

FINANCIAL SAFETY OF BANKING ACTIVITY: MODERN ASPECTS OF DIAGNOSTICS

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The rapid decline in the number of Ukrainian banks negatively affected the Ukrainian economy due to the deterioration of solvency of enterprises and growing distrust of the population to banks. Ukrainian banking system has not become a reliable financial basis for the economy, therefore, the problem of its modernization taking into account all factors (indicators, risks and threats) of financial security is a priority for ensuring economic safety of Ukraine.

The purpose of the paper is to analyze the state of financial security of the Ukrainian banking system and creation an effective set of financial safety indicators.

Taking into account the shortcomings of existing methods of measuring security, based on financial analysis indicators, disadvantages of integral and expert methods, a large number of absolute and relative indicators were selected for analyzing the influence of external and internal environment on the banking system activity.

The analysis showed that many indicators do not meet the recommended value: ratio of gross external debt to GDP, ratio of monetary aggregate M3 (Money Supply) to GDP, yield of government securities, return on assets and return on capital, share of overdue debt on loans in total, total assets of banking system to GDP, share term funds of economic entities. However, positive dynamics are demonstrated by economic standards of banking: adequacy of regulatory capital, norms of instant, current and short-term liquidity.

The resulting sign for absolute indicators is financial result of banking activity, the resulting sign for relative indicators is profitability of banks' assets. Based on statistical and correlation analysis, the main indicators of financial safety of banking activity were identified and divided into two groups: seven absolute indicators and nine relative ones.

The financial result of banks activity is most statistically related to the financial result of real sector and less related with the amount of funds transferred by NBU to the state budget. The profitability of banks' assets is most closely related to the ratio of regulatory capital to banks' weighted assets, the ratio of gross external debt to GDP and the ratio of net foreign currency position of banks in foreign currency to capital and less related with the share of unprofitable enterprises, the NBU discount rate and the unemployment rate of the population.

The proposed set of indicators differs from the official methodology through a large number of co-executors for the Ministry of Economic Development, the main maker of state forecasts, as well as through a few still unresolved problems in this area.

The research showed that the completeness, timeliness and effectiveness of management measures of prevention potential threats to the banking system and the national economy depend on an adequate evaluation of the existing level of financial security of banking activity.

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