

# Management of Credit Risk

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**Abstract:** . While commercial banks have faced problems for many years for a number of reasons, the most fundamental cause of serious banking problems is directly related to lenient standards applied to credit granted to borrowers and counterparties, poor risk management of their portfolios, or failing to concentrate on changes in economic or other factors that lead to a decline in the creditworthiness of a bank's counterparties. This is a general trend for both G-10 and non-G-10 countries.

**Keywords:** Credit risk.