

FINANCIAL RISKS ANALYSIS FOR A COMMERCIAL BANK IN THE ROMANIAN BANKING SYSTEM

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ABSTRACT: The main goal of every bank is managing the risks arising from banking transactions in order to have a profitable activity. Bank managers must identify and manage all risks associated with each business they enter into, since exposure to significant risks reduces the present value of expected future cash flow. The main financial risks associated with the activities of a bank arise as a result of the bank's operations in the financial sector. Financial risks a bank is confronted consist of credit risk, liquidity risk, market risks (interest rate risk and currency risk). Because an inefficient management of financial risks causes the majority of bankruptcies in the banking system, this category of risks has a significant position in the managerial process of any bank. Our paper focuses on assessing the exposure of a commercial bank from the Romanian banking system to financial risks.

Key words: financial risks, credit risk, liquidity risk, interest rate risk, currency risk

Jel Codes: G21, G32