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CONSTRUCTION OF SYSTEM OF CONSOLIDATED RISK CONTROL IN BANKING GROUPS

One of the peculiarities of risk management in domestic banks-participants of international bank groups is installation methods and tools for parent banks. Improving risk group management efficiency may be in ongoing transition of the Ukrainian banks to international standards of Basel (Basel II). Indeed, domestic banks have become more willing to take on excessive risks. The desire to earn more money is increasingly satisfied by the functioning under conditions of increased credit - investment risk.

As well as an open, informal bank co-operation has led to the complication of the control system of risks, necessity to create risk management of bank groups.

In the context of financial market globalization one of the essential aspects of the sustainability of the banking group (bank holding company) is building of the effective system of consolidated risk control.

The modern bank is a financial supermarket. Herewith, traditional types (directions) of banking are obligatory supplemented by non-banking types - full range of financial services from a single source in one place. Often, except financial activity, banks surround themselves with industry and commerce enterprises in terms of participation or control.

Diversity of the group members on the functional and territorial basis - different standards of classical and investment banking, business and legal territorial differences also complicate the building of such systems.

Initially, the primary task of building the risk management system is to unify procedures and methodologies for risk control of all group members. It is necessary to join forces of sub-divisions of risk management services in some bank-participants under the condition of necessary freedom in taking business decisions by them.

Another important task is to create so intra-system, which would include strict risk control of each bank - member of the group and take into account the influence of legislation and provide business development strategy.

Foreign experience of the banking groups functioning in terms of financial crisis proves the need for risk control of subsidiaries.

Many international banks have suffered from losses because of its subsidiaries, and it is an evidence of weakness or lack of risk control system within the group.

In our opinion, the global nature of risk management banking group system should include:

- constant monitoring of all market and other risks to members of the group;
- unification of tools and control methods for risk of the banking group;
- providing of operational consolidated statements of participants in order to create a global report about risks of the whole group;
- experience exchange between departments of banks risk management group;
- compliance with legislation in the field of risk control of bank activities, formed on the basis of international agreements.

As for the last point, in Ukraine according to relevant changes in legislation the concept of supervision on consolidated basis is introduced for bank and nonbank financial groups and the right of state regulators to influence on the risk management systems of banks and identified groups with their participation is fixed.

Also norms obliging banking groups and their members to comply with the requirements set by state regulators The right of regulators is settled to use the latest sanctions in case of breaking law by establishing high economic standards, limits and restrictions on the realization of certain types of operations.

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