

Modern methods of assessing the borrower's creditworthiness by banking institutions

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During the formation of new economic relations in Ukraine, the development of entrepreneurship and competition, the activity of banks, their approach to conducting active operations, and especially credit, is fundamentally changing.

Bank lending remains the main source of income for financial institutions and generates an increased risk for banks. In domestic banking practice, there are shortcomings in the approaches to the analysis of the risk of lending to the activities of economic entities intersector of the economy, in particular financial institutions. That is why the problem of analyzing the risk of lending to financial institutions activity is of particular importance in the process of creating the necessary conditions for ensuring the stable development of the non-bank financial services market in Ukraine.

For a bank to carry out an effective and qualitative assessment of the borrower's creditworthiness, it is necessary, among other things, to

have a correct understanding of the essence of the concept of "creditworthiness". That is why we have developed a definition that makes it possible to minimize the contradiction in determining the subject of credit assessment, the maturity of the loan, at the expense of which funds it will be repaid, and more. Consequently, we can say that the application of the proposed definition has not only an important theoretical but also practical value, since it defines both the content, the orientation and the result of evaluation.

We can also note that modern approaches to the methodology of assessing the creditworthiness of borrowers in banking institutions should be based on the integrated application of quantitative and qualitative indicators. The use of different approaches in the complex makes it possible to carry out a qualitative assessment of the borrower's creditworthiness and, consequently, to achieve a reduction in credit risk and improve the quality of the bank's loan portfolio.