PROBLEMS OF IDENTIFICATION AND ASSESMENT OF BANK RISK IN FINANCING INVESTMENT PROJECTS

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This article discusses some aspects of the banking risk management in financing investment projects. The starting point for the risk management process is their identification, analysis and evaluation. Risk assessment of bank lending to the real investment in the proposed directions can further minimize the identified risks more effectively.

Investment activity is an important component of any economic system. Under market conditions, commercial banks are active participants in investment activity. However, the current state of the Russian economy is making some adjustments in the behavior of participants in the investment market. Active economic situation is unfavorable for activity in the field of real investment. These are: general volatility and unpredictability of development in all spheres of national life; specific market of financial resources, characterized by negative real value of capital; imperfection of the current legislation. Each of the three listed circumstances imposes its restrictions on the use of standard methods of evaluation, in the form in which they are used in the West and in other countries with developed market economies. Nevertheless, today the trend of investing in fixed capital is positive. All this demonstrates the need for a detailed study of the management of banking risks in financing investment projects, because the banks take on the totality of the resulting risks. To determine the specificity of bank risks in lending to investment projects we need to disclose the essence of the concept of bank risk in general, and to identify the features of credit operations of real investment.

In studying the essence of the concept of risk it is necessary to pay attention to the fact that the indicator of risk in modern economic theory is the notion of uncertainty. The analysis of many definitions of risk can identify the key points that are characteristic of risky situations, such as:

♦ Random nature of the event;

♦ Availability of alternative solutions;

♦ Possibility of determining the probability of outcomes and expected results;

♦ The probability of losses;

♦ The probability of obtaining additional revenue.

Therefore, a bank risk is the cost of probabilistic events, leading to losses of the bank. The results of an event may be the following: negative (loss), zero (no income), positive (profit).

First of all, it is important to note the fact that for the implementation of active operations the bank creates its resource base by attracting different kinds of tools. The problem of forming long-term resources is one of the most acute and exacerbated from the banking risks at this level. Secondly, it should be noted that the central one to all banking risks of real investment is a credit risk, the risk of possible financial losses due to bank failure by the borrower of its obligations on outstanding or a delayed repayment of debts. Bank credit risk of investment projects at this level is associated with the risky nature of the lending bank as a whole and in the implementation of specific investment project in particular. Thirdly, the banking risks in financing investment projects acquire their own peculiar characteristics on an individual level.

The research on the typology of bank credit risk of investment projects is essential, since it is a comprehensive review of aggregate banking risks at an early stage in the process of crediting the investment project that allows to proceed to further analysis and risk assessment project. Analysis of the classification of banking risks, and, in particular, bank investment risks, suggests the existence of different approaches to the systematization of banking risks of real investment. In our view, the following guidelines might be useful for the identification of bank credit risk of investment projects:

* Guzel G. Kurdyumova, post-graduate student of Saratov State Social and Economic University. E-mail: kugyuzel@yandex.ru.

♦ Traditional banking risks of real investment;

♦ Risk business of the borrower;

♦ And investment risk of the project.

Identification of bank credit risk of investment projects in these areas, in our view, enable the bank to clearly define the boundaries of lending, and subsequently improve the quality of risk assessment. Analysis and evaluation of bank risk in lending to investment projects should be implemented as it is in these areas. Business risk management in lending to investment projects is a continuous process consisting of a series of interrelated stages that helps the bank make a decision on the likelihood and possible adverse effects of the project.

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