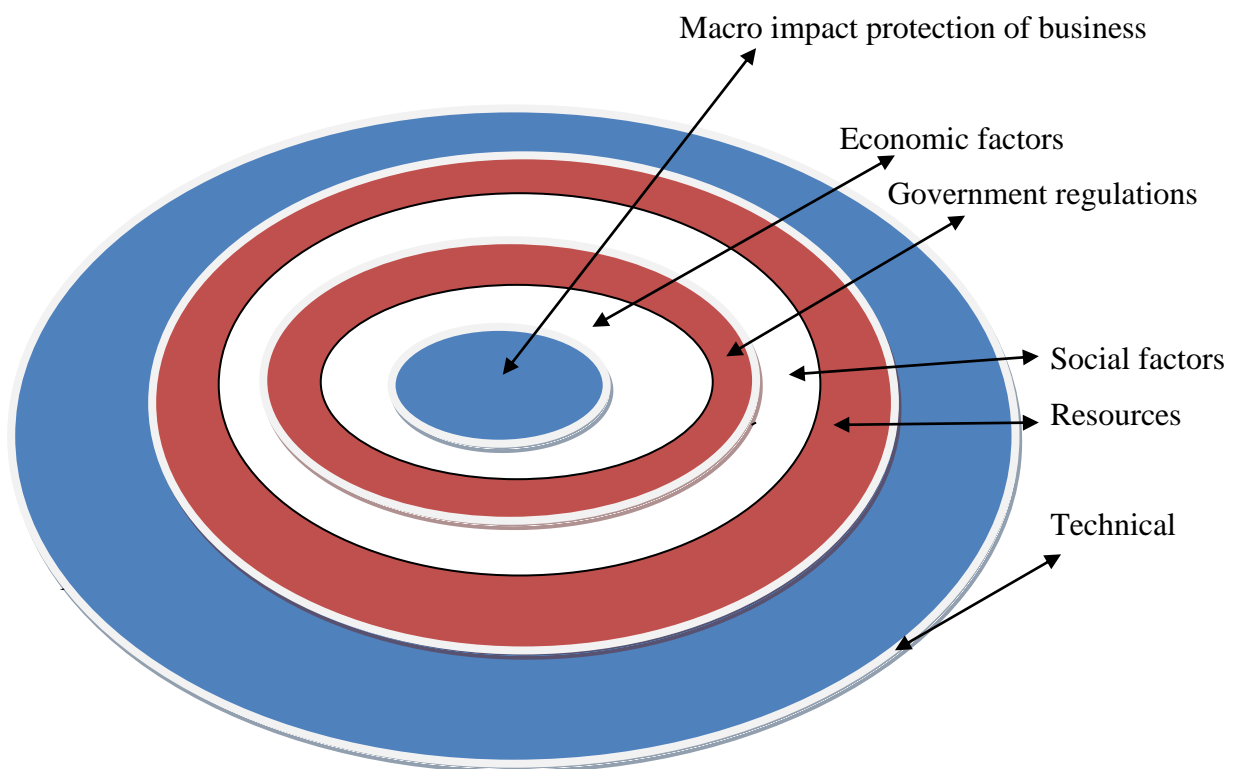
The objectives, principles and basic policies to support small and medium-sized enterprises are reflected in government programs, backed by material, information, human resources, and at the same time have become the main form of implementation of the policy in this area through a variety of institutions to support small businesses.[Ustyugov O.I. 2007: 23]

In his message to the people of Kazakhstan "Kazakhstan on the way of accelerated economic, social and political modernization", President Nursultan Nazarbayev said: "Entrepreneurship is the heart of the economic reforms undertaken in the country. It is impossible without the creation of the figure of a strong entrepreneur, independent of state structures able to withstand the competition, find themselves in the innovation economy. Conditions for the Emancipation of the Kazakhstani initiative created to entrepreneurs left them only to realize. "

In Kazakhstan, the attention given to new innovative methods to support entrepreneurship through the creation of business incubators, technology parks, business and innovation centers, etc. The experience of developed countries shows that such structures to support entrepreneurship successfully proved its effectiveness.

Today, when it is generally formulated legal framework for support and development of entrepreneurship, is necessary to help budding entrepreneurs to build your business. If the early stages of development of entrepreneurship plays a fundamental role of the creation of the legal framework on business, but now actually bring to Kazakhstanis that developed in the field of law. Starting a business is always risky, so the majority of citizens who want to become entrepreneurs start small. Success in allows you to further expand the size of business. However, it was the first steps are the hardest, when the "newcomers" need help. Many established companies, unable to withstand all kinds of

harsh environment of excessive regulations, taxes and restrictions were closed. Modern business is influenced by both external and internal factors. In the analysis of internal and external business environment should take into account two factors: the number of internal, external influences and the degree of variability of the environment. Macro impacts on the business environment can be divided into five areas: economic factors; government regulation; social factors; resource factors; technological factors (Figure 1.1).



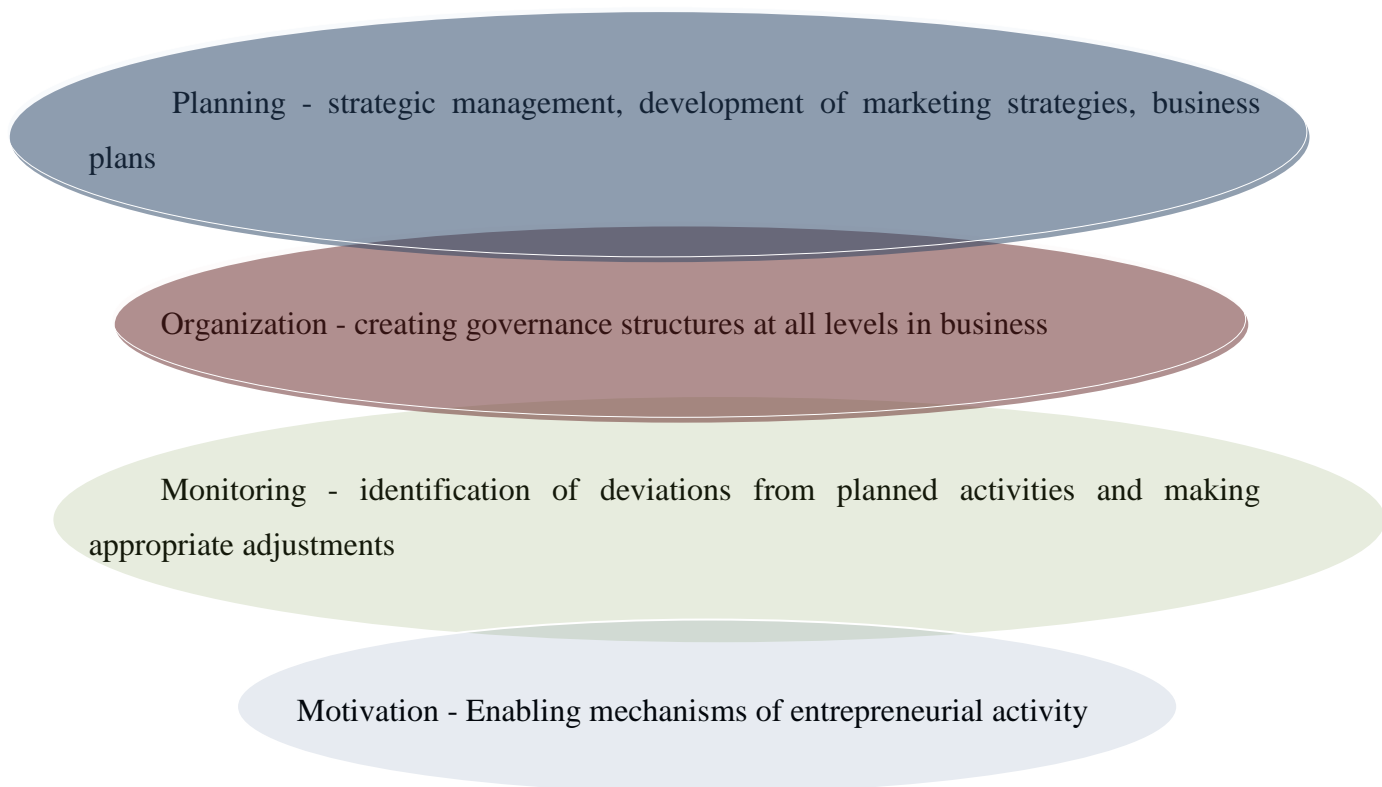
Note - compiled from the source [Razumnova I., 2002: 18].

Figure 1.1 Macro Environment Impact on business

However, as with any process, the development of entrepreneurship needs to be managed. Entrepreneurship as a control object has its own specific features. If you

approach this issue from the standpoint of management functions, it is possible to identify four functions of management (Figure 1.2).

Figure 1.2 Control Features



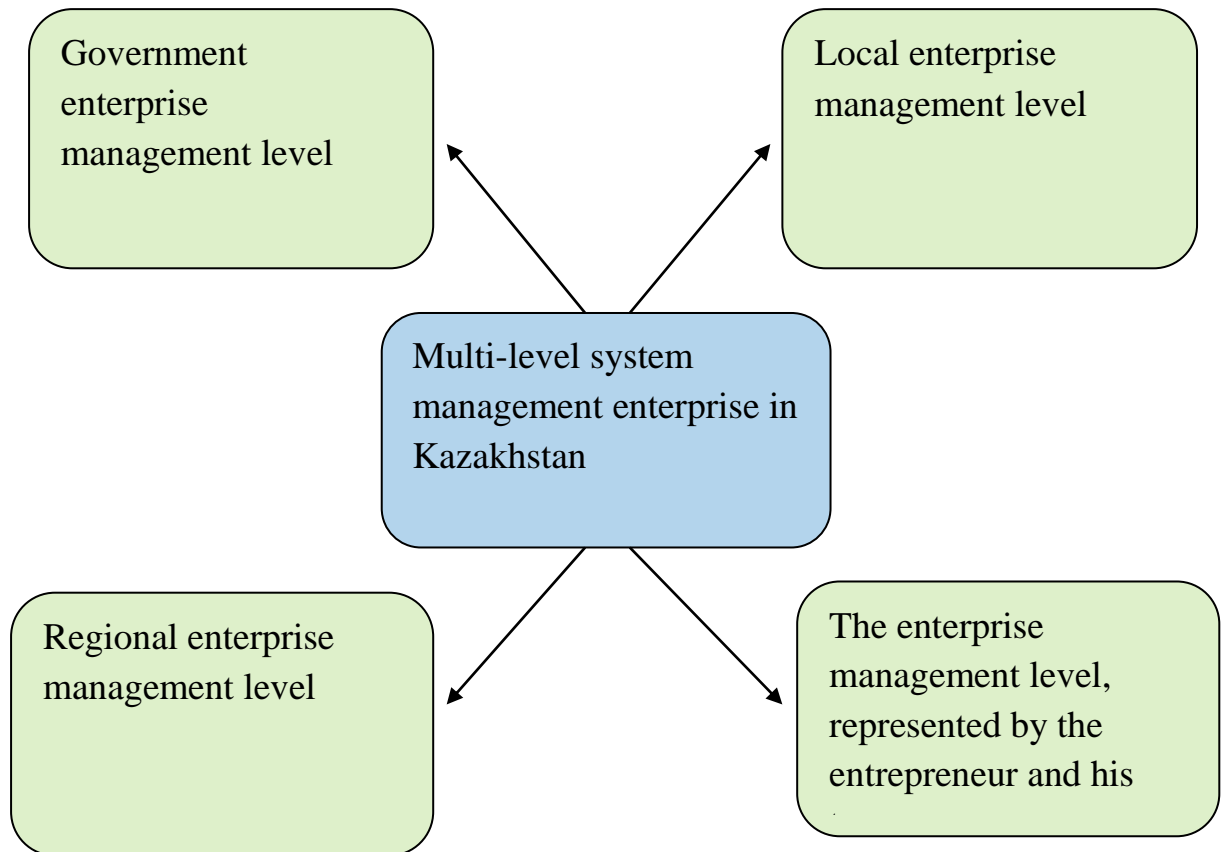
Note - compiled from the source [Razumnova I., 2002: 18].

Enterprise until it was fed an active economy, one of the reasons for this situation are the lack of an integrated enterprise management system that would cover the state level, the regional level of governance and the level of direct control of the company, there is no effective mechanism for the development of entrepreneurship.

For the purpose of effective management, you can create a multi-level enterprise management system that would cover all the main levels of government (Figure 1.3).

The task of the first level - to carry out the basic policy favored small businesses in the Republic of Kazakhstan by providing financial, informational, legal support, creation of business climate in society. The objective of the second and third level support to carry out business through the provision of expert assistance in the field of management, marketing, finance and legal support of businesses.

Figure 1.3. Multi-level enterprise management system in the Republic of Kazakhstan



Note - compiled from the source [Makeyev A.P., 2006: 13].

The main load in a multi-level system of governance falls on the entrepreneur and his team are at your own risk creating an enterprise are responsible for the effectiveness of its activities.

A special place in the system of support for small and medium business is the implementation mechanism for financing small and medium-sized businesses. In world practice, tendency to develop a single universal solution is a single funding mechanism for SMEs.

Direct funding is provided mostly through the creation of state structures development funds, whose main task to accumulate the necessary investment funds to encourage the bank's lending to small businesses.

Reducing the cost of credit banks can provide tax incentives for the funds allocated for lending to small and medium businesses, enabling grant loans on more favorable terms.

But even in such cases the SME faces significant challenges in providing reliable guarantees of loans, since they lack the necessary material support. In most Western countries a way out of this situation is found in the creation of public funds in the organization of collective public guarantees for this group of borrowers.

Attracting private investors in small businesses and note their risks to a minimum promotes the use of special funds and the legislation governing their activities. One of the main sources of funds for state and regional funds can become the capital of private investors accumulated through bond issues. However, the bonds at a small business can be attractive for private (especially foreign) investors only if small businesses have existing tax incentives. Otherwise profitability of these companies is only possible due to the construction of financial pyramids.

In recent years, an important source of external funding for small and medium-sized businesses, in addition to the funds of government programs and foundations are private or commercial sponsorship. Of particular importance in this regard the activity of venture capital companies, which take on the risk of design, technological design and development of innovative technologies and experienced industrial their development. The main incentive of venture investment - profits from capital gains share of the new original products. In this case, an investor who bought the shares of the new company will be able to realize their profitable.

Another form of support for research carried out by small enterprises is co-financing. For example, in German banks and insurance companies are specialist companies participating in the capital of small and medium-sized enterprises.

Widespread in recent years has received such a source of financing for small and medium-sized firms as attracting capital via the issuance and placement of shares and other securities brokered by investment institutions. However, this method is fraught with the possibility of partial or total loss of the issuer funded enterprise - by the issuer independence if a majority stake to outside investors get.

A role in solving the problems of financing small and medium-sized businesses play chambers of commerce, which act as a guarantor of the loan, giving commercial banks or a special fund its recommendations on lending individual companies after proper verification of their financial condition, which significantly reduces the requirements for collateral up before issuing a loan without collateral [Kosuke Nakahira, 2000: 9].

The interaction of large and small business: profitable and the state, since it contributes to the solution of social problems (provide jobs for people, involve them in the business).

As evidenced by foreign experience, cooperation of large enterprises to small and medium enterprises is beneficial for both. Large enterprises are interested in working with small businesses because such cooperation compensates slowness in finding and implementing new technology solutions in the penetration of advanced innovations. In addition, such cooperation allows them to shift some of the risk on their "small partners." Companies as small and medium businesses can be found in large enterprises primary source of capital, loans, as well as a mechanism insurance against the risk of bankruptcy in the conditions of market fluctuations.

The greatest influence on the development of small business the following factors:

- The development of infrastructure and communications occurred jump;
- Increased general educational level of people at the same time the accumulation of experience in large companies;
- Reducing the size, cost and ease of use of information systems;
- To promote small businesses address the issue of unemployment;
- In the creation of small enterprises an additional incentive proved a reduction of a shift;
- More competitive due to lower costs due to the absence of superfluous bureaucratic apparatus, reducing overhead costs and fewer fluctuations in wages;
- Expanding the scope of services based on small enterprises [Census institutions and enterprises, 1999: 4].

With the development of small business, formation of various forms of organization of private firms. Today is currently known three basic legal forms: individual, partnership, and corporation.

The company, which is in the sole possession, is the simplest form of small businesses. Usually, the opening of such an enterprise need only obtain a license from the local authorities and the registered trade name. Business Partnership is an organization of two or more persons between who contracts for joint ownership of the company. Partnerships can be full and limited. The third type –is the corporation. This organizational form is most common in large and medium-sized businesses, although the total number of corporations, such as in the US, 98% - small family firms. Although formal corporate governance should be separated from its ownership, often using front men, who do not really want to invest there and do not participate in its management.

Otherwise, small businesses arise and fall for many reasons. For example, in Germany in 2010, more than 14,500 companies from a number of small collapsed, and 40% of them lasted less than 5 years. The share of bankruptcies among small businesses is always higher, for taking risks, the entrepreneur decides to challenge the competitiveness of products. After the initial cost of the founders of the company puts at a disadvantage in comparison with the existing companies. Beginners need at the outset to carry out their work at a higher cost than the entrepreneur operating companies. Therefore, the budding company always has a higher cost of production. The most frequent causes of bankruptcy of small businesses – is a failure in product sales, as well as lack of competence and lack of experience.

Despite of everything, the number of newly established firms outnumber liquidated, indicating that the absolute increase in the number of small and medium-sized businesses in the economy.

And quite important that small businesses are often not completely bankrupt, but only redeemed larger firms or self becomes so.

Below are three models of small business development:

- Preservation of level of activity, followed by the status quo;
- Slow expansion of business activity;
- The rapid development of small enterprises and their transformation into the middle, and then in larger companies.

As stated in the State program of development and support of small business of the Republic of Kazakhstan, at the stage of achieving macroeconomic stability, a significant portion of small businesses were forced to in some way to limit their activities or

completely switch to short-term brokerage operations due to lack of its own and inaccessibility of credit. During this period, the weakened business has failed to adequately perform their functions to create new jobs, the formation of a middle class society [State program of development of small business 2006-2008: 20].

Therefore of paramount importance for the effective development of small business has a system of financial and credit and investment support.

In the State program of development and support of small business in the Republic of Kazakhstan stipulates that the financial and credit and investment support of small business will be through:

- Lending by banks of the second level of the manufacturing sector of small business at the expense of local budgets, as well as non-state external loans guaranteed by the state, in the manner prescribed by law;

- Development of a mechanism to stimulate banks, engaged in crediting of small businesses, including through the enforcement of obligations on loans entrepreneurs, formed by regional mortgage funds, consisting of communal property;

- Budget self-financing projects with second-tier banks, provided that the funds for these purposes are provided by the republican budget for the corresponding year;

- Development of mechanisms for the organization of the mutual credit societies and mutual insurance companies. [State program of development of small business 2006-2008: 20]

Investment policy in the sphere of small business should focus on companies able to produce equipment that meets the needs of small businesses, will increase their production orientation, development of new products, technical and technological progressiveness.

Harnessing the power of non-governmental funding for lifting small business lies in bringing potential significant number of small businesses. Particular importance is the establishment and development of mutual insurance companies - non-profit organizations engaged in property insurance and other property interests of its members.

Financial support by the state of entrepreneurship requires a significant investment, and the ability of the state budget is limited. In these circumstances, it is necessary and important transition to the return mechanism of using budgetary funds.

An important role for the accelerated development of small business will play an active attraction of direct investments. For direct investments in fixed assets with volume up to 10 million US dollars allocated for the implementation of investment projects in priority sectors of the economy, since August 1998 a simplified procedure of state support.

In order to encourage the formation and growth of small businesses in the Republic of Kazakhstan, improve the efficiency of the use of funds of the state, directed to support small businesses, by Government of the Republic of Kazakhstan dated April 26, 1997 N 665 established Small Business Development Fund as a financial institution in the form of equity closed society.

The main functions of the fund are:

- Participation in the development and implementation of state programs of financial support for small businesses;

- Directed lending to small businesses, including self-employment without a legal entity, on a competitive basis through the second-tier banks on the basis of the priorities of small business, market conditions for goods and services and the specific socio-economic situation in some regions;

- Promoting job creation in small business and self-employment;

- The provision of guarantees in favor of small businesses to obtain loans from banks of the second level;

- Participation in the established by the Government of the Republic of Kazakhstan lending programs.

Since 1998, the number of banks in Astana, Almaty, Karaganda and Shymkent; Kazkommertsbank, Halyk Bank, Tsesna Bank, CenterCredit are started an implement programs of crediting of small business loan to Eurasian Bank for reconstruction and development. The total volume of loans provided by the Banks are 77,5 million USD and credit line 55,6 millionUSD.

At the same time today, commercial banks are mainly focused on lending or trading and procurement operations, or prefer to lend to large producers. Although it is still 8 April 1997 adopted recommendations on lending to small businesses by banks of Kazakhstan, approved by the Board of the National Bank of the Republic of Kazakhstan №100.

According to them, the minimum amount of lending to small businesses is recommended to determine the banks in an amount not less than 10% of the principal of

the loan portfolio of the bank. And according to the letter of the National Bank of Kazakhstan on April 16, 1998 № 12713/401 recommended to all second-tier banks to delegate these powers to its affiliates to extend credit to small businesses (with the establishment of the parent bank credit limits).

Small business is outside the scope of banking interests in mainly due to lack of liquidity base. In this regard, an important role is played by support for small business in the form of leasing loans, insurance, franchise development and other non-traditional types of support.

In order to ensure greater access of small businesses to credit resources and the creation of a uniform basic use of municipal property as collateral for the obligations of small businesses by the Government of the Republic of Kazakhstan from July 7, 2000 №1028 approved Model Regulations use of municipal property as collateral when lending small businesses [Abenov E., 2007: 1].

Regional governors of Astana and Almaty have to approve the use of communal property of the respective administrative-territorial units as collateral when lending to small businesses based on the Model Rules, while considering the procedure for ensuring the fulfillment of obligations by small businesses to repay loans obtained under collateral above-mentioned objects;

Collateral held communal property in lending to small businesses by creating mortgage funds under the existing municipal state-owned enterprises on the right of business (SE longer.)

In the selection of projects are taken into account the following requirements:

1. Absence of debts of a small business to the budget;
2. The availability of a safe file, if there is a current;
3. The relevance of the indicative plan for the development of the region and priority directions of development of small business in the region, approved annually by the Mayor.

The basis for the decision of the SE contract to provide communal property as collateral when lending to small businesses is a protocol decision of the Commission. By the pledger in obtaining of get credit by small businesses in favor of SE.

The problems of financing for various forms of small business is also dedicated to micro-credit poorest citizens of the Republic of Kazakhstan for 1998-2000, approved by Government of the Republic of Kazakhstan on 12 February 1998. № 103.

Under this program, the conditions for granting micro-credits are determined in the credit agreement, which must indicate the purpose of micro-credit.

Micro-loans are made only in cash based on the closing of the loan agreement between the borrower and the NGO "micro-credit", which stipulates a target expenditure of granted funds and a ban on their use for personal needs (for food, clothing, household items, etc. .P.). Also in the credit agreement should be clearly spelled out conditions for the return of funds received.

The maturities of microcredit set individually depending on the type of activity.

Return micro-credit in accordance with the schedule of repayment, the loan agreement agreed by the parties, taking into account the cycle of production and sales.

If a second (third) micro-loan requires collateral in the form of a pledge of property gained as a result of the first (second) micro-credit and purchased by the second (third) micro-credit.

The first micro-credit is granted in the amount of up to US \$ 400, with an annual interest rate of 5%, for a period not exceeding 18 months, taking into account the production cycle of work and services. The following micro-credits are given for larger amounts with an annual interest rate agreed by the parties to the credit agreement.

Getting the second and subsequent micro-loans depends:

- The full implementation of the terms and conditions of the previous micro-credit;
- The degree of strengthening of the material base.

To provide financial assistance to each other small businesses can create consortiums or mutual credit organization, which accumulate their temporarily free funds in the manner prescribed by the laws of the Republic of Kazakhstan. General terms and conditions of credit companies, the powers of the National Bank of the Republic of Kazakhstan, the order of creation and termination of the credit unions, the list they perform banking operations, especially the regulation and monitoring of their activities establish rules "On credit unions", approved by Resolution of the Board of the National Bank of Kazakhstan dated 12 April 1997 №106.

Thus, tools to support small business in the Republic of Kazakhstan are:

- Organization of training, retraining and skills development for small businesses;
- Creation of favorable conditions for small businesses use state financial, statistical, logistical and information resources, as well as scientific and technical developments and technologies;
- Establish a simplified procedure for state registration of small businesses, the licensing of their activities and certification of their products;
- Elimination of the legal regime favored for small businesses, include preferential tax treatment, payment of customs duties (tax holidays, property, grants, tax credits, tax cuts, exemptions from customs duties according to the specification);
- Creation of a system of attracting and using investments, including foreign ones, to support the development of small businesses;
- Support for foreign economic activities of small businesses, including the development of their trade, scientific, technological, industrial and other relations with foreign partners;
- Adoption of special lending programs for small businesses with the definition of financial sources;
- The granting of preferences to small businesses when placing public procurement for production, works and services;
- Organization of the activities of social and expert committees for the development of small business of the Government of the Republic of Kazakhstan and local executive bodies [Albegova I., 2008: 2].

A big plus of small businesses is that many of them were better able than large companies, to the conditions of development in times of crisis for the economies of the West. Large firms are not as sensitive and quick to react to any such changes or fluctuations in the economy. It is no coincidence in the policies of governments of Germany, the US and many other developed capitalist countries help small business occupies a special place. Small enterprises have become a kind of indicator of the general state of affairs in the economy. Small businesses are most sensitive to change in market conditions increase or drop in the rate of profit in the economy. A wave of bankruptcies or the formation of new companies originates primarily in the non-monopolized sector and only later gaining strength, reach the larger firms, reflecting their activity.

In the face of deteriorating reproduction of large companies are "outlet" in the form of exports of capital. Small firms typically do not have such capability. It forces them to

survive extensively revise its production and sales activities. Those who are in a situation 70s early 80-ies were able to adapt - survived, others - simply collapsed. However, in turn, the development of small businesses in overcoming this crisis has served as an important means of economic recovery. And this is explained primarily by the role and functions that a small business is performing.

Firstly, as already noted, it provides the necessary mobility in the market, creating a deep specialization and cooperation, without which its high efficiency.

Secondly, he is able to not only quickly fill niches formed in the consumer sector, but also to pay off relatively quickly.

Third, create an atmosphere of competition.

Fourth (and this is probably the most important), it creates the environment and the spirit of enterprise, without which the market economy is not possible [Imashev B., 2009: 6].

Small and medium-sized enterprises play an important role in employment, production of certain goods, research and scientific and industrial developments.

The fact that small businesses are able to provide a large scale operation unemployed labor force says that in the United States in small firms in 2010 with 40% and in Germany 49% of the workforce. This is a social role of small business enterprises.

2.3 Foreign experience of credit support to small and medium businesses

State regulation of small business in Kazakhstan and relies largely formed from the examples of foreign experience.

USA. This current system supporting small and medium-sized businesses in US operates more than 50 years. The main coordinating body of the government is the Small Business Administration (SBA). SBA has offices in every region of the city and provides the state policy of support for SMEs through various programs (financial support, training, access to resources and public contracts, export promotion, etc.), together with state institutions and the market structures.

SBA conducts various credit programs through commercial banks and other lending institutions; the role of SBA is issuing a guarantee from 75 to 80% for SMEs to obtain loans from credit institutions under the terms of SBA.

There is a loan program LowDoc (minimum documentation) to 150 thousand Dollars. United States, the applicant fills out the application form (one page), on the one hand and bank loans from the back side and sent to the SBA, which within 36 hours (3 working days) decide (mainly positive).

In addition to the loan programs there are a lot of different special programs. For example, international trade credit (ITL) facilitates the export of goods of small businesses up to 750 thousand dollars. USA (the guarantee amount), credit retraining programs - Army veterans, women, rural business and other credit programs to conserve energy, the environment, the DELTA - protection of the independence of small firms through financial and technical assistance to diversify their products to market, product certification program, the creation of new jobs, etc.

Thus, the US experience shows that a key element in the formation of the mechanism of lending to small and medium-sized businesses is the creation of state the conditions under which small firms would be widely available financial resources from a variety of sources.

European Union. In the EU, there are three programs of financial support at the European level for small and medium-sized enterprises.

The "association of commercial companies" has been involved since 1985 and is aimed at the formation of cross-national syndicates businesses to support small businesses involved in innovative projects.

The "initial capital" was organized to increase the financial capacity of the newly established small "businesses and increase their rate of survival in the initial stages of projects.

Fund "EVROTEH Capital" is the leading program for private funding of transnational projects that demonstrate a high degree of technological progress. This fund is designed for businesses, 50% of the capital which belong to the shareholders of the EU.

United Kingdom. The main sources of financing for small businesses in the UK are individual savings and bank loans. A significant role in providing the financial resources of small businesses plays a shape in the early eighties market securities of companies not listed on a stock exchange. Widespread special firms that finance small business. Over 20% of British small businesses get loans from the Corporation's financing of industrial

and commercial enterprises (IKFK) controlled by the Bank of England and the clearing banks.

State policy in the UK aims to interest commercial banks in lending to small and medium-sized businesses. The main program of the government in this direction is the "Loan Guarantee Scheme", which allows commercial banks to finance the businesses whose representatives are not able to take out a loan on their own. Under this program, the government guarantees 70% of loan default, and in disadvantaged areas - up to 85%. Government guarantees on this program covers 70-80% of the loans issued by commercial banks to small businesses.

Italy. Significant place in the Italian system of state support for small businesses takes target subsidies and preferential loans, assists Venture Entrepreneurship.

Germany. In Germany, the main directions of state financial support to small businesses include the provision of loans for their expansion and reconstruction, as well as the acquisition and creation of new businesses; to attract capital for the purpose of large companies; long-term investments in the creation or preservation of jobs; to credit guarantee companies; investment support for energy saving measures; subsidies for research and development activities; regulation of income and capital investments through the implementation of special lending programs.

Develop and implement a state program to support small businesses, according to which the entrepreneur in the first two years of interest-free credit is given, and in subsequent years - a small percentage.

Thus, as evidenced by the analysis of foreign experience, despite the emergence in the last decade, new financial schemes and mechanisms to attract small and medium enterprises, private investment resources, a major role in financing the economy continues to be support from the state. Different countries approach this in different ways, but almost always a special place in solving this problem belongs to the state.

In most developed countries over a long period of formation of the forms and methods of state support of small businesses created the conditions provided in such businesses various sources of credit and banks, big firms and private investors - financial incentives to actively invest in the development of small and medium-sized businesses. In addition, for companies with the highest risk, with not too much chance of success, there

remains the possibility of concessional loans by specially allocated to it by the state budget.

In countries with economies in transition such conditions almost have never been established. Meanwhile, development of small and medium-sized businesses is the most important strategic objective for this group of countries. Therefore, government policies in most countries with economies in transition are given particular attention to questions about the sources of financing of small and medium-sized businesses. This problem is far from solved. This is primarily due to the lack of government the necessary funds that could be allocated to financial support for development of small and medium-sized businesses. Therefore, the emphasis in the financial support for small and medium enterprises is to attract funds from foreign and international organizations and on the accumulation of funds through off-budget funds and then sending them to issue preferential loans.

World experience shows that entrepreneurial skills most effectively implemented in these countries, if a strong degree of liberalization of economic activity combined with the high efficiency of public institutions and active government support for small and medium-small business and competition policy in the internal market.

In general it can be concluded that in a country entrepreneurial resource is abundant, if it has a lot of experienced and educated entrepreneurs, development of market infrastructure, has deep roots entrepreneurial ethics and culture, and the spirit of the community is not just sympathetic entrepreneurship, and laced with a desire for it.

Japan. According to experts, from all countries of Southeast Asia's most powerful support, especially financial, it is small and medium businesses in Japan.

Speaking about the role of small and medium-sized enterprises in Japan, it is important to note that many SMEs have started their activities after World War II. During the postwar reconstruction of the Government of Japan has taken steps to improve the basic mechanisms of policy of SMEs, in particular:

- Finance

Creating government financial institutions to provide financial assistance for the promotion of SMEs, improving the productivity and modernization of equipment;

- Organizational improvement of SMEs

The creation of cooperatives, in order to remedy the social and economic inconvenience of SMEs and improving their status;

- Diagnostics of management and administration

The creation of this mechanism was necessary to modernize and rationalize the management of SMEs.

Particular attention is paid to:

First: "Promotion of business innovation and other business start-ups" (or the promotion of self - help enterprises)

Second: "strengthening the foundations of the management of SMEs" (or enrichment of business resources)

Third: "facilitate adaptation to economic and social change" (or offer a safety net).

In Japan, the state has taken on the role of the subject to encourage and guide private sector economic activity, not direct and immediate control.

The role of government is seen here in three ways:

- Promotion and direction of economic activity;
- Provide the necessary financial resources;
- The formation of the trust and support from the outside world.

The development of SMEs in Japan allocated budget. The estimates of some ministries and departments each year at a special article provides funds for small businesses. Last funded and special budgetary accounts in the framework of the program of public investments and loans, revenues of whom are pension funds, postal savings banks, postal insurance fund, issue government-guaranteed loans. But these funds are small businesses not directly, but on a commercial basis through commercial lending institutions.

Table 1.1. Place of SMEs in the economy of Japan

Instructions	SME		Large Entities		Total	
	Number of entities	% from total	Number of entities	% from total	Number of entities	% from total
Manufacturing industry	1562071	99,8	3774	0,2	1565845,	100,0
Wholesale trade	293903	99,2	2259	0,8	296162	100,0
Retail trade	1798963	99,8	4426	0,2	1803389	100,0
Services sector	1181827	99,7	3881	0,3	4851104	100,0
Total	4836764	99,7	14340	0,3	4851104	100,0

Note - compiled from the source [Census institutions and enterprises, 1999: 4]

The effectiveness of the state policy, which has contributed to the development of SMEs, by the following figures - today, small and medium enterprises play a leading role in Japan's economy and account for 99.7%

The system of financing of SMEs in Japan includes private and public financial institutions.

It should be noted an important feature - the financing of SME private financial institutions are guided by highly profitable and sustainable enterprises, and government financial institutions are not limited to high-margin lending business.

3. Analysis of financial entrepreneurial activity in the Republic of Kazakhstan.

3.1 Evaluation of SME financing in the light of the effectiveness of the state.

The share of the contribution of SMEs to GDP

According to the Statistics Agency of the proportion of the contribution of SMEs to GDP in 2010 was 19.4%, in 2011 - 20.2% (this figure is calculated once a year. For 2012 is expected in late 2013). Prior to the calculation of this indicator for the new method SME share amounted to 31.7%. However, it is also a low figure. Therefore, the state set a strategic goal by 2020 to increase the share of SMEs in the country's GDP by 7-10%.

It should be noted that the low contribution of SMEs to GDP (20.2%) compared with developed countries (Germany - 57%, UK - 52, USA - 52, France - 50%), due to the fact that a large share of GDP creates a large business (7% of large business generates 70% of GDP represented by oil and mining sectors). This situation reflects the structure of our business, mostly concentrated in primary industries.

According to the Agency for Statistics as of July 1, 2012 the number of registered small and medium enterprises is 1,399,451 units, of which the number of active SMEs is 604,123 units. Their share of the total number of registered SMEs is 43.2%. %. This suggests that the remaining 56.8% are inactive, or are in the process of bankruptcy.

By July 1, 2012 compared to the same period of the previous year the number of active SMEs decreased by 13.3%.

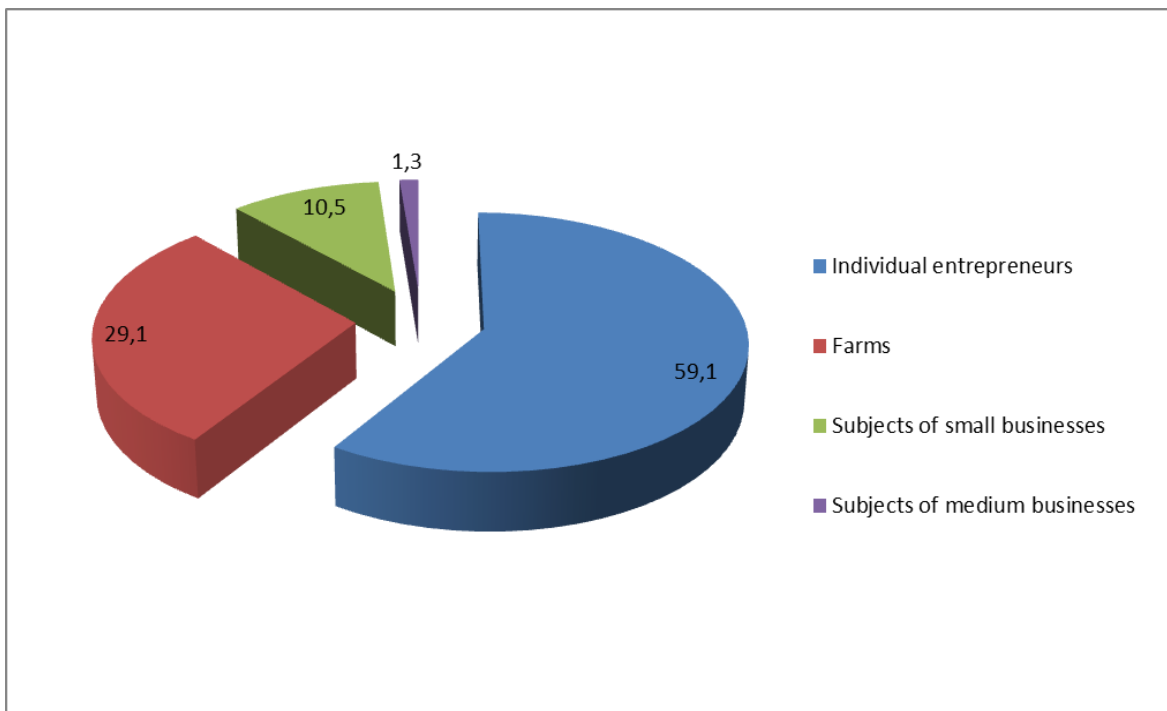
Structure of active SMEs by legal organizational forms

The structure of active SMEs by legal organizational forms dominated by entities operating in the form of individual entrepreneurs, the number of which as of July 1, 2012 is 357,251 units or 59.1% of the total number of active SMEs in the Republic (604 123) . Number of individual farms was 175 663, or 29.1%. The share of small business entities is 10.5% (63,556), medium-sized business entities 1.3% (7563) (Fig. 2.1).

The largest number of active SMEs are concentrated in the Southern Kazakhstan - 99 849 (16.5% of the total number of active SMEs), Almaty - 96 010 (15.9%) oblasts and Almaty - 66 723 (11.0%).

The smallest number of active SMEs concentrated in Kyzylorda - 15,061 (2.5%) and North Kazakhstan - 16.2 thousand (2.7%) regions.

Figure 2.1 Structure of active SMEs by legal organizational forms



Note - compiled from the source [Statistical yearbook, 2009-2012: 21].

The number of people employed in SMEs

The number of people employed in SMEs as of July 1, 2012 the country is 2,425,315 people.

The share of employment in SMEs of the economically active population (8,774,638 people) is 27.6%.

By July 1, 2012 compared to the same period of the previous year the number of employees in SMEs decreased by 1.7%.

Regionally, highest possible mark in number of employees of SMEs in Almaty (350 555 people - 14.5%), South Kazakhstan (273,756 people - 11.3%), Almaty (261 922 people - 10.8%) and East Kazakhstan regions (220 440 - 9.1%).

Product release of SMEs.

Product release SMEs in June-November 2012 amounted to 2,927,200 million Tenge. Despite the fact that the proportion of subjects of middle business is 1.3% of the total number of active SMEs in the Republic and their share in output of more than 60%, is more than the others combined.

In total, medium-sized business entities produced goods in the amount of 1,771,767 million Tenge (60.5%), small businesses in the amount of 730 112 million Tenge (24.9%), individual entrepreneurs - 372 052 million Tenge (12, 7%), farms - 53 269 million Tenge (1.8%).

Compared with the same period last year, output (in comparable prices) increased by 1.0%.

Regionally, it may be noted in Almaty and Astana, which share the output of all the SMEs account for 25.4% and 13.3% respectively of the total number of products in the Republic. In these regions, the output of all SME entities in the January-March 2012 amounted to 343.003 billion and 178.718 billion Tenge respectively. For these regions it is also worth noting a large share of output medium business entities. On the example of Almaty can be noted that the share of active subjects of middle business is 0.2% of the total number of active in the Republic, and output the data subjects is 15% of the total volume of production in the Kazakhstan.

In terms of Kazakhstan in the international rankings, a marked progress in the institutional component of the business environment. Thus, Kazakhstan in recent years has consistently improved the business climate, while ahead of the BRIC countries and Eastern Europe, thereby increasing the country's position in the World Bank Doing Business (64 - 2008, 63 - in 2009, 58 in 2010 and 47 - in 2011). Moreover, in 2012 Kazakhstan topped the list of 10 countries that have achieved the greatest success in creating a favorable business environment.

In the Doing Business rating in 2013 in such important areas as starting a business, registering property, protecting investors, taxation, enforcement of contracts and liquidation of the enterprise Kazakhstan was among the first 50 countries.

According to the indicator "Protection of investors" Kazakhstan rose by 34 positions (from 44 to 10). For the second year, there is a significant increase in Kazakhstan's position on the indicator of "Taxation" (13th place in the rating). The main factor behind the improvement in the position is the effect of the introduction of the new Tax Code.

During 4 years of Kazakhstan's rating by two indicators, "International Trade" and "Obtaining a building permit" has not improved. Among 183 countries Kazakhstan occupy 147 and 176 places respectively.

In the last five years Kazakhstan's position on the Global Competitiveness Index IMD has gradually decreased. According to the results of the Report in 2011 Kazakhstan ranked 72 out of 142 member countries, without changing the position compared to last year.

In 2012, despite an improvement in the positions on such important indicators as the number of procedures to start a business (23 points) and the burden of government regulation (8 points), Kazakhstan decreased by a factor of "Business Efficiency" by 7 points and took 36th place.

Overall, the business climate in Kazakhstan in the international comparison is assessed as moderate. Considering the above, it is safe to say that economic stability and a favorable business climate in the country are the hallmark of Kazakhstan. There by creating a solid and long-term basis for a mutually beneficial partnership.

Committee for Enterprise Development in cooperation with the Development Fund "Damu" Entrepreneurship is implementing the program "Business Road Map 2020" (hereinafter - the Program), the aim of which is to ensure sustainable and balanced growth of regional entrepreneurship in non-oil sectors of the economy and the preservation of existing and creation of new permanent jobs places.

In total, to date, support measures under the program "Business Road Map 2020" covers about 30 thousand entrepreneurs.

During the implementation of the Program since 2010 in three areas of the Program as of July 2, 2012 to the subsidy was approved in 1603 projects worth 503.06 billion Tenge.

In the first direction in 1277 projects worth 248.38 billion. Signed Agreements Sponsorship (hereinafter - CP) for 994 projects worth 149.0 billion Tenge.

The second area - 203 projects totaling 167.497 billion. Tenge. Signed by DS 162 projects total loans 131.35 billion Tenge.

The third direction contains 123 projects worth 87.19 billion Tenge. Signed by DS 99 projects for total amount of loans is 72.0 billion Tenge.

The regions with the highest number of approved projects to subsidies under the three directions of the Program include: Pavlodar, Karaganda, Aktobe regions and Almaty, they accounted for about 37.9% of the projects (608 projects).

The smallest number of approved projects are in Kyzylorda (56 projects) and Mangistau (48 projects) of the region.

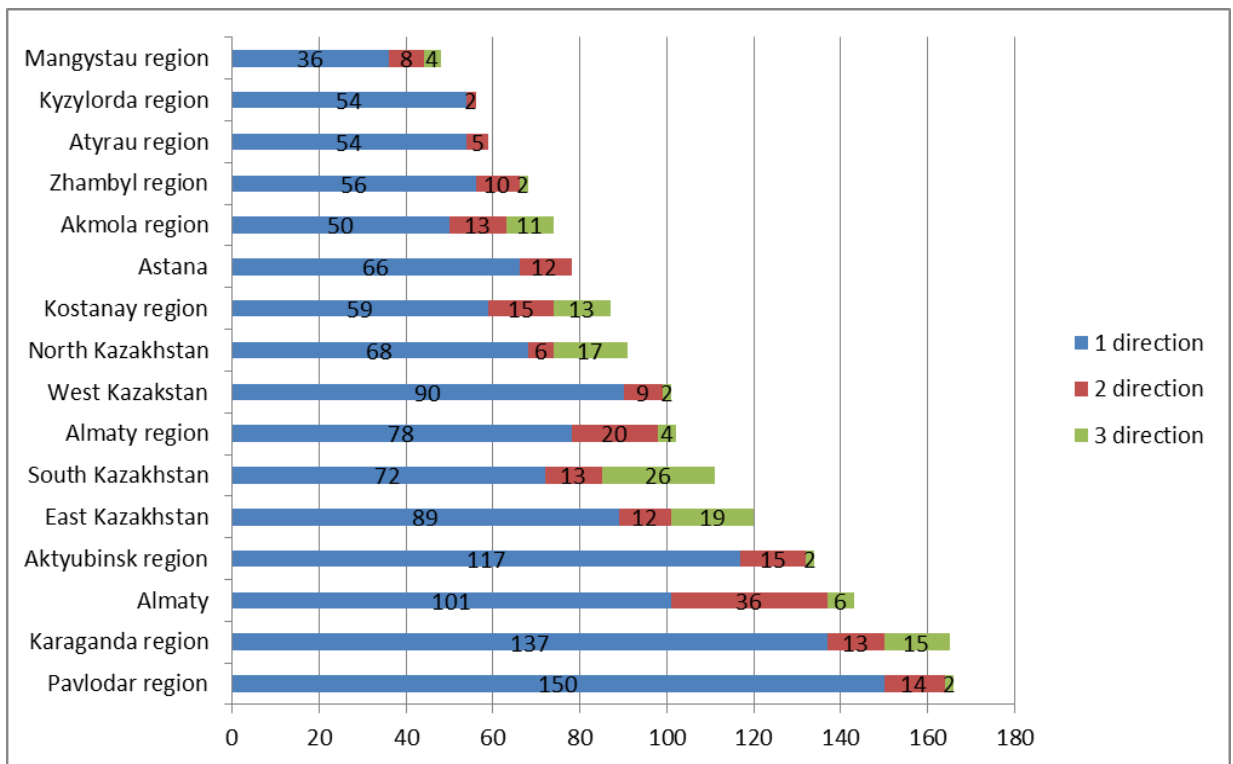
To provide a guarantee for loans approved 56 applications totaling \$ 14.32 billion Tenge. Signed contracts guarantee (hereinafter - DG) for 40 projects totaling loans 10.71 billion Tenge.

According to DG signed the largest number of accounts for Aktobe, South Kazakhstan and Kostanay region (Fig. 2.2).

Currently, the construction and reconstruction of industrial infrastructure is carried out for 263 companies, for a total investment 49.01 billion. Tenge, namely reconstructed roads - 48.5 km, rebuilt roads - 81.83 km of railways - 16.5 km, held the power line - 364 km, reconstructed power lines - 10.4 km, it is supplied with running water - 70.53 km sewerage - 54.45 km pipeline - 41.9 km, lighting - 23.4 km, telephones - 35, 49 km of heating systems - 9.65 km, set transformer substations - 26 units.

Work has begun on the organization of industrial zones in Almaty and South Kazakhstan regions on the basis of previously existing large enterprises and industrial zones.

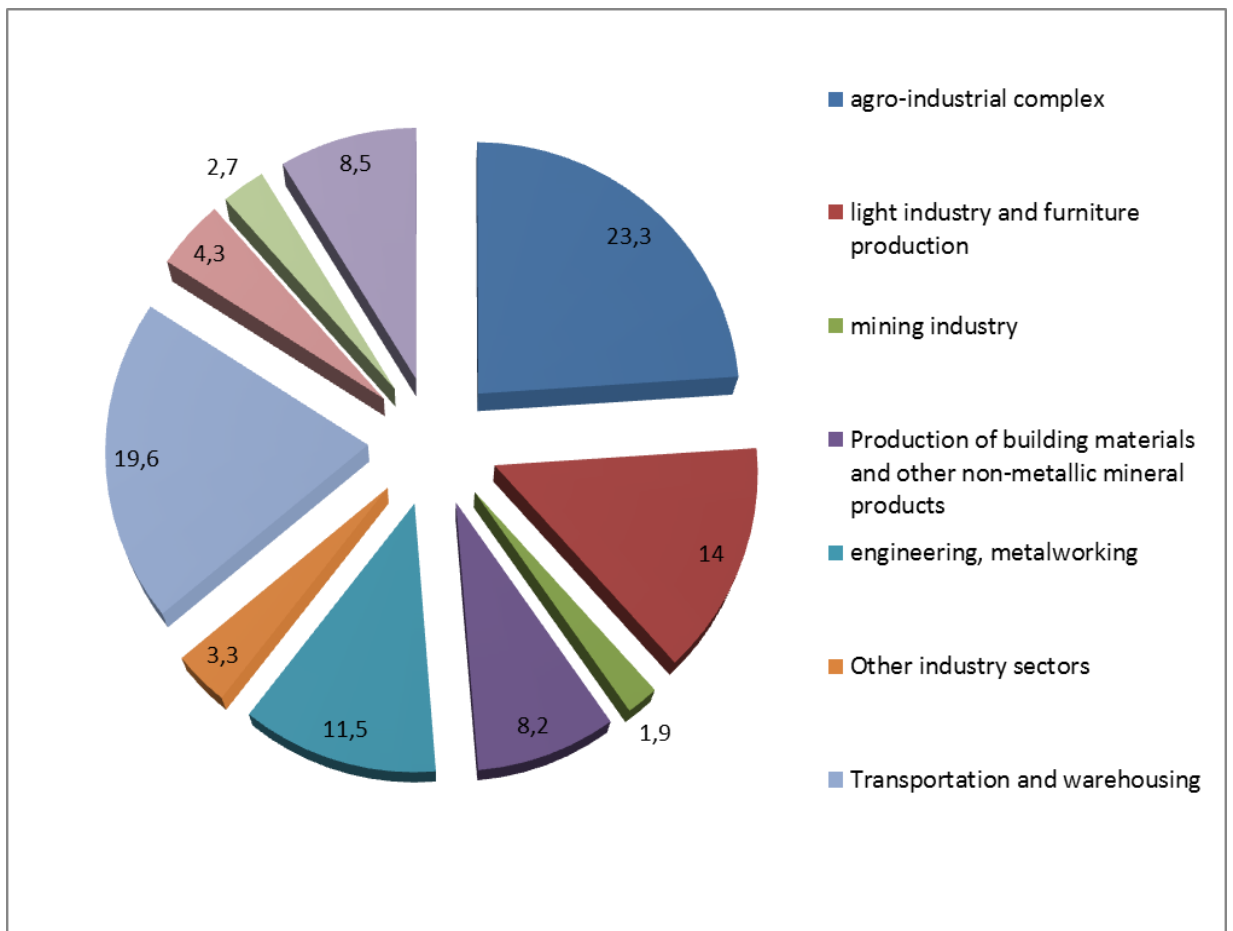
Figure 2.2 Subsidies by regions



Note - compiled from the source [Statistical yearbook, 2009-2012: 21].

The largest number of projects under the program "Business Road Map 2020" is observed in sectors such as agro-industrial sector - 265 projects (23.3%), transportation and warehousing - 223 projects (19.6%), light industry and production of furniture - 160 projects (14.0%)

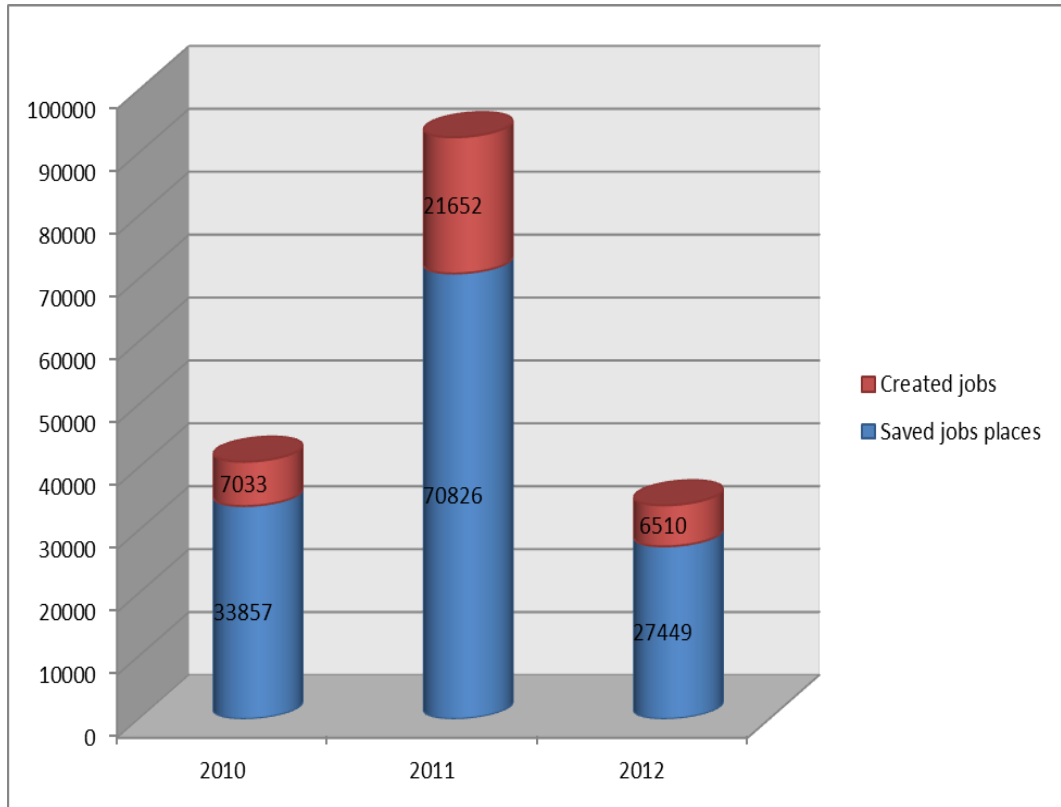
Figure 2.3 Structure of the program projects by industry



Note - compiled from the source [Statistical yearbook, 2009-2012: 21].

Socio-economic impact of the Program is that so far saved - 132 thousand, current, created more than 35 thousand. New jobs (Fig. 2.4).

Figure 2.4 The number of jobs for 2010-2012



Note - compiled from the source [Kaliev G.A., Tursunov S.T., Satybaldina A.A., 2010: 11].

In the program "Business Road Map 2020" in 2012 also introduced new financial instruments:

- A new loan guarantees system, developed in order to improve access to credit STB.

Provides for the following types of guarantees:

- Individual guarantees for existing entrepreneurs in the amount of up to 50% of the total loan of 60 million Tenge to 750 million;

- Express guarantees for existing entrepreneurs in the amount of up to 50% of the loan up to 60 million Tenge;

- Express guarantees for start-ups of up to 70% of the loan up to 20 million Tenge.

- Support for new entrepreneurs implementing new business ideas, different novelty and originality.

It provides for budding entrepreneurs:

- Grants worth up to three million Tenge to cover the costs associated with the project;

- Provision of express guarantees for start-ups of up to 70% of the loan up to 20 million Tenge;

- Providing service support and training.

Since 2011, was launched the fourth direction "Enhancing entrepreneurial capacity" program "Business Road Map 2020».

State support for small and medium businesses under the program is to support business start-ups (start-ups); service support for existing businesses; training of top management of small and medium businesses; project "Business Communication".

In support of the new entrepreneurs organized a two-day express course on the basics of entrepreneurship "Business Advisor". Support is provided mainly to the population with entrepreneurial initiative and existing entrepreneurs

In 2011, the course "Business Advisor" covered 219 districts in which the number of students who received certificates was 15 654 people, of which 74% of individual entrepreneurs, 10% of the LLP, 13% of farms, 3% of individuals who are not engaged in entrepreneurial activity .

At the moment, training began in 5 regions: Almaty, Aktobe, Pavlodar and South Kazakhstan regions and Almaty. As of July 2, 2012 the total number of course participants was 1280 people.

The implementation of the component "Providing specialized services" is assigned to the Akimat (regional executive authority). As part of small businesses providing service for the preparation of financial and statistical reports, tax return and other.

As part of the service support in each region is carried out competitive selection, and enter into contracts with service companies for the provision of services.

Today in the republic was provided over 20,000 services, 10,000 businesses, services provided about 66 suppliers.

In the first half of this year in Almaty, East Kazakhstan, Pavlodar, Akmola and South Kazakhstan regions are already defined service companies and the process of service delivery. In other regions of competitions identify the supplier of services.

"Training of top management of SMEs" is reserved for JSC "Nazarbayev University". As part of training, there was organized for senior and middle managers of small and medium-sized businesses.

In 2011, JSC "Nazarbayev University" in cooperation with Duke University (USA) has trained 210 senior and middle managers. Since the beginning of 2012 has trained 210 people. Currently, full-time training is completed the webinars. Presentation of certificates of completion of the program is planned for October this year. The project "Business Communication" is being implemented in two phases in cooperation with foreign partners.

At the first stage the business training in Kazakhstan aimed at training of entrepreneurs with modern business practices, marketing, establishment of business contacts with business partners and other skills to improve administrative competence. During the training, participants develop the project business plans of the enterprise under the guidance of foreign and domestic business coaches.

At the end of business training participants in the project independently modify business plans, in accordance with the received counseling, and subsequently to participate in the competition in the second phase of the project, which is to organize thematic business internships abroad, including the establishment of business ties with foreign partners.

Since 2010, the project was implemented jointly with Germany (GIZ), from 2012, is also being implemented with the United States (USAID). The total number of participants in the first phase of the project in 2011 amounted to 501 people. In 2012 we have finished training 210 people.

The greatest number of participants accounted for groups formed from among entrepreneurs representing the following sectors: information and communication; health; Metalworking, manufacture and repair of machinery and equipment.

Internship in the second phase of the project "Business Communication" in Germany at the moment have been 58 people in the United States 10 people.

In addition, in 2011 employers signed an agreement with German companies for a total amount of 500 000 Euros. Kazakh businessmen purchased equipment worth about

360,000 euros, was created one joint Kazakh-German enterprise in the field of waste management, and equipment was purchased for the sum of 700 000 euros.

It should be noted that in 2012, introduced new components, "senior seniors", "Business Nasihat" and training of second-tier banks and local government offices.

The implementation of the component "older gentlemen" is aimed at attracting highly skilled foreign professionals with successful experience, both in the process of conducting business training in the first phase of the project "Business Communication" on the territory of Kazakhstan, and to advise the participants in the program directly to enterprises to implement new management methods, production technology and equipment, and staff training.

Component "Business Nasihat" is aimed at awareness-raising, promotion of entrepreneurs and successful examples of successful projects under the program, clarifying the legislation and regulation in the field of entrepreneurship, promoting the ideas of entrepreneurship, outreach activities, etc.

The component "Training of second-tier banks and local government offices' training will be conducted under the terms of the program" Business Road Map-2020 "and the practical skills of financial analysis projects.

Training will be held in the cities of Astana and Almaty. For the employees of the banks of the second level includes courses in assessing the creditworthiness of the borrowers, the analysis of business plans, as well as practical case studies to analyze the projects, the conditions and procedures for implementation of the program "Business Road Map-2020" etc.

3.2. Organization of SME lending by banks

"Damu" Fund is the operator of the Program of Conditional Placement of the national budget in the second-tier banks (STB) for on-lending to SMEs. To implement this program in December 2011, "Damu" Fund has been allocated one tranche of funds in the amount of 48.8 billion. Tenge, which were placed in 7 partner banks determined by the State Commission for Economic Modernization of Kazakhstan №17-5 / 011- 3 from 26.11.2011, the (Table 2.1).

Table 2.1. First tranche of funds allocated for SME lending STB (including reallocation)

№	Bank	Amount of billion Tenge	Share of STB
1	JSC "Kazkomerts Bank"	11,5	24%
2	JSC "BTA Bank "	10,0	20%
3	JSC "Bank CenterCredit"	8,3	17%
4	JSC "Kaspi Bank"	8,3	17%
5	JSC "Eurasian Bank"	4,2	9%
6	JSC "Tsesna Bank"	4,2	9%
7	JSC "Alians Bank"	2,4	5%
	Total	48,8	100%

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz.

As of 07.02.2012, the total amount of funds granted by banks to SMEs (including funds issued on a revolving basis) of 90.8 billion Tenge. On this amount was funded 2824 borrowers.

The average loan amount was 34.3 million. Tenge, the average loan term - 35 months, the average interest rate - 17% per annum. Created and supported 3075 jobs (Table. 2.2).

Table 2.2. The results of the implementation of first tranche section on 07.02.2012 year by STB

Bank	Amount	share %	№.of borrowers	№.of loans	Medium loan amount	Medium loan period monthly	Average rate %	Effective rate %	Created jobs
BTA Bank	36 886,88	40,62	1 145	5 061	32,22	14,83	14,44	15,62	688
BCC	16 578,12	18,26	244	1 838	67,94	24,77	17,8	19,96	572
KazKom	12	13,28	346	1 648	34,85	19,82	16,34	18,31	746

	058,45								
Kaspi Bank	8 340,29	9,18	432	697	19,31	45,34	18,54	21,27	403
Tsesna Bank	8 261,28	9,1	394	649	20,97	38,17	16,12	17,63	344
Eurasian	5 667,06	6,24	145	224	39,08	65,67	17,25	19,27	306
Alians	3 021,83	3,33	118	239	25,61	37,51	18,29	21,13	16
Total:	90 813,9	100	2 824	10 356	32,16	26,16	16,14	17,88	3 075

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz.

Regionally, in the framework of the largest amounts were given in the Karaganda region - 18.2 (405 borrowers), Almaty - 11.2 (298 borrowers), East Kazakhstan region - 8.9 (350 borrowers). The smallest amount of payment are observed in the Atyrau region - 2 (83 borrowers), Almaty oblast - 2.2 (93 borrowers), South Kazakhstan region - 2.3 (75 borrowers).

Sector-wise, the highest number of loans issued for projects in the sphere of trade. The total amount of funding for projects in this sector accounted for 61 of the total disbursements. The smallest amount of funded projects Transport and Communications, the total amount of funding for which was only 3 of the total disbursements.

According to the minutes of the meeting of the Government of the Republic of Kazakhstan №25 from June 28, 2012, it was decided on the allocation of two tranches of \$ 50 billion. Tenge to support SMEs. In addition to these means of "Damu" Fund has been allocated 4.7 billion Tenge of own funds.

Bringing these funds to SMEs is carried out by the Fund "Damu" the Program co-financing from 10 banks that provided funds for lending to SMEs in the framework of an equal with the Fund "Damu" volume. Thus, the total amount of lending to SMEs, was provided by the program co-financing amounts to 109.4 billion. Tenge (Table. 2.3).

Table 2.3. Second tranche allocated for SME loans (including own funds STB)

№	Bank	The amount of own resources of STB, billion Tenge	Share of STB
1	"ATF Bank"	26,0	24%

2	"Eurasian Bank"	19,9	18%
3	"Bank CenterCredit"	13,0	12%
4	"Astana Finance"	11,1	10%
5	"BTA Bank"	10,0	9%
6	"NUR Bank"	10,0	9%
7	"Kaspi Bank"	8,0	7%
8	"Kazkomerts Bank"	5,4	5%
9	"Alians Bank"	4,0	4%
10	"Tsesna Bank"	2,0	2%
	Total	109,4	100%

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz.

As of 07.02.2012, the total amount of funds granted by banks to SMEs (including funds issued on a revolving basis) amounted to 171.3 billion. Tenge. On this amount were funded 3,160 borrowers. The average loan amount was 86.3 million Tenge, the average loan term - 43 months, the average interest rate - 12% per annum. Created and supported 4560 jobs (Table. 2.4).

Table 2.4. The results of the implementation of second tranche in the context of STB on 07.02.2012

Bank	Amount	Share %	№.of borrowers	№.of loans	Average amount of loan	Medium loan period monthly	Average rate %	Effective rate %	Created jobs
ATF Bank	35658,26	20,81	1094	2413	32,59	54,09	12,5	13,57	1193
Eurasian	35072,49	20,47	588	1991	59,65	47,26	12,5	15,17	1234
BTA	31954,38	18,65	582	3694	54,9	18,57	12,5	13,8	593
BCC	23275,33	13,58	166	1474	140,21	36,79	12,5	13,89	312
NurBank	13263,14	7,74	190	905	69,81	45,7	12,5	13,89	287
Kaspi	10034,94	5,86	110	508	91,23	35,2	12,5	14,28	514
Aliance	7554,6	4,41	148	374	51,04	38,34	12,5	14,11	3
KazKom	7200,39	4,2	224	507	32,14	46,48	12,5	15,23	257
Astana	4832,89	2,82	18	19	268,49	70,18	12,5	13,55	136

Finance									
Tsesna Bank	2498,3	1,46	40	104	62,46	36,61	12,5	14,48	31
Total:	171344,73	100	3160	11989	54,22	41,15	12,5	14,15	4560

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz.

Regionally, in the framework of the largest amounts were given in Almaty - 38.4 (388 borrowers), Karaganda region - 15.6 (276 borrowers), Astana - 15.5 (172 borrowers). The smallest amount of payment are observed in Zhambyl region - 3 (101 borrowers), Atyrau region - 3.6 (136 borrowers), Almaty region - 4.8 (177 borrowers).

Sector-wise, the highest number of loans issued for projects in the sphere of trade. The total amount of funding for projects in this sector accounted for 45 of the total disbursements. The smallest amount of funded projects Transport and Communications, the total amount of funding for which was only 3 of the total amount of disbursements.

In accordance with Government Resolution №1085 from 25.11.2011 from the National Fund of the Republic of Kazakhstan has been allocated 120 billion Tenge for the implementation of measures to support SMEs in 2011-2013. Of this amount, 117 billion Tenge was directed to implement the third tranche of the Program of Conditional Placement of the national budget in the STB, 3 billion - to the program of direct financing of SMEs «Damu-Koldau." 117 billion Tenge in February 2011 were distributed among 12 partner banks, certain decisions of the State Commission for Economic Modernization of Kazakhstan №17-55 / I-99 from 27.01.2011 and №17-5 / I-144 from 10.02. 2011 At the same time JSC "ATF Bank" has allocated an additional 10 billion Tenge from its own funds to finance SME projects in the framework of the Program. Thus, the total pool of funding for the program was 127 billion Tenge (Table. 2.5).

Table 2.5. Funds of third tranche allocated for SME loans (including own funds STB)

№	Bank	Total amount in billion Tenge	Share of STB
1	JSC "BTA Bank"	22,0	17%
2	JSC "ATF Bank"	20,0	16%
3	JSC "Aliance Bank"	18,0	14%
4	JSC "Kazkomerts Bank"	16,0	13%

5	JSC "National Bank"	11,7	9%
6	JSC "Bank CenterCredit"	10,0	8%
7	JSC "Nurbank"	8,0	6%
8	JSC "Kaspi bank"	6,0	5%
9	SB JSC "Sberbank "	6,0	5%
10	JSC "Tsesna Bank"	3,3	3%
11	JSC "Eurasian Bank"	3,0	2%
12	JSC "Astana Finance"	3,0	2%
	Total	127	100%

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz.

As of 07.02.2012, the total amount of funds granted by banks to SMEs (including funds issued on a revolving basis) amounted to 220.6 billion Tenge. On this amount were funded 3257 borrowers. The average loan amount was 91 million Tenge, the average loan term - 42 months, the average interest rate - 11% per annum. Created and supported 4083 jobs (table 2.6).

Table 2.6. The results of the implementation of third tranche in the context of STB on 07.02.2012

Bank	Amount	share %	№.of borrowers	№.of loans	Average amount of loan	Medium loan period monthly	Average rate %	Effective rate %	Created jobs
BTA	61804,0	28,0	917	7061	67,4	16,4	11,6	12,3	1164
Aliance	31755,5	14,3	441	1538	72,0	38,2	11,9	12,5	12
ATF	28219,8	12,7	541	1185	52,1	52,9	11,0	11,9	681
KazKom	23156,9	10,5	393	1277	58,9	35,8	11	11,7	616
SberBank	16 707,2	7,5	103	1134	162,2	13,1	11	12,1	565
National	16 330,9	7,4	158	623	103,3	50,3	11,7	12,4	102
BCC	1 806,4	5,3	159	504	74,2	52,5	11,7	12,4	87
NurBank	9396,6	4,2	125	407	75,1	54,8	10,7	11,7	192
Kaspi	6912,5	3,1	221	560	31,2	32,8	9,3	11,6	92

Tsesna	6020,1	2,7	97	285	62,0	44,2	11,2	12,5	37
Eurasian	4593,9	2,0	88	189	52,2	55,9	11,2	12,4	339
Astana Finance	3935,3	1,7	14	34	281,0	51,1	11,5	12,4	196
Total:	220639	100	3257	14797	67,7	34,82	11,3	12,2	4 083

Note - compiled from site Entrepreneurship Development Fund "Damu" www.damu.kz .

Regionally, in the framework of the largest amounts were given in Almaty - 65 (509 borrowers), Astana - 31.8 (369 borrowers), Karaganda region - 17.1 (318 borrowers). The smallest amount of payment are observed in Kyzylorda region - 2.5 (103 borrowers), Zhambyl region - 3.1 (40 borrowers), South Kazakhstan region - 4.4 (95 borrowers). Sector-wise, the highest number of loans issued for projects in the sphere of trade. The total amount of funding for projects in this sector accounted for 52 of the total disbursements. The smallest amount of funded projects Transport and Communications, the total amount of funding for which was only 3 of the total disbursements. [Umbetov A., 2009: 22]

Through the implementation of these programs to date in Kazakhstan significantly improved performance of SMEs. According to the report of the World Bank, Kazakhstan improved positions on a number of indicators in the ranking of ease of doing business "Doing Business" and, rising to eleven positions, took 47th place. [Hayek F., 2009: 5]

3.3 Analysis of lending to small and medium-sized businesses JSC “Bank CenterCredit”

The bank was founded in August 1988. In November 1992, the bank received the general license of the National Bank of Kazakhstan to conduct transactions in foreign currencies, in October 1993, shall enter into the international system SWIFT, and in November of the same year begins servicing the plastic cards Visa, EuroCard / MasterCard, Diners Club, JCB, American Express. In May 1997, JSC "Bank CenterCredit" was included by the National Bank of Kazakhstan into the first group of banks to have international standards. In November 1998, the bank launched gold bullion with your own logo weighing 10 and 20 grams. In December 1991, within the framework of the

intergovernmental agreement on financial cooperation of Germany and Kazakhstan, the bank approved as a financial operator of the German credit line (KFW). In March 1999, the bank began issuing payment cards VISA-Classic, VISA-Gold and VISA Business with its own logo in December 1992 - Issue of international payment cards Visa-Electron and local Gold card with your own logo. Since September 1999, JSC "Bank CenterCredit" in partnership with Western Union (the United States) started to provide a new service: the implementation of urgent money transfers for individuals without opening bank accounts in 170 countries. In April 2002, the Bank was reorganized into an open joint stock company.

"Bank CenterCredit" is a member of KASE, JSC "Central Securities Depository" ALE "Association of Financiers of Kazakhstan", JSC "Central Depository of Kyrgyzstan", the Union of Participants of the pension reform, a participant of JSC "Kazakhstan Guarantee Fund (insurance) of deposits of physical persons" (certificate №0004 dated February 16, 2000). JSC "Bank CenterCredit" - the primary dealer of the Ministry of Finance of Kazakhstan and primary agent of National Bank of Kazakhstan on the government securities market.

The Bank has licenses: National Bank of Kazakhstan to conduct banking operations in Tenge and foreign currency and other transactions by the banking legislation of 10.01.00 №239; National Commission of the Republic of Kazakhstan on Securities (NSC) to engage in broker and dealer activities in the securities market with the right to handle client accounts as a nominal holder, dated 15.02.00 №0401100219 (first category license); NSC to conduct custodian activities in the securities market on 21.07.00 №0407100098.

The Bank has a credit rating from Fitch-IBCA: long-term "B" with "stable" forecast; Short-term 'B'; Individual "D"; support rating from the state and shareholders '5T'. Until May 1999 the bank had credit ratings from Thomson BankWatch BREE at the level of the short-term - "LC-3" and the long-term - "B". According to the results of activity in 1999, Thomson Financial BankWatch given a higher short-term rating "LC-2" and affirmed the long-term rating of 'B'.

According to the National Bank of Kazakhstan prudential standards and other binding norms and limits established by the National Bank, JSC "Bank CenterCredit" respected.

Implementation of international payments made JSC "Bank CenterCredit" by software SWIFT Alliance Entry. The Bank cooperates with 160 banks of CIS and foreign countries, including the USA, Germany, Switzerland, Holland, France, Great Britain, Denmark, Canada, Austria, Singapore, the CIS and Baltic countries. In turn, about 80 banks in Russia, Kyrgyzstan, Latvia, Lithuania, Azerbaijan and other countries have opened correspondent accounts in the JSC "AMB".

The authorized share capital of JSC "Bank CenterCredit" amounts to 3.1 billion Tenge. Total issued 2,011,100 shares of copies (the sixth issue, annulled the previous issue) with nominal value of 1000 Tenge, including 1.6111 million copies of common shares (KZ1C35970017), and 400 000 preference (KZ1P35970618). The issue of shares is made in non-documentary form. Register is maintained by an independent registrar - JSC "Stock Center" (NSC license on 12.12.1996 №20050002). Founding documents do not contain norms that infringe or restrict the rights of shareholders to their transfer (alienation).

According to the statute of paying dividends on common and preferred shares of the bank by the general meeting of shareholders, the minimum guaranteed amount of dividends on preferred shares is determined in 12% of the nominal value (the decision of the Annual General Meeting of Shareholders on 15.03.2002).

On 30.05.2012 the bank had 6 shareholders in the absence of the state's share in the authorized capital. Of shares exceeding 5% of the share capital of the company owned: Cormoto BV (Amsterdam, Netherlands) - 20.5%; JSC "Fin trade" (Almaty, Kazakhstan) - 19.39%; Reson Holding AG (Zug, Switzerland) - 16.41%; Glencore International AG (BAAR, Switzerland) - 12.15%; JSC "Myrzakent" (Almaty, Kazakhstan) - 6.09%; TOO "ATERA capital" (Almaty, Kazakhstan) - 6.04%.

The main type of business, laid the foundation of the Bank and its development strategy is trade finance. The Bank focuses on serving companies engaged in foreign trade. At the core of the Bank's customers included the companies of oil and gas, gold mining and trade sectors of the economy.

Originally created as an elite corporate bank, "Bank CenterCredit" has long focused its attention on providing quality and efficient services to large corporate clients.

Since the establishment of JSC "Bank CenterCredit" the economic situation and the situation on the banking market has undergone significant changes. Today, JSC "Bank

CenterCredit" is universal bank that consistently develop various types of transactions, according to the priorities identified by the strategic development plan.

Declaring universal banks, JSC "Bank CenterCredit" provides a full range of current in each region of the country's banking services uniformly developing every type of business. Such a policy requires the implementation of operations, radically different from each other as the timing and the degree of risk inherent in each separate type of operation. The sources of funds necessary for the development of each activity in each region are primarily owned subsidiary of the Bank. Sectoral focus regions can clearly be seen, suggesting regional differentiated resource properties.

Along with heavy liability transactions, branches are monitoring the state of the economy of the region and the prospects for its further development. The second main task of the Bank's branches is a timely proposal of the local market of banking products services for which there is demand, due to the development of economic relations in the region.

Concern interests of customers for the bank above all. The basis of the work with the client is on the principle of "quality, reliability, service, efficiency." The implementation of this principle implies, on the one hand, an individual approach to each client, taking into account peculiarities of its activity is on the other side - the equality of all, without exception, customers of the Bank's right to high-quality, reliable and convenient banking services.

Bank's credit policy is aimed at meeting the needs of proven and reliable borrowers for credit resources, business development, promotion of a new, effectively operating market structures.

When working with the borrower the Bank went beyond the traditional role of a conventional lender, becoming a financial advisor to companies in the field of efficient use of credit resources, the rational organization of financial flows.

The concentration of the loan portfolio is traditionally present in the commercial sector as "Bank CenterCredit" was originally a "Merchant" Bank. However, the Bank continues to gain experience in the financing of small and medium-sized businesses. Since 1999, "Bank CenterCredit" successfully works program to support small and medium businesses through the European Bank for Reconstruction and Development.

Today, JSC "Bank CenterCredit" is ready to offer term deposits in Tenge and in foreign currency (USD and EURO) individuals and legal entities, residents and non-residents as customers and not customers of "Bank CenterCredit", as well as new types of deposits for individuals.

One of the main types of banking products is the provision of loans. Flexible and focused on client demand and credit policy of the Bank contributed to meeting the needs of the real economy, which is reflected in the implementation of construction projects, the implementation of commercial, trading and brokerage, development of services, transport, communication, development of small and medium-sized businesses, petrochemical, mining and metallurgical industries, agricultural enterprises, the active development of the retail business to meet the needs of the population in the acquisition of housing, transport and basic commodities.

The determining factors when deciding on lending is the borrower's business performance, the profitability of the financed project, the collateral as well as the maintenance of stable turnover on a bank account. The volume of loans provided as determined by the borrower's ability to pay, account turnover, sectorial and regional peculiarities of doing business provided collateral.

Credit policy of the Bank contributes to the restructuring of loan products, such as increased share of credit lines, allowing corporate customers to provide financial services such as cash financing, overdraft, bank guarantee, letter of credit, leasing, factoring.

Bank's credit policy in 2012 was aimed at meeting the needs of proven and reliable borrowers for credit resources, development of entrepreneurship; promote the formation of new, efficient operating structures. The share of loan portfolio in assets as of January 1, 2013 covers 59%. A growing share of the financing of small and medium business, produced from its own resources and a bank of resources allocated to the EBRD. Interest rate (interest) on loans to the Bank, in Vol. H., And on loans to small and medium businesses is determined by agreement on the basis of analysis of the project, assessing the liquidity of collateral analysis average market rates on loans in the Republic of Kazakhstan. Thus, the issuance of loans in 2011 was carried out at the following rates:

- In Tenge the average of 15 to 18% per year, including small and medium-sized businesses - from an average of 18 to 25% per annum.

- In foreign currency average of 12 to 15% per year, including small and medium-sized businesses - an average of 17% to 20% per annum.

Table 2.7

The structure of the loan portfolio dynamics and currency over 3 years

Currency of loan	01.01.2011 г.	01.01.2012 г.	01.01.2013 г.
Tenge	3061391	6580410	9427311
USD	1815710	9748602	355373
Other Currency	4080549	8750627	24818722
Total:	8957650	25079639	34601406

Note - According to the annual report of JSC "Bank CenterCredit" for 2012

The loan portfolio has a tendency to annual growth associated with an increase in the share of corporate borrowers, the development of industrialized regions of the country due to the expansion of the branch network, increase in funding of small and medium-sized businesses.

The priority of the credit policy in 2012 was the financing of projects in the following sectors:

- Iron and steel;
- Export-import contracts;
- Petroleum (crude oil exports, processing, transportation and sale of petroleum products);
- Mining;
- Grain agriculture;
- Food (direction Oil and fat);
- Construction of infrastructures;
- Trade;
- As well as projects of enterprises engaged in the process of final assembly of products from imported parts, processing and packaging of food, drinking water production, waste treatment.

Table 2.8

The sectorial structure of the loan portfolio (share in% of loan portfolio)

Sector	2011	2012	2013
Agriculture	3,0	14,7	10
Food industry	25	8,1	11
Oil refining	0,7	2,7	2
Chemical industry	2,9	0,2	0

Metallurgical industry	5,3	20,7	3
Light industry	2,1	0,6	4
Construction	6,7	2,5	17
Maintenance and repair of vehicles	9	3,5	1
Wholesale trade	16,2	25,1	25
Retail Trade	7,7	9,4	8
Hotels and restaurants	0	0,1	2
Business services	5,8	4,7	4
Health care	0,8	0,4	0
Services of households	1,1	0,7	2
Individuals	3,4	1,3	6
Uranium mining	2,1	0	0
The mining industry	3,8	0,5	4
Tobacco industry	0,1	0,2	0
Typographical industry	0,1	3,4	0
Utilities	1,3	0	0
Education	0,1	0,2	0
Recreation and entertainment	2,8	1,0	1
Total:	100	100	100

Note - According to the annual report of JSC "Bank CenterCredit" for 2012

As can be seen from Table 3, the loan portfolio at 01.01.2013 compared to 01.01.2011 increased by 3.9 times or by 25.6 billion Tenge. The structure of the loan portfolio at 01.01.2013 As in previous years, is dominated by loans issued in foreign currency, but due to changes in the legislation concerning the prohibition of lending in the equivalent amount of credits in terms of the US dollar has sharply decreased - 5.1 times or by 1.5 billion Tenge. Currently, the service are loans issued during 2009 - 2010 years in KZT equivalent of fixing the currency in which the bank is obliged to withstand the conditions of bilateral agreements with borrowers before expiry.

On 01.01.2012, the structure of the loan portfolio by currency as follows:

- National currency loans - the proportion of the total loan portfolio to 27.2%;
- Equivalent - the proportion of the total loan portfolio of 1%;
- Foreign currency - the proportion of the total loan portfolio 71.8%.

In the structure of loan portfolio by industry sector also has been a change in the direction of development of such industries as agriculture from 3% to 10%, wholesalers - from 16.2% to 25%, construction - from 6.7% to 17% of individuals - from 3.4% to 6% and reduce the proportion of the metallurgical industry, from 5.3% to 3%, maintenance and repair of machines - from 9% to 1%, mining from 3.8% to 2%.

Interest rate on loans to JSC "Bank CenterCredit" is determined by the agreement on the basis of analysis of the project, assessing the liquidity of collateral analysis average market rates:

- in Tenge - an average of 15 to 18% per annum;
- in the foreign currency - from an average of 12 to 15%.

Table 2.9 Average interest rate on loans by currency loans issued in the past three years, billion Tenge

Currency of credit	2011			2012			2013		
	Debit	Credit	Average rate %	Debit	Credit	Average rate %	Debit	Credit	Average rate %
Tenge	10,8	8,6	17	23,0	14,1	16	46,2	42,1	15,58
Foreign currency	13,02	11,4	18	23,3	22,7	15	53,8	49,9	15,35

Total	23,82	20,0		46,3	36,8		100,0	92,0	
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Note - According to the annual report of JSC "Bank CenterCredit" for 2012

The volume of lending in 2012 increased by 2.2 times compared to 2011, which is 100 billion to 46 billion Tenge. The weighted average interest rate decreased from 17.8% to 13%. Repaid loans in 2012 in the amount of 92 billion to 37 billion in 2011.

During 2012, the Bank wrote off loans for the balance of the principal debt in the amount of 698,176.0 thousand Tenge. Write-off of debt is so large borrowers: TOO "Strike-A", LLP "Alma-Ata", JSC "Rystas", LLP "Taraz". Bank systematically carried out the following work to repay the debt:

- It works directly with the client to seek the possibility of redemption by internal resources of the enterprise;
- Notification of borrower default and the Pledger;
- Announcement of the tender and extrajudicial realization of the mortgaged property;
- Conducting auctions for the sale of real estate;
- The classified ads of real estate, commodities, equipment and other mortgaged property through the media;
- Enabling the mortgagor alone to find a buyer.

According to the results of the work which was done during the year on previously written-off loans received funds in the amount of 299 million Tenge at the principal and interest of \$ 11.6 million

Table 2.11 The concentration of debt on loans as of January 1, 2013 by regions in Republic of Kazakhstan in thousand Tenge

Name of the region	2011 year	2012 year
Almaty	976 544	17 115 511
East Kazakhstan	2 080 382	4 644 436
West Kazakhstan	1 448 116	1 964 153
Central Kazakhstan	3 811 196	3 232 380
North Kazakhstan	1 283 344	3 031 598
South Kazakhstan	6 691 557	4 613 328

Total:	25 079 639	34 601 406
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Note - According to the annual report of JSC "Bank CenterCredit" for 2012

In terms of lending programs greater weight in the consumer portfolio accounted for loans for the purchase of real estate -65% (1,096,491.2 thousand. Tenge). Loans for the purchase of vehicles accounted for 15% (254,754.2 thousand Tenge) of total loans issued. Loans to other consumer loans - 20% (342,118.2 thousand Tenge), respectively.

Currently, the Bank together with the European Bank for Reconstruction and Development (EBRD), a program of lending to small and medium-sized businesses as part of the loan agreement signed between the Bank and JSC "Entrepreneurship Support Fund" Damu ". According to the conclusion of the "Agreement on the support loan" between JSC "Small Entrepreneurship Development Fund" and JSC "Bank CenterCredit" as of 01.01.2012. for the implementation of this program, the Bank transferred to 6750.0 thousand USD for a period of 3.5 years from the reward payment every six months.

The Bank is guided by the terms of intergovernmental financial arrangements and the provisions of the Internal Loan Agreement between the Bank and the Ministry of Finance. One of the main conditions for lending under these facilities is an investment project financing.

Taking into account the above, the interest rate for the final borrower, depending on the source of financing is composed as follows:

- Bank from its own sources - the rate is determined by the current refinancing rate of the National Bank of Kazakhstan and is 10-18% per annum
- Credit line KR \ Y - 12%.

Summing up the results of this section, you must mark that at present the Bank lends to private individuals for consumer purposes, including the purchase of real estate, automobiles, consumer durables, education, treatment, celebrations, holidays, and repair. In addition, The bank acts as a partner bank under the program of long-term housing finance JSC "Kazakhstan Mortgage Company", established by the National Bank of the Republic of Kazakhstan. To date, the Bank concluded agreements on mutual cooperation with the largest mortgage and real-estate companies, with years of experience in the field of real estate.

The Bank has developed a special credit conditions: flexible repayment terms of the loan, the minimum down payment for projects funded under the pledge of the acquired property, the possibility of early JSC "Bank CenterCredit" repayment loan without fines, the minimum period for consideration of applications and the issuance of the loan, burdensome collateral requirements, and a special interest rate on the loan.

The main criterion for bank credit conditions of small businesses is reliability and the financial condition of the company and an assessment of its financial sustainability.

Consider credit policy

The objective of the credit policy of JSC "Bank CenterCredit" is customer satisfaction in working capital, as well as a profitable placement of monetary resources while minimizing credit risks. The Bank used credit schemes optimally combine the interests of the lender and the borrower.

The priorities in this direction, the Bank considers not only the profitability and reliability of the credit operations, but also the efficiency of enterprises borrowers, the importance of business - projects, their profitability, security and liquidity.

As of 01.01.2011, the volume of credit investments has increased in comparison with the previous year by more than 1.6 times.

In carrying out the implementation of the Program of lending to small businesses in the initial stage of the program provided by soft lending that dictated economic expediency:

1. Promote the development of small and medium-sized businesses;
2. An exception to the risk transience of credit;
3. To maximize profits in the future;

One method of lending to small businesses the bank is in the direction of financial leasing.

Using the financial leasing due to the following factors:

1. The Bank has no problems with providing credit loans;
2. leasing as a form of investment loan allow the bank to carry out targeted funding of projects;

In 2010, the Bank began to actively carry out factoring operations. Properly established pattern of interaction between the Bank, the Buyer and Seller allowed minimizing credit risk and having stable incomes.

Implementation of the projects cost of credit due to the fact that the investment began to work and generate income as soon as possible.

Such lending policies of bank and other entities designed for long-term cooperation and development-oriented on credit borrowers, it eliminates the transience of borrowed funds in the future.

The Bank has developed and implemented a unique program of concessional lending to small businesses.

National Bank has adopted a number of normative legal acts that improve the activities of financial institutions in the face of banks in the credit policy for lending to small businesses.

The National Bank regularly monitors the activity of tier two banks, institutions engaged in certain types of banking operations, as well as insurance companies. In particular, the tracking system used by the activities of banks proved to be highly effective. It enables schematic data on the financial activities of banks, to assess, analyze the activity of each bank separately on a number of parameters and indicators, and to get the final picture of its financial position.

National Bank is also responsible for the maintenance of the credit register in which is recorded the bulk of the volume of bank loans granted to the real sector entities. In addition, the financial activities of banking institutions annually audited by independent audit firms (mainly international), which also contributes to the transparency of financial flows in the banking system.

I believe that the development of lending to small and medium businesses need to offer it in the form of loans to leasing.

Analysis of loans granted shows that the volume of loans in 2011 increased by 1.6 times and amounted to 8,778,270 thousand Tenge. Medium-term loans amounted to 345 020 thousand Tenge, short-term - 8,433,250 thousand Tenge. The Bank actively started to provide loans in the form of "Overdraft" (their volume in 2011 was 709 000 thousand Tenge) and "Factoring" (the amount of this kind of operations was 219 256 thousand M.) It should be noted that in 2011, overdraft facilities and factoring agreements redeemed at maturity at 100% volume.

Table 2.12 Financing and lending of economic sectors.

№	Economic sector	Amount of loans	Interest rate %	Including small and medium businesses		Repaid in 2012	
				amount	%	total	Small and medium businesses
1.	Agriculture						
2.	Construction	436 000	17,9	8 100	14,0	328 000	2 473
3	Trade	2 843 500	17,7	46 612	15,5	577 245	16 266
4.	Hotels, restaurants					309 489	
5.	Others	5 791 559	18,7	22 612	15,5	921 034	6 246
Total		9 071 059	18,2	77 324	15,5	2 035 768	24 985

Note - According to the annual report of JSC "Bank CenterCredit" for 2012

One of the priorities in the work of the Bank is working with mortgage lending bank provides loans for various types of collateral, providing a 100% repayment of the loan.

Developed mortgage lending program, which will expand the customer base and diversify credit risks, earn stable incomes, therefore, based on the experience of foreign banks, mortgage lending should be one of the main types of lending to small and medium-sized businesses, especially rural cooperatives.

The banking system – is a small business. Now it is clear that the financial system's ability to raise money through macroeconomic stability, increase confidence, create a fund to guarantee deposits for banks that adopt the Bank Secrecy Act, the successful functioning of the pension system is high enough, but the real economy is not using this opportunity.

This once again shows that the ability of the financial system to attract additional resources are significantly higher than the capacity of the real sector offers real and clear payback projects.

According to the National Bank, the financial system as a whole can mobilize up to 100 million USD per month. The number of actual projects offer far fewer of these opportunities.

The position of the state on behalf of the National Bank should be that a small business has to call special attention to the banks. Apparently, it is necessary to create a special unit within the Bank. But while both sides - small businesses and banks - should be with due attention relates to each other and to devote more time: the banks - the study of all small businesses, and small businesses - the study of the requirements of banks. It is clear that banks work with fundraising and they definitely need to return the money to its depositors with interest, so they need to invest in clear and profitable projects. And that was established deposit insurance fund does not mean that now the banks have to take more risks on lending.

In general we can say that the real and financial sectors of the economy are interdependent entities. Indeed, the bank can successfully develop only in the presence of customers, especially from the real economy. On the other hand, the company can grow and develop only in the presence of sources of financing, because the support just self-financing - is basically a dead-end path.

Conclusion

During 2007-2012 the Government of Kazakhstan takes serious measures to create favorable conditions to ensure the development of small and medium business in Kazakhstan. This covered almost all of the problems that hinder the successful and active development of this sector. Objective reasons for the adoption of measures was that, contrary to logic and expectations, in recent years there has been a steady decline in activity in the sector of small and medium-sized businesses.

According to international practice, small and medium businesses the most successfully functioning at the appropriate state support in a steadily developing economy.

In Kazakhstan, despite the prevailing global trends, these processes are not fully confirmed.

In the 2009-2012 The situation for the revitalization of small business is significantly improved compared to previous years. This was due to the recovery of production, the growth of real incomes of the population, increasing state support, etc.

However, despite this, in the reporting period, there is a noticeable slowdown in the number of active small and medium-sized businesses - legal entities and employment to them.

It should be noted that in contrast to 2005-2008, when the conditions for small businesses have been less favorable in terms of the macroeconomic situation, there have been relatively high rates of growth in the number of small and medium-sized businesses and employment.

In the reporting period, the trend of outstripping growth in the number of small and medium-sized businesses in relation to the growth of employment in the small business sector. This suggests that an increasing number of companies with a small number of employees, in particular, this trend is typical for the sphere of trade and services. This is indirect evidence of the revitalization of the small enterprises in these activities and the transfer of the enterprises of industrial production in the medium category.

In 2012, a qualitative change in the small business sector has not happened. Analysis of the industry structure of small businesses showed that in the period under consideration, it remains unchanged.

The main share of small businesses, 70% are still involved in the trade and services. The increase in production in 2012 relative to 2011 is achieved mainly due to the sphere of trade, whose share in the total volume produced by small business products (works, services) is more than 60%.

Current study showed that the formation of the market is a multi-faceted process. It requires the interaction of many components, one of which is the establishment and development of small business.

Currently, this issue is included as one of the most important program in the de-monopolization of the economy. Small businesses create favorable conditions for economic recovery: growing competition, there is saturation of the market in goods and

services create more jobs, expanding consumer sector, better use of local raw materials and resources.

The social function of small businesses is that they can absorb the unemployed labor force, reduce social tension, unemployment. Therefore, the development of small businesses - is the cheapest way to the market, laying the foundations of the global conservation of economic growth in the country.

Small businesses like unsustainable business structure, the most dependent on fluctuations in the market, requires a variety of state support. In order to develop small businesses adopted a number of resolutions of the Government "On priority measures for the development of small business in the Republic of Kazakhstan."

However, despite the ongoing efforts of small business issues remain unresolved. This is evidenced by the fact that the analysis of the commercial banks, it was found that the share of small business lending is 0.6% of total loans. This situation is influenced by many factors:

1. Lack of collateral liquid assets at small enterprises.
2. A greater degree of credit risk from - the lack of experience of doing business by small businesses.
3. Lack of legal framework as a whole in the country.

To address the problems with lending to small businesses needed government programs, in particular:

1. The granting of guarantees by the state as providing credit facilities;
2. At the beginning of formation of companies to develop a system of state orders - as a guarantee of repayment of loans.

Therefore, loan – is not the most important issue in this problem. The main issue – is the state support in the form of security and public order.

When analyzing the types of banking services established that at the moment is forcing banks aimed at providing banking services, especially credit.

By type of "credit services" are classified according to the following criteria:

- Depending on the recipient (state-owned enterprises, joint stock companies and associations, citizens, self-employed: other banks; other farms);
- To ensure the (secured, unsecured, trust);
- By maturity (short-term, medium-term);

- Method of repayment (one-time, term).

A more detailed classification allows you to emphasize equity, trade, trust and mortgage. In addition, on the basis of the services are divided into 1st, produced by the customer and for the 2nd at his own expense.

In the area of credit services problems are as follows: firstly, the lack of credit. It can be made by credit purchased from the National Bank through auctions or purchased from other banks. It also requires attention to the effective management of its own resources. Secondly, speaking of the interest rate policy cannot fail to mention the margin, which currently makes up five points. For normal operation, bringing the Bank's income margin should be at the level of 12-15 points.

In investment banking, primarily influenced by the lack of own funds. In addition, you must identify priority areas where really beneficial and necessary to put funds. The main thing you want to the development of the secondary securities market and expand the work of primary dealers with investors, which will actively attract funds from the public on this market.

It should be noted that Kazakhstan is taking steps to address the problem of long-term lending to small businesses. In this regard, has already established Development Bank of Kazakhstan, the main objectives of the activities which will be the medium and long term loans to investment projects, financing of export projects to residents of the Republic of Kazakhstan in order to promote exports of products manufactured in our country, encouraging lending to the productive sector of the economy by issuing guarantees on loans and credits granted by other credit institutions as well as co-financing.

Growth of credit to the economy is measured not only quantitatively but also qualitatively, and in this regard it should be emphasized competent work of banks, aimed at reducing the share of bad loans.

The National Bank, as an organ of state regulation, efforts are being made to give the right direction to changes taking place in the banking sector. Some processes are already not spontaneously, for example, the merger of banks, which created favorable treatment. For a number of banks, in accordance with the law may be introduced conservation regime. All of these activities will contribute to an increase in services by small enterprises and income of tier two banks.

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