

# Theoretical Approach to the Banking Crisis Management Model

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*One of the main problem in the field of crisis management, which has developed to date, is the lack of a unified approach of scientists to its essence, functions and tasks. As a result this problem raises disagreements in the authors' approaches to the crisis management process, number of its stages and the sequence of their implementation. First of all, it concerns the sphere of banking services. Consequently, the aim is to clarify the essence of the "crisis management" concept, as well as to build a model for its implementation, adapted to the Ukrainian banks activities.*

Key words – crisis, crisis management, essence, model.

## I. Introduction

In recent years not only in Ukraine, but also in many European countries, crisis phenomena have been increasingly observed, especially in the banking sector. Most often such crisis phenomena have negative consequences and reflected not only on the efficiency of the bank itself, but also cause massive population insolvency and economic imbalance of the country as a whole. Since crisis phenomena are mostly local in nature, so at first they arise at the level of the separate functioning of the banking institution. So here the crisis management should act in order to prevent crisis further development. This confirm us in a need to study problems of development and improvement of banking crisis management in Ukraine.

## II. The main research matherial

The problem of the banking crisis management is not the first year in the center of scientific research of domestic and foreign scholars. Analyzing scholars work we can see two main approaches to its interpretation for today. Representatives of the first approach argue that the banking crisis management is a combination of tools and methods that should take effect only in the case of the bank crisis and aim to prevent start of a bankruptcy case and bank liquidation.

According to the second approach representatives, the banking crisis management is a set of preventive measures that must be implemented before the crisis in order to avoid it, maintaining the financial stability of the bank, stability and competitive positions in the market.

In our view, banking crisis management is an integral part of the overall management system, which should be carried out continuously, and the nature of the measures has to be determined by the type, depth and severity of the crisis.

To sum up, we recommend that the banking crisis management model should include sixteen successive interconnected steps, which have to take into account the features and conditions of Ukrainian banks activities (fig 1).

## Conclusion

In conclusion, banking crisis management list of stages is not exhaustive, as it can change depending on the specific conditions of the bank activities, its type and the current situation. However, adherence to our proposed list and the sequence of the crisis management stages will make this process uninterrupted and, consequently, more effective.

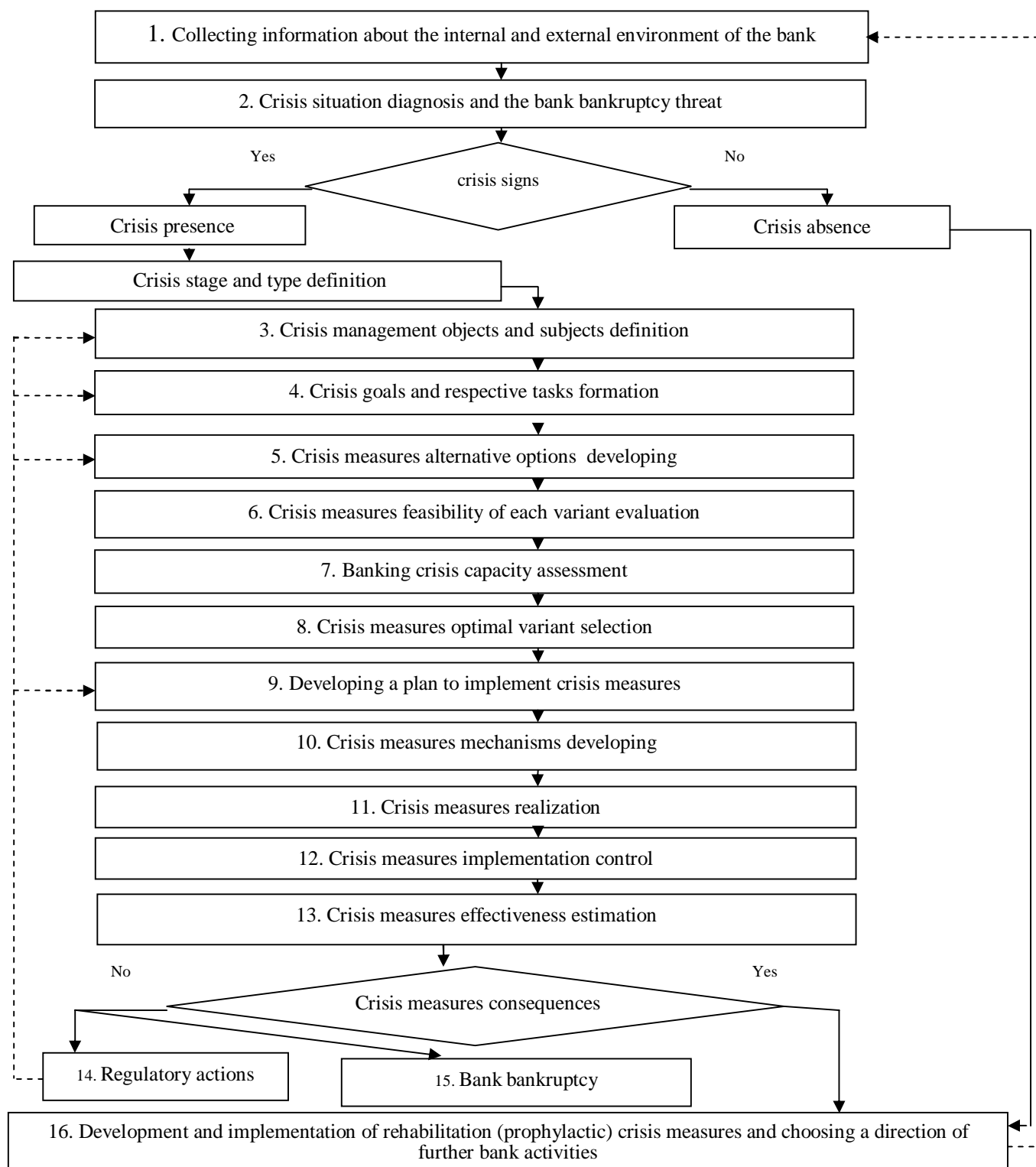


Fig. 1 - Graphic interpretation of the banking crisis management model

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