

JEL Classification: E50

Sidorchuk Yana, applicant for higher education of Accounting and Finance faculty, Mykolayiv National Agrarian University, Mykolayiv, Ukraine

FEATURES OF APPROACHES FOR DETERMINATION AND ESTIMATION OF PAYMENT CAPACITY AND LIQUIDITY OF BANKING INSTITUTIONS

Introduction. Today one of the most important tasks of a commercial bank is to ensure its financial stability. The external appearance of financial stability of the banking institution is its solvency and liquidity. If a banking institution works at a loss, it leads to a reduction in its solvency, which automatically undermines the reputation and interest of the clients. Therefore, the reduction of liquidity and solvency in the condition of loss-making activities threatens the existence of a banking institution, which reflecting the relevance and importance of studying this problem.

Purpose. The main purpose of the article is to study the essence of the concept of "solvency" and "liquidity", to identify the relationship and differences between these concepts, as well as study solvency and liquidity standards.

Results. One of the important indicators that characterizes the financial stability of commercial banks is solvency and liquidity, which they reflect the ability of banking institutions to ensure the timely fulfillment of their monetary obligations. The article deals

with the concept of solvency and liquidity, the differences between these concepts are investigated. The generalization of the essence of the terms "solvency" and "liquidity" is carried out on the basis of researches of various scholars. Also, the economic standards set by the National Bank of Ukraine were considered in order to protect the interests of clients and ensure the financial reliability of banking institutions.

Conclusions. After considering the concept of solvency and liquidity of the banking institution, we can say that they are very close and mean the ability of the bank to fulfill its financial obligations, but nevertheless the category of liquidity is more spacious, and its degree depends on solvency. Another difference between these concepts is that liquidity support is a matter for the bank itself and it chooses the ways of its support at the level of established norms, then the solvency of the bank is more relevant to the functions of the state, namely, the National Bank of Ukraine.

Keywords: *solvency of a banking institution, bank liquidity, financial stability, solvency norm, liquidity norm.*

References:

1. Bondar, Ye. M. (2011), "The ratio of liquidity and solvency of commercial banks", *Aktualni problemy mizhnarodnykh vidnosyn*, vol. 95(2), pp. 78-79.
2. Herasymovych, A. M. Alekseyenko, M. D. and Parasiy-Verhunencko, I. M. (2006), *Analiz bankivs'koyi diyal'nosti* [Banking analysis], KNEU, Kyiv, Ukraine.
3. Derevs'ka, O. (2008), "Active-passive operations and liquidity management of the banking institution", *Zhurnal «Visnyk NBU»*, vol. 7, pp. 44-50.
4. Yepifanov, A. O. (2007), *Metodolohichni skladovi efektyvnoho rozvytku bankivs'koho sektoru ekonomiky Ukrayiny* [Methodological components of effective development of the banking sector of the Ukrainian economy], VTD, Sumy, Ukraine.
5. Postanova Pravlinnya Natsional'noho banku Ukrayiny (2001), "Instruktsiya pro porjadok rehulyuvannya diyal'nosti bankiv v Ukrayini".
6. Kosteryna, T. M. (2009), *Bankovskoe delo* [Banking], EAOY, Moscow Moskva, Russia.
7. Krylova, V. and Nabok, R. (2008), "Components of the liquidity management process of the bank", *Visnyk Natsional'noho banku Ukrayiny*, vol. 6.

8. Lavrushyn, O. Y. (2008), *Bankovskoe delo* [Banking], Moscow, Russia.
9. Mishchenko, V. I. and Somyk, A. V. (2008) "Liquidity of the banking system of Ukraine: scientific and analytical materials", *Tsentr naukovykh doslidzhen' Natsional'noho banku Ukrayiny*.
10. The Natsional Bank of Ukrayiny, available at: www.bank.gov.ua (Accessed 7 November 2017).
11. Regulation on economic norms regulating the activities of commercial banks: Resolution of the NBU Board of 21.12.1993, available at: <http://zakon2.rada.gov.ua/laws/show/v0114500-93>. (Accessed 7 November 2017).
12. The Verkhovna Rada of Ukraine (2000), "About banks and banking activities", available at: <http://zakon.rada.gov.ua/laws/show/2121-14> (Accessed 7 November 2017)
13. Prymostka, L. O. (2004), *Finansovyy menedzhment u banku* [Financial management at the bank], KNEU, Kyiv, Ukraine.
14. Rebryk, Yu. S. (2010), "The problem of treating the categories of "liquidity" and "solvency" in banking", *Problemy i perspektyvy rozvytku bankivs'koyi systemy Ukrayiny*, vol. pp. 93-99.



This work is licensed under a Creative Commons Attribution 4.0 International License