

DIRECTIONS FOR IMPROVEMENT OF CREDIT RISK MANAGEMENT

This paper deals with the main directions of improving credit risk management of commercial banks, the problem of controlling the quality of loan portfolio. It was determined that the main way to protect banks from credit risks arises creditworthiness analysis and financial condition of the borrower dormant.

Keywords: commercial bank, credit risk, banking, management system.

Relevance of research . Banking institutions inevitably associated with risk as lending from ancient times is risky activity , especially in the developed market relations . Ukraine's accession to the path of market reforms has identified its development in line with global trends. The transition to a fundamentally new economic relations naturally led to the need for formulating and solving for the new Ukrainian commercial banks tasks associated with a significant increase in the concentration of risks in their activities. Need to pay attention to the fact that the banking system of the state, as well as other areas of economic activity in Ukraine are in conditions that differ significantly from those in most developed countries, with its complexity . Since commercial banks and the entire banking system as a whole is aimed at safety and reliability is evident need to develop and implement appropriate and proven methods of formalizing and risk assessment , identification of important criteria , as well as development and implementation of well-established decision-making system based on the data and results effective results (profitable operations and positive image of the institution) . Among all banking risks occupies a central place the credit risk arising from the implementation of credit relations and unfavorable outcome of the bank leads to serious financial losses .

So today the study of problems of further improving the functioning of the banking system , in particular the risk management process of credit operations of a commercial bank , attracts both foreign and domestic scholars and practitioners , as insufficiently developed and require more in-depth scientific study.

Analysis of recent publications. Problem of credit risk research papers devoted AM Gerasimovitch , IA Blanca, VM Dove , S. Mochernogo , AV Dzyublyuk , GT Karcheva IM Lazepka , AM Frost , A. Pernarivsky IM Paras - Vergulenko , AA Replant , MI Savluk et al . Among the well-known Western authors particularly significant works J. Mill, AC Pigou , Marshall , L. Gitman , H. Markowitz , P. Rose , B. Edward F.Nayt , Fabotsti F. et al . But these publications are not enough modern conditions of development of Ukraine's economy and its impact on the development of political factors.

The purpose of the study. The purpose of this research is the development and analysis of guidelines to improve credit risk management of commercial bank.

The main material . Note that the risk is quite a long history , but a thorough study of its essence began only in the XIX - early. Twentieth century . Initially, the risk was considered in the mathematical plane , in particular the classic risk theory J. Mill [1 , c. 22] defines risk as

the mathematically expected losses that may occur as a result of the adoption of certain decisions in business. Thus, the main emphasis was placed precisely on the losses that are the result of the implementation of a decision , therefore , no other result on the entrepreneur could not wait . However , with the development of economic thought , already in the works of Pigou [2, p . 445] can be traced following his treatment - " performing risky activities , the entrepreneur can obtain not only negative , but also positive ." Significant contribution to the development of the theory of risk introduced by Phil Knight [3, p . 30-31] , who suffered a plane risk study result in uncertainty profit, due to the inaccuracy and unreliability , incompleteness of information , which is received by the entrepreneur .

The main task of the banks - to ensure a minimum level of defaults (defaults) for the growing volume of loans. Risk management strategy is key to the effective functioning of the banks in a market economy and the crisis. It should provide a combination of interbank activities and mechanisms of the National Bank of Ukraine and other state structures .

An effective strategy for credit risk management of the bank will always be a relevant issue because it provides stability of the bank and trust of customers. Consequently, the financial institution receives a large profit, and the issue of trust is accompanied by significant economic result . Strategic importance of credit risk management of the bank due to the fact that the adoption of administrative decisions on the choice of risk management is based on the formation of its credit strategy and credit risk strategy .

Referring to the definition of credit risk. Credit risk is traditionally understood as the probability of non-payment by the borrower of principal and interest payable in respect of the use of credit in the terms defined in the credit agreement . In relations between the lender and the borrower is a matter of general interest loan. It is associated with inherently contradictory situation: the creditor is entitled to demand the return of the debt and the debtor is obliged to pay the loan , as specified in the loan agreement . Failure to comply with these agreements threatens financial loss to the lender .

Credit risk - the probability that the debtor will not be able to carry out interest payments or repay the principal amount of the loan in accordance with the conditions specified in the loan agreement is an integral part of banking. Credit risk means that payments may be delayed or not paid at all , which in turn can lead to problems in the circulation of cash and adversely affect the liquidity of the bank. In this case undermined the reputation of the financial - credit institution , as a significant amount of problem loans leads to the threat of bank insolvency . One should also consider the need for financial - credit institutions to carry out the additional costs associated with the recovery of a problem loan . Despite the innovations in the financial services sector credit risk still remains a major cause of banking problems. Therefore, the protection against credit risk is one of the most important issues and challenges on a daily basis to decide kotri bank to ensure reliable operation .

Credit risk management system of a commercial bank shall contain:

a) definition of the method of estimation of credit risk (as in the preliminary analysis of the creditworthiness of the borrower and the loan when using them);

b) analysis of the current structure of the existing loan portfolio , based on the methods adopted by the Bank for its evaluation :

c) the use of different methods to control credit risk.

With special attention in the management of credit risk , banks must pay to the definition of risk assessment for each individual credit loan / borrower and at bank (loans) as a whole.

Ukrainian banks are currently the most urgent problem of the control of quality of the loan portfolio , determines the need for priority address the following issues :

- Analysis of the credit market and the development of measures to attract and select the most profitable for the bank loan applications ;
- Analysis of the financial condition of borrowers ;
- Analysis of mortgages and other forms of security for the repayment of loans , the organization of the management and liquidation of collateral and means of support;
- Compliance with the principles of lending (targeting , security, maturity , payment and return);
- Periodic testing provided for use of credit for his return : monitoring the status of the borrower, target markets , economic conditions , etc.;
- Analysis of the structure of the loan portfolio , calculation and interpretation of the results, performance , development and implementation of measures for restructuring of the loan portfolio;
- Identification of problem loans and take measures to eliminate debt ;
- Lending in terms of risk associated with the economic crisis.

To reduce credit risk , banks need to put to use the standards and indicators of credit risk of commercial banks by the National Bank of Ukraine and use the following methods : limiting loans and insurance reserve to cover possible losses on credit transactions , valuations , given these limitations , as well as guided by considerations of independence from unpredictable behavior of customers , banks in credit investment policy diversification method is used , ie loans to more borrowers with a simultaneous decrease in the volume of services possible loans. This method allows banks to reduce the risk of loss due to the fault of the loan capital insolvent client .

Nevertheless, the main way to protect banks against credit risk arises analysis of financial condition and credit worthiness of potential borrowers. Only a thorough and balanced assessment of the business activities of the client , the requested loan volumes and timing of using it , reality financed project , the borrower's reputation in the business world give banks the opportunity to make the right decision regarding cooperation with the asylum loan. Also very important in terms of repayment of credit and receive payment for their use is the availability and form of security provided loans. To secure loans , banks should take visokolikvidnye forms that do not lose their value over the term of the loan agreement. This can be secured by liquid assets , real estate and rights to them , securities, deposits with the borrower , etc. . Borrower can provide banks with guarantees and guarantees from third parties as a deposit refund received credit funds , as well as to insure its liability for the obligations under the credit agreement .

For improper performance of client repayment obligations of the loan and interest, the banks have the right to charge a penalty (penalties and interest) in the case of insolvency of the borrower to foreclose on the collateral in order to protect their interests and compensate for possible losses and damages .

Conclusions. So, the problem of credit risk and ways to reduce their levels in the process of commercial banks active , rational and safe credit portfolio management is the most important for banks, especially at the current stage of economic reform in Ukraine. Successful solutions to promote its safe functioning , financial stability not only to the commercial bank , but also in those areas in which it operates .

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