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Problems Of Evaluation And Management Of Operational Risks In Banks

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Abstract

In article shortcomings of the existing methods and approaches to an assessment of operational risk, a problem of the sphere of an author's technique by determination of susceptibility of banks to operational risks, and in particular V. G. Imayev's technique are analyzed. Authors suggested improving V. G. Imayev's technique by means of modification of calculation of the indicators used in indicators of susceptibility of bank to operational risks, of structure of indicators and in distribution of scales of indicators. And also development of a control system of operational risks taking into account application of Bayesian networks was offered.

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There are complex problems of practical-methodological nature in the system evaluation and decision-making on operational risk management.

In particular, the Basel Committee and the Central Bank of the Russian Federation says strictly about approaches to the assessment of operational risk, while its impact on the activity of a bank is not mentioned at all. Therefore, in our opinion, one of the key shortcomings of existing methods and approaches to the assessment of operational risk is absence of an integrated methodological framework for the assessment of negative impact of operational risk on the financial results of credit institutions.

In particular, the methodological basis in field of the operational risk coefficient and index analysis is insufficiently. Considering that any typically bank risk has to assume the main and spare buffer of a covering.

Under operational risk, the credit organizations also can and have to form certain reserves, for a covering of this type of risk, however funds may be not enough, then the risk can also be covered by net profit. Therefore, possibility of covering of operational risks due to net profit has to become an important aspect for expansion of methodical base in the field of an assessment and the economic analysis of operational risks. Therefore, it is possible

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to calculate indicator, which can be conventionally represented as a ratio of operational risk (K1).

$$K1 = OR / NP * 100\%, \quad (1)$$

where: NP - net profit of the credit institution;
OR - operational risk of commercial bank.

Measurement of this indicator certainly has to be in the dynamics. The domestic credit institutions operational risk measure twice a year, therefore, ratio of operational risk should also be considered and analyzed twice a year. Respectively, the relation of reporting ratio of operational risk to basic will be called as an index of a rate of operational risk (I1) which can be evaluated as the following formula:

$$I1 = KPor1 / KPor0, \quad (2)$$

where: KPor1, KPor0 - coefficients of a rate of operational risk of commercial bank for reporting and previous dates.

On the basis of indexes of a rate of operational risk, it is possible to judge correctness and flexibility of credit organization policy for decrease and management of operational risk, and also estimate possibility of extraction from this additional income.

It is difficult to suggest liminal and recommended values in relation to the index and rate of operational risk, the only thing we can note that if $0 < I1 < 1$, it means that in dynamics commercial bank have solved the problem of covering of operational risk due to net profit. If $I1 > 1$, it means that operational risk management in commercial bank in the reporting period has been inefficiently, and due to net profit credit organization could have covered less operational risk than before. However, it is important to understand that the financial results of bank can be negative; therefore I1 can also be negative. Accordingly, if $I1 > -1$, it means that the dynamics of the credit institution has worsened its policy on receiving profit, and has received a loss. If at the end of the reporting period there is $I1 < -1$, it means that the bank has corrected negative situation and at the end of the reporting period, the financial result has been transformed from a loss at beginning of period on profit for the reporting period.

Other coefficients similar to the ratio of operational risk may be coefficients that will reflect the degree of covering operational risk by equity and total assets of the credit institution. Accordingly, the coefficients K2 and K3 can be calculated using the following formulas:

$$K2 = OR / BC \quad (3)$$

where: BC - bank's own capital.

$$K3 = OR / A \quad (4)$$

where: A - total assets of the credit institution.

As in the case of the K1 liminal values of these coefficients are difficult to suggest. However, you can go the other way - we can try to delineate interval for valid and critical values. Of course, the ideal value of K1 when it in dynamic trends to zero, as well as other coefficients will trend to zero. Thus if the coefficient of K1 is negative, it means that operational risks are not covered by net profit.

Returning to liminal values, we should start from the fact that net income is a component of credit institution equity, therefore, K1 must be higher than the K2. Considering that according to the law of the balance sheet assets are equal to liabilities which consist of obligations and the capital, K2 has to be higher than K3. In addition, it is also necessary to consider the recommended values from determination of financial reliability and stability of commercial bank, in particular the indicator H1 must be not less than 10%, profitability of assets and the capital, have to be from 2% to 10% and from 10% to 20% respectively [7, p. 292]

Preceding from it through operational risks it is possible to build the recommended liminal values of the relations of coefficients to each other, such as:

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