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APPROACHES TO STANDARDIZING THE BANK'S RISK MANAGEMENT SYSTEM

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In an unstable environment, the theoretical foundations and standards of the banking risk management system will help to avoid a significant negative deviation from the planned performance indicators of the bank as a result of the "implementation" of risks, and in a crisis – to avoid bankruptcy, to overcome the crisis situation with minimal losses.

Methods of research: Methods of system approach, deduction, analysis and synthesis, general scientific research methods, as well as methods of functional analysis.

Introduction. Currently, one of the most important areas is risk management in the banking system as an area of standardization and a means of improving the efficiency of the bank.

The level of bank risk management processes has a huge impact on its quality functioning. On the one hand, uncertainty in decision-making processes becomes a source of risk, and on the other – provides a huge range of opportunities for the bank, and can both reduce and increase the cost of the banking business. In these circumstances, through risk management, we can find a balance between these two poles.

The main part. Today in the Republic of Belarus the requirements of the Resolution of the Board of the National Bank of the Republic of Belarus No. 550 of 29.10.2012 are used to regulate the risk management system in banks [1].

At the moment, the main international acts that regulate risk management are the following:

1. The COSO-ERM model is an integrated risk management model adopted by the Committee of Sponsoring Organizations of the Treadway Commission [2].
2. The RMS model is a risk management standard that was developed jointly with the Institute of Risk Management (IRM), the Association of Risk Management and Insurance (AIRMIC) with the participation of the National Forum of Risk Management in the UK Public Sector [3].
3. Basel II-international convergence of capital adequacy measurement and its standards, which are adopted by the Bank for International Settlements [4].

Table 1. – Parameters of risk management quality standards

Standard	Goal	Types of risks taken into account
COSO-ERM	Balance of profitability and risk	Maximum set
RMS	Maximizing profitability	Middle set
Basel II	Ensuring minimum regulatory capital	Minimum set

All the documents listed in Table 1 are aimed at achieving a certain goal. Thus, if the RMS Model aims to achieve maximum profitability, then the Basel II requirements set a clear limit on the minimum amount of regulatory capital, and only the COSO-ERM standard reflects the desire for a balance between profitability and risk. Based on this, we can note that each standard under consideration has its own types of risks: the maximum set in COSO-ERM, the average set in the RMS model, and the minimum set in the Basel II standard.

For example, Basel II, which is characterized by more deterministic and sophisticated methods and techniques for achieving the stated goal, largely uses limit management processes as a means of risk management. The difficulties of developing risk management methods while striving for a balance of profitability and risk have led to the fact that such a standard as COSO-ERM as the main method of risk management offers continuous monitoring and control of risky processes. the risk management methodology associated with the need for additional development of its practical implementation and, ultimately, with additional large costs.

According to the requirements of COSO, the organization must ensure the 3 main objectives of the company's management system:

– ensuring the productive and efficient work of the organization;
– guarantee of reliable reliable reporting;
– compliance with the established norms of this legislation.

5 important components of an effective company management system are listed below.

1. Managing the financial environment that determines the budget for the management system.
2. Risk assessment, which includes the identification and analysis by the company's management of important and significant risks in the course of achieving certain goals.

3. Management activities, procedures, methods and methods that guarantee that the management goals are achieved, and the risks identified in the strategy are overcome.

4. Internal communication processes that support the remaining management components, transferring management responsibilities to employees and providing information in the form and time frame necessary for employees to perform their duties.

5. Monitoring, which reveals the position of management within the process to management or to other parties outside the process, or shows employees involved in the process the application of an independent methodology, such as user-customized procedures or typical checklists.

The basic agreements are introduced by the Basel Committee on Banking Supervision (BCBS), a committee of banking supervisory authorities that was established by the central bank governors of the Group of Ten (G-10) countries in 1975. The main purpose of the committee is to provide guidelines for banking regulation. BCBS has issued 3 agreements: Basel I, Basel II and Basel III, with the intention to increase confidence in banks by strengthening banking supervision worldwide.

The main difference between these standards is that Basel I is set to define a minimum capital-to-risk-weighted asset ratio for banks, while Basel II is set to introduce supervisory functions and further strengthen minimum capital requirements, and Basel III is set to meet the need for liquidity buffers (an additional level of capital).

In the RMS standard, the balance between riskiness of transactions and maximizing profitability is recommended to compensate for the transfer of risk to a third party, for example, hedging or insurance.

Each standard asserts the need for continuity of risk monitoring and control processes, despite differences in the objectives and methods of risk management.

Most often, choosing a particular standard of banking services as the main one is not an easy task. The Bank often uses several standards at the same time, that leads to uncertainty in the risk management process. The choice of a risk management standard or its balanced expansion requires, firstly, a full understanding of the requirements of each standard and the methods of its practical application (implementation), and secondly, it significantly depends on the degree of maturity of both the risk management processes and the information technology management processes in the bank.

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