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THE MENEAGEMENT OF CREDIT RISK THROUGH IMPROVEMENT THE COLLETERAL OF BANK LOANS

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Summary. The current stage of the credit market Ukraine is characterized by systemic imbalance. These disparities has adversely affected on the stability of the banking system and hinder economic development. The article describes the main problems

hampering lending to the economy, developed and suggestions to stimulate the credit process. The system of measures for improving of credit climate, the introduction of more demanding criteria for lending are offered.

Key words: *crediting, bank lending assurance, problem loans, credit risks, lending standards, conditions of bank lending.*

Economic and political instability that led to the disbalanses of the financial market of Ukraine and caused credit crisis led to the necessity of improving the management of credit risk and the decline in the share of problematic loans on the basis of strengthening the role and governance arrangements for bank loans and improve the protection of the rights of lenders and borrowers.

The main reasons for decrease in lending and increase credit risks were: devaluation of the hryvnia, inflation, withdrawal from the market of a significant number of insolvent banks, deterioration in the financial condition of the enterprises and reduce the solvency of the population, and the inadequacy of mechanisms of foreclosure on the mortgaged property and other collaterals for bank loans.

It was grounded in the article that the reduction of credit risks and reducing the share of problem loans requires banks own systems for the provision of loans and the management of creditor's rights in case of repayment at the expense of security. It was proposed the development of lending Act or the corresponding directive of the National Bank of Ukraine,

which would set out clear criteria for determining the type and quality of any credit support, the rules of work with objects of pledge, assessment mechanisms, management and the like.

It was grounded in the article the necessity of the establishment and practical use in the process of bank lending regulatory requirements of indicators, reflecting the ratio of the volume of loans and collateral value (LTV), the minimum amount of the initial payment, the debt burden ratio (PTI) and total size of loan debt to the borrower's income (DTI).

For the purpose of reducing the volume and the share of problem loans in the structure of bank assets the expediency of development of legal regulation and the creation on the Ukrainian market asset management companies was grounded.

The research allowed to conclude that credit risk reduction and stimulate the lending process should be based on improving credit environment, the use of more strict criteria and lending standards, efficient management of collateral of bank loans, as well as on effective mechanisms to protect the rights of lenders and borrowers.

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