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### Mortgage Lending in the Region: Current State and Development Prospects

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**Abstract:** A mortgage involves two components, the first is a loan secured by real estate, the second is obtaining a loan for the purchase of real estate. The concept of a mortgage must be understood as a measure of obligations supply, in this case, the real property is the subject of pledge. In the case when a loan is given for the purchase of real estate for residence, the term mortgage lending is used. In some cases, the definition mixed mortgage is acceptable, it means that the borrower receives a loan from the bank on the security of the available housing for them to buy a new one. Consequently, housing loans and mixed mortgages are an element of lending, with the only difference being that under a residential mortgage, both a pledge and a surety serves as a collateral for this type of mortgage lending, and in the case of a mixed mortgage, only the mortgage of real estate does (Shkurkin & Bradley, 2017). A mortgage is also weighty to increase the stability and the result of the functioning of the banking system of the state. Secured loans are safe for banks, because in the event that the loan amount is not returned by the borrower to the bank, then the bank will sell the pledged property of the borrower and return its funds. Reducing the degree of risk in mortgage lending, in addition, facilitates the directed nature of loans. Operations with real estate, as a rule, are not so risky in relation to the current credit operations of commercial banks.

**Keywords:** loan, mortgage lending, banking system, financing, income, crediting, welfare

**JEL Classification:** G21, E51, E59

## INTRODUCTION

During the transition of the Russian economy to a market economy, the housing issue has become acuter, this has led to the need for the formation of new knowledge and approaches for regulating this issue. One of the main instruments of regulation in public policy has become the development of mortgage lending, as well as its relevance. The country's housing policy is of fundamental social importance, so the development of the housing policy of the state will lead to an improvement in the living conditions of the broad strata of the population, in particular, the middle class.

The aspiration of the state economy to modern market developmental lines implies the improvement of the banking industry, which, in turn, must be correlated with the needs of the market economy. Mortgage at the present stage is one of the best vectors for the development of bank lending, as this credit system plays the role of the main element that strengthens the provision of credit. The development of mortgage lending for the economy of our state is quite a significant aspect because the economy at the present stage is characterized by a significant degree of risk and vagueness. Mortgage loans with a guarantee become less risky for banks, because, in the case of non-refund, the bank can recover its funds by selling a security.

To date, mortgage lending is a promising area of banking. The bank that issues mortgages is a fairly stable and profitable economic institution. Proceeding from this, the higher the number of these types of banks in the banking sector, the more stable and effective its activity in the economic system of the state.

When regulating the problems of modernizing the mortgage lending market, first of all, the issue of market imbalance, determined by the macroeconomic conjuncture, the movement of the incomes of citizens, their differentiation, in addition, regional and local socio-economic specifics of the functioning of the territories come to the foreground.

These aspects indicate the feasibility of producing a stable mortgage lending platform at the institutional level to maintain financial profitability. This is formed when modernizing existing mortgage lending institutions that are focused on perfect Russian and foreign practices. In addition, it is necessary to apply modern mortgage products and services aimed at improving the availability of mortgage lending and promoting the ability to purchase housing in the primary and secondary markets for all categories of citizens. Therefore, close attention should be paid to the promotion of special housing programs, taking into account the mortgage component.

Mortgage lending, for the purchase of housing, has become a universal institution, which has acquired significant development in states with market economies and the countries used to promote the socio-economic policy of the state. The formation of an efficient system that is based on the market principles of home buying on a separate market from the monopoly due to its own funds and long-term mortgage loans is the main objective of the development of the Russian housing market, along with that of promoting the economy of the state as a whole. The system of mortgage lending, with the purpose of purchasing housing today, is becoming more than just a tool for providing affordable housing to people with average incomes.

Mortgage lending provides an opportunity to attract and promote monetary resources in the real sector of the economy by modernizing the real estate and construction sector, by forming finance on the basis of securities.

## **LITERATURE REVIEW**

Housing accounts for about twenty percent of the reproducible real estate in Russia. Differing from a number of other spheres of the economy, the state of the Russian housing market as a direct regulator affects the ordinary life of all Russian residents.

The Civil construction industry is one of the most dynamic and productive spheres of the Russian economy. The goal of increasing the pace and volume of construction in Russia has been established at the highest level in the country: in the message of the President of the Russian Federation, in the legislative projects of the State Duma, in the documents of the Government of the Russian Federation. In a number of regions of the country, their programs for the development of the construction complex are being formed. This sphere of the economy is one of the few rapidly developing ones, not only in the Russian economy but also, perhaps, in Europe, where the demand for residential real estate is also planned for 10-15 years.

The theoretical and methodological basis of scientific work has become a general scientific methodology that provides for a common and systematic approach to resolving the housing market problems, in addition, the use of such elements of research as historical, statistical, monographic, logical and methods of economic and mathematical formation.

Works of domestic and foreign authors, such as N.Bubnovskaya, V.Busov, E.E. Matyushin, M. Rozenberg, M. Ravits, R. Strayk, N. Ordway and others support the solution of the problem of finding new and adaptable to the Russian realities methods of regulating problems, referring to the experience of developed countries with a strong and stable economy, as well as Russian experience.

Investigations by I.T. Balabanova, V.I. Limarenko, N.I. Rizun, G.A. Tsylyna, and others are devoted to mortgage lending issues in Russia.

The question of mortgage lending, as well as its theoretical comprehension, and practical recommendations is more and more extensively put forward in the works of Russian and foreign researchers. Understanding of the modern development and application of mortgage lending ideas, the existing experience of its real use in this sphere were reflected in the special works of Russian and foreign economists, such as I. Abankina, I.T. Balabanov, M. Berezin, I.L. Blinchevsky, E. Demushkina, M. Ravis, M. Rosenberg, N. Kosareva and other authors. In addition, despite the popular appeal to the terminology of the mortgage of the presented economists, it should be noted that there is an insufficient degree of elaboration of the problems in the presented field.

It can be argued that, despite the existing difficulties, the Russian mortgage lending market is at the stage of growth. This is evidenced by an increase in the number of mortgage loans issued, an increase in the number of diverse, in addition, non-bank loans, mortgage schemes, as well as access to the mortgage market of all new organizations. The consequence of all this is an increase in the level of competition in the banking sector.

## **MATERIALS AND METHODS**

Today, one can more and more often observe attempts to adopt foreign experience of mortgage lending by Russian enterprises in modern Russia. But the question remains not fully studied, requiring further

improvement. Today, the models of the European and American mortgage lending systems have not been widely used in the Russian market.

The development of mortgage lending in Russia is constrained by the existing system of legislation. Programs “Housing” and “My Home” have been created to support housing loans: By the decree of the Government of Russia in the late nineties, the Agency for Housing Mortgage Lending was established.

At the regional level, the development of mortgages was also observed, for example, on the basis of the provision of commodity loans, in a number of regions at the expense of the regional budget, etc. But many of the attempts to develop mortgages in the country, both in the regions and throughout Russia as a whole, did not result in large-scale housing construction.

The subject of the study was the formation of organizational and economic relations of the system of mass mortgage housing loans for the regions of the Russian Federation (Lebedeva *et al.*, 2016). The object of research are factors of the housing market of the Russian Federation on the example of the Krasnodar Territory.

Methodology and methods of research. In the course of the research, the works of authoritative Russian and foreign economists on market issues, macro and micro economics, business development, management, construction economics, mortgage housing, investment, finance, banking and insurance companies were used.

The scientific novelty of this research is the formation of scientific and methodological foundations and methodological recommendations for the formation of a regional lever of mortgage lending. The study is based on a systematic analysis of the benchmarks and expectations of enterprises, aspects that affect the formation of solvent demand for real estate, the study of the conditions necessary for the formation of mortgage lending systems, as the basis for a positive investment climate in the region.

The theoretical and practical significance of this study is determined by the need for a theoretical and methodological definition and the formation of methodological recommendations for the development of a regional mechanism for mortgage lending in particular regions of the Russian Federation, and for design of a methodological concept to promote the development of mortgage lending in the territories of the country and Russia as a whole. The practical importance of the study is formulated in that the described aspects of the development of mortgage housing loans are presented taking into account the study of Russian and foreign experience in the formation of mortgage lending, relying on the current financial state of the population in the country and in particular in the Krasnodar Territory.

## DISCUSSION

**Mortgage Credit as a Loan Element in the Economy.** For many decades, mortgage lending has been a process of production of economic relations, as a fairly strong form of forming the borrower’s obligations. Today, the term “mortgage” has emerged, which is the process of supplying the implementation of any promises of the borrower with the property, in the form of real estate. The most popular form of obligations that a mortgage loan can provide is a loan. The loan, secured by a pledge of real estate, is usually called a mortgage loan. If there is a problem of non-repayment of the debt or failure to comply with other obligations stipulated in the contract by the borrower, the secured property is necessary to cover the creditor’s claims,

or immediately becomes his property, or by selling the collateral and repaying the borrower's debt from the funds received from the sale of the property. The legislation of the Russian Federation treats, in theory, a mortgage as a measure of the debt security, with it the creditor-mortgagee gets the right in the event of the borrower failing to meet the mortgage-backed obligation to purchase the benefit from the pledged immovable property to the account of other creditors. Compliance with the creditor's right to repay the loan can also be financed from the sale of the mortgaged real estate at the auction, and with the automatic transfer of assets to the creditor.

The most popular loan for the purchase of real estate, at present, is precisely mortgage lending (mortgage). Mortgage as a measure of security is quite a popular phenomenon, applied in bank lending. Mortgage lending to real estate individuals becomes today one of the main aspects of the banking business. There are a number of approaches that characterize mortgage lending and the market on which demand and supply for mortgage loans are formed. Formation of the definition of "mortgage lending" in a literal sense is characterized by mortgage lending as a community of consumer lending, which is a segment of the credit market. In a larger sense, mortgage lending is analyzed as a single mechanism that allows integrating the interests of borrowers and creditors, and also forms a complex of investors, realtors, builders, insurance companies and other subjects of the mortgage market.

The mortgage market is divided into primary and secondary. In the primary market, mortgage loans are allocated and can be implemented. In the secondary market the realization of rights to purchase income as a percentage of interest through the sale of special securities is formed, buying those gives this right. The rapid development of the stock market and modernized financial engineering capabilities are stably generating modern types of these securities.

A mortgage can be issued by a credit institution for any real estate, but the most popular form of lending for the purchase of housing is mortgage lending. An important function of the mortgage market and real estate, its important factor and rapid growth are characterized, in addition to socioeconomic aspects, by the fact that real estate in view of its characteristic features (real estate, formed standard, simple valuation, inherent in the liquid real estate market) forms ideal formation for a number of household obligations. Among other things, the formation of financial obligations of the borrower's own housing and possible losses is the main motivating factor for the timely fulfillment of obligations.

**The Impact of Mortgage Lending on the Russian Economy.** An important aspect and potential for the development of mortgage lending is a positive impact on overcoming social instability in the country.

The mortgage has an impact on the employment problem (additional jobs in the field of construction and other areas of activity) and provides an opportunity to satisfy the population's need for real estate.

The mortgage lending also has a positive effect on increasing the potential for stability and efficiency of the banking system of the state. Secured real estate loans are less dangerous for lending institutions because, in the case of non-return of funds, the bank sells the collateral and returns its funds. Of course, if the question relates to a mortgage, in this case, a detailed analysis of the estimated value of housing and the percentage of non-refunded funds is carried out. Reducing the degree of risk in mortgage lending also pursues the targeted nature of loans. Operations with real estate, as a rule, become less risky in relation to the current credit operations of commercial banks.

Of course, mortgage lending today is one of the most promising areas of the banking industry.

Mortgage lending is becoming an active tool for economic formation in a number of countries in the world. The development of the mortgage sector positively affects the production of the real sector of the economy, positively affects the overcoming of social instability (the reduction of the unemployment rate in the country, the activity of labor resources, the fulfillment of the population's needs in real estate), plays the main part in improving the stability and effectiveness of the banking and credit system of the state.

Mortgage lending positively affects the housing market in the country as a whole. The development of mortgage lending, an increase in the number of mortgage loan conditions, a reduction in interest rates well stimulates the demand for real estate. These factors lead to higher prices for real estate, which in turn leads to a decrease in demand for it, but the growth of proposals for mortgage lending counterbalances the current trend. In addition, a decrease in the quality of loan terms, a decrease in the number of mortgage loans reduces the purchasing power and demand in the real estate market, this leads to a reduction in the cost of residential real estate, a reduction in construction and a decrease in demand for mortgage loans. We also note that this interaction depends on the ratio of the volumes of all the represented markets and the percentage of transactions in the real estate market financed with the participation of a mortgage loan.

An important task of reforming the Russian economic system is the formation of a socially-oriented market economy, which means, first of all, the direction towards people's needs, and not the primary cause, the priority of the interests of banks.

The main providing task in the real estate market is given to construction, which should, first of all, satisfy people's need for housing.

**Problems of Mortgage Lending.** There are a number of factors that hinder the development of mortgage lending for real estate in Russia, they include:

- imperfection of the state financial and economic apparatuses of functioning of the system of mortgage housing crediting;
- underdevelopment of the Russian banking system in the field of interaction with the population, lack of experience in long-term lending;
- insignificant financial capital of Russian insurance, real estate and appraisal companies, lack of necessary experience in the insurance companies for insurance of risks that may arise in connection with the provision of a mortgage loan;
- lack of experience and formed interests of a savings and credit character in the population;
- legal issues that relate to the formation of housing and investment legislation, regulatory and legal framework that allow the productive operation of all sectors of the investment housing market;
- a large percentage of mortgage loans, with a fairly low solvency of the population;
- the problem of attracting long-term resources to the mortgage housing system.
- the restraints of psychological nature, the fear of the population to live in debt, and mortgage their own housing to banks, the fear of losing everything.

It should be noted that today the Russian practice has a problem that there is no secondary mortgage capital market, it is necessary to create a permanent functioning of the process of refinancing long-term

mortgage loans, which are given, as a rule, by commercial banks in the primary market. Therefore, one of the main problems is the formation and consolidation of the secondary capital market. To this end, several events have been formed at the legislative level. But, since the Russian experience is too reliant on foreign experience, and experience must be adapted to modern Russian conditions, their conduct will not at this time allow rationalizing this procedure.

In addition, today, in the conditions of the development of the mortgage lending market, domestic banks have stumbled upon the formed contradictions in the field of Russian legislation, which determines the direction of recovery of the pledged property. Despite the work in the field of the regulatory framework, the legal framework formed does not provide an opportunity to formulate a unified procedure for foreclosure.

The issue of not returning the monthly amounts to the bank and absence of the ability to sell the collateral is caused, as a rule, by a process of poor quality of the initial assessment of the borrower's potential, because today the monitoring systems for individuals applied in Russian banks practice are based on European models and do not allow taking into account all the specifics of the domestic economic situation.

Note that the state of the Russian economy has an impact on the development of the real estate market as a whole. In the last decade, the Russian economy continues to grow. Today, a number of problems remain, but more progress is evident.

In the past five years, there has been a steady increase in GDP. The growth of the GDP level in the country shows that there are a growth and expansion of the production process, which reflects a positive impact on the development of the state's economy. At the same time, the well-being of people is growing, the level of income is growing, and hence, the demand for real estate is increasing.

Modern and high-quality development of mortgage lending in Russia generates demand for real estate. Not all, of course, can afford the mortgage because of the low income (according to statistical organizations, only 10% of Russians can take a mortgage), but progress is gaining momentum.

Positive tendencies are indicated for the development of mortgage lending, progress will continue but at an insignificant rate. Now you can see the competition between Russian banks, which leads to a reduction in interest rates on mortgage loans, as well as mitigation of conditions. But the decline in interest rates is not significant, due to rising inflation.

Summarizing, we can say that today the attitude towards mortgage lending is not unambiguous. According to one opinion, with the current standard of living this method of solving the housing problem will still remain unpopular for a long time. Another opinion is that the mortgage is a way out of the situation.

**Mortgage Lending Development Trends in the Krasnodar Territory.** According to statistical data, Krasnodar occupies the 22nd place in Russia in the rating for the price and real estate in the primary market, the third place in terms of construction volumes. According to analysts at Macon Realty Group, the average cost per square meter in new buildings in Krasnodar is 43.5 thousand rubles; secondary housing price is 46.5 thousand. According to Rosstat, the amounts differ: for the new buildings it is 40 thousand rubles, and for the secondary housing it is 51 thousand rubles respectively.

The question is what this can give to the residents of the city. According to the banks, the maximum loan amount is 3 million rubles, and the time limit is up to 30 years. And the initial installment of the loan is 20 percent of the loan amount.

**Table 1**  
**Growth rates of indicators on mortgage lending to the average market indicators**  
**(2013 to 2014 ratio)**

<i>Rating for 2014</i>	<i>RF Region</i>	<i>Mortgage for the first half of 2014, million rubles.</i>	<i>The growth rate of 2014 to 2013, %</i>
1	Moscow	51577	51,4
2	Moscow Region	31865	63,3
3	Tyumen' Region	27352	28,2
4	Saint-Petersburg	22566	67,9
5	Sverdlovsk Region	15011	65,2
6	Tatarstan Republic	13221	67,2
7	Krasnoyarsk Territory	11703	48,3
8	Novosibirsk	11159	84
9	Chelyabinsk Region	11057	58,4
10	Samara Region	10189	47
11	Krasnodar Territory	10035	55,5
12	Bashkortostan Republic	9672	86,1
13	Perm Territory	8464	74,1
14	Irkutsk Region	8414	28
15	Nizhny Novgorod Region	8044	67,2

There is a section of preferential loans to the banking system, within the framework of the state program. It is determined that the main banks will issue soft loans with a complexity of 300 billion rubles, this is 75% of the total volume of the state program.

In such cities as Armavir, Anapa, Gelendzhik, Krasnodar, Novorossiysk, Sochi, in the primary market, the percentage of transactions on mortgages is 35-40, according to data from the Macon Realty Group. The secondary market with its transactions is no more than 15 percent. In this segment, there are more rich people who are ready to buy for cash.

**Mortgage Lending Development Prospects in the Krasnodar Territory.** Recently there has been a tendency for a higher price increase for secondary housing, rather than for housing in new homes. Today is a good time for investing in new housing because there is a significant difference.

Representatives of consulting agencies believe that today mortgage lending is acceptable for many residents of the Krasnodar Territory. In the province, acceptable prices for real estate in relation to other regions of Russia, and the incomes of people living in the province make it possible to take advantage of the proposals of banks.



**Table 2**  
**Average per capita incomes of Russians, by FD, for 2013-2015**

<i>FD</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
<b>Russian Federation</b>	25 928,2	27 767	30 474
<b>Central Federal District</b>	33 466,6	34 970	38 776
Kostroma Region	17 575,0	19 320	22 466
Moscow	54 869,4	54 504	59 898
<b>North-West Federal District</b>	26 166,7	28 580	32 388
Nenets Autonomous Okrug	66 276,0	66 491	70 924
<b>Pskov Region</b>	17 803,6	19 500	21 726
St. Petersburg	31 407,2	34 724	39 948
<b>Southern Federal District</b>	21 842,1	24 328	27 004
The Republic of Kalmykia	11 310,8	12 398	14 216
Krasnodar Territory	25 777,4	28 788	31 373
<b>North-Caucasian Federal District</b>	18 899,7	20 693	23 023
The Republic of Dagestan	21 716,5	23 423	26 739
The Republic of Ingushetia	13 820,8	14 346	14 683
<b>Volga Federal District</b>	21 863,9	24 020	26 300
Chuvash Republic	15 264,0	16 681	18 492
Perm Territory	26 054,3	28 315	32 053
<b>Ural Federal District</b>	28 994,4	30 494	32 794
Kurgan Region	17 582,5	18 850	19 151
Yamalo-Nenets Autonomous Okrug	58 040,4	61 252	66 869
<b>Siberian Federal District</b>	20 454,1	21 490	23 584
Altai Republic	14 751,6	17 134	18 267
Omsk Region	21 363,7	24 060	25 858
<b>Far Eastern Federal District</b>	28 929,5	31 974	36 320
Jewish Autonomous Oblast	20 417,4	21 935	24 459
Chukotka Autonomous Okrug	52 694,9	57 310	61 704
<b>Crimean Federal District</b>	...	...	16 063
The Republic of Crimea	...	...	15 672
Sevastopol	...	...	17 892

The average age of borrowers for mortgage lending in the Krasnodar Territory is 36-37 years. Most of them are married couples, mostly with children. By social status, as a rule, they are specialists or middle managers. Most likely, with the development of the mortgage market and social support of the population by the state, the average age of the population taking a mortgage will begin to decline, as young people will begin to trust mortgage lending.

**Mortgage projects in the Krasnodar Territory.** The leading role in the activation of the market is provided by social mortgage programs, among them there are several areas for young families, teachers, military, funded mortgage.

In the Krasnodar Territory, the federal program “Military Mortgage” operates. Payment can be spent on the down payment. “Accumulative mortgage” is a complex project of the administration of the Krasnodar region and the Savings Bank of the Russian Federation (Shkurkin, 2017). The essence of it is that monthly, for the period of five years, the applicant accumulates funds in a special account. The social payment is paid quarterly from the regional budget. It is 30% of the monthly payment amount, but not more than 3 thousand rubles per month. From 2013 to the first quarter of 2015, 1345 families received state social payments.

In addition to social programs, the prospect of a mortgage also increases the various offers of banks which reduce the interest rate.

For example, in Sberbank and VTB24 special conditions are created for participants of salary projects and employees of enterprises accredited by them. Also, preferential mortgage rates are given by Gazprombank when acquiring real estate, which they have pledged. A number of banks unite with developers and form their mortgage program, this makes it possible to lower the interest on the loan.

According to experts, we should expect an increase in mortgage rates, an average of 0.5-1% per year. The duration of raising rates depends on the situation on the Russian financial market.

Also, it should be noted that almost 70% of the residential property is acquired in the Krasnodar region with the help of a mortgage. A positive trend in the mortgage market of the region will continue with the growth of wages of the population. According to the Federal State Statistics Service, the average wage is growing, so in 2013 it was 25,777.4, in 2014 - 28,788, in 2015 - 31,373.

According to specialists of the mortgage market, growth in the registration of a loan for housing needs will slow down due to a slight increase in household incomes. Experts predict a drop in the mortgage market fourfold.

The degree of prosperity of this type of market is influenced by a number of factors, the economic condition of the country, the legal framework, the level of the population's wages, etc. Experts suggest that it is necessary to revise the issue of canceling the requirement to establish a pledge agreement, the impossibility of collateral barriers by signing the parties, re-creation of the pledge. If you follow the above issues, the formalities and procedure of loans will be simplified.

## **CONCLUSION**

In conclusion, we would like to note, proceeding from the international experience, that the development of the mortgage market has significant benefits for the state. First, it allows solving the housing problems of the population, and this is a very important issue from the point of view of social policy. In addition, the primary initiative of the population is activated. Second, for home loans domestic investment is used, i.e. the finance of the population, the money of potential investors. As a result, there is a process of indirect financing of the real sector of the economy which includes construction and allied with the construction of the economy. As a result, almost without attracting the actions of the state, the question of replacing and restoring a dilapidated housing estate, developing infrastructure is being closed. These factors lead to an increase in the taxable base and an increase in the number of revenues to the local budget in the form of taxes and fees. World experience says that the development of mortgage lending has become an important factor in the development of the economy of the state as a whole.

The process of mortgage lending development allows to activate the competitive economy of the country, its balancing and modernization, reduction of inflationary processes and social difficulties due to the increase in the availability of housing for the overwhelming majority of the population, the activation of housing and related spheres, stabilization of the situation of the financial and banking industries, In addition, the activation of investment processes in the financial market. Mortgage lending is an important aspect of the economic and social development of the state. The task of mortgage lending is very clear for the state in the period of recovery from the economic crisis. It should be recognized that at the present time, from a number of mortgage lending, mortgage lending is the most common, which enables the state to analyze housing supply strategies and thereby develop the construction industry of the economy and the banking sector to implement a long-term process that has a significant degree of reliability.

Mortgage lending today is a universal tool that has been developed globally in states with a market economy and used by countries to promote the social and economic policy of the state. The formation of an effective system that relies on market systems for purchasing housing in a market that is free from monopoly when using its funds and long-term mortgage loans is the main objective of the development of the Russian housing market, and, at the same time, the revival of the economy of the state as a whole.

For today in the financial system of the state, there is a process of modernization and expansion of vectors of development. The rapid growth in the capacity of the housing market and the development of the mortgage lending system are the promising consequences of economic development at the beginning of this century. The overwhelming number of transactions in this type of market occurs with the help of mortgage loans, which has served as one of the effective financial mechanisms for the development of the banking system as a whole.

The procedure of mortgage lending plays an important role in the economy of the country. It should be noted that today mortgage in a number of leading states has a direct relationship to the main form of improving the living conditions of the country's population, and also has a direct impact on the economic situation in the state as a whole.

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