FINANCIAL SECURITY OF THE MARKET AS A GUARANTEE OF REALIZING THE INTERESTS OF BUSINESS ENTITIES

Summary

It was determined that the state and business entities are the main economic subjects in market relations. The purpose of the financial market has been studied, which consists in providing it with the proper conditions for attracting the necessary funds and selling temporarily free resources. It was concluded that during the development of the financial market, its institutional structure is constantly changing, and the forms of financial institutions reflect the possibilities of providing financial services in specific historical and economic conditions. The basic rules by which a real and effective financial market is built, etc. change in the number of business entities in Ukraine. Conducted the distribution of financial market participants according to economic, legal and functional characteristics. Financial market participants are classified by financial security objects.

Introduction

The instability of Ukraine’s economy, caused by political and military factors, accelerates the processes of the negative impact of the competitive environment on economic entities, making their business vulnerable and unstable. Rapid changes in the political situation in the country, new composition of relations between the main business players, the collapse of old and the formation of new financial alliances, intensifying economic competition add special urgency to the issue of financial security of business entities in the conditions of the instability of the Ukrainian economy. Taking into account the acquired experience requires improvement and further development of the theoretical and methodological apparatus of financial security of enterprises as an important area of security science. There is a need to improve the existing methods of ensuring the financial security of business taking into account modern requirements.

The principles of ensuring financial security attract the attention of a growing number of scientists due to the emergence of new principles, forms, rules, and business tools. Financial security becomes one of the most important requirements of conducting business.
In the conditions of the formation of a financial system in Ukraine, oriented to the social market economy, risk is inherent in the activities of all business entities. The nature of risk is such that its implementation can lead not only to losses in the conduct of economic activity, but also provides an opportunity to increase its profitability. Risk implies multivariate development decisions, so it can exist only under the condition of active management and regulation of the economy. With this in mind, there is a direct relationship between risk and security. On the one hand, an increase in the riskiness of economic activity leads to a decrease in the level of financial security of the business object, on the other hand, excessive risk avoidance provokes a decrease in business activity, which also makes it vulnerable against the background of more active participants in the competitive market.

The effective development of the economy of Ukraine depends on the proper provision of security of the financial market with a systematic and step-by-step definition of improvement tasks for each of its segments. In this regard, fundamental studies of theoretical and practical aspects of financial security in the conditions of instability of the modern financial market are timely and relevant.

**Part 1. Financial market as a sphere of realization of financial interests**

One of the key aspects of the National Security of Ukraine is the stability of its financial system, as well as the stability and effectiveness of the existing economic policy. Rapid changes in the political situation in the country, new compositions of relationships between the main players of the financial market, the collapse of old and the formation of new financial alliances, the intensification of economic competition add particular urgency to the issue of the functioning of the financial market in the conditions of the transformation of the Ukrainian economy.

Today, the market system is the most efficient and flexible compared to the centralized totalitarian systems of economic management. A competitive market environment allows for the most complete and rational distribution of limited financial resources in society and creates a solid foundation for commodity production.

The main economic subjects in market relations are the state and economic subjects — enterprises (firms) and households. The state, as a subject of a market economy, performs the coordinating and regulatory function of economic development, engages in the production of public goods and acts through the system of state institutions and budgetary organizations. Shkolnyk I.O. in [20] notes that the specificity of the final results of the state’s activity is that, unlike business entities, the state does not set the goal of profit maximization.
One of the main functions of the state is the creation of a supply of money, which is necessary to meet the needs of economic subjects of market relations. The activity of enterprises (firms) in market conditions consists in the production consumption of resources, the implementation of extended reproduction for the purpose of obtaining profit. Therefore, enterprises are the main production link of the economy.

Households in the system of market relations perform a double role. On the demand side of the final goods market, households act as buyers. On the supply side, households, as owners of resources for production needs, turn into sellers.

The financial market is a reflection of progressive economic development of society, its social institution with the corresponding system of economic relations.

With a regulated market, the activity of its subjects is controlled by the state in the legal field. Distribution of financial resources and consumption of the public product is carried out centrally in accordance with concluded contracts and orders. Researchers do not have a single opinion about the economic significance of a regulated market for society. Some define it as civilized, aimed at humanizing and satisfying the interests of society, while others define it as a totalitarian and subordinate system of relationships where economic laws obey state necessity.

According to Directive 2004/39/EC of the European Parliament and the Council of April 21, 2004 [8], on the markets of financial instruments "regulated market" means a licensed and regularly functioning multilateral system, maintained and/or managed by a market operator, which combines or facilitates the combination of numerous interests of third parties for the purchase and sale of financial instruments in accordance with technologies and its own non-discretionary rules in a manner, which leads to the conclusion of agreements regarding financial instruments that have been admitted to circulation in accordance with the rules and/or technologies.

The financial market is an exceptionally complex structure with a large number of participants – financial intermediaries who operate with various financial instruments and perform a wide range of functions for servicing and managing economic processes. However, this is a market in which there are sellers and buyers, there is a product that is sold and bought. But this product is special – it is money provided for use: temporarily – in the form of loans against obligations, or forever – under shares [18].

The financial market is one of the spheres of market economic relations. Its specificity lies in the fact that the subject of purchase and sale are financial funds. In some agents of economic relations, they are temporarily released, while in others there is a need to attract them to finance current or capital costs. Therefore, a group of debtors is formed, which corresponds to a group of
creditors. Both groups are very mobile, production agents can simultaneously buy and sell free funds [17; 18].

From the above definitions, it can be concluded that they characterize the market as a mechanism of financial relations, where the object is securities and the mandatory presence of participants. The distinguishing features between the given definitions are that the first refers to the rules that exist in the market; in the second – about intermediaries who use various financial instruments and perform service and process management functions; in the third definition, it is said that the subject of purchase and sale are financial funds, which summarizes all money.

The financial market in a market economy is a supporting structure, primarily for the finances of business entities. The purpose of the financial market is to provide them with the appropriate conditions for attracting the necessary funds and selling temporarily free resources. Thus, economic entities, except for the state, are practically equal in the financial market, both in the role of buyer and seller of resources [19].

The state in the financial market must ensure the needs of business entities and financial institutions with financial resources. Goods are financial resources that, after their acquisition (purchase), are put into permanent or temporary use, and the price is a fee for their use [19].

In the process of development of the financial market, its institutional structure is constantly changing, and the forms of financial institutions reflect the possibilities of providing financial services in specific historical and economic conditions.

In the developed economies of the world, the peculiarities of the construction of the institutional structure of the financial market were determined by the evolution of the regulatory influence of the state on its development. In particular, in [11] V.I. Kravets, notes that the formation and development of bank-oriented financial markets in the EU countries is inherent in economic systems with a traditionally strong regulatory influence of the state on economic processes, therefore, at the current stage, all models of financial market regulation are used with a tendency to consolidate as a dominant model of a mega-regulator. In countries with a predominantly liberal approach and minimization of the role of the state in managing the economy (USA, Great Britain), the formation of stock-oriented markets took place, and at the current stage of the development of the financial market, the sectoral model with an extensive system of regulatory institutions prevails [11].

In transformational economic systems, the formation of the financial market was carried out mainly in a revolutionary way. A feature of countries with a transformational economy is the direct influence of the state on the effectiveness of reforming the banking sector and on the further development of the structure of the financial market. Thus, in countries with relatively rapid
and qualitative changes in the banking sector (Eastern European and Baltic countries with an indicator of the ratio of assets of banking institutions to GDP at the level of 50% and the ratio of capitalization of the stock market to GDP at the level of 15.6%), a sufficiently developed stock market was formed segment with operating non-banking institutions competing with commercial banks on the market of financial resources.

In countries with slow rates of banking reforms (Ukraine, CIS countries), the stock market and non-banking financial institutions have significantly lagged behind in development, while the dominant role of banking institutions has been consolidated and opportunities for balanced development of the financial market have narrowed.

Globalization of the world economy and the reform of the financial system after the global economic crisis caused a significant increase in the volume and value of international flows of financial capital. This leads to changes in relations between financial market participants, redistribution of spheres of activity and influence. With the increase in the degree of openness of the national economy and the strengthening of competition on the world market, the problems of ensuring economic security are becoming extremely urgent. Financial security is one of the most important components of the economic security of the state. Without stable functioning of the financial system and the financial market, it is impossible to further increase the economic and scientific and technical potential of Ukraine, which will make the state self-sufficient and independent.

Recently, the influence of the globalization process on the stability of the functioning of national financial systems and financial markets of many countries, including Ukraine, is increasing: there is a progressive growth of the world financial market, the mobility of production factors is increasing significantly. As a result, the global financial sphere plays an increasingly important role in economic development, which is a potential danger to macroeconomic stability and stability of the national financial system. Increasing interconnection and interdependence of national financial markets, the emergence of new financial instruments accelerate the speed of movement of financial flows between countries. The volume of transferred financial resources is growing significantly as a result of the activities of transnational corporations and banks, large investment funds, whose actions are often beyond the control of national governments. The volume of speculative operations unrelated to real production is increasing. Business operations are becoming more and more global in nature, which increases the possibilities of tax evasion and the legalization of income obtained through criminal means. The development of information and telecommunication technologies leads to an increase in the volume and variety of financial information and creates the
problem of its technical distortion, which increases the risk of making incorrect decisions.

With the integration of Ukraine into the world economy, the dangers for the sustainable functioning of the national financial system, which globalization brings with it, are increasing due to a significant imbalance in the development of certain sectors of the stock market, the underdevelopment of the financial infrastructure, the imperfection of financial legislation, and the improvement of financial crimes. With the increase in the degree of its openness, the Ukrainian economy is becoming more and more vulnerable to various kinds of financial threats. Their detection, forecasting and neutralization become an important state task. Ensuring the financial security of the country comes to the forefront of the tasks of its progressive development.

The principles of the financial market are the basic rules by which a real and effective financial market is built. The first principles for the development of the stock segment of the market were approved by the Resolution of the Verkhovna Rada of Ukraine «On the Concept of the functioning and development of the stock market of Ukraine» [14].

S.M. Yesh in [9] provides the basic rules by which a real and efficient financial market is built:

1. The integrity of the market within the country is ensured by the presence of a single stock exchange as a single place of quotation of securities, a single central Securities Depository and a single Clearing Bank; determination of uniform exchange rates for all securities admitted to circulation and quotation throughout the country [8].

2. Centralization is the implementation of state control and direct regulation of the integral system of circulation of securities, which is provided by specially created state bodies.

3. Transparency is the availability for all market participants of significant amounts of reliable information about financial services and the entities that provide them, about securities and their issuers.


5. Real protection and protection of investors’ rights – creation of necessary conditions for realization of the interests of financial market subjects and protection of their property rights.

6. Compliance of the national securities circulation system with generally accepted international standards for the security of investors’ interests and rights – provision of high guarantees for the attraction of local and foreign investments in equity capital and the development of the national economy.
7. Social justice – ensuring the creation of equal opportunities and simplifying the terms of access of investors and borrowers to the financial market, preventing monopolistic manifestations of discrimination against the rights and freedoms of subjects of the securities market.

8. Regulation – creation of a flexible and effective system of regulation of the financial market.


10. Efficiency is the maximum realization of potential opportunities for mobilizing and placing financial resources in promising areas of the national economy.

11. Legal orderliness is the creation of a developed legal infrastructure for financial market activity, which clearly regulates the rules of behavior and relationships of its subjects.

12. Competitiveness – ensuring the necessary freedom of entrepreneurial activity of investors, issuers and market intermediaries, creating conditions for competition for more profitable attraction of free financial resources, and establishing non-monopoly prices for the services of financial intermediaries and conditions for monitoring compliance with the rules of fair competition by market participants.

The integrity of the market is ensured by the functioning of a single exchange system operating under the auspices of the National Stock Exchange, the National Depository and securities clearing (settlement) systems. The principle of integrity requires the implementation of uniform basic rules regarding pricing on the securities market throughout Ukraine.

**Part 2. Institutional foundations of financial market organization and regulation**

Most modern scientists [9; 11; 18, etc.] divide financial market participants according to economic, legal and functional characteristics.

1. According to economic characteristics, the main subjects of activity on the financial market are:

   - households (population);
   - business entities;
   - state;
   - local authorities.

Banks, specialized non-bank financial and credit institutions: credit unions, pawnshops, insurance companies, pension funds, investment and financial funds, leasing, trust companies, etc. form a system of intermediaries in the financial market, through which savings of households, accumulation of firms
and enterprises are transformed into loans and investments for other business entities.

2. Financial market participants are divided into individual (individuals), institutional (legal entities) and state regulatory bodies based on their legal status.

Natural persons – citizens of a certain state, stateless persons and foreign citizens who have certain rights and obligations on the financial market in accordance with current legislation make up the contingent of individual participants.

Legal entities – enterprises, organizations, societies, companies, foundations, etc., which are not state regulatory bodies, are classified as institutional participants of the financial market. They have separate property, certain rights and obligations, current accounts in the bank are characterized by organizational unity, they are able to act on their own behalf, and other inherent features.

State regulatory bodies – bodies of legislative, executive and judicial power, as well as other state bodies occupy a special place in the financial market.

3. Depending on the functions performed by financial market entities, they can be divided into the following groups:

– the main or direct participants of the financial market – sellers and buyers of financial assets (instruments, services);
– infrastructures – financial intermediaries (financial institutions);
– professional participants of the financial market – entities that perform auxiliary functions (service functions of the main participants or individual operations on the financial market, etc.). They are part of the infrastructure of the financial market, but perform auxiliary, service functions, unlike financial institutional intermediaries.

From the point of view of financial security, financial market participants can be classified as shown in Figure 1.

Let’s consider the main types of financial market participants in relation to their main groups.

Transformations in the system of relations between economically independent economic entities, the processes of European and world economic integration fundamentally changed the conditions of life of households in Ukraine. Since the share of households consisting of persons who are not related by family relations is 0.38% of the total number of households (0.49% of the number of households excluding singles), in modern economic conditions the concepts of «household» and «family» are very close [17].

In terms of content, household finances reflect the ultimate goal of the distribution and redistribution processes in which households are involved – the formation and use of funds. So, money funds (in the most general form – consumption and accumulation funds), which are created and used by members
of households in the process of their social and economic activities, are the material content of household finances. These funds are the specific feature that distinguishes finance from other economic categories [9].

Sources of household income include wages, profit and mixed income from business activities, income from property, social benefits, pensions, scholarships, inheritance, etc.

According to official data, wages make up 56.6% of the total income of urban households and 35.8% of rural households.

![Figure 1. Classification of financial market participants by objects of financial security](image)

Source: developed by the author based on [9; 11; 18]

The second source of income according to the State Statistics Service of Ukraine [7] – pensions, scholarships, benefits, benefits, subsidies and compensation payments provided in cash – 25.8% and 27.2% for urban and rural households, respectively. Cash assistance from relatives and other persons, other cash assistance is 6.5% and 10.5% for urban and rural households, respectively.

The main types of household expenses are expenses for the purchase of food and non-food goods, payment of utility services, payment of taxes, growth of financial assets, charitable activities, etc.

Between the essence, phenomenon, form and content of household finances, there is a close dialectical relationship and certain contradictions, caused by the peculiarities of the law of unity and the struggle of opposites, which make it possible to deeply understand the theoretical and practical foundations of household finances, to achieve the unity of theory and practice, to ensure their
effective use to ensure the appropriate level of socio-economic development of society and satisfaction of the economic interests of all its members [5].

With the development of the stock market, a special model of transformation of savings into investments was formed for owners of small savings – the so-called collective investment model. At the heart of this model is the mechanism of indirect investment, when the investor owns not claims to one or another company, but a share in the portfolio of a mutual fund [12; 14].

The legally supported and, in our opinion, the most universal definition of an enterprise is given in the Economic Code of Ukraine [6].

An enterprise is an independent business entity created by a competent state authority or local self-government body, or by other entities to meet public and personal needs through the systematic implementation of production, research, trade, and other economic activities in the manner prescribed by the Economic Code of Ukraine and other laws, the Enterprise does not have other legal entities in its composition, but has the right to create branches, representative offices, branches and other separate divisions that do not have the status of a legal entity.

In the Economic Code of Ukraine, as amended on 03/22/2012, peconomic entities are recognized as participants in economic relations that carry out economic activity, realizing economic competence (a set of economic rights and obligations), have separate property and are responsible for their obligations within the limits of this property, except for cases provided for by law. Business entities are:

1) economic organizations – legal entities created in accordance with the Civil Code of Ukraine, state, communal and other enterprises created in accordance with this Code, as well as other legal entities that carry out economic activities and are registered in accordance with the procedure established by law;

2) citizens of Ukraine, foreigners and stateless persons who carry out economic activities and are registered in accordance with the law as entrepreneurs.

The number of economic entities in accordance with the State Statistics Service of Ukraine [7] is shown in Table 1.

Business entities, depending on the number of employees and income from any activity per year, can belong to small business entities, including micro, medium, or large business entities.

Today in the world, where most countries have a developed market economy, the financial market is an important, even more necessary environment for the efficient functioning of the economy.

The financial market is a component of the financial system of the state, it is a mechanism for the redistribution of financial resources between individual
An important participant in the financial market is the state, which can be a supplier, user of financial resources, an intermediary, and also act as a regulator of relations in the financial market.

The government in any country regulates the financial market through legislative support for its functioning, regulation and determination of the rules of emission and circulation of securities, licensing of the professional activities of financial market participants and intermediaries, control over the implementation of their professional activities, protection of the rights of investors, control over the implementation of antimonopoly legislation and the pricing system in financial markets [9].

The main purpose of state regulation is the implementation of complex measures by the state regarding:

– creation of conditions for effective mobilization and placement on the market of free financial resources;
– protection of the rights of investors and other financial market participants;
– control over the transparency and openness of the market;
– compliance by market participants with the requirements of legislative acts;
– prevention of monopolization and promotion of fair competition in the financial market.

Among the areas of the financial market that must be regulated by the state, the following should be highlighted:

– admission of securities to public trading;
– disclosure of information by issuers;

<table>
<thead>
<tr>
<th>Year</th>
<th>All business entities</th>
<th>Enterprises</th>
<th>% in the total number of economic entities</th>
<th>Individual entrepreneurs</th>
<th>% in the total number of economic entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1974439</td>
<td>343561</td>
<td>17.40</td>
<td>1630878</td>
<td>82.60</td>
</tr>
<tr>
<td>2016</td>
<td>1865631</td>
<td>306470</td>
<td>16.43</td>
<td>1559161</td>
<td>83.57</td>
</tr>
<tr>
<td>2017</td>
<td>1805144</td>
<td>338341</td>
<td>18.74</td>
<td>1466803</td>
<td>81.26</td>
</tr>
<tr>
<td>2018</td>
<td>1839672</td>
<td>355956</td>
<td>19.35</td>
<td>1483716</td>
<td>80.65</td>
</tr>
<tr>
<td>2019</td>
<td>1941701</td>
<td>380673</td>
<td>19.61</td>
<td>1561028</td>
<td>80.39</td>
</tr>
<tr>
<td>2020</td>
<td>1973652</td>
<td>373897</td>
<td>18.94</td>
<td>1599755</td>
<td>81.06</td>
</tr>
<tr>
<td>2021</td>
<td>1714882</td>
<td>259717</td>
<td>15.14</td>
<td>1455165</td>
<td>84.86</td>
</tr>
<tr>
<td>2022</td>
<td>1613833</td>
<td>254831</td>
<td>15.79</td>
<td>1359002</td>
<td>84.21</td>
</tr>
</tbody>
</table>

Source: according to [7]
functioning of trade organizers (stock exchanges and trade information systems);

– regulation of the activities of professional market participants, primarily brokers and dealers, and their relations with clients;

– advertising on the securities market;

– prohibition of price manipulation [9].

The role of the financial market in the financial and economic sphere of every state is extremely important, and Ukraine is no exception. The financial market is the largest environment for attracting investments, and therefore it is not surprising that it is constantly in the center of attention of the Verkhovna Rada of Ukraine, the President of Ukraine, the Cabinet of Ministers and other state structures. In Ukraine, the financial market is at the stage of formation, it has not yet established traditions, standards and rules of work, which is the most important reason for the need for effective regulation of the financial market by the state.

Part 3. Theoretical and practical problems of financial market security in the conditions of transformation of the economy of Ukraine

The effective development of the country’s economy depends on proper security of the financial market with a systematic and step-by-step definition of improvement tasks for each of its segments.

Financial security of the state is the degree (level) of protection of the state’s interests in the financial sphere, or such a state of the budgetary, tax and monetary systems that guarantees the state’s ability to effectively form and rationally use the country’s financial resources to ensure its socio-economic development and financial services obligations [19].

In the economic literature, various categories are used to characterize the level of financial security, primarily threats. Threats to the financial security of Ukraine are a set of real or potentially possible phenomena and factors that create danger for the realization of national interests in the financial sphere. Threats complicate self-regulation of the economy and realization of financial interests, cause financial indicators to go beyond their threshold values. The tasks of the state are to identify threats, measure the level of their danger, implement adequate measures to prevent and eliminate threats, as well as the negative consequences of their influence [13; 19, etc.].

In the Concept of ensuring national security in the financial sphere [10], which was approved by the Decree of the Cabinet of Ministers of Ukraine on August 15, 2012, it is noted that «the state of national security in the financial sphere depends on the phenomena and factors of both the internal and external financial and credit policy of the state, the political situation in the state, the perfection of the legislative support for the functioning of the financial system, as well as the state’s international obligations». 
The phenomena and factors that can lead to the creation of internal threats to national security in the financial sphere include:

– instability and imperfection of legal regulation in the financial sphere;
– uneven distribution of the tax burden on business entities, which causes tax evasion and capital outflow abroad; outflow of capital abroad as a result of the deterioration of the investment climate;
– low level of budget discipline and imbalance of the budget system; increase in the amount of public debt; tintization of the economy;
– insufficient level of gold and currency reserves; significant level of dollarization of the economy; significant fluctuations in the exchange rate of the national currency, not due to the action of macroeconomic factors;
– weak development of the stock market, in particular in terms of the application of accounting mechanisms and the transfer of ownership rights to securities, as well as ensuring the protection of investors’ rights on the stock market;
– insufficient level of capitalization of the financial system [4; 10; 13; 15].

Institutional deformations have an extremely negative impact on the system of ensuring the financial security of the state. Institutional deformations are qualitative distortions of the institutional forms of the financial and economic system [11].

The main forms of institutional deformations in the financial system of Ukraine at the current stage are: shadow economy, raiding, unproductive capital outflow, corruption and shadow parastatal. It is these forms of institutional deformations that are the largest in scope, socio-economic consequences and real threats to the financial security of Ukraine. The shadow economy is one of the main forms of manifestation of institutional deformation of the economy of any country. The systemic consequences of shadowing in the financial sphere are: the loss of effectiveness of monetary policy levers due to a significant volume of hryvnia and foreign exchange turnover, which is not subject to regulation by means of the banking system; loss of effectiveness of fiscal instruments, waste of scarce budget resources; loss of social policy potential, decline of the social sphere, spread of shadow employment, growth of population income differentiation; decrease in the level of accumulation in society and its loss of investment potential, outflow of resources from the process of social reproduction; inhibition of the transition to an innovative model of development due to insufficient investment development and ineffective reproduction of human capital [11].

No less threatening institutional deformation of the Ukrainian economy is raiding as an unfriendly takeover of companies and redistribution of property and corporate rights. At the same time, unfriendly «Ukrainian» takeovers are most often reduced to forceful takeovers of enterprises under the guise of legal or pseudo-legal grounds. In Ukraine, raiding has acquired excessive cynicism
and aggression, turned into a real social catastrophe, which not only threatens the development of the economy, but also makes doubtful the prospects for the existence and development of medium and small businesses in Ukraine. Raiding has acquired a systemic character, as state and law enforcement agencies, courts, state executive service, etc. were often involved in the schemes of illegal appropriation of enterprises.

A real threat in the financial sphere of Ukraine is unproductive capital outflow – these are transactions that are illegal or ineffective for the country. These include operations aimed at optimizing investment conditions, tax evasion, legalization of funds, etc. The main channels and schemes of unproductive withdrawal of capital are: operations in the field of foreign economic activity; investment operations; operations with securities; fictitious insurance and reinsurance operations, etc.

The next institutional deformation of the Ukrainian economy is corruption. According to data from the international risk rating and insurance company Allianz Global Corporate & Specialty (AGCS), one of the ten main risks for Ukraine in 2015 is the business risk associated with theft, fraud and corruption [22]. At the same time, in the conditions of the global economy, corruption is not limited to individual countries and acquires an international scale. Anti-corruption is one of the most urgent social problems of our time, the solution of which is extremely difficult and important for many countries. For Ukraine, corruption has become a factor that really threatens the constitutional order of the state and its national security. Scientists [1; 2; 19, etc.] is called a shadow parastate – a state-type macroeconomic level formation in which, as a result of a high level of corruption and shadowing, state services and public goods are distributed according to market principles. In such an entity, corruption markets of public services and public goods are finally formed and operate effectively. The shadow parastate includes markets for administrative and economic decisions, public positions, personnel policy, state privileges, state education and science, state protection of citizens’ rights and freedoms, the electoral system, etc. [1–4; 17, etc.].

All this objectively determines the implementation of active actions regarding the formation of an effective and efficient state risk management mechanism in the financial sphere, aimed at preventing crisis phenomena and minimizing their consequences, will ensure the effective functioning of the national economy in general and the financial sphere in particular.

Ukrainian and foreign financial market experts are very concerned about the shadowing of the Ukrainian economy. In today’s world economy, a gigantic flow of capital passes through offshore. Thus, according to the study The Price of Offshore Revisited by the Tax Justice Network, only citizens of developing countries have accumulated about 9.4 trillion dollars in offshore zones. Of these, 7.6 trillion are withdrawn from 20 countries, including Ukraine.
According to the calculations of the Global Financial Integrity program, the outflow of capital from the post-Soviet space to offshore amounted to about 750 billion dollars in 2000-2008. Ukraine has an outflow at the level of 82 billion dollars, and it ranks second in the world in terms of its size [22].

According to experts, in the past years, about 15 billion dollars were exported offshore annually. Part of this money was then imported back into the country, calculated as «foreign investment», but always less than what was exported. According to the estimates of a number of experts who conducted their calculations mutually independently, 53 billion dollars were taken offshore from Ukraine in the last year [4].

The Government of Ukraine is trying to minimize the consequences of the financial crisis, which are reflected in public finances. One of the steps taken by the CMU to stabilize the situation is the adoption of the Concept of Development of the State Finance Management System. The results of this concept [10] should be:

– strengthening the role of the Accounting Chamber as an independent body of external financial control in Ukraine;
– improving the mechanisms of interaction with the Verkhovna Rada of Ukraine to increase the effectiveness of the implementation of proposals and recommendations of the Accounting Chamber based on the results of control and analytical activities;
– reducing the influence of political factors on the formation of budget priorities;
– increasing the effectiveness and efficiency of budget expenditures;
– ensuring rational use of state finances and strengthening financial discipline, prompt response to occurrence or threat of occurrence of facts of inefficient use of state finances and financial violations;
– development of fair competition;
– ensuring rational and effective use of state funds;
– timely reimbursement of value added tax;
– strengthening of financial discipline of business entities.

The rapid processes of globalization of the world economy, which are reflected in the financial sphere of the modern information and economic environment, on the one hand, create new opportunities for financing the real sector of the economy, and on the other hand, increase the threat of absorption of the financial system of a country with a weak financial sector. The well-known Ukrainian economist V. Bazylevych notes: «In the conditions of transformational transformations of the economy, the financial market practically acquires the features of a powerful source of investment resources, ensuring the effective accumulation of funds and economically expedient satisfaction of the investment demand of economic agents for both short- and long-term resources» [3]. The American researcher A. Taylor, in the context of
current modern challenges of the national economy in the financial sphere, notes that: «The facts indicate that that countries with underdeveloped institutions have little to gain from financial openness. But those of them that actively introduce serious reforms are approaching the limit, which is followed by good results» [23].

Conclusions

Compared to the financial markets of other European countries, the Ukrainian financial market is quite young and is still in the stage of formation and development. Working on it, business entities arrange their economic relations in rapidly changing conditions of uncertainty, danger and risk. Their adequate and effective functioning remains among the main problems that need to be solved.

Business operations are becoming more and more global in nature, which increases the possibilities of tax evasion and the legalization of income obtained through criminal means. The development of information and telecommunication technologies leads to an increase in the volume and variety of financial information and creates the problem of its technical distortion, which increases the risk of making incorrect decisions.

With the integration of Ukraine into the world economy, the dangers for the sustainable functioning of the national financial system, which globalization brings with it, are increasing due to a significant imbalance in the development of certain sectors of the stock market, the underdevelopment of the financial infrastructure, the imperfection of financial legislation, and the improvement of financial crimes. With the increase in the degree of its openness, the Ukrainian economy is becoming more and more vulnerable to various kinds of financial threats. Their detection, forecasting and neutralization become an important state task. Ensuring the financial security of the country comes to the forefront of the tasks of its progressive development.

In the field of increasing the efficiency of the functioning of the financial market of Ukraine, it is necessary to form a state financial policy that would be adequate to the political and economic situation and would include a single balanced set of measures aimed at ensuring the stability of the financial system, preventing capital outflows, and rational use of financial resources.

Also, the issue of using global financial resources, in particular direct investments, which are of priority importance for the economic growth of the domestic economy, is becoming more and more relevant. At the institutional level, it is necessary to carefully analyze the issue of the need to create a single macro-regulator of the domestic financial market.
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