

**GAP MANAGEMENT IN INTEREST RATE RISK ASSESSMENT  
IN THE UKRAINIAN BANKING SYSTEM**

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**Research methodology.** The research methodology is based on the use of general and special scientific methods, including: scientific abstraction, generalization and logical analysis, which allowed to determine the effect of interest rate risk on the bank; a systematic approach to assess the riskiness of the global banking sector and to identify the sensitivity of the banking system to this risk.

**Results.** Based on the analysis of risk management of the world banking sector it is found that one of the most important risk for the bank is an interest rate risk.

Sources of the risk, its classification and analyzes of its impact on the balance sheet, income and economic value of the bank are described. The extent and nature of exposure confirms the importance of effective risk management to ensure the reliability of the bank. The basic principles in the management of interest rate risk are pointed out.

Sensitivity of the Ukrainian banking system to the interest rate risk is analyzed. It is determined that over the investigation period Ukrainian banks managed to achieve consistency between the views of GAP and forecast changes in its direction, speed and level of interest rates and keep the interest rate risk at an acceptable level.

**Novelty.** The interest rate risk at the level of the Ukrainian banking system based on GAP management techniques is analyzed, allowing to assess the situation with the management of this risk as a whole at the macro level.

**Practical value.** The dynamics of interest rate risk indicators of Ukrainian banks in 2002 – 2013 is analyzed, which gives possibility to assess the quality of banks risk management, identify trends and outline directions for future research.

**Keywords:** banking system, interest rate risk, risk management, GAP management, net interest margin, interest rate risk index.

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