

Проблемы управления валютным риском в банковском секторе

Фатеева Анастасия Александровна, студентка 4-ого курса РЭУ имени Г.В. Плеханова, г. Москва, Российская Федерация

E-mail: nesteafat@gmail.com

Аннотация

Данная статья посвящена рассмотрению проблем валютных рисков и анализу управления валютными рисками в банковском секторе. Рассматривается состояние валютного рынка России, анализируется динамика курса доллара к рублю. Исследуется сущность хеджирования, как сегмента по управлению валютным риском. Выявляются ключевые производные финансовые инструменты управления рисками и проблемы их использования.

Ключевые слова: риски, банки, риск-менеджмент, хеджирование, валютный риск, методы снижения валютных рисков, финансовые риски банков.

Currency risk management problems in the banking sector

Fateeva Anastasia Aleksandrovna, student, Plekhanov Russian University of Economics, Moscow, Russian Federation

E-mail: nesteafat@gmail.com

Abstract

This article is devoted to the problems of foreign exchange risks and analysis of currency risk management in the banking sector. The state of the Russian foreign exchange market is considered, the dynamics of the dollar against the ruble is analyzed. The research examines the essence of hedging as a segment for managing foreign exchange risk, the key derivative financial instruments for risk management and the problems of their use.

Keywords: risks, banks, risk management, hedging, currency risk, methods of reducing currency risks, financial risks of banks.

Today, in modern market conditions, the level of financial risks is increasing, the regulation of which is becoming one of the most important factors in ensuring the stability of

organizations. Banks are most active in financial activities and are subject to financial risks, and in particular, foreign exchange risk is one of the main risks for banks. In case of successful management of foreign exchange risk, the bank gains a competitive advantage; in case of unsuccessful management - serious losses.

First of all, it should be noted that to prove the relevance of currency risk management in the Russian economy, it is enough just to look at the dollar rate chart:

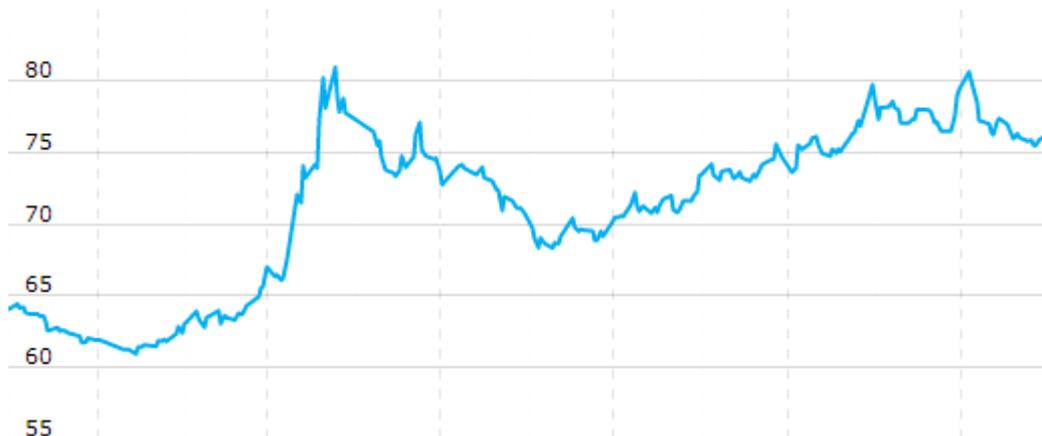


Fig. 1. The dynamics of the exchange rate of the US dollar to the Russian ruble 2020

This situation with the exchange rate in 2020 serves as the emergence of currency risks for many Russian banks. Therefore, currency risk is the uncertainty of changes in the bank's future cash flows due to changes in foreign exchange rates. An indicator of currency risk is the size of an open currency position in a particular currency. Currency position means "the difference between the claims and liabilities of the bank acquired as a result of transactions for the purchase and sale of foreign currency, the conversion of one type of currency into another, as well as other transactions, as a result of which the requirements or obligations of the bank expressed in foreign currency change". In other words, the foreign exchange position is the ratio of claims and liabilities in foreign currency. [1. стр. 256] For example, take currency position of the largest bank in Russia and a leading international financial institution – Sberbank:



Fig. 2. The open currency position of Sberbank in 2019

The Bank is exposed to foreign exchange risk due to open foreign exchange positions. It means that the Bank's assets are more than liabilities. The main sources of open foreign exchange positions in the banking book are: lending and attraction operations in foreign currencies and income received in foreign currencies. Foreign exchange risk is realized due to unfavorable changes in exchange rates.

Volatile exchange rates and price volatility can become both a path to success for modern business and a cause of the loss of all capital. Trying to minimize the consequences of a rebound in the opposite direction, banks insure their risks. One of the most common methods of such insurance is hedging. Hedging instruments are used as part of foreign exchange risk management. The essence of hedging foreign exchange risk is the use of instruments (forward and spot transactions with foreign currency, as well as derivative financial instruments, the underlying asset for which is the currency), the positions of which are opposite to the open foreign exchange positions of a bank. Consequently, hedging foreign exchange risks is a way to protect finances from fluctuations in the exchange rate of the foreign currency that is the object of the transaction. It is aimed at eliminating negative price fluctuations by concluding fixed-term contracts with the current exchange rate fixed at the time of the agreement. Such insurance guarantees the safety of the invested funds, but not generating income. [2. стр. 240] In particular, the already mentioned Sberbank consolidates the aggregate open exchange rate on a daily basis and manages the open currency position of the banking book in order to reduce the currency risk. The Bank uses exchange transactions with SPOT settlements, forward contracts, and futures contracts for the US dollar traded on the Moscow Exchange as the main tools for managing currency risks. In order to limit currency risk in financial markets, Sberbank employees set limits on the open currency position for all portfolios of

operations, maximum loss limits (stop-loss) that are sensitive to currency risk, as well as limits on value at risk (VaR).

Despite the fact that the importance of hedging for ensuring sustainable development is quite high, it comes with certain costs and many difficulties that companies face when developing and implementing a hedging strategy.

To fully hedge its currency risks, banks need a fairly wide range of financial instruments, from forwards and swaps to complex options and structured products. In the financial market of Russia and the Commonwealth of Independent States, many of the necessary instruments are absent both on the exchange and on the OTC market. Thus, on the Moscow Exchange futures exchange market, settlement futures contracts for the US dollar, euro, Australian dollar, pound sterling, Swiss franc, Japanese yen, Turkish lira, Ukrainian hryvnia, as well as options for futures on the US dollar are traded. The OTC market offers the ability to specify and negotiate a variety of US dollar and euro contracts, but pricing in this market is rarely highly competitive. In the space of most of the CIS countries, the derivatives market provides practically no opportunities for concluding urgent transactions in the currencies of these countries, both on the exchange and OTC markets.

The second major source of additional costs in financial hedging is the relatively low level of liquidity. In terms of traded volume, OTC contracts for Russian rubles are an order of magnitude behind the indicators of the US dollar and other world currencies. At the same time, the gap grows significantly with increasing complexity of the instrument - from forwards to options. In October 2020, over 82% of the volume of spot transactions in the Russian foreign exchange market falls on contracts of the Russian ruble against the US dollar, another 17.5% - on contracts against the euro. In the derivatives market (forwards and swaps), transactions with the US dollar account for 86%, with the euro - 13%, there is practically no liquidity against other world currencies. [3]

To hedge risks with derivatives, as a rule, the company needs to regularly enter into a significant number of hedging transactions. A large volume of transactions is associated with significant costs of their conclusion. Moreover, the financial risks of the company are hedged based on the planned parameters of the hedged item. In Russian conditions, such planned parameters have a high degree of inaccuracy, as in any developing market. Hedging with imprecise forecasting has a number of consequences. The first implication is a very limited range of hedged items. The range of hedged items in a poor planning situation is limited only by the most stable sources of risk. The second consequence of hedging in an imperfect planning environment is the need to reduce the hedging share.

Further, the problem with associated risks also should be mentioned. An associated risk is the risk of diverting liquidity when entering into financial hedging transactions. In a volatile market, liquidity outflows are possible, which could threaten the company's solvency. An example of the realization of this risk is any crisis in which a bank cannot fulfill the requirements of the exchange and its counterparties for transactions, and then the company finds itself on the verge of financial bankruptcy. This important problem is linked with the disastrous approach used in Russia to managing foreign exchange risk: companies begin to hedge foreign exchange risks during periods of volatility in the foreign exchange market, i.e. when rate fluctuations have already had a certain effect on their display.

In the light of the foregoing, there is a question: how can banks eliminate the problems of currency risk management? There are measures, which help to reduce the issues:

1. Constantly monitor changes in the balance of foreign exchange derivatives, where:

a) assets - foreign exchange derivatives purchased by the bank for the purpose of hedging its own foreign exchange risk, expressed in the value of the open foreign exchange position;

b) liabilities - foreign exchange derivatives purchased by organizations and enterprises from a commercial bank for the purpose of hedging foreign exchange risk.

2. In the long term, with the expected depreciation of the national currency, the bank seeks to close the foreign exchange position

3. With low volatility of the national currency during the crisis period, the bank should strive to increase the active part of foreign exchange derivatives in relation to liabilities by the value of the optimal value of the open foreign exchange position of the banking book. So the equality should hold: the volume of assets denominated in currency derivatives minus the volume of liabilities denominated in currency derivatives equal to the optimal value of the open currency position of the banking book. In this case, one should proceed from the assumption that the bank cannot completely close the foreign exchange position in the short term and it is enough for it to reach such a value of the open foreign exchange position, at which the foreign exchange derivatives at its disposal are able to pay off foreign exchange losses.

4. With a high volatility of the national currency during the crisis period, a commercial bank should increase the volume of foreign exchange options (relative to other foreign exchange derivatives). This is because, in the event of an unfavorable change in the rate of the national currency, the currency option gives the right to refuse to exercise it and thereby minimize losses.

Overall, financial risk in the banking sector is a possible financial loss associated with unexpected changes that have occurred with the main components of the financial activities of the

bank. To neutralize risk, a system of various methods is used based on the principle of allocating resources between investment objects with different degrees of risk or assets in which the degrees of risk and profitability are close.

The bank's activity cannot be without financial risk, because indicators with a high degree of risk bring the greatest profit. Banks` executives must adhere to the following rules to effectively manage financial risks: do not avoid risks, but reduce them; constantly assess possible financial losses, their level and frequency of occurrence; do not be afraid of financial losses that do not exceed the expected profit and cause damage, do not immediately make decisions.

The key to success in any bank or company in general is in prompt, detailed and reliable information on financial flows. Forecasting also plays an important role: any hedging strategy, even the most sophisticated, can become ineffective and ultimately too expensive without it.

Список использованных источников

1. Лаврушин О. Банковские риски // Под ред. О. И. Лаврушин, Н. И. Валенцева. – М.: Кронус, 2016. – 292 с.
2. Ларионова М. Риск-менеджмент в коммерческом банке // Под ред. И. В. Ларионова. – М.: Кронус, 2016. – 456 с.
3. Статистика Банка России. Структура оборота внутреннего валютного рынка и рынка производных финансовых инструментов // Официальный сайт Сбербанка [электронный ресурс] – Режим доступа. – URL: <https://www.cbr.ru/statistics/finr/> (дата обращения 03.12.2020).

References

1. Lavrushin O. Bankovskie riski // Pod red. O. I. Lavrushin, N. I. Valenceva. – М.: Kronus, 2016, 292 p.
2. Larionova M. Risk-menedzhment v kommercheskom banke // Pod red. I. V. Larionova. – М.: Kronus, 2016, 456 p.
3. Statistika Banka Rossii. Struktura oborota vnutrennego valyutnogo rynka i rynka proizvodnyh finansovyh instrumentov // Oficial'nyj sajt Sberbanka <https://www.cbr.ru/statistics/finr/>