

ECONOMIC ESSENCE AND BASIC CATEGORIES OF CREDIT BROKERAGE

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The article suggests basic categories and conceptual apparatus of credit brokerage and gives a definition of credit brokerage and its fundamental categories. They are credit-broker product and credit-broker service. It also considers credit brokers' functions in relation to their consumers.

There are some trends of finance brokerage which are defined by the served segment of finance services market (fig. 1).

When the credit brokers are mediators in providing services towards their clients they fulfill the function of a supplier of credits and in

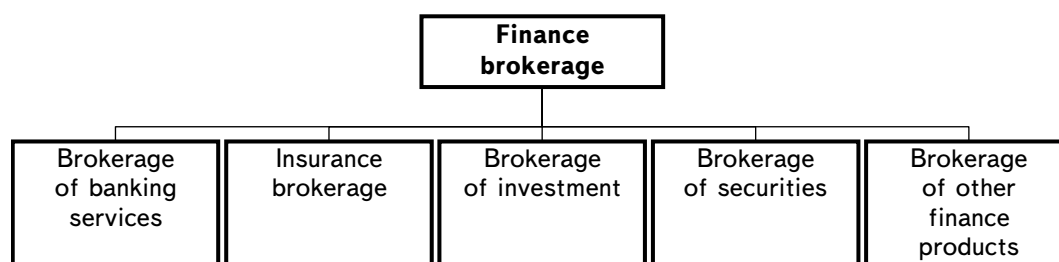


Fig. 1. Trends of finance brokerage

One of the basic and most developed types of bank brokerage services is credit brokerage. In our opinion, credit brokerage is a type of activity of organizations/individual entrepreneurs (credit brokers) that mediate and consult in the bank services market. The activity is aimed at satisfying the potential borrowers' requirements in getting credit resources with the most optimal conditions.

Credit brokerage is a sphere to provide specific credit-brokerage services. Credit-brokerage service is a totality of legal credit broker's actions and efforts commissioned by a potential borrower. They are aimed at optimizing credit conditions. Such services can be given in two forms: in the form of consultation and in the form of credit support. The consultation consists in giving both the totality of information about credit programs which correspond to the client's subjective criteria of optimal, and the recommendations about the order and the ways of cooperation with banking structures. On the market of credit brokerage the credit support is most commonly used. It includes consultations and all possible actions commissioned by a potential borrower to sign a lending agreement with a bank on conditions which satisfy the subjective criteria of optimal.

our opinion, they belong to the infrastructure of organizations on the crediting market (fig. 2).

Infrastructure organizations are the participants of crediting market which create the necessary prerequisites for establishing credit relations (appraiser and insurance companies) and optimize the process of providing credit services (credit and insurance brokers).

A credit broker is in close relationship with other subjects of the market when he takes part in information interchange (fig. 3).

As we can see from fig. 3, there are information relations between all the participants of the market. The information about demand and customers' preferences comes from the customers. It is the foundation for credit and infrastructure organizations' actions. They work out and give out the existent credit products and make new ones. This data provides the basis for the credit broker to outline the circle of strategic partners and reveal some credit programs which are most suitable for the concrete customer's demand.

Credit broker's activity includes the fulfillment of some functions: providing the clients with information, pre- and post-credit consulting, credit deal support, post-credit support.

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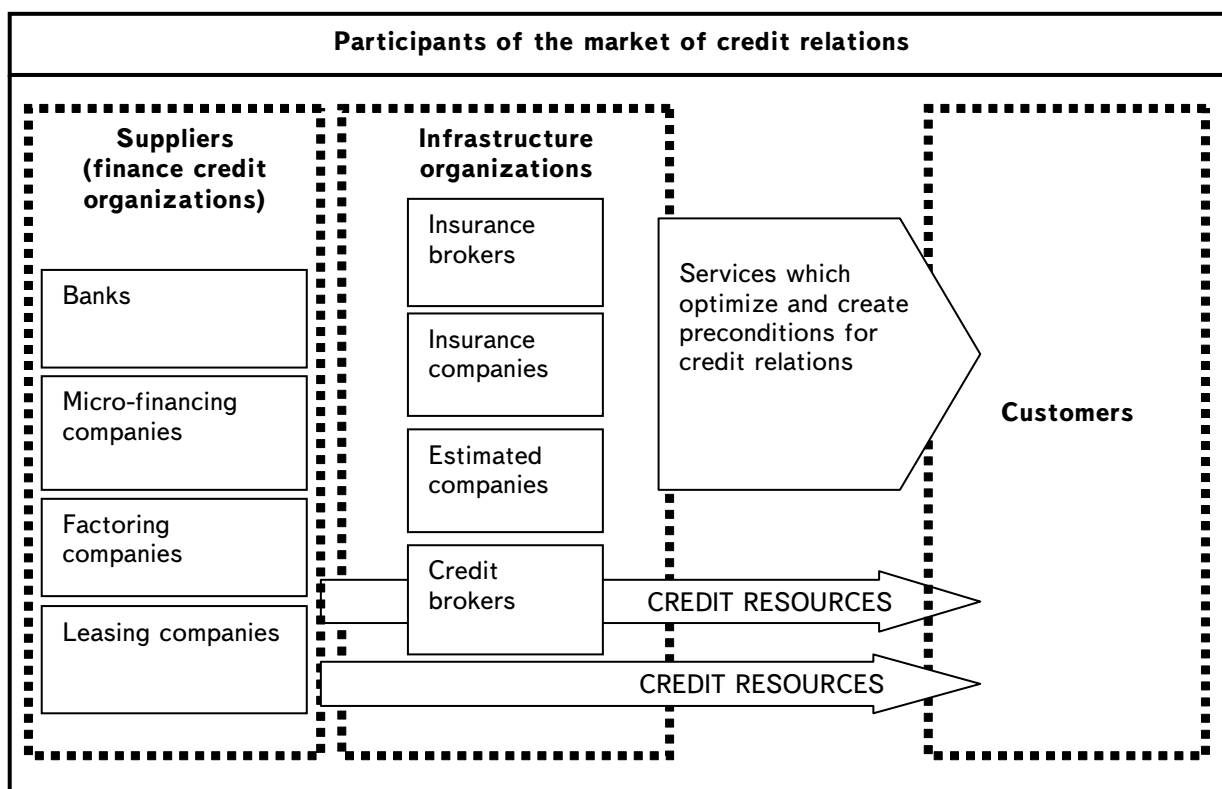


Fig. 2. Participants of the market of credit relations

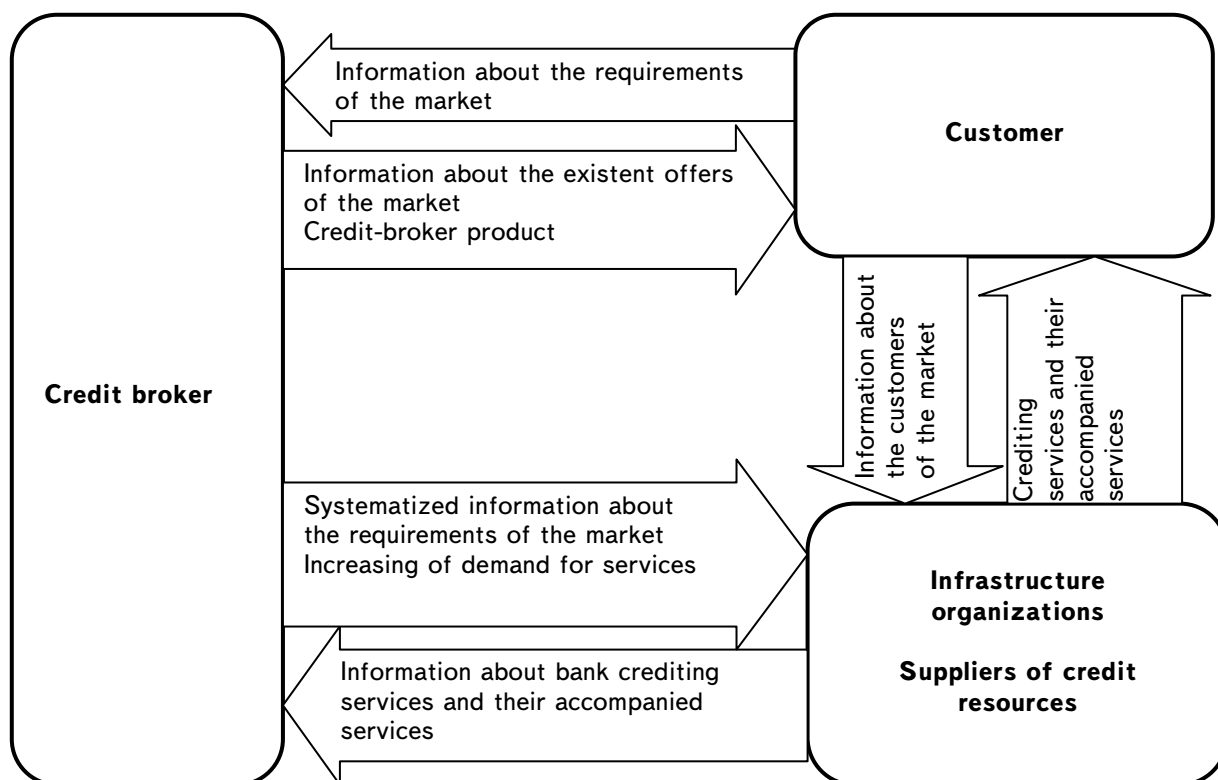


Fig. 3. Relationship of subjects of the market

We can make a conclusion that credit brokers are an important element of credit relations which optimize these relations both for suppliers (banks) and consumers of credit resources.

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