Секція 14. Фінансова економіка

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**TO THE QUESTION OF RISK MANAGEMENT**

**OF NON-STATE PENSION FUNDS**

Risk management is a rather difficult task, because in the case of an increase in the volume of assets in the portfolio, the probability of acquiring poor-quality financial instruments is increasing. Therefore, the process of optimizing the investment portfolio should be integrated into the general scheme of financial resources management NPF. There should be a comprehensive risk management system that takes into account the activities of non-state pension providers.

The processes of risk management are important since it enables to access, analyze possible losses, plan for procedures for their possible reduction, and also to determine the economic effect of such an activity [1, c.339]. Currently, the risk management of domestic NPFs is limited to the risks associated with the investment of pension assets and is not actually carried out in relation to the risks associated with the administration of funds and the storage of pension assets, since such a management is not regulated by the current normative documents.

In our opinion, the risk management system is a set of elements that interact with each other for the adoption and implementation of management decisions aimed at reducing the likelihood of adverse outcomes and minimizing potential losses.

The main risks of management are NPFs, asset management companies, and regulatory and oversight. In the risk management system, it is necessary to take into account the fact that the fund is managed at the same time by three institutions: an administrator, an asset management company and a custodian bank, which means that the risk assessment of the NPF depends on the performance of these institutions [2].

The main objectives of risk management are the following ones:

- prevention, forecasting and detection of threats;

- ensuring more efficient use of financial resources by applying criteria for assessing the financial condition of non-state pension funds.

The risk management system is not possible without identifying a specific algorithm that simplifies the identification and risk assessment procedure, as well as provides optimal management of them with minimal financial losses.

The NPF risk management process involves several steps:

1) identification of risk (determination of possible losses, probability of a negative event, duration of exposure);

2) risk assessment (selection of risk assessment criteria, determination of the level of certain types of risk acceptable to NPFs, determination of the actual risk level, possibility of increase or decrease of risk in the future);

3) methods of reducing the risks of NPF activities (diversification of assets, risk insurance, legislative establishment of compulsory compensation for possible losses of NPFs from investments in banking institutions);

4) monitoring and control of the decisions and actions taken (generates feedback in the identified system, the effectiveness of the risk management system is assessed, updates of risk information. This allows to make up more adequate and timely decisions on risk management) [3, c .92].

The proposed risk management system for NPFs should be used as a basis for developing a qualitatively new system of state supervision and control over the NPF sector, based on monitoring risk assessment and improving the analysis of their statistical information and reporting. Such a risk assessment should be based on common approaches and indicators, rather than at the discretion of the individual non-state pension provider, primarily asset management companies.

In many countries, the risk-oriented approach to managing NPFs is becoming more widespread. It provides a constant process of identifying the most critical risks that arise in the activities of the NPF, strengthening the monitoring of such risks by supervisors, assessing the management of risks in pension funds and their financial vulnerability to potential adverse consequences.

**References:**

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