WAYS TO SOLVE THE PROBLEMS OF RISK MANAGEMENT IN PROTECTING THE ASSETS OF COMMERCIAL BANKS

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Annotation

As a result of the measures taken to deepen and expand the economic reforms being carried out in the banking system of our republic, special attention is paid to ensuring the financial stability of commercial banks, further increasing their capitalization, ensuring their broad participation in investment processes, structural reforms of the economy, modernization of production, technical and technological re-equipment, and strengthening their freedom.

Keywords: banking system, reforms, tasks, commercial banks, activity

As a result of the effective reforms, the gradual implementation of the tasks set for the reform and liberalization of the banking system, the activities of commercial banks are further improved, ensuring their financial stability and, most importantly, increasing and strengthening the public's confidence in the banking system. The main goal of the reform of the banking system is to direct the activities of banks towards ensuring economic growth and financial stability, and in recent years, commercial banks have become a financial institution that directs financial resources to the field of financial intermediation operations.

However, at the same time, there are problems with risk management in protecting the assets of commercial banks, and it is becoming urgent to solve them and develop a modern method for assessing risks.

Despite the rapid expansion of investment flows in developing countries, factors such as transparency, liquidity, corruption, governance, taxes and relatively high transaction costs make it difficult to formulate “best” methods for valuing assets. The still low growth rate in the global economy is encouraging global investors to invest in the economies of developing countries, which are growing at two or more times the rate of developed countries.

Risk assessment is the process of analyzing risk, identifying its possible impacts, and developing limits for changes in its overall indicators. Risks are assessed taking into account a number of factors in the economy. These indicators are assessed by experts in a scoring system, and on this basis, the level of impact is studied, dividing risks into certain categories.

In general, the source of risks in the financial market is various factors, the impact of which, in a certain way, of known and unknown magnitude, causes risky processes, events and actions

in the financial market, respectively. In other words, risks are always present in the composition of factors, arise on the basis of laws of a probabilistic nature, and are directly or indirectly transmitted to the realities that develop in the financial market environment. Therefore, risks are always present in the financial market environment, weakening the quality of its condition and development, and sometimes even worsening it. Based on the analysis of the laws of the nature, content and impact of risks, it is possible to develop measures to reduce and manage them.

The main methods of risk assessment in financial markets are the Markov model, CAPM, APT, Black-Scholes option pricing model, and the VAR method of risk assessment based on fluctuations.

In practice, banks can use any of the above risk assessment methods. Although the level of financial risk determined based on each method is different, they are quantitatively close to each other.

Harry Markov in his article "Portfolio Selection" published in the "Journal of Finance" in 1952, studied the relationship between risk and expected return and explained the principles of portfolio formation. In analyzing financial markets based on relative risk assessment indicators, the capital asset pricing model and the SARM (Capital Asset Pricing Model) for risk reduction are often used. In essence, risk assessment based on SARM is a continuation of the Markov theory.

The Markov and CAPM methods assess risks by forming portfolios of various assets and are aimed at reducing them.

Commercial banks can use loans, microloans, foreign exchange, overdrafts, leasing, factoring, securities, investments, funds in other banks, accrued interest-free income, other private property of the bank and some derivative instruments as assets.

In our case, foreign exchange funds, securities and loans are taken as assets.

One of the methods widely used in world practice for assessing financial risks is VAR (Value-at-Risk), that is, "risk amount" or "risk standard". The Value at Risk method is sometimes called the Monte Carlo method. VAR is a statistical approach that uses the concept of a probability distribution that relates all the values of changes in market factors to their probabilities.

VAR has a number of advantages, including:

 this method allows you to assess risk by the probability of their occurrence within the expected losses;

 allows you to assess risk universally in different markets;

 allows individual positions to be combined into a single amount for the overall portfolio, taking into account information on the number of positions and market fluctuations during the

position holding period. VAR is a statistical estimate of the maximum losses of a financial institution in a given portfolio for all cases except the smallest percentage case determined by the distribution of market factors over a certain period of time.

This method uses complex mathematical formulas to assess financial risks. This method is now widely used in developed countries.

In his 1965 research, John Linter focused on solving two main problems in asset valuation. The first is the optimal choice of a portfolio of securities by risk-averse investors. According to him, he implemented an alternative investment option, taking into account the return on securities with a risk-free return.

According to him, investors can sell their securities in the portfolio in the short term at any time. The second is that if investors can sell securities in the short term, then the risk of the portfolio can be determined by solving mathematical equations, but if the covariance is zero, the best option is not to sell securities in the short term. If the covariance is zero and the securities are not sold in the short term, then one-time investment decisions are required, but this is not enough. John Linter extended Tobin's theory, combining the risks in the portfolio in the form of a portfolio. In addition, he developed various features of achieving a balance of risk and assets. In particular, he determined the conditions for holding securities in an optimal portfolio in the short term, even if the "risk premium" is negative (positive). He also showed the mathematical expression of various combinations of expected returns from securities and their standard deviations, variances, covariances, all other factors remaining unchanged (ceteris paribus). He described this in the form of an indifference function. Based on it, the expected return is related to risk indicators, that is, it shows what problems securities are associated with in risk groups.

List of used literature:

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