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APPROACHES TO EVALUATION OF STRATEGIC FINANCIAL MANAGEMENT EFFICIENCY IN A BANK

In the current operating environment of banking system, strategic financial management plays an important role. However, despite its high significance this control system is not sufficiently studied, researched and described in both domestic and foreign literature.

Effective strategic financial management system should provide:

- stable and long-term growth of the value of the bank
- coordination of strategic and operational objectives of the individual subsystems of financial management
- motivation of parties of financial management and other stakeholders to achieve the general objectives of financial management.

Based on these requirements the idea of effective financial management in the bank can be defined as a system that provides incentives to management and business stakeholders to ensure long-term growth of the value of the bank. Definition of the strategic financial management efficiency criterion is the most important and

complicated part of development of financial strategy. The complexity of building efficiency criterion for evaluation of the effectiveness of the strategic financial decisions portfolio and selection of alternatives for further development lies in determination of the following key points:

- selection of a financial model for evaluation of the effectiveness of strategic decisions
- identification of key performance indicators for strategic development of the bank
- assessment of the innovative character of the strategic decisions made
- recording of management flexibility and of active development of the most favourable scenario for the bank.

The value of the bank represents present value of the future cash flows from the bank's assets and resources rather than recorded profit. Strategic criterion of the bank is formulated in terms of maximization of wealth of bank investors and owners.