

## Russian commercial banks behavior during the current crisis

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Russian banks have been strongly influenced by the worldwide financial crisis which began in the second half of 2008. This was caused by a combination of internal factors related with credit policy, capital structure, risk management, etc. The analysis of credit activity of commercial banks made separately from the study of other performance indicators, for example, profitability measures and liquidity, seems not to be adequate. Therefore, a more complex research of the activity of Russian commercial banks is needed.

The aim of this work is to carry out the detailed pattern behavioral analysis of Russian commercial banks from 2<sup>nd</sup> quarter of 2007 to the end of 2009. The method developed gives us the opportunity to compare situation before financial crisis and after it.

Our study consists of several steps. Using Central Bank of Russia and Interfax data, we first analyze performance indicators of Russian banks according to the CAMEL model and select the best ones. Second, we observe tendencies in banks development and form behavior patterns. This method is based on the clustering of banks according to the system of indicators which describe bank performance. Then we study how frequently banks change their patterns behavior.

We show that pattern analysis and trajectories research during crisis period could mark out some groups of Russian commercial banks which are unstable (about 16% of banks from the sample) or perform in rather strange way (7-8% of banks). These banks might be considered as a source of increased volatility in Russian banking sector, specially, in the crisis period.

The behavioral stereotype of Russian commercial banks during the period of observation has become quite dissimilar. We have identified 23 behavioral patterns for 432 banks from the sample. However, most of the banks choose a limited set of patterns and these dominant patterns can be considered as adequate for the long term banks' growth.

Also we identify banking patterns by individual characteristics of CAMEL system, using bank grouping by size of total assets. We show that big, medium and small sized banks could have absolutely different dynamic trajectories in major performance indicators and this fact determines differences in behavioral models of Russian commercial banks.