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Impact of banking risks on banks' financial security

The article analyzes the influence of banking risks on the financial security of banks. The set of risks is examined from the point of view of the materiality of their impact on the financial security of the bank, the integration of the risk assessment process into the risk management system, risk management mechanisms/tools aimed at ensuring effective functioning, preventing threats to the bank's stability in the event of risks being realized. The consequences of the financial crises that the banking system of Ukraine has faced over the past decade have shown the high sensitivity and vulnerability of banks to political and economic events/changes, both external and internal. So, the timely identification of signs of the unstable financial condition of banks/banking system, the search for mechanisms/tools to prevent circumstances that threaten the stability of banks/banking system, is one of the most urgent tasks of the National Bank of Ukraine, as a regulator, and each of the banks. Based on the analysis, it was found that the bank's risk management system is not only an integral component of the bank's financial security concept that it has formed, but also a basic element of such a concept. Accordingly, in order to avoid/overcome both external and internal threats, banks should pay increased attention to the problem of risk management. Risk management systems created by banks should not only provide effective protection against accepted risks, but also be proactive and actively influence the determination of specific areas of activity of a banking institution.