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## MECHANISMS OF CURRENCY RISK MANAGEMENT OF THE BANK

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*Summary. The article is devoted to developing the mechanism of currency risk management of the bank that will more effectively manage risk, reduce*

*the threat of their occurrence and minimize them if necessary to help ensure the stability of income and to increase the financial stability of the bank.*

**Key words:** *currency risk, mechanism, the management of currency risk, risk assessment, assessment methods, management, strategy management.*

The article is devoted to developing of the mechanism of currency risk management of the bank (CRMB). Particularly it is stated that banks should intend to establish a comprehensive risk management system that would ensure a reliable process of identification, assessment, control and monitoring of all types of risk at all levels of the organization. It is determined that the mechanism is a system of inter-related organizational, economical and administrative methods that provide the achievement of strategic goals of the bank; its two main components are singled out: a formation component and its function. CRMB component of forming mechanism includes a subsystem of goals of the bank, subject, object, functions, methods, tools, instruments and provide a mechanism of currency risk management. The report states that the functioning of the component includes the management of currency risk of the bank, which consists of several main stages (identification,

assessment, choice of the method of management, control) that must be provided with monitoring system for their effective use. The methods of currency risk management are separately grouped into external and internal; and strategies of classification of bank's foreign exchange risk management are developed, the essence of the main species and subspecies is defined.

According to the results of regulation, the residual level of RMB is estimated and a decision is made regarding the need for additional corrective procedures; a conclusion is made concerning the degree of effectiveness of the regulation of RMB.

Thus, it is determined that using the developed mechanism, banks can manage risk more effectively, reduce the threat of their occurrence and minimize them if necessary that will help ensure the stability of income and increase the financial stability of the bank.

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