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Prerequisites for the growth of the life quality through assessing transactions and payments in the banking sector

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Abstract. The article raises one of the urgent problems of modern management related to the management of economic sustainability and its social development. The purpose of the research is to substantiate the prerequisites for the growth of life quality and its impact on the transactions and payments in the banking sector. The link between demand and supply of banking services contributes to the economic growth and sustainability of the country's economic and social development. The recommendations are justified by scientific research in this field, analytical reports of the Russian Bank. The authors' own point of view when substantiating the relationship between the life quality, demand and the state of banking services is based on the need for analysis and monitoring payments and adjustments to banking policy.

1. Introduction

In September 2015, the UN Member States adopted the 2030 agenda for sustainable development. The concept of sustainable development defines several priority goals that require close attention and decisions by government agencies, the public and the business community. They are ecology, preservation of the planet's resources, poverty eradication, ensuring overall well-being. It should be noted that these goals are universal and can be applied to all the countries.

The main sets of problems are financial and social ones. They relate both to increasing the sustainability of business development and the solution of social issues while developing effective social policy from the state, employers, financial institutions and public organizations. Working together it is possible to stop poverty in all its forms and to improve the life quality. The uniqueness of the new goals is that they can help all countries (poor, rich and with middle income) to promote prosperity while protecting the planet. They recognized that poverty eradication should be closely linked with strategies that improve economic growth, and to meet several social needs, including education, health and social protection and ensuring employment opportunities, while addressing the challenges posed by climate change and environmental protection.

Despite the fact that the concept of sustainable development was published in 2015, many issues of its practical understanding and implementation in practice are still not worked out.

Researchers, scientists, practitioners cannot find consensus how to define sustainable development indicators, its monitoring and methods of their assessment and identification of stakeholders. The need to monitor the introduction process of sustainable development at all levels, the results achievement and adjustment of management activities are still relevant questions for theory and practice.



Since the problems of life quality have a priority, it is necessary to identify the main indicators for achieving the goal of sustainable development. Chosen indicators of sustainable development in the area of financial and social policy implementation are developed and analyzed by official statistics. However, the range of indicators can be expanded if they have a reasonable economic justification for monitoring.

In our opinion, one of the key indicators for the business sector sustainability and the assessment of the life quality can be indicators of the transactions and payments made through the banking system. It is the banking structures that are transparent and reliable to track information, identify trends and patterns. About 80-90% of the country's money supply goes through banks.

2. Tracing the Relationship Between the Growth of Life Quality and the State of Payments

The banking sector has always been one of the most important sectors in the economy. It accumulates free money for the purpose of their redistribution, crediting, accumulation, transformation, effective investment. This ensures the continuity of production, timeliness and completeness of payments, the regularity of monetary turnover and the solution of social issues.

If earlier economists had emphasized the impact of the banking sector on the economic growth, now the emphasis is shifted towards sustainable development and social stability [1,2]. On the one hand, there is a connection with the impact of the banking sector on the sustainable development and improving the life quality, and on the other hand with the change in the state of banking services. These processes are irreversible and complement each other, and indicators of sustainable development in the banking sector can be included in the system to assess qualitative and quantitative indicators of sustainable development in both financial and social objectives set up by the country.

According to the research of the Central Bank, the idea about a positive impact of the financial sector on economic growth was first expressed and described in detail in the work of Schumpeter (1911) [3]. The author showed that banks as financial intermediaries perform a number of functions (savings accumulation, profitability evaluation of investment projects, risks monitoring), which are important for the economic development. This idea was further developed in the works of Goldsmith (1969) [4] and McKinnon (1973) [5]. Modern foreign authors note that the main goal of economic policy is not only to achieve high rates of economic development, but also to maintain the stability of such development, allowing to maintain the stability of political and social conditions (Dabla-Norris, Srivisal, 2013 [6]; BeckEtal., 2014 [7]; Sahayet.al., 2015 [8]).

Modern Russian economists emphasize that their interests in the banking sector depend not on economic influence, but also on social development. For example, such authors as Pogodaeva T., Baburina N., Druz E., M. Sheremetyeva, T. Savina [9,10] trace the relationship between financial development and poverty alleviation. They propose to determine the criteria for the development of the banking system in order to study its impact on the social-economic development. Among these criteria are the following: the number of ATMs and Bank branches per 100 thousand men; number of Bank accounts for 1 000 people; share of non-performing loans in total loans; share of the population using debit and credit cards, electronic payments, payments by using a mobile phone, etc.

The range of these indicators can be expanded. They may concern not only the tracking of individual payments, but also organizational ones, activity and demand for payments, involving the use of the latest technical, information and communication means, the use of additional services with an increase in their cost.

The idea is simple. Increasing the life quality contributes to the growth of banking services with more comfortable and fast banking support, while innovative banking services, in their turn, are to guarantee the growth of social welfare.

3. General Assessment of Transactions and Payments in the Banking Sector

On 15 May, 2018 902 credit institutions were registered in Russia. The involvement in the organisational process and conduct of payment transactions in all credit institutions including the Bank of Russia is justified by regulations and an analytical review of transactions and payments. Moreover, if we compare foreign experience, all Central Banks carry out the function of providing transaction services. Responsibilities of the Central banks for this function are usually performed as their traditional role in relation to payment systems with Central Banks being the initiators of change, observers or operators. Priority should be given to the proactive function, which may contribute to the achievement of special objectives related to the further payment market integration by using common standards or by increasing the availability of financial services with fast and affordable non-cash payments (table 1).

Table 1. Functions of Central banks to provide transaction services in the country's payment system.

| Country | Provision of banking services | Provision of transaction services | Clearing | Monitoring the payment system | The initiator of fast payments |
|---------------|-------------------------------|-----------------------------------|----------|-------------------------------|--------------------------------|
| Australia | V | V | | V | V |
| Belgium | | V | | V | V |
| Brasilia | | V | | V | V |
| Canada | V | V | | V | V |
| China | V | V | V | V | V |
| France | | V | | V | V |
| Germany | V | V | V | V | V |
| Hongkong | | V | V | V | V |
| India | V | V | V | V | V |
| Italy | V | V | V | V | V |
| Japan | V | V | | V | V |
| South Korea | V | V | V | V | V |
| Mexico | V | V | V | V | V |
| Netherlands | V | V | | V | V |
| Russia | V | V | V | V | V |
| Saudi Arabia | V | V | V | V | V |
| Singapour | V | V | | V | V |
| SAR | V | V | | V | V |
| Sweden | V | V | | V | V |
| Switzerland | V | V | | V | V |
| Turkey | V | V | V | V | |
| Great Britain | V | V | V | V | |
| USA | V | V | V | V | V |

Transactions and payments are traditionally considered to be the main banking operations. Calculations perform an auxiliary function in relation to payments. Payments logically continue the transaction process and mean the actual transfer or transfer of money by the debtor (payer) to one he/she owes according to the calculations (recipient). In this regard, the concept of transactions and payments is often identified. Cash and settlement operations in a bank mean that they are carried out on behalf of legal entities and individual cash and non-cash payments. The calculations are carried out primarily by maintaining the customer accounts. Part of the payments in the Bank can be made without opening an account. This is typical mainly for individual payments. Settlement transactions also include payments in cash and non-cash forms. The types of transactions and payment operations

are diverse, while working them out, banks open and maintain their own accounts alongside with the customers' accounts, take and give out cash, collect money, perform currency conversion.

4. Methods of Assessing the Relationship Between the Quality of Life and the State of Payments in the Banking Sector

In our opinion, the system of assessing the relationship between the quality of life and the state of transactions and payments in the banking sector to adjust the banking policy should include:

- Analysis of the money transfers status from the standpoint of tracking changes in the money supply in the calculations,
- Analysis of the forms of payment from the perspective of the regional economy,
- Analysis of the latest financial technologies and methods of payment with additional costs of funds.

The structure of money transfers which is carried out through the Russian payment system is subject to analysis. The structure of transfers is analyzed in the context of their number and volume. Figure 1 summarizes the status of remittances in the country over the last five years.

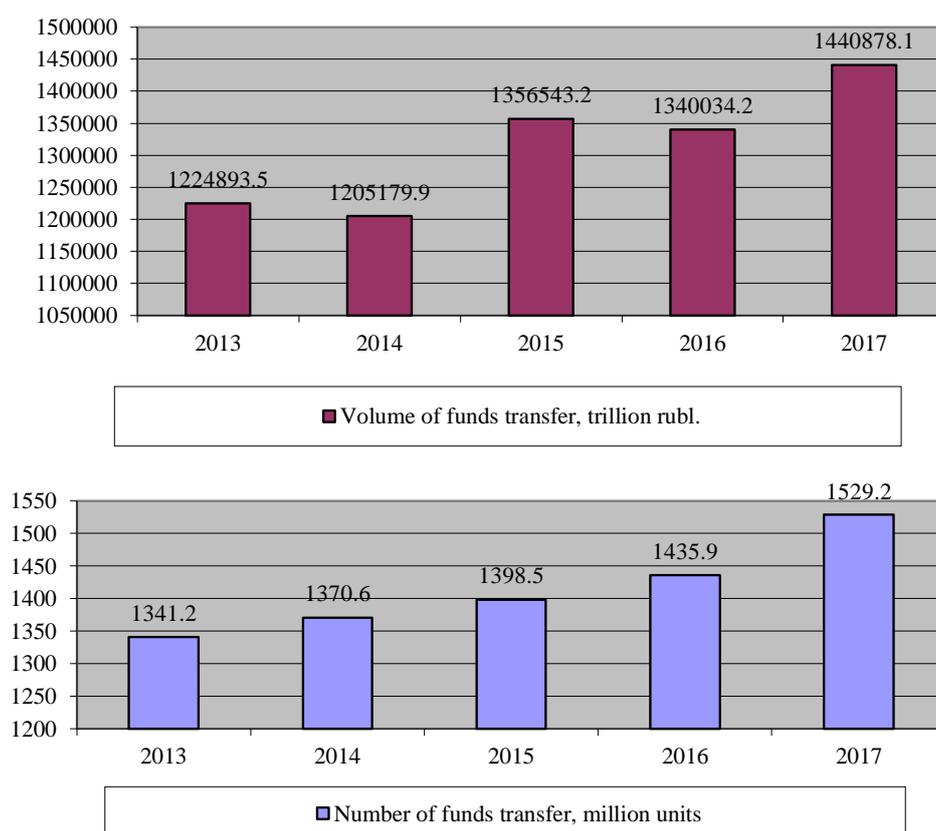


Figure 1. Indicators of the number and volume of funds transfer in the Russian Federation for 2013-2017.

Since 2014, there has been a trend of increasing the number and volume of money transfers through the country's payment system.

In the payment system of the Russian Bank there are several types of payment systems:

- The system of Bank electronic urgent payments (the system of BEUP);

- More than seventy separate systems of intra-regional electronic payments (REM);
- The system REM in the Moscow region;
- The system of interregional electronic payments (the system of IEP);
- Payment system with the use of notes (postal and Telegraph).

The inclusion in the monitoring methodology of money transfers made through the payment system of the Russian Bank is due to the assessment of the prospects and demand for a particular payment system at the present stage of banking sector development. The analysis of the current payment system allows us to conclude that the predominant part in the calculations is occupied by payments that are made through intra-regional payment systems represented by electronic transactions. 132961.8 billion rubles from 1035245.5 billion rubles in the volume of transfer funds account for payments through the system REM (approximately 13%) and 830241.1 billion rubles account for the system of Bank electronic urgent payments (BEUP) (which is about 80% of all calculations). It should be noted that only about 5 years ago electronic payments accounted for only 41% of cash payments. A comparative analysis of the calculations structure used in the country is given in the diagrams (figure 2).

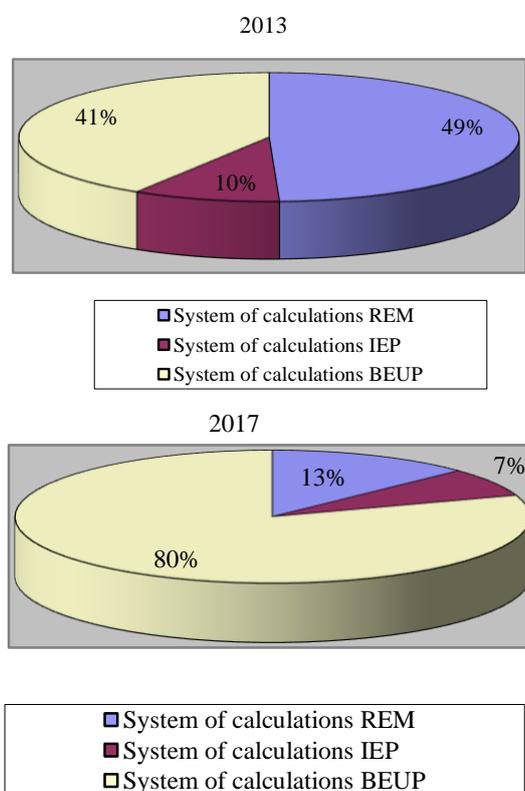


Figure 2. The structure of payment systems in Russia.

Characteristic features of electronic payments are the speed of money transfers. Therefore, it is advisable to include methodology monitoring of the average daily, maximum daily and minimum daily amount and volume of money transfers in credit institutions made through the banking payment system. This study of the electronic payments practice can be carried out both for a particular credit institution and in comparison with different geographically located payment systems of the country.

In 2017, the average daily number of money transfers was 4962.1 thousand units. Likewise in 2013 the amount was 4535.6 thousand units.

Non-cash payments carried out in banks are fulfilled in certain forms. Each form of non-cash payments is based on the use of a certain payment method, applies the appropriate document flow and establishes the right format and procedure for filling in the given documents. The review of the

analytical data allows to estimate the individual and organizational demand for the application of certain transaction forms and to trace the change in the market of banking services demand under the influence of the life level and quality.

Monitoring banking activities identifies the following types of payments for used payment instruments such as payment orders, payment requirements, collection orders, checks, letters of credit, bank orders and transfer orders without opening a bank account. The data set allows us to study the number of payments made and the volume of money turnover through the use of a particular payment form.

Bank customers give their priority to calculations with use of payment orders, this concern accounts for 1127.4 million operations, which is 380369.1 billion rubles in terms of money. This form of payment prevails in the structure of non-cash payments. There are several reasons for this situation. Firstly, this form of payment is accompanied by the least number of transactions. Secondly, it allows to reduce the cost of operating activities. Thirdly, it helps to save time costs for customers through the use of electronic technologies and Internet resources.

In recent years, credit institutions are actively introducing innovative financial technologies, which focus on the spread of the practice to introduce fast payments. Fast payments are distinguished by two main characteristics: speed and continuity of service. The widespread introduction of fast payments into banking practice involves the use of electronic administration for payment services. Over the past five years, a major breakthrough has been made in the field of electronic support of payments, which is presented in the analytical data of the Russian Bank (figure 3).

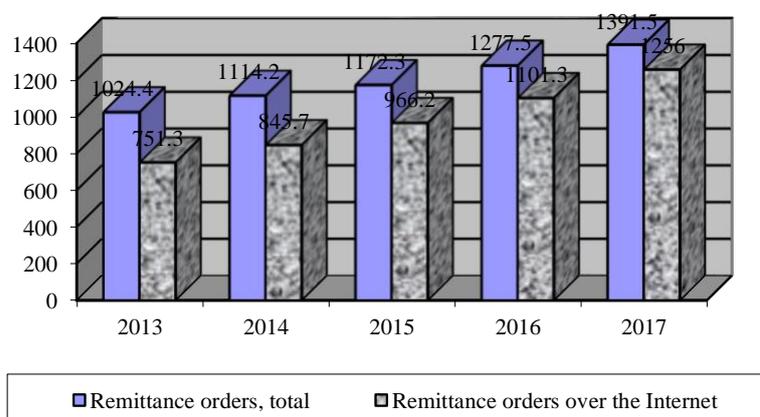


Figure 3. Analysis of the practice of electronic administration by payment orders in Russia in 2013 - 2017.

It is important to study in detail the information about the dissemination of experience in the use of innovative technologies for electronic processing of transaction documents, the banking infrastructure formation and the operating environment.

The introduction of fast payments system allows you to track and analyze the volume of the operating money supply by receipt methods of payment orders via the Internet and mobile communications. As the data show, payments using mobile communications are just beginning to take off. Hence, the quality of life, demand and supply depend on banking services and this dependence is high.

Table 2. Electronic payments of credit institutions customers using payment orders received by Russian credit institutions, by methods of receipt in 2013-2017.

| Year | | Payment orders received by credit institutions | | | |
|------|-------------------------|--|--------------------|------------------|----------|
| | | total | among them | among them | |
| | | | in electronic form | via the Internet | by phone |
| 2017 | quantity, million units | 1 510.5 | 1369.5 | 1254.9 | 37.4 |
| | volume, billion rubles | 517 117.2 | 483 530.3 | 413 497.7 | 121.3 |
| 2016 | quantity, million units | 1 431.9 | 1 244.5 | 1 097.5 | 23.3 |
| | volume, billion rubles | 491 488.5 | 449 253.4 | 372 422.7 | 53.3 |
| 2015 | quantity, million units | 1 360.0 | 1 139.1 | 961.3 | 12.0 |
| | volume, billion rubles | 500 989.3 | 456 775.2 | 373 106.1 | 20.8 |
| 2014 | quantity, million units | 1 315.6 | 1 071.7 | 840.1 | 4.7 |
| | volume, billion rubles | 503 139.0 | 453 219.7 | 353 105.6 | 6.3 |
| 2013 | quantity, million units | 1 274.8 | 989.2 | 747.5 | 3.4 |
| | volume, billion rubles | 428 129.7 | 372 468.6 | 285 352.4 | 4.7 |

Paying via the Internet using the mobile communication accounts for 91.7% of the estimated operating segment. In 2013 this type of payments was almost zero, which indicates the promotion of the development strategy in the banking sector and mutual cooperation with partners in financial technology (FINTECH), the entry of Russia and credit institutions into international committees and industry, changes in the quality priorities of the population.

5. Conclusions

Generalization of the conditions for improving the life quality through the supply and demand for transaction and monetary bank operations can help to form and adjust the banking policy and strategy of economic development.

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