BANKING LIQUIDITY AND MAIN FACTORS OF INFLUENCE

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In the current crisis, the liquidity of the banking system is one of the most important facilities management arm of Central Banks and the effective functioning of the banking system and ensuring monetary policy. Excessive or insufficient liquidity adversely affects not only the bank, but in general the entire banking system of the country. The optimal level of bank liquidity - a condition for the effective performance of its functions by the bank and the banking system: it determines their reliability, financial stability and competitiveness.

This issue was investigated scholars such as V.Mischenko, I. Voloshin, A. Moroz and others. So the main purpose of the article is to elucidate the factors affecting bank liquidity.

"Liquidity is the ability of a business to pay its debts using its liquid assets"[3].

The liquidity of the banking system is its dynamic state that is controlled and regulated by the central bank of each country. "A bank's liquidity is determined by its ability to meet all its anticipated expenses, such as funding loans or making payments on debt, using only liquid assets. Ideally, a bank should maintain a level of liquidity that also allows it to meet any unexpected expenses without having to liquidate other assets. The bigger the cushion of liquid assets relative to anticipated liabilities, the greater the bank's liquidity"[3].

The Bank, in comparison with other institutions, characterized by high risk because bank managers must consider the maximum number of factors and the degree of their impact on the bank's liquidity, since ignoring certain factors in the future may lead to a deterioration of the financial stability of the bank. Pressure on bank liquidity, in turn, can be divided into external and internal.

The external factors include the indirect effects of factors: Global crisis global economy, the economy of the state, economic factors, political factors, social factors,

technological factors.

And direct the spout: the level of regulation of banks from the state monetary policy, the development of the interbank market, the level of banking competition, the structure and stability of the banking system.

“Along with external factors affecting the liquidity of the bank internal factors. On reputation, size, financial condition, the number of customers largely depend on the possibility of bank deposits, networking with partners and investors, which affects the quality and structure of assets and liabilities”[1, p. 11].

“Banks must constantly manage liquidity, maintaining it at a sufficient level for timely fulfillment of all obligations given their volume, maturity and currency payments, to provide the desired ratio between own and borrowed funds, build optimal structure of assets increasing share of high-quality assets with an acceptable level of credit risk to fulfill lawful demands of depositors, creditors and all other customers” [2, p. 39].

A very important factor in the liquidity of the bank is the quality of the resource base, because it is a determining factor for the volume and degree of active operations of the bank. The criterion of the resource base is its stability. The greater the proportion of stable resources, the higher the liquidity of the bank, since it facilitates predictability and manageability. Increasing the proportion of stable funding base reduces the need for liquid assets in the bank, as it involves renovation liabilities.

Off-balance sheet operations affect the liquidity of the bank and it can both increase and decrease. Thus, off-balance sheet credit commitments in the future lead to the necessity of implementation of the bank is issuing credit that will reduce its liquidity.

“Estimation of the commercial banks’ liquidity is extremely important task and it is essential to consider it in the various aspects. Also for the most accurate results it is necessary to implement comprehensive assessment, both at the individual and at the international level. Only in this case, bank liquidity can be estimated more fully and adequately” [4].

The balance of assets and liabilities in the amounts and timing is crucial in the

process of providing liquidity to the bank. It is almost impossible to make a liquidity crisis at the bank, because the bank's obligation will be provided with the available resources, and coordination of assets and liabilities in terms of the obligations will ensure timely implementation without loss-making assets. The higher this consistency, the more balanced policy pursued by the Bank, the higher the liquidity, more stable financial position.

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