

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
Сумський державний університет

Економічні проблеми сталого розвитку

Экономические проблемы устойчивого развития

Economical Problems of Sustainable Development



Матеріали

Всеукраїнської науково-технічної конференції студентів,
аспірантів і молодих учених, присвяченої 80-річчю
від дня народження професора Олега Балацького
(Україна, Суми, 21 – 25 квітня 2017р.)

Суми
Сумський державний університет
2017

ПІДСЕКЦІЯ: БАНКІВСЬКА СПРАВА

SOLUTION OF THE PROBLEMS OF BANK'S RATING THROUGH INTERACTION WITH FINANCIAL MANAGEMENT FOR EFFECTIVE OPERATION

*Assoc. Prof. Kostel M. V., student of group F.m-62an Karabets K. M.
Sumy State University*

A competitive banking system plays a major role in the formation of the financial stability, wealth, and strong country's position in the international space, as well as in facilitating the development of public and private business sectors at all levels, creation of the favorable climate for foreign investment, etc.

The crucial point of ensuring the transparency of banks for different stakeholders is the available information about existing financial risks valued by Rating agencies.

At the same time, in the world practice there are many situation when Rating Agencies do not properly assess control, management and optimization of activities of banks. Instead, they sometimes get some mistakes, incorrect and ineffective conclusions. It's important to remember about the possibility and the existence of conscious fraud during the assigning of the ratings by agencies. It should be noted that although the Agencies of "Big Three" (Fitch Ratings, Moody's Investors Service, Standard and Poor's) are the most powerful and world famous, but they also repeatedly got in interethnic and quite scandalous situations of the issues of inadequacy ratings.

Therefore, the problem of inaccurate and inefficient of bank's rating is so important. We define a proper assessment and to consideration these ratings weaknesses to be main tasks for further improvement modern banking and management system in both Ukraine and other countries.

The starting point of survey is the connection between rating of banks and financial management. The process of the modern financial management of banks is rather complex and cumbersome. Effective management decisions can be made only based on a combination of different governance mechanisms. In particular, financial management of banks can be based on the bank ratings and can also use the techniques of rating systems in its calculations of the financial stability, efficiency and competitiveness of banks.

Along with the development of the banking system and increasing competition, banks pay more and more attention to the search and implementation of modern methods and recommendations regarding construction and realization of financial strategy of furtger development. Therefore, there is a need to answer a number of important issues, the main of which are:

- what financial data (financial indicators) of the retrospective period of the bank's activities need to be analyzed;
- what financial performance is necessary to predict for future periods;
- how to indicate the long-term goals of financial activity of the bank and what they should be;
- how to construct the financial model of the bank in terms of its financial management development;
- what is the target of project financial development of the bank [1].

Hence, we can be successful and effective using the techniques of financial analysis at the bank's financial management. We are able to determine the condition of the bank, prospects of its further development and competitiveness on the market. In addition, we can use the ratings have just been assigned by the rating agencies for additional analysis and the adoption of competent management decisions. It is important to mention that a lot of different rating systems and the rating agencies form the main material basis for its further use by the financial managers. In process of the ratings assignment to banks we use almost all the same indicators and factors that we apply in the financial management. Therefore, it's important to remember about existing of some common features of the bank's financial management and rating agencies. We can use it for achievement the effective operation and development of bank's activities. The main are:

- the rating assessment of activity of banks can be an element of the bank's financial management and it is the reference material for managerial decision-making;
- when we form the base material for further monitoring and management of the bank activities, as well as in the formation of bank ratings we use similar or the same sets of indicators and ratios;
- it is also possible to apply for the financial management of the entire banking system of the country in cooperation with rating agencies;
- bank's financial management can be an additional protective factor to check for errors and fraud while assigning ratings to banks. Managers carry out an additional inspection and analysis of information and so on.

In conclusion, we defined a few same characteristics exist between the procedures of the bank's financial management and bank ratings. We can use similar indicators and ratios both for calculation of the financial condition and bank's position on the market and at the making management decisions. Effective financial management and control over the processes of bank's ratings will help to avoid errors, frauds and to optimize the functioning of the banking system.

REFERENCES:

1. Samorodov B. V. & B. V. Musienko (2012). Rezul'taty vyznachennya reytynhiv bankiv z vykorystannyam modyfikovanoho taksonometrychnoho metodu [The results determine the ratings of banks using the modified of taksonomic method]. - *Finance, accounting and auditing. - Finansy, oblik i audyt*, 19, 161-169 [in Ukrainian].