

THE DEVELOPMENT OF METHODOLOGICAL APPROACHES TO THE ASSESSMENT OF BORROWERS' CREDITWORTHINESS TO IMPROVE AUDIT OF CREDIT RISKS

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Under the influence of external factors, lending activities of banks and risk management mechanisms showed significant problems in their organization. Accordingly, volume deficiencies, violations and abuses in the credit sector are now significant and led to loss-making activities of many banks, and some – to bankruptcy. Under these conditions, the majority of scholars and practitioners believe that the system of internal control and audit needs in certain areas to strengthen the role, and the other – fundamental changes.

Every year the increased risks are associated with non-return of loans, so it is necessary to strengthen the role of internal control of the bank, which is a progressive form of audit.

The article is relevant due to the deterioration of solvency of business entities as a result of the crisis in the economy, which adversely affected the repayment of loans and led to an increase in bad debts of banks.

The article is to identify problematic aspects of auditing bank credit operations and improving methodological approaches to assess the creditworthiness of borrowers with the use of stress testing.

Therefore, to minimize the occurrence of bad debts the author suggested improving audit of credit operations in terms of prevention of bad debts and the application of the method of stress testing as an indicator of the deteriorating financial condition of the borrower legal entity.