

FEATURES OF FINANCIAL INSOLVENCY (BANKRUPTCY) OF COMMERCIAL BANKS

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The article deals with the questions of financial stability of commercial banks and the features of credit organizations' bankruptcy. It also identifies the bankruptcy indicators and defines the measures of financial recovery and the directions for commercial banks' reorganization.

In the recent years Russian banking sector has been functioning in the conditions of the global financial crisis, which affected the performance of commercial banks. The crisis affected practically every sphere of the economic activity and, as a result, the number of commercial banks whose activities were suspended and even terminated, increased. The trend towards the decrease in the number of operating credit organizations is still on. The two possible ways are voluntary liquidation and forced liquidation, including bankruptcy.

In the process of bankrupting a credit organization the volume of fulfilling the creditor's requirements has no significant importance. The bankruptcy of credit organizations has certain features, resulting from the peculiarities of the banking business.

Financial recovery of a credit organization requires the following measures:

- ◆ financial aid to the organization from its founders and other persons;
- ◆ restructuring the assets and the liabilities of a credit organization;
- ◆ organizational restructuring of a credit company;
- ◆ establishing a healthy correlation between the equity capital and the net worth of the credit organization.

Other measures are also applicable, in case they adhere to the Federal Law.

Some analysts forecast further decrease in the number of operating commercial banks up to 500.

The crisis which originated from the factors external for Russian banks and Russian economy, uncovered serious internal issues in the operations of certain credit organizations: low level of corporate management, insufficient risk management, high risk concentration, insufficient asset flexibility. Thus, the banking sector has no other choice but to draw certain conclusions from the outcomes of the 2008-2010 financial crisis and mass bankruptcies and take relevant measures to improve the management of banking activity.

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