

## **INSOLVENCY AND BANK FINANCIAL POLICY**

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**ABSTRACT:** *Insolvency is one of the most often used actions in the economic intern environment. This can be used by companies as a tool for obtaining the restructuring of bank loans or to provide shelter to enforcement. For banks, that means serious problems because they are forced to fully provisioned credit granted to companies that enter into insolvency, even if the rates are paid to date or with small delays, any guaranties was held. In this situation, for banks in Romania, the perception of risk is very high which blocks the credit.*

*The purpose of this paper is to show how insolvency affects banking risks, with serious consequences on the national economy. The paper highlights the need to improve the regulations in order to make a better national business environment.*

**KEYWORDS:** *Banking Risk, Risk Management, Insolvency, Credit Tightening*

**JEL CLASSIFICATION:** *K20, K34, G 00*