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## KEY APPROACHES OF FINANCIAL STABILITY OF UKRAINE

**Анотація.** В статті розглянуті засади забезпечення фінансової стабільності розвитку України. Наведені основні фактори впливу на фінансову безпеку держави. Наведені передумови досягнення стабілізації та реалізації планів довгострокового розвитку. Досліджені перспективи підвищення рівня фінансової стабільності та безпеки держави в сучасних умовах.

**Ключові слова:** фінансова безпека держави, фінансова стабільність, макроекономічні показники, загрози фінансовій стабільності, заходи з регулювання.

**Аннотация.** В статье рассмотрены основы обеспечения финансовой стабильности развития Украины. Приведены основные факторы влияния на финансовую безопасность страны. Приведены предпосылки достижения стабилизации и реализации планов долгосрочного развития. Исследованы перспективы повышения уровня финансовой стабильности и безопасности страны в современных условиях.

**Ключевые слова:** финансовая безопасность государства, финансовая стабильность, макроэкономические показатели, угрозы финансовой безопасности, мероприятия по регулированию.

### Annotation

**Problem Statement.** Financial stability is the basis for development of individual sectors and society in general. Modern conditions require increased attention to the mechanisms of implementation of financial stability in Ukraine.

**Statement of the basic material of research.** The financial stabilization is not determined by only one factor. The list of material factors should be considered comprehensively and in their interaction. Thus financial development in Ukraine at present threaten not only internal but also external factors. Fundamentals of financial development is the degree of development of investment policy and the banking system.

**Conclusions.** To exclude speculation and external pressure also believe it necessary to ensuring the development of the foundations of the country's energy security. In the current situation, it is worth noting that the innovation in the form of a tax on deposits may be premature. Important step is to protect the financial interests of stabilizing the domestic producer, as well as the formation of high internal purchasing power.

**Keywords:** financial security of the state, financial stability, macroeconomic indicators, threats to financial security, management activities.

**Problem Statement.** Financial security of the state is the result of a complex interaction of national socio-political system and the financial and economic policy. Financial stability allows to implement their own development priorities under the constant influence of the conditions of the external and internal environment. That financial security determines the conditions of stability and effectiveness of civil society development.

**The analysis of last researches and publications.** Theoretical and methodological issues of financial stability of Ukraine were discussed in scientific papers of O.I. Baranovsky, L.V. Chernenko, B.I. Pshik, N.V. Kamasheva and others. However, not all aspects of financial stability are fully investigated in accordance with government policies.

**Article purposes.** The purpose of writing this article was to research the essence of financial security. Neutralization of the main

destabilizing factors provide the prerequisites for long-term development of the country and society. The important point is to find directions to ensure financial stability in Ukraine.

**Results.** Financial security of the state - the state of national finances and financial institutions, which is able to implement the progressive, socially-oriented development of the national economy, smoothing instability of the global financial system and to prevent the emergence of conflicts and social stratification. This concept is also formed under the influence of economic development level and characterizes it. Financial stability gives you the opportunity to create mechanisms for regulation of the economy and the formation of economic potential.

For the formation of financial security is important to establish mechanisms confrontation shadow schemes and processes the output of capital from outside the national

economy. Unacceptable for the development of economy and society is a manifestation of corruption or wrongdoing authorities at all levels. Significant cause of conflict is the struggle for the distribution capacity of the national budget system that can be neutralized clearly defined norms of the law with effective distribution mechanisms.

Fundamentals of financial development is the degree of development of investment policy and the banking system. In modern conditions manifested selectively direct foreign investment policy for business partners in the direction of increasing the volume of investment and portfolio investments in corporate securities market. However, there is a tendency to a decrease in the share of direct investments in various sectors of the real sector of the economy.

Financial security of any state define the following factors:

- state of balance revenue and expenditure budget;
- the possibility of free access to financial resources (a large part of the form factor of the international financial institutions and aid other countries);
- international economic relations that influence the formation and export potential;
- the nature of the national financial and credit policy pursued by the government;
- the possibility of constructive political struggle;
- state legislative support.

It should be noted that the financial stabilization is not determined by only one factor. The list of material factors should be considered comprehensively and in their interaction. Thus financial development in Ukraine at present threaten not only internal but also external factors.

Internal threats to financial stability:

- Tighten the aggravation of political opposition;
- The acquisition of the financial crisis and protracted recession deepening processes in the economy;
- Manifestation of structural imbalances in the development of certain sectors of the

economy; formation of unequal economic conditions in certain industries;

- Disruption of the financial and credit system and the weakening of its regulatory functions in the formation and execution of the budget, as well as targeted investment priority industries;

- Low level of social economy, the low level of domestic demand, narrowing the domestic financial market, reducing the role of domestic socio-economic growth stimulants;

- Strengthening the criminalization of economic relations, the growth of corruption;

- Increase in financial losses as a result of scaling up and deepening social tensions in economic relations.

Threat to the financial stability carries a massive capital outflow from the banking system. Amount taken deposits from individuals, including early, in January 2014 with more than 12 bln., Which makes the banking system vulnerable.

External threats to financial stability:

- Output great complexity of domestic products on international markets;

- Violation of national priorities Ukrainian entrepreneurs and their projects in the field of financial and real sector because foreign partners promote them profitable financial projects;

- The formation of foreign partners of such a chain of consumption, which leads to the formation of Ukraine's status as a "raw materials appendage";

- Opposition to the equal participation of Ukraine in the international structures of credit and financial regulation;

- Obstruction of Ukraine holding diversified foreign policy, pasture for civil society and economic development of the country;

- Increase in the external financial debt of Ukraine increased its dependence on foreign loans.

Action system of the factors described in quantitative terms can be illustrated by the degree of pressure on the multifaceted national monetary unit (Table 1).

Table 1

**The main factors supporting the national currency and the pressure on it\***

Factor	Value
<b>Factors support the hryvnia</b>	
Convert currency income of legal persons (according to the NBU Resolution)	50%
The gradual increase in the passive income of the banking system of Ukraine	19% over the period from 01.13 to 08.13 in **
Euro bonds are implemented, which helped to improve the national balance of payments	2.25 billion. hrn.
The gradual reduction in gas consumption	7.7% decrease from 01.13 to 08.13 comparison with SPLE
The gradual reduction of import transactions	12.4% decrease from 01.13 to 08.13 comparison with SPLE
<b>Pressures on the hryvnia</b>	
Obligation to pay international loans	7.3 billion U.S. dollars in 2013
Purchase of gas according to the external arrangements	18 billion cubic meters
Decline in foreign direct investment	18% less then 01.13 to 08.13 comparison with SPLE
Decrease in credit rating of Ukraine through the conclusion of an authoritative agency Moody's.	Caa1
Filling of the state budget of Ukraine	18% less than planned level of 01.13 to 08.13 comparison with SPLE
Increased demand for foreign currency	Demand for 0.6 billion dollars more offers in September 2013
Reducing the Bank reserves	11.5% decrease from 01.13 to 08.13 compared to SPLE to the value of 21.6 billion dollars

\* - As of 10.2013;

\*\* - SPLE - same period last year.

The problem of preserving financial stability across the country has increased due to massive outflow of deposits mainly individuals from the banking system. Outflow of funds available to investors in June 2014 amounted to 9.6 billion USD (1.5% of total investment). This figure is far to stabilize, since May this year outflow of \$ 8.2 billion USD (1.2% of total deposits). It is noteworthy that instead of panic among the population (depositors individuals) came excitement among the subjects of corporate law. 1.5% of their seized assets of the banking system, only 0.4% is owned by individual customers. Overall, individuals kept in Ukrainian banks 422.1 billion UAH. That exceeds that of business representatives. However, the total outflow of depositors individuals since the beginning of 2014 amounted to 19.2% of total deposits (more than 80 bln.).

This situation limits the Government's implementation of its programs and financial stability makes it very dependent on capital raised from international financial organizations. Among the institutions of the banking system of Ukraine loss of the deposit portfolio faces sharp limitation of profitability, and in some cases even raises the question of the withdrawal of the banking license. The greatest decrease in fixed deposit portfolio (based on 1 m. 2014):

- Russian Standard Bank - 19% (0.49 billion USD.);
- Brokbiznesbank - 22.6% (1.25 billion USD.);
- Raiffeisen Bank Aval - 7.81% (1.14 billion USD.);
- Oschadbank - 7.03% (2.53 bln.).

A number of financial institutions license revoked because of the complete insolvency. Among such institutions should be named

"BANK FORUM", JSC "Brokbusinessbank", PJSC "Real Bank" PJSC "CB" Pivdenkombank "and others. In connection with this additional burden placed on the Deposit Guarantee Fund, and with the amendments to the Law of Ukraine "On the system of guaranteeing deposits of individuals" - on a budget of Ukraine.

The main directions of the country's financial stability are disclosed in the Law "On prevention of financial catastrophe and creating prerequisites for economic growth in Ukraine." The main measures of stabilization are next:

- Strengthening of the tax burden on income of individuals on the basis of the introduction of a progressive scale;
- Increase in excise duties on a number of positions;
- The introduction of pension collection when buying foreign currency;
- The introduction of indirect tax on the turnover of drugs (MPE; rate of 7%);

- Lowering the threshold value of parcels from abroad for tax purposes to the equivalent of 150 Euros;

- Cancellation of certain benefits and privileges;

- A tax on deposits (solve the problem of the work of banks as fiscal agents of natural persons).

**Conclusions.** To exclude speculation and external pressure also believe it necessary to ensuring the development of the foundations of the country's energy security. In the current situation, it is worth noting that the innovation in the form of a tax on deposits may be premature. Many experts say the continuing outflow of funds from the banking system of precisely because of the introduction of taxation.

The most important step is to protect the financial interests of stabilizing the domestic producer, as well as the formation of high internal purchasing power. This will give the background to further economic development, improvement of living standards and population density stable budget.

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