

# CLASSIFICATION OF FINANCIAL RISKS OF BUSINESS ACTIVITIES

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Entrepreneurial activity is always associated with risk. As a rule, the greatest profit is brought by operations with an increased level of risk. But, at the same time, with an increase in the level of risk, the threat of loss of financial stability and bankruptcy of the enterprise increases.

As an economic category, risk means the probability of unforeseen losses (decrease or complete loss of profits, loss of planned income, occurrence of unforeseen expenses, loss of part of income or all of equity) in a situation of uncertainty in the conditions of financial and economic activity. It is possible to better understand the economic essence of risk by classifying it according to certain characteristics.

Depending on the level of decision-making, two types of risks can be distinguished: global and local. Global risks are risks at the level of the national economy caused by changes in the political situation in the country and the macroeconomic parameters of its development. Such risks include political risks, as well as risks associated with changes in legislation (tax, currency, investment, etc.), the development of domestic and foreign markets, the financial market, etc. Local risks are risks arising at the enterprise level. They can be associated both with the solution of issues in everyday financial and economic activities (development of management tactics), and with decisions in the field of long-term economic development (development of strategy and individual financial policies). The risks of current activities include: the risk of erroneous actions on the part of financial managers (the risk of lost profits, an increase in current expenses, a decrease in solvency, etc.); the risk of exposure to natural forces (the occurrence of force majeure circumstances). The long-term (strategic) development of the enterprise is associated with those types of risks that affect the formation of financial policy in certain aspects of financial and economic activities. Such risks include inflation risk, investment, emission, interest, tax, the risk of loss of financial stability, etc. Depending on the cause, the risks are systematic and unsystematic. Systematic risks are risks that do not depend on the financial and economic activities of the enterprise, but exist objectively at the national level (inflation risk, interest, currency, tax, investment risk when macroeconomic investment conditions change). Non-systematic (specific) risks directly depend on the financial and economic activities of the enterprise and arise, as a rule, when mistakes are made by management entities. Unlike systematic risks, which cannot be managed at the micro level, unsystematic risks can be prevented by developing a special mechanism for their neutralization at the enterprise. According to the types of entrepreneurial activity, industrial, commercial and financial risks are distinguished. Production risk arises in the process of production activities in the event of interruptions and a decrease in production volumes, an increase in the material intensity and labor intensity of products. Commercial risk is associated with the sale of products

(services), the purchase of raw materials, materials, etc. and may occur in the event of a decrease in the planned sales volumes, an increase in purchase prices, an increase in circulation costs, loss of products in the process of circulation.

Financial risk arises when enterprises enter into relations with various financial institutions (banks, investment, insurance, leasing companies, exchanges, etc.). The reasons for this risk are inflationary factors, an increase in the average level of bank and deposit interest, a decrease in the value of securities, etc. The scale of financial risk in those enterprises that are professional participants in the financial market, as a rule, is much larger.

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