

JEL CLASSIFICATION: G21, G32

THE ORGANIZATION OF THE EFFECTIVE COMPLIANCE-CONTROL SYSTEM IN BANK

Myroslava E. KHUTORNA

Candidate of Science in Economics, Associated professor of the banking chair, Cherkassy Banking Institute of the Banking University of the National Bank of Ukraine

Vladyslav V. GELEVERYA

Master in Banking Cherkassy Banking Institute of the Banking University of the National Bank of Ukraine

Summary. The economic content of the compliance process is researched. The author highlights the interconnection among operational, reputational and compliance-risks. The effective mechanism of the bank compliance-control realization is grounded.

Key words: *compliance-control, compliance-risk, operational risk, reputational risk, key risk indicators.*

The absence of the effective risk-management system results the essential problems for a bank. Some underestimated bank risk becomes the structural one and leads to the unexpected losses. Compliance is an instrument of the bank's internal control and the element of the bank's corporate management. From our point of view, the compliance-control is a complex monitoring system for the banking activity according to the internal regulations; the laws in force; the business ethics principles for the protection against compliance-risks and the risk of the bank's functioning breaking. The compliance implementation requires the obligatory responsibility of the compliance-managers for the identification and the compliance-risks management.

The compliance-risks are closely connected with the internal business-processes organization and also are related with the anti-money laundering system that is the object of the operational risk-management. We think, that the reputation and operational risk re-

ducing by the monitoring the facts of the law breaking is efficient to delegate on compliance system, that will give a possibility to identify, control and react on the revealed risks.

The implementation of the compliance system is to be done on three stages: the internal regulation norms development; the compliance program development; the creation of the independent functional department of the compliance-control. From our point of view the last one should manage the operational and reputation risks. The functioning of the described system should consist of such fields of control: the clients' integrity; the personnel communication; the organization and system integrity; social responsibility.

The essential element of the compliance-control system is the risk monitoring, that should take into consideration all risk spheres and fields of the compliance-risks, reputation and operation risks.

References

1. *Metodychni rekomendatsii otnositel'no korporatyvnoho upravlinnia v bankakh Ukrainy [Methodological recommendations of the corporate management in banks of Ukraine]. The regulation of the National Bank of Ukraine form the March 28, 2007, № 98.*

2. International Compliance Association. Retrieved from <http://www.int-comp.org/faqs-compliance-regulatory-environment>.

3. Bortnikov G. P. *Komplaiens-risk (risk nesobliudeniia): mezhdunarodnyie standarty i ikh primenimost' v stranakh SNG [Compliance-risk:*

the international standards and their application in CIS]. Retrieved from http://www.iaa-ru.ru/inner_auditor/publication/foreign_mass_media_articles/bortnikov/.

4. Compliance and the compliance function in banks. (2005). Retrieved from www.bis.org/publ/bcbs113.pdf.

5. Pravdyva L. (2011). Udoskonalennia korporativnoho upravlinnia v bankakh ta upravlinnia komplaiens-ryzykom [The improvement of the banks' corporate management and compliance-risk management]. Bulletin of the National Bank of Ukraine, 7, 10-13 pp.

6. Tsiutsiak A. L. (2011). Vprovadzhennia systemy komplaiens-kontroliu u vitchyznianu systemu

nezalezhnoho finansovoho kontroliu ta audytu [The compliance-control system implementation into the national system of the independent financial control and audit]. Scientific Information Bulletin "Economy", № 3, 200-206 pp.

7. Derevska O. B. (2010). Zprovadzhennia systemy vnutrishnoho kontroliu v Ukraini [The introduction of the system of internal control in banks of Ukraine]. Problems and prospects of the banking system of Ukraine, № 1, 59-61 pp.

8. Malyhin D. V. (2009, August 14). Osobnosti organizatsii komplaiens-kontroliu v rossiiskikh bankakh. [Features of the organization's compliance monitoring in Russian banks]. Retrieved from <http://bankir.ru/technology/article/2303295>.