

FINANCIAL AND CREDIT RISKS OF BANK INSTITUTIONS AND SPECIALTIES OF THEIR INSURANCE IN UKRAINE

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At the present stage of the development of the economy of our country one of the most priority tasks is management of financial and credit risks of financial institutions.

The only approach to the definition of the term "financial and credit risk" doesn't exist, since each of scientists interprets it in his own way. Nevertheless, the views of all authors come to one: financial and credit risk is a possibility of profit loss of a commercial bank caused by the default on a borrower obligation.

Generally, financial and credit risk can be divided into two parts: a financial risk and a credit risk. Financial risks are the risks which are connected with a deficiency or loss of a profit, a decrease of the liquidity of a financial institution. All financial risks are divided into following kinds: risks of non-payment, risks of a deficiency of a profit during investment operations, risks of a loss or decrease of a profit as a result of force majeure, deposit risks.

The insurance of financial and credit risks is a new sector of property insurance, which developed in Ukraine at the end of 1990s. National laws extract three kinds of insurance of financial and credit risks: insurance

of credits; insurance of guarantees issued (sureties) and guarantees received.

Financial and credit risks have only an optional form of insurance. The term of a contract execution is from several days to a year. The amounts of an insurance tariff vary and depend on the kind of risk. As a rule during the insurance of financial and credit risks they apply an absolute excess of 10 per cent.

For the last four years we observe the tendency to increasing the amount of debts to banks on credit operations. One more shortcoming is that fact that some enterprises use financial and credit risks as an additional mean of financing, insuring expensive projects and shift the risks onto the insurance company. A considerable problem is also the imperfection of the national laws in the field of insurance of financial and credit risks.

So, nowadays there is a range of problems as to insurance of financial and credit risks. That's why in the aim of keeping the financial stability and competitiveness bank institutions have to introduce an effective mechanism of management of financial and credit risks.