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RISK MANAGEMENT IN FINANCIAL INSTITUTIONS (УПРАВЛІННЯ РИЗИКАМИ У ФІНАНСОВИХ УСТАНОВАХ)

Управління ризиками у фінансових установах є ключовим для забезпечення їхньої стабільності та прибутковості. Основні ризики, такі як кредитний, ринковий та ліквідний, можуть мати значний вплив на діяльність установ. Застосування новітніх технологій, зокрема штучного інтелекту, допомагає ефективно оцінювати та мінімізувати загрози. Ефективне управління ризиками забезпечує стійкість і конкурентні переваги установи.

Ключові слова: фінансові установи, управління ризиками, кредитний ризик, ринковий ризик, фінансові технології.

Abstract: Risk management in financial institutions is crucial for maintaining their stability and profitability. Key risks, such as credit, market, and liquidity risks, can significantly affect operations. The use of advanced technologies, like artificial intelligence, helps assess and mitigate these threats effectively. Effective risk management ensures the resilience and competitive advantage of institutions.

Keywords: financial institutions, risk management, credit risk, market risk, financial technologies.

Risk management in financial institutions is a fundamental process aimed at identifying assessing and mitigating potential threats that could affect their stability and profitability Financial institutions operate in a complex environment where various risks such as credit risk market risk liquidity risk and operational risk can have significant consequences if not managed effectively The importance of risk management has grown due to increasing regulatory requirements economic uncertainties and technological advancements that introduce new vulnerabilities.

Credit risk remains one of the most critical concerns for financial institutions as it arises when borrowers fail to meet their obligations This type of risk affects banks and lending institutions directly as loan defaults can lead to financial losses To manage credit risk institutions employ stringent credit assessment procedures diversify their loan portfolios and set aside capital reserves to cover potential losses Additionally credit risk mitigation strategies include requiring collateral credit insurance and closely monitoring borrower behavior [1].

Market risk stems from fluctuations in interest rates exchange rates and asset prices that can impact the financial performance of institutions This type of risk is particularly relevant for investment banks asset managers and firms engaged in trading activities To mitigate market risk financial institutions use various techniques such as hedging with derivatives stress testing and setting limits on market exposures Effective market risk management allows institutions to maintain stability even in volatile economic conditions.

Liquidity risk is another crucial aspect of risk management as it involves the ability of an institution to meet its short-term obligations Financial institutions must ensure they have adequate cash flow and liquid assets to cover unexpected withdrawals and financial commitments A lack of liquidity can lead to insolvency and a loss of confidence among clients To manage liquidity risk institutions implement robust liquidity management frameworks maintain sufficient reserves and

establish contingency funding plans Central banks also play a crucial role in providing liquidity support during financial crises.

Operational risk encompasses potential losses resulting from inadequate internal processes human errors system failures or external events such as cyberattacks and fraud As financial institutions increasingly rely on technology operational risks have become more complex Cybersecurity threats pose a major challenge requiring institutions to invest in advanced security systems conduct regular risk assessments and implement strict data protection measures Strong internal controls employee training programs and business continuity plans are also essential for minimizing operational risks [2].

Regulatory compliance is an integral part of risk management as financial institutions must adhere to laws and regulations designed to maintain financial stability Governments and regulatory bodies impose capital adequacy requirements reporting standards and risk management guidelines to ensure institutions operate in a transparent and secure manner Non-compliance with regulatory requirements can result in severe penalties reputational damage and legal consequences Therefore institutions allocate significant resources to compliance teams and risk management departments to ensure adherence to regulations.

The role of risk management has evolved with the advancement of financial technologies and globalization The emergence of digital banking fintech companies and blockchain-based financial systems has introduced new opportunities and risks Financial institutions must adapt their risk management strategies to address challenges such as digital fraud identity theft and algorithmic trading risks Implementing artificial intelligence and big data analytics has enhanced risk assessment capabilities allowing institutions to identify potential threats more accurately and respond proactively [3].

Effective risk management not only protects financial institutions from potential threats but also enhances their competitive advantage A well-structured risk management framework fosters investor confidence strengthens customer trust and ensures long-term sustainability Institutions that proactively manage risks can seize new opportunities while minimizing potential losses thereby contributing to the overall stability of the financial system.

In conclusion risk management in financial institutions is a dynamic and essential process that requires continuous adaptation to changing economic regulatory and technological landscapes By implementing comprehensive risk management strategies financial institutions can safeguard their operations mitigate potential losses and maintain resilience in an increasingly complex financial environment.

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