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## MODERN PRACTICE OF RATING ESTIMATION OF BANKS ACTIVITIES APPLYING THE TAXONOMETRIC METHOD

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*Summary. In the article the expediency of the use of modern methods for mathematical modeling is researched in the context of rating estimation to determine banks' activities efficiency, the coefficients of the banks' activities efficiency on the market of*

*bank services are determined and generalized, the application of taxonometric method is proposed that the banks' rating should be determined aiming at optimization and informing whilst achieving the results of rating estimation.*

**Key words:** *bank, the banks' activities efficiency, coefficients of banks' activities efficiency, the taxonometric method, the banks' activities rating estimation.*

The priority task of banking supervision is the banking stability. The targets transformation in the tasks of banking supervision to be based on risk assessment of their activities is related to the imperfection of the existing methods and procedures used in the process of the supervision. For effective implementation of banking regulation and supervision different methods of analyzing banks' activities are used.

At the present stage of economic development for integrated assessment of banks one can use a tool, such as rating. Banks' rating is not only a guide for consumers of financial services, but it is also a reliable information base for the banks themselves, the basis for making management decisions on the bank strategy, its sustainable functioning and development. Ratings of banks also play an important role in monitoring the activities of banks, early warning of crisis situations, which is particularly important at current stage of banking. In this regard, the study on the technology defining ranking of banks is of particular importance that causes the relevance and appropriateness of the chosen research topic for the development of the subject.

Considering the most common approaches concerning rating banks, it should be noted that for the banks' ranking comprehensive assessment the integrated methods should be used. Applying the taxonometric method in this case allows determining the position of the bank with the main financial indicators of its operation. The ratings to be based on the use of this method provide a comprehensive assessment of banks allowing them to determine the best ones on the whole range of parameters: a number of which, in turn, may vary – it depends on the specific task.

On the basis of the proposed approach the rating assessment was carried out in domestic banks as of October 1, 2013. For the study 15 banks belonging to the first group by assets were taken.

The system of financial indicators that characterize and allow analyzing the efficiency of banking was taken for the criteria of banks' rating. These are synthetic ratios, which are reflected in all the aspects of the bank functioning.

According to the simulation results Private bank has the highest overall index rating, which is mostly provided by the values of the coefficients of banking

efficiency, as the coefficient of efficiency of the bank's activity, the coefficient of fund raising, the utilization of resources involved in the loan portfolio.

This demonstrates the high efficiency of resource flows' coordination in the middle of the bank provoking a general trend implementing financial capacity, and thus, it increases the efficiency of its management.

The novelty and practical value of the proposed methods for the banks' ranking which are based on taxonomic method consist in expanding a number of the banks' financial operations ratios and allows it

to be used in practice to make optimal management decisions at the level of the bank and the central bank to investigate the financial condition of the banking institutions, the banking state of the country, its stability and reliability.

Thus, the rating evaluation of banks in the context of the analysis of their performance based on the taxonomic method allows identification of the reserves, strengthening their financial stability, finding out the current status of each bank and determining the potential of individual banking institutions.

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