

CREDIT RISK MANAGEMENT IN THE BANKING

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Abstract

Credit risk is treated as a major risk inherent to banking operations . If not properly managed this risk can lead to major problems and even to bank failure .The credit risk management is not a simple task for banks because it contains a set of activities to identify, measure and control in order to minimize this risk . Credit risk has a part in achieving the goals and overall success in banking . In this paper an attempt is made to identify the credit risk by the banking industry and the process of credit risk management. Examine the various ways that are taken from the banks in order to reduce the risk and improve banking in the future . Credit risk management is becoming a source of competitive advantage and effective management of the banking business . As one of the solutions in order to properly manage credit risk in this paper puts emphasis on meeting the requirements of international standards.

Each bank should integrate the management of credit risk in its management system. Only those banks that will effectively manage credit risk will survive the market in the long term. Without credit risk management in banking success is not possible.

Key words: *banking, bank risk, credit risk, credit risk management*