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THE ESSENCE OF THREATS TO THE FUNCTIONING OF THE BANKING SYSTEM AND RISKS IN THIS FIELD

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Abstract: *The article defines the importance of full and timely detection/recognition of challenges, threats and risks for the security of the banking system. The essence of the concepts "danger", "challenge", "threat", "risk", the relationship between them is clarified. Classifications of types of threats to the financial security of the banking system and risks of the latter are given. Lists of challenges and threats to the financial security of the banking system are provided. Requirements for risk management in the banking system are presented.*

Keywords: *danger, challenge, threat, uncertainty, risk, risk appetite, banking system.*

The article defines the importance of full and timely detection/recognition of challenges, threats and risks for the security of the banking system. It is noted that their in-depth analysis enables the formation of conceptual foundations for the further development of a sound strategy for ensuring the financial security (FS) of the banking system.

It is emphasized that for this, a clear and unambiguous interpretation of the essence of the concepts "danger", "challenge", "threat", "risk" and clarification of their interrelationship and interdependence and their impact on the safety of the functioning of the banking system is necessary.

The degree of coverage of the issues of threats to the functioning of the banking system and risks in this area was determined, and it was concluded that the study of the issues of full and timely detection / recognition of challenges and threats, elimination of risks in this area in order to increase the level of FS of the banking system are logically incomplete,

and therefore require further in-depth of research.

The purpose of the article is to determine the essence of threats to the functioning of the banking system and risks in this area, their relationship with other categories and the impact on the safety of the banking system.

The essence of the concepts "danger", "challenge", "threat", "risk", the relationship between them is clarified.

It is emphasized that the use of the terms "danger" and "threat" is determined by the used paradigms, since the mandatory prerequisite for development (and not ensuring security) within the framework of the self-assertion paradigm is the definition of specific dangers, and not security threats as in the security paradigm.

It was found that danger is the probability of causing harm, determined by objective and subjective negative factors, and as a result of its implementation, the emergence of a threat, and a challenge is a set of certain

circumstances not necessarily of a threatening nature, the embryonic stage of the formation of a threat, current phenomena, processes, changes in the external environment that do not directly affect the level of provision of FS of the banking system.

The author's vision of the threat of FS of the banking system is presented as the transition of danger from the level of possibility to the level of reality; a specific form of danger capable of harming the existing interests of the subjects of the banking system (as a form of manifestation of their economic / financial needs); existing economic / financial and other conditions and factors capable of directly or indirectly negatively affecting the FS of the banking system.

Challenges to the FS of a commercial bank and the banking sector of the national economy, threats to the FS of the banking system in general are given.

It is noted that threats to the FS of the banking system are divided by direction into: threats of violation of the ability of the banking system to function in the mode of extended reproduction; threats of unjustified changes in the Central Bank's functions; threats to the stability of the national currency; threats of violent loss of the FS of the banking system; threats of intentional illegal actions and access to the system of electronic money by unscrupulous entities, its hacking, falsification of electronic money; threats of destruction.

Classifications of types of threats and risks of the FS banking system are given.

Thorough elucidation of the essence and types of threats to the functioning of the banking system and risks in this area enables the development and implementation of strategies for ensuring the FS of the banking system.

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