

## **FINANCIAL STABILITY AS A PART OF FINANCIAL SECURITY ASSURANCE SYSTEM OF THE BANK**

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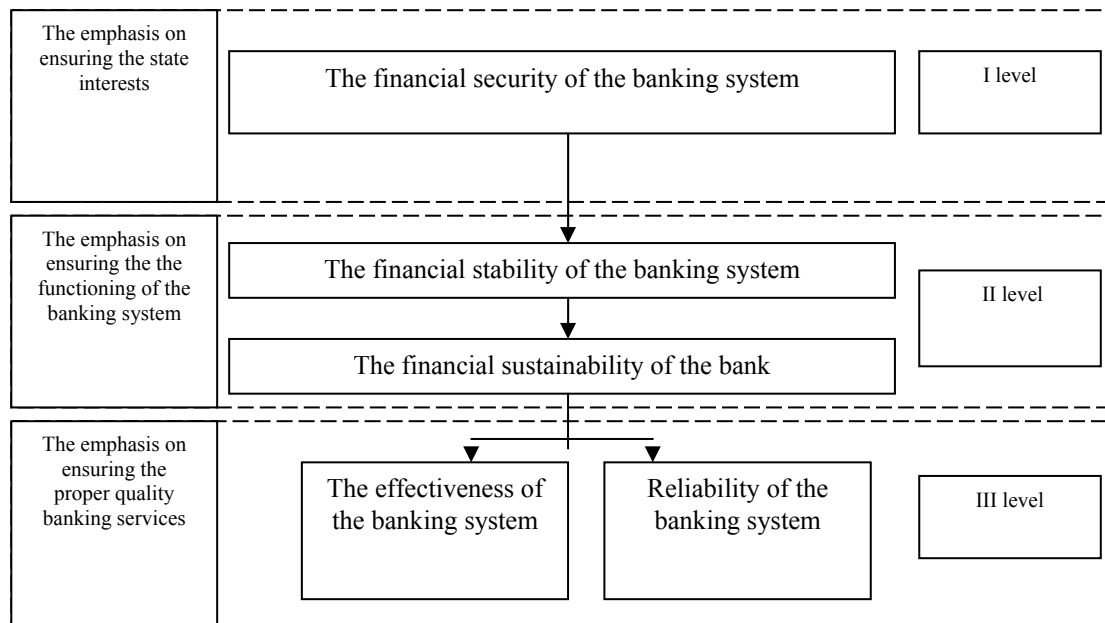
The openness of the market economy to the external environment and the vital role of the financial sector led to the necessity of focusing on bank financial stability issues. The impact of internal environment causes the appearance of threats that inhibit the implementation of strategic directions of bank development in the terms of profitability and minimization of risks.

In this regard the study of bank financial stability in relation to financial security is particularly important. That determines the relevance of the chosen topic and feasibility of studies for the development of this issue.

The formalization of bank financial stability depends on the bank development analysis and bank risks assessment and includes: the system of economic standards; CAMELS rating system; the system of risk assessment; the adaptation of analytical evaluation system of financial stability offered by the International Monetary Fund. Now the National Bank of Ukraine calculates and distributes data only according to 12 basic and 10 recommended bank financial stability indicators. There are 2 levels of financial stability indicators. Thanks to generalization and analysis of existing approaches to bank stability indicators it was possible to structure and provide official information on the level of financial stability of the banking system.

The analysis of sources dedicated to banking, points to the practice of common use of such economic categories as "sustainability", "stability", "reliability" which are closely linked. For the correct identification of these concepts it is appropriate to distinguish their economic substance and determine the relationship between them. Picture 1 shows the hierarchy of the concepts "financial security", "financial

sustainability", "financial stability", "efficiency" and "reliability" in the banking system.



Picture 1. Hierarchy of concepts of "financial security", "financial stability", "financial sustainability of the bank", "efficiency" and "reliability" in the banking system [1]

Thus, the development of the financial stability mechanism requires a systematic approach to all components of the financial system and their interaction under the influence of external factors generated by globalization processes that ensure maximum synergy through the restoration of its integrity.

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