FACTORS ENSURING CREDIT RISK PROTECTION

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Abstract

Quality analysis of credit applications and customer information, introduction of an effective information system and control for the organization of the credit process, will make it possible to prevent subjective defects in the crediting process.

Key words: credit, banking, risk, supply.

First of all, commercial banks should have their own credit policy to work with customers who apply for a loan. The bank's credit policy is primarily focused on providing quality loans and earning income, and it is a recommendation for credit inspectors and bank managers on what areas and directions they should focus on when making a decision to grant loans, as well as on the organization of the bank's loan portfolio structure. compliance of commercial banks with due diligence in lending processes by official control organizations also includes the restrictions set in this regard.

The elements that make up the bank's credit policy can be summarized as follows:

1. The goal is to create a loan portfolio based on it. It consists of types of loans, terms of issuance, sizes and quality.

2. Limits of powers assigned to each credit inspector and credit committee in making a decision on granting credit. Limits of the maximum and minimum amount specified in the acceptance of the credit decision.

3. Obligations regarding the provision of powers and information within the framework of credit management.

4. Procedure and procedure for checking, evaluating and making decisions on credit applications.

5. Additional required documents for each loan application and documents that need to be kept in the loan collection folder. These include: financial documents, letters of guarantee and collateral contracts.

6. Detailed instructions on the rights and responsibilities of each bank employee in the process of accepting a loan decision (who is responsible for keeping documents, who is responsible for financial analysis, etc.).

7. Basic rules for accepting, evaluating, and applying for loans.

8. The bank's policies and practical instructions on interest rates, setting of commission payments, terms of extending loans.

9. Indicators of quality standards used for all loans.

10. The maximum amount of loans given in relation to total assets.

11. Main service regions of the bank.

12. Review of the methods of identification, analysis and elimination of problem loans.

The credit policy of the above-mentioned bank is primarily aimed at reducing the risk of defaults from loans.

Banks often use the following to reduce credit risk:

Collateral (provisions)

Warranty

Warranty

Collateral is material assets that the bank can accept as collateral and have the right to realize when necessary. Provisions accepted by the bank may vary. They can range from real estate to historical artifacts. But in order to answer the question of which one of these tangible assets can be accepted as collateral, these provisions must meet three basic requirements.

In order to sell quickly, it must have a market.

It should be storable. That is, it should not break down during storage and should not lose its properties.

Must be free of other collateral.

In the current conditions, government securities can be taken as collateral.

In reducing credit risks, the role of pledges and guarantees accepted on the basis of proper analysis is very large. Because the unreturned funds can be filled only with these things.

Quality analysis of credit applications and customer information, introduction of an effective information system and control for the organization of the credit process, makes it possible to prevent subjective defects in the crediting process. (Table 2)

Table 2

Credit risk management instruments[1]

<table>
<tr><td></td><td colspan="2">Risk management instruments in individual credit mix</td><td colspan="2">Credit portfolio risk management instruments</td></tr>
<tr><td>Risk prevention instruments</td><td colspan="2">Quality assessment of creditworthiness and increasing its objectivity</td><td colspan="2">Take credit decisions
information about the arrival process
tion provision and personnel improvement in the field of choice</td></tr>
<tr><td></td><td colspan="2">1. Creditworthiness check
2. Credit monitoring</td><td colspan="2">1. Creditworthiness qualified inspection
2 Management structure perfection
3. Importance of information technology
4. Control of lending</td></tr>
<tr><td></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Instruments for eliminating the consequences of the risks that have arisen</td><td>An asset tool for limiting downloads</td><td>Loss insurance is a passive instrument</td><td>Active instruments for limiting downloads</td><td>Passive instruments for loss insurance</td></tr>
</table>

	1. Risk limitation 2. Identifying risks	1. Taking into account the credit risk when determining the loan percentage	1. Risk limitation 2. Diversification of credit portfolio 3 Management of problem loans	1. Formation of liquidity reserve 2. Establishing a long-term capital reserve 3. Usefulness waiting for 4. To control the quality of the credit portfolio

The working mechanism of credit risk management instruments for preventing credit risks and taking measures in case of risks is described in Table 5 above.

Based on the results of the above analysis, it should be noted that three main principles should be paid attention to when managing credit risks.

1. When managing credit risks, the general risks of the bank should be taken into account.

2. The bank assumes and manages the risks not in a separate operation, but in the context of the general activity of the bank.

3. A focused and precisely developed banking methodology of credit risk management should make it possible to identify and prevent problematic aspects of the bank's credit activity.

Inspections and inspections are also available to the customer at appropriate times. Such a benefit can be in the form of advice, if a mistake has been made in determining the loan period, it can be changed, or changes in the payment period can be made.

In order to assess the weight of problematic loans in the bank's credit portfolio, existing loans are classified in terms of risk, and it is necessary to create a reserve fund against them. Today, the credit portfolio is classified according to quality:

Good. Good loans are loans that have no doubt that they will be repaid on time, the borrower has a stable financial condition, high profitability, a high level of private capital, and a short cycle period of receivables. Credit provision is reliable in terms of quick conversion to money (collateral. Guarantee and two guarantees). Legally, if the provisions are sufficient to increase the percentage of the given loan, it will not cause any problems during the sale. The necessary documents for the supply have been filled out according to the law.

Conical. If these loans have full security, they are loans that are overdue from 30 to 60 days, as well as loans that are insufficiently secured and overdue by up to 30 days. There are situations where the client's financial situation is stable, but not conicar. These loans include secured loans.

Substandard. These are poor quality loans and may have some problems in repaying them. First-rate sources are not sufficient in repaying these loans. The bank will have to find other sources.

The customer's current financial situation is not protected by the solvency. Inadequate collateral documentation and the burden of insufficient information to control it. Loans extended from 60 to 180 days from the due date in case of good collateral, loans extended from 30 to 60 days in case of insufficient collateral, and loans extended for up to 30 days in case of insufficient collateral.

Suspicious. These loans are additionally secured loans in the event that they have the total deficiencies listed above. The probability of damage is high, but it can be reduced with some factors in glue.

Loans with a repayment period of 180 days in case of sufficient collateral, from 60 to 180 days in case of insufficient collateral, and from 30 to 60 days in case of no collateral

Downloaded. Loans that are not guaranteed to be returned If their value is calculated at a minimum level, it is considered inappropriate to keep them in the bank balance.

If the principal amount is not sufficiently secured, payments on it are not made within 180 days or more, and if there is no security, unpaid loans within a period of 60 - 180 days.

Loans are considered to be secured by first-class securities, if the following securities are available:

State guarantee.

Central bank guarantee.

A foreign bank's guarantee of a hold approved by the Central Bank.

Pledge in free currency.

State securities.

Precious metals.

It is considered to be provided with other types of supplies if the following supplies are available:

Property mortgage.

Pledge of valuable securities belonging to enterprises

If the collateral is 60% of the loan amount, it is considered insufficiently collateralized.

Sometimes, as a result of excessive requests from borrowers, banks create conditions that customers cannot fulfill. The appearance of problem loans, in turn, makes the bank unlikely to return the loan amount and interest, and causes a number of other losses. These damages can be shown as follows:

Banks with a lot of problem loans are damaged and the confidence of investors, depositors and creditors is lost.

The bank's administrative costs will increase.

Funds are frozen in assets if they are not profitable.

Filing of a claim against the bank by the client, i.e. claiming that the bank's unjustified demand for repayment of the loan has caused the client's financial loss

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