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THE CURRENT STATE OF THE FINANCIAL SYSTEM IN UKRAINE

Financial system is a set of financial transactions conducted by entities of financial activity using a certain financial and credit mechanism. Consideration of the financial system by the composition of entities involves the definition of subsystems of such activities. Such subsystems are public finances, finances of non–state enterprises and institutions, finances of citizens, joint venture finances, finances of foreign legal and natural persons, etc. In turn, each of the above elements covers a certain range of financial transactions. In particular, public finances include the state budget, public trust funds, state loans, finances of state–owned enterprises and institutions, etc. [1]. The financial system of any country has certain characteristics:

- each link of financial systems has its own method of mobilizing funds for the creation of financial resources and their directions and methods of their use;
- each link in the financial system is relatively independent, has its own specific scope of application;
- there is a close relationship and mutual conditionality between the links of the financial system, each link can function successfully only with the perfection and efficiency of the system as a whole;
- the financial system of the state achieves is the most effective only when the activity of each of its branches is well–coordinated and legally fixed;
- depending on the factors influencing the organization of finance, primarily on the formation and use of financial resources, each financial system may be divided into smaller units [2].

The state financial system can be viewed in several respects: on the one hand, as a set of financial institutions, each of which contributes to the creation and use of appropriate centralized and decentralized funds for the financial activity of the state, activities on the mobilization, distribution and use of centralized and decentralized funds to perform tasks and functions of the state and local self–government bodies. On the other hand (in the organizational aspect), the financial system can be considered as a set of bodies of state power and local self–government, which, within the limits of their competence, manage the financial activity of the state and enterprises, institutions and organizations involved in it.

Significant influence on the development and modern state of the financial system has the level of banking system functioning of the country. The problem with Ukraine's financial system lies in the fact that, unfortunately, it does not meet all the requirements of the country's economy. This is manifested in the fact that the existing system does not always allow to accumulate financial resources efficiently and to the full extent, and in the end – to redistribute them among its various spheres. As a result, the inflow of investments, which is so necessary for economic growth, is being slowed down, the competitiveness of the real sector of the economy decreases. Chronic imbalances in the

system of public finances in our time are conditioned not only by systematic mistakes in the process of budget policy implementation, but by its purely fiscal orientation, but also by problems in the conduct of tax policy. In order to increase the profitability of the state budget, the tax burden is constantly increasing, which is not always well-founded and rational and does not always tell the principle of social justice. The country is characterized by irrational cost structure and inefficient spending of budget funds.

The current state of the financial system in Ukraine has shown its negative trends and revealed a significant range of problems in this area, which require the immediate formation of effective measures to overcome them. The presence of crisis phenomena in the financial system of the country has led to the formation of a low level of financial security of Ukraine, which does not enable it to be competitive in the modern world market.

References:

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