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ESSENCE AND PROVISION OF FINANCIAL SECURITY OF BANKING ACTIVITIES

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Abstract. *The article deals with the essence of financial security of banks and the risks that affect the financial security of banking activities. The essence of moral risks is revealed and consideration of the impact on them of various factors are given. A toolkit that enables diagnostic and preventative actions to maintain an adequate level of financial security is considered. Measures to ensure the financial security of banking institutions are formulated.*

Key words: *financial security of banks, system of financial security, moral risks, level of financial security, instruments of providing of financial security.*

In conditions of financial and political instability, increased competition and the negative impact of environmental factors, as well the intense spread of crisis in the economy of Ukraine, particular importance of the issue of substantiating the essence and tools to ensure the financial security of banks' activities has acquired.

During the study defined that the system of banks and individual banks are affected by a large number of different both internal and external risks, what needs necessitates constant monitoring of the crisis phenomenons of banking activities. At the same time, it was shown, is much more complicated that the situation with cases of deliberate inaction of cus-

tomers and their actions within the legal framework, which may entail negative consequences for the bank. Such situations are called moral risks, which significantly affect on the level of financial security of banks. Taking into account the specifics of moral risks, a significant level of secrecy and unpredictability, banks need to pay maximum attention to their accounting, analysis and evaluation.

Possible consequences of the impact of moral risks on the bank's activities include: deterioration of the quality of the portfolio of credit; increasing the volume of problematic and hopeless credits; loss level of the bank's competitiveness.

It is noted, that in the fight against

moral risks, their identification is of paramount importance, and therefore, a ranked review of moral risks are proposed depending on the influence of factors of a two-level plane: at the macro and micro levels. It was established, that to ensure financial security, banks need a certain toolkit that allows them to constantly carry out diagnostic and preventive actions aimed at maintaining an appropriate level of financial security.

A number of measures are formulated that must be implemented in order to ensure the financial security of banks.

The regulation of bank's activities in condition of economic instability that should enhance the level of confidence in the national banking system and its elements, and contribute to the long-term sustainability of the banking sector, which will ensure an adequate level of financial security of the state.

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