

# The Financial Risk Management Strategies in the Banking Sector

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**Abstract:** Banks play a vital role in the financial system, facilitating credit, payments, and wealth management. However, their operations are inherently risky, exposing them to potential losses from various sources. Robust financial risk management strategies are crucial for banks to ensure their solvency, profitability, and overall stability. This paper explores the key financial risks faced by banks, analyzes the different approaches to managing these risks, and highlights the importance of a comprehensive risk management framework.

**Keywords:** Financial Risk Management, Banking Sector, Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Reputational Risk, Compliance Risk, Risk Mitigation Strategies, Stress Testing, Capital Adequacy, Cyber Security, Data Analytics, Climate Change Risk, Scenario Planning, Regulatory Scrutiny.

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