Types of Financial Risks: Identification, Analysis & Strategies

Understanding and managing market, credit, liquidity risks to secure financial stability and growth.

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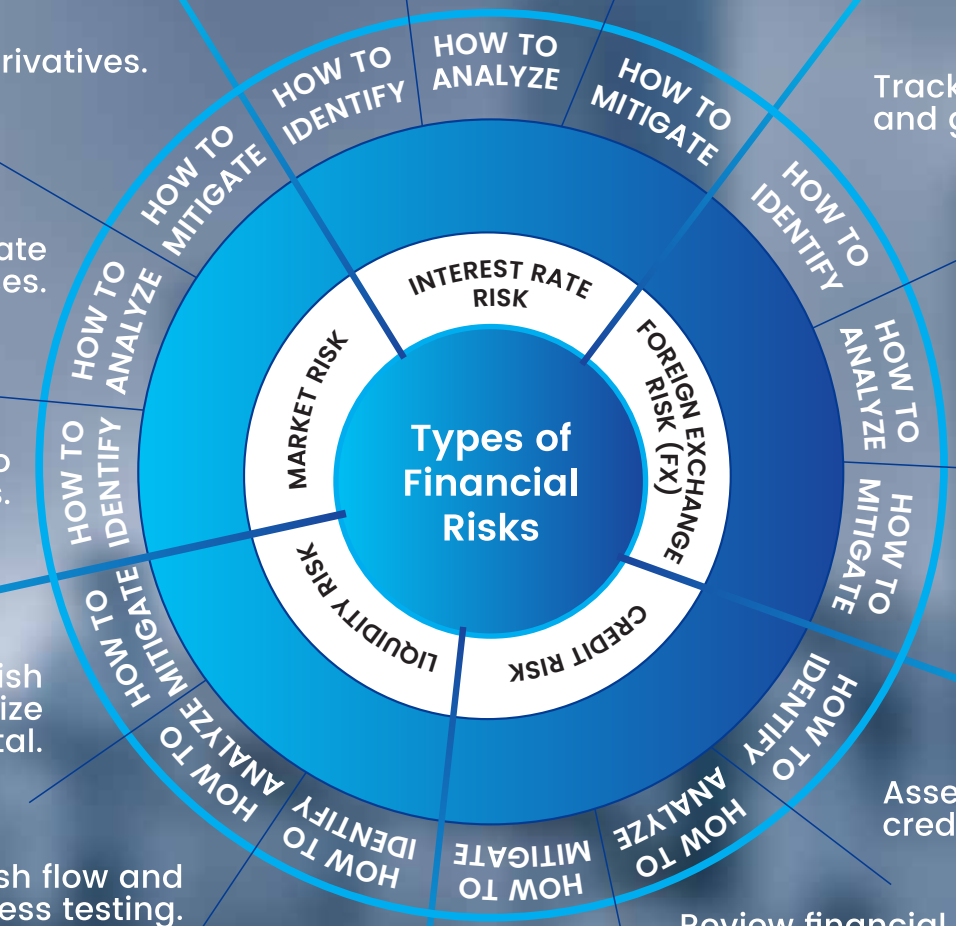

Analyze gaps, assess how interest rate changes affect earnings and capital.

Hedge with swaps, options, or shift to fixed-rate debt.

Track foreign currency transactions and global operations.

Evaluate exchange rate effects on revenue, costs, and profits.

Use forward contracts, futures, options, or natural hedges for currency risks.

Assess client and counterparty creditworthiness.

Review financial statements, credit reports,and payment history.

Apply credit policies, set limits, diversif clients, and secure collateral.

Identify cash flow shortages.

Forecast cash flow and perfor stress testing.

Maintain reserves, establish credit lines, and optimize working capital.

Assess exposure to financial market fluctuations.

Use VaR models to estimate potential losses.

Hedge market risks with derivatives.

Review floating vs. fixed-rate exposure on debt and investments.

Risks ↓ 1-5

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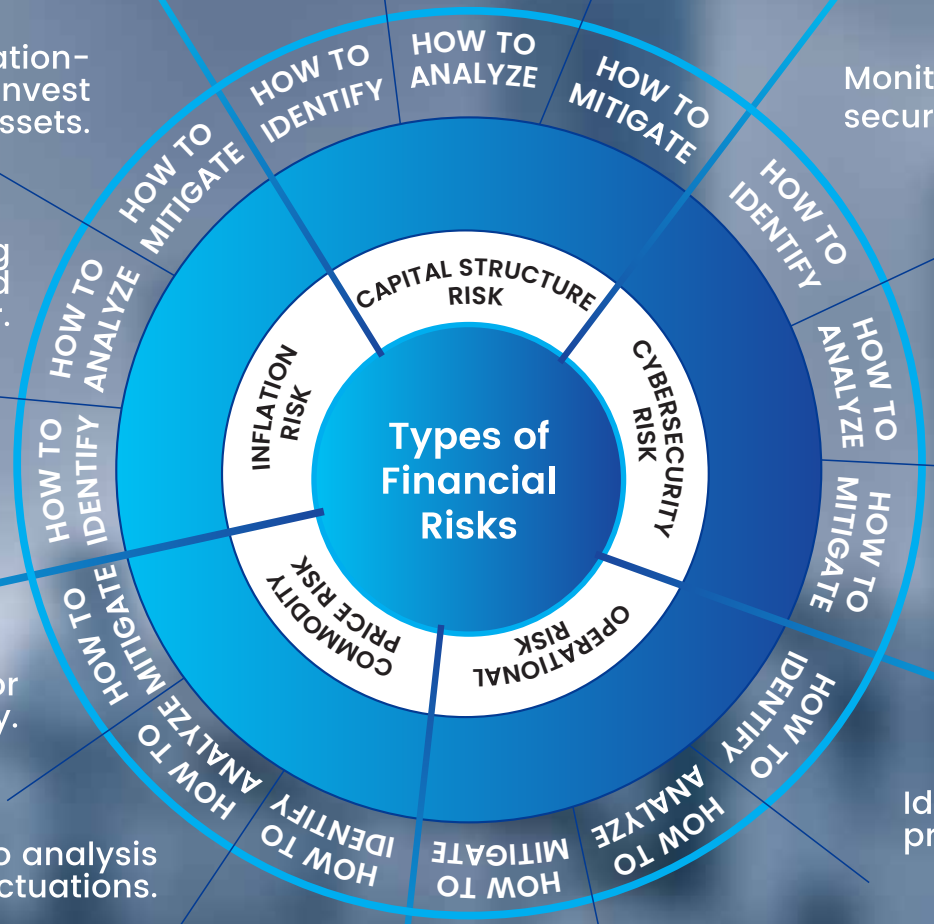

Analyze capital structure's Impact on leverage, cost of capital, and ROE.

Optimize the debt-to-equity ratio and consider refinancing or equity issuance to maintain a healthy balance.

Monitor digital infrastructure for security vulnerabilities.

Evaluate the potential financial losses from data breaches, cyberattacks, or loss of sensitive information.

Implement strong cybersecurity protocols, use encryption, and conduct regular security audits.

Identify exposure to commodity price changes.

Use scenario analysis and KRIs to evaluate risks.

Strengthen controls, automate processes, and plan contingencies.

Identify fixed-cost contracts during inflation.

Perform scenario analysis for price fluctuations.

Use futures, forwards, or options to hedge volatility.

Identify contracts or revenues tied to fixed costs during inflationary periods.

Analyze the effect of rising costs on profit margins and purchasing power.

Adjust pricing, use inflation-linked contracts, and invest in resistant assets.

Monitor digital infrastructure for security vulnerabilities.

Risks ↓ 6-10

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