Abstract. Causes leading to one or another type of business risks follow in and converge leading to the payment inability of the company. The first wrong step starts from excessive costs diminishing the added value and generating an insufficient profitability. Low profitability negatively influences the self-financing ability, which becomes insufficient as compared to the investment performed. All of these influence cash flow that, being insufficient, leads to the company getting loans. The loans incur financial costs that add to the already existing ones and at the same time affect the entity solvability – the financial condition of business survival. Putting a diagnosis to the economic risk by means of financial leverage or the financial lever effect, where the lower the financial leverage value, the lower the operation risk. Putting a diagnosis to the economic risk by means of financial leverage as an effect stabilizes only the influence of indebtedness over rate of return on self-owned capital, and the influence on the net outcome of changing by one percent the operating result affected by financial costs, respectively. The SWOT analysis and rating analysis applied to partial diagnosis as a consequence of repeated market dysfunctionalities encountered by the economic agent allow a quantity and quality approach of the analyzed aspects.

Key words: financial leverage, financial profitability, bankruptcy.