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ESSENCE OF FINANCIAL STABILITY OF COMMERCIAL BANK AND EFFECTIVE WAY OF ENSURING IT

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Summary. The concept of financial stability of the commercial bank and the classification of the factors that affect it are investigated in the article, ways to

improve the financial stability of commercial banks in Ukraine are suggested.

Key words: *financial stability of the commercial bank, exogenous and endogenous factors, capital adequacy, financial leverage.*

Financial sustainability of the commercial bank is a condition of the institution at which it is solvency, liquidity, is quite sufficient regulatory capital to cover all potential dangers related with banking activities, while still quite profitable, i.e. its assets are used as efficiently as possible.

Assessing the financial stability of the bank special attention should give to identifying exogenous (external) and endogenous factors (which depend on the functioning of the bank) and to determine the extent of their impact on the state and activity commercial banks. Exogenous include economic, social, political and financial factors. Endogenous factors include the bank's capital adequacy, asset quality, management level, the level of profitability, liquidity, bank balance, and the solvency of the bank. These factors are common to all commercial banks and a significant impact on the achievement of the financial stability state.

Take into consideration the state of the banking system in Ukraine it's advisable to create a list of specific issues that adversely affect the efficiency of its operations and the financial stability of commercial banks for a long term. Among them: the low level

of bank capitalization, high resource dependency of banks on foreign borrowing, the poor quality of bank assets, the high cost of banking services, causes a reduction in the demand for them among the population.

To improve the situation in the banking sector, it is advisable to implement certain measures, namely: the stabilization of the national currency (the regulation of the supply of foreign currency, reducing the dollarization of the national economy), the stabilization of the banking system (to ensure the safety of deposits, debt limit pressure on borrowers, improve risk management), the activation process reorganization and restructuring of banks (the legislative regulation of measures to stabilize the bank activity). Particular attention should be paid to the adequacy of the levels of Ukrainian bank capitalization. Some other important measure can be regarded as an increase of the authorized fund or reserve funds, which will reduce the level of risk for customers and for the banks themselves.

The ways of ensuring financial stability are more administrative, but in the conditions prevailing in our state, it will be the most efficient means to stabilize the banking sector and ensure its reliability.

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