

PalArch's Journal of Archaeology
of Egypt / Egyptology

FINANCIAL SECURITY OF PLAYERS IN THE FINANCIAL
MARKETS IN THE CONDITIONS OF GLOBALIZATION AND
STRATEGIC DEVELOPMENT

Valeriia Prokopenko

*D.Sc. in Economics, Professor of the Department Economics of Management,
V.N. Karazin Kharkiv National University (Kharkiv, Ukraine)
E-mail prokopenko_valeriia@ukr.net, ORCID ID: 0000-0002-4030-3255*

Nadiya Doroshenko

*Ph.D in Economics, Associate Professor, Associate Professor of the
Department of Finance, Banking and Insurance
V.N. Karazin Kharkiv National University, (Kharkiv, Ukraine); E-mail:
DoroshenkoN@icloud.com , ORCID ID: 0000-0002-6652-710X*

Maryna Ponomarova

*Ph. D. in Economics, Associate Professor, Associate Professor of the
Department of marketing, entrepreneurship and production organization, V.V.
Dokuchaiev Kharkiv National Agrarian University, (Kharkiv, Ukraine); E-
mail:univerms@ukr.net; ORCID ID: 0000-0001-8463-821X*

Natalia Kornieva

*Ph.D.in Social and Behavioral Sciences, Associate Professor,
V.O.Sukhomlynskyi Mykolaiv National University, (Mykolaiv, Ukraine), E-
natKorneva2205@gmail.com;ORCID ID: 0000-0002-7309-8673*

Dmitriy Babych

*D.Sc. in Economics, Professor of the Department Economics of Management,,
V.N. Karazin Kharkiv National University (Kharkiv, Ukraine)
E-mail: s.n.babych@gmail.com, ORCID ID: 0000-0002-0709-8333*

Valeriia Prokopenko, Nadiya Doroshenko, Maryna Ponomarova, Natalia Kornieva, Dmitriy Babych : Financial Security of Players in The Financial Markets in The Conditions of Globalization and Strategic Development -- PalArch's Journal of Archaeology of Egypt/Egyptology 17(6), ISSN 1567-214x

Keywords: Financial market, financial players, financial and non-financial assets, bank, interest rates, foreign exchange market, money market, capital market, strategy, development

ABSTRACT

The transfer of capital takes place through the sale of financial assets that reflect the right to receive income on invested capital, the financial market can be defined as a market in which financial assets are issued, sold, and bought. We have determined the financial security of players in the financial markets in the context of globalization and strategic development.

The composition of the financial market is defined, which includes the money market, the capital market, and the foreign exchange market. The National Bank of Ukraine works in the financial market to achieve monetary policy goals.

Rational use of fixed assets and functional capacities of the budgetary institution is substantiated, which primarily contributes to the improvement of all technical and economic indicators, and in particular to increase the volume of activity, reduce the complexity of the unit of work performed or services provided. The main reasons for the growth of the balance deficit, which have an impact on the deterioration of foreign trade conditions and the system of distribution of national income between the consumer and productive sectors of the economy are singled out, the Central Bank significantly affects the equilibrium point.

The interbank or non-cash market means all purchase and sale transactions that take place between banks and ensure the execution of customer orders and conversion transactions by the financial institutions themselves. In turn, the National Bank of Ukraine, as the main financial institution, undoubtedly has a regulatory function in the foreign exchange market. An assessment of the state of the non-cash and cash foreign exchange market is given.

The share of operating structural subdivisions of banks (except for insolvent banks) in Ukraine has been determined. The main strategic indicators of the financial market that will affect the effective regulation of the financial sector and the integration of the financial market of Ukraine into the global financial space are revealed.

INTRODUCTION

The economic downturn observed in the late twentieth century in most countries of the world, as a result of the global financial crisis, combined with the structural disproportion of the world economy, manifested in the imbalance of development of individual countries and sectors of the economy, and today's challenges to economic growth caused by the spread of COVID-19 more active participation of states and international organizations in economic recovery and crisis prevention based on the development and implementation of anti-crisis regulation measures for both the economy and the financial sector [5,6]. The investment strategy is a functional part of the overall corporate strategy and consists of several private strategies.

The structure of the investment strategy is presented. Criteria for the implementation and evaluation of investment activities of the enterprise through the application of investment strategies in the financial market are given. It is substantiated that the investment strategy of the enterprise determines the nature of its investment activities, volumes, and directions of capital investment, forms the composition and structure of the investment portfolio [1,2].

Typically, hedge funds that use a long/short position strategy do this in a large scale. At the basic level, the long/short position strategy consists of buying an undervalued stock and selling an overvalued stock. Thus, the goal of any long-term equity strategy is to minimize the impact on the market in general and make a profit from changing the difference or spreads between two shares [2]. Similarly, an event that leads to an increase in both stocks will have little effect, as the positions balance each other. Therefore, market risk is minimal. Long/short position strategies, such as those were

described, which contain equal dollar long and short positions are called neutral strategies. But not all long/short position strategies are market neutral. Some hedge fund managers will maintain a long bias, as in the case of so-called 130/30 strategies. The strategy has a high correlation with the stock market, significantly with the commodity market, and does not depend on the bond market at all. This, as was mentioned earlier, confirms the close connection of this strategy with the stock market [3].

The issue of forming an effective financial strategy is especially relevant in the context of deepening market transformations, the development of integration processes, and the increasing variability of external financial factors. The imperfection of strategic financial planning and the adoption of economically unreasonable strategic decisions lead to such phenomena as the rupture of economic ties, mutual violation of payment discipline, reducing the pace of expansion of the enterprise. The ability of the enterprise to effectively use financial resources and realize its economic potential and increase competitiveness depends on the quality of the formed financial strategy [8].

REVIEW OF LITERATURE

The intensification of the development of the financial market as a driver of socio-economic progress is quite naturally one of Ukraine's main priorities on the path to its progress and equal integration into the world community.

The chosen vector requires increased responsibility for the current parameters of the financial market, at the same time they can not be separated from their strategic vision. It is that, which determines not only the limits of the functioning of the financial market but most importantly the potential of its development for the formation of new alternatives, which is constantly required by today's globalized and unstable world. Well-known scientists both in Ukraine and abroad, researchers of economic science: Zinchuk S.Y., Tymoshenko N.Y., Riabukha M.S., Koliadenko S.V., Dombrowska S.O., Lapina I.S., Lutsyshyn Z.O., Dikarev O.I., Kolinets L.B., Uniyat A.V., Snischenko R.G., - pay the special attention to the issue of the financial market and measures to ensure the stability of the financial system. The interdependent combination of such processes, in turn, requires appropriate scientific and methodological support, because the loss of consistency between such provision and economic realities can lead to the inability of the financial market to solve internal problems and respond to external challenges [7]. Thus, the definition of strategic directions of the financial market development is an urgent scientific and practical task, and the acquisition of systemic qualities by many components of the socio-economic environment depends on its solution. The current financial crisis has exacerbated issues not only of a financial nature but also of the functioning and further prospects of the energy market, in particular the oil market. The activity of the fuel and energy complex (FEC) is a necessary precondition for the functioning of the national economy and especially important at the stage of deepening relations with the "actors" of the world economic space, because the degree of economic and political independence states largely depends on the state of fuel and energy resources (FER) [6].

RESEARCH METHODOLOGY

Adequate structuring of public financial policy should be considered among the important sources of methodological support for strategic directions of financial market development. In the context of methodological understanding it is determined by the essence and features of the financial market as a specific area of financial relations and as a component of the financial system.

In all definitions, the financial market appears as a system of relations that ensures the transformation of free funds into capital and its further redistribution among economic participants. It is known that financial relations, having various forms of manifestation, together form a financial system, each link of which is the bearer of certain inherent financial relations, which are realized in the creation and use of appropriate monetary funds [9, p. 10]. The fact that the financial market in Ukraine was formed and developed during the transformation of the financial and economic system into a market one led to its development in conceptually different directions: both as bank-centric and as market-oriented.

This explains the fragmentary manifestation of the elements of both models, which today is characteristic of the domestic financial market, which indicates a transitional nature to globalization and the development of the financial market. The freedom to sign agreements encourages the unification of contracts, the emergence of hedgers, investors, speculators, professional intermediaries who start working in specialized trading areas with their disclosure standards and borrowed spot, forward, futures, option instruments of stock and commodity exchanges.

RESULTS

The financial market includes the money market, the capital market, and the foreign exchange market. The National Bank works in the financial market to achieve monetary policy goals. We offer loans to banks and place certificates of deposit, buy and sell securities, and foreign currency. This is how we influence the value of money and control inflation through the transmission mechanism. The main difference between the segments of the financial market (between the currency, credit, stock markets, etc.) is that the goods in these markets are different financial assets. The dynamics of financial and non-financial assets in Ukraine from 2010Q1-2019Q3 is shown in Figure 1.

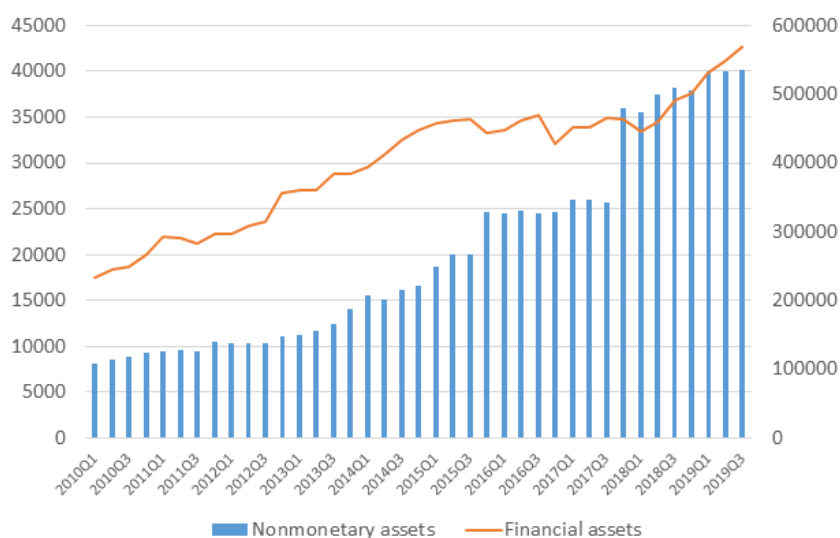


Figure 1. Dynamics of financial and non-financial assets in Ukraine from 2010Q1-2019Q3

Financial assets in the system of national accounts are classified into seven main categories: gold and special loan rights (SDRs); cash and deposits; securities other than shares; loans; shares and other share capital; insurance technical reserves; other accounts receivable or payable. In the structure of non-financial assets, fixed assets

account for the largest share. Rational use of fixed assets and functional capacity of the budgetary institution contributes to the improvement of all technical and economic indicators, including increasing the volume of activity, reducing the complexity of the unit of work performed or services provided.

The main economic means and methods of monetary policy, which is developed and implemented by the bank, are the regulation of the money supply through: regulation of reserve requirements for commercial banks and financial institutions; regulation of capital imports and exports; open market securities transactions; gold and foreign exchange reserves management; interest rate policy, the system of refinancing of commercial banks. The central bank also establishes the procedure for determining discounts and other interest rates, credit limits, etc.

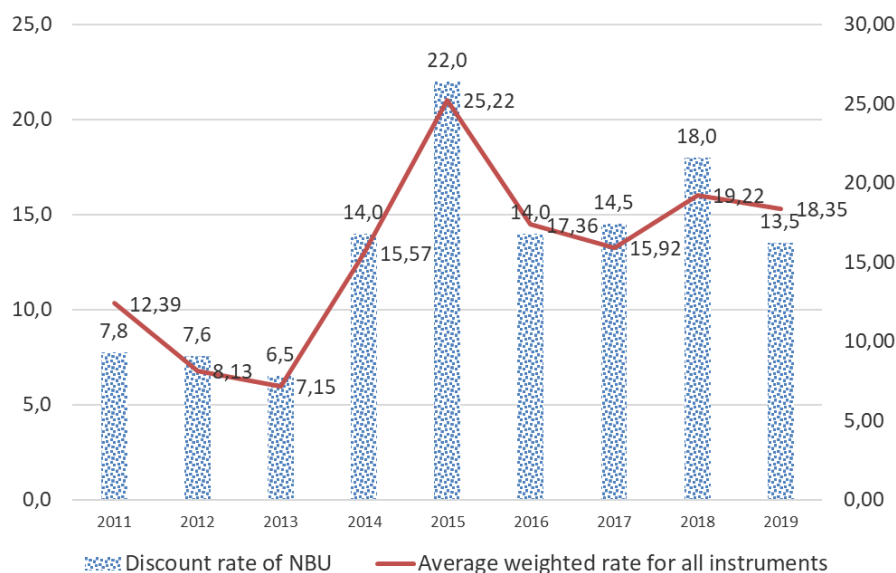


Figure 2. Interest rates on bank refinancing by the National Bank of Ukraine 2011-2019, %

The analysis of bank refinancing interest rates by the National Bank of Ukraine is presented in Figure 2. As we can see, there is a clear fluctuation during the study period from 2011 to 2019. The NBU discount rate for this period increased by 5.7% with a growth rate of 1,172. The weighted average rate on all instruments in 2019 was 18.35%, which is 5.96% more than in 2011 and 6.87% less than in 2015. The structure of the weighted average rate on all instruments has changed. In 2011, loans granted through tenders amounted to 12.52%, repo transactions - 12.63, and overnight loans - 9.4.

From 2017 to 2019, it had only loans provided through tenders and overnight loans. Other long-term loans for financial recovery programs were provided only in 2014-2016, with the largest share in 2015 - 26.03%. In turn, stabilization loans were provided only in 2012 - 9.5% and in 2013 - 8.9%. It should be noted that the state loan mobilizes funds not only to finance the budget deficit but also to reconcile the unevenness of tax payments, repayment of previously placed loans, financing targeted programs.

Subject to full convertibility, any natural or legal person may freely participate in foreign economic activity, freely sell, buy, and exchange national currency for foreign

currency per the market rate. Operations on the interbank foreign exchange market of Ukraine are allowed to be carried out only by the subjects of this market, which include the National Bank of Ukraine, authorized banks and credit and financial institutions, currency exchanges. The foreign exchange market is a system of economic and legal relations between consumers, sellers of currency, and the state regarding the purchase and sale of foreign currencies, bank metals, payment documents, and securities in foreign currencies, as well as credit and deposit and other currency transactions. The foundations of currency regulation and currency control were laid with the adoption of the Decree of the Cabinet of Ministers of Ukraine “On the system of currency regulation and currency control” in 1993. This document established the regime of foreign exchange transactions on the territory of Ukraine, the rights and obligations of foreign exchange market participants. Assessment of the state of the cash foreign exchange market is presented in Figure 3.

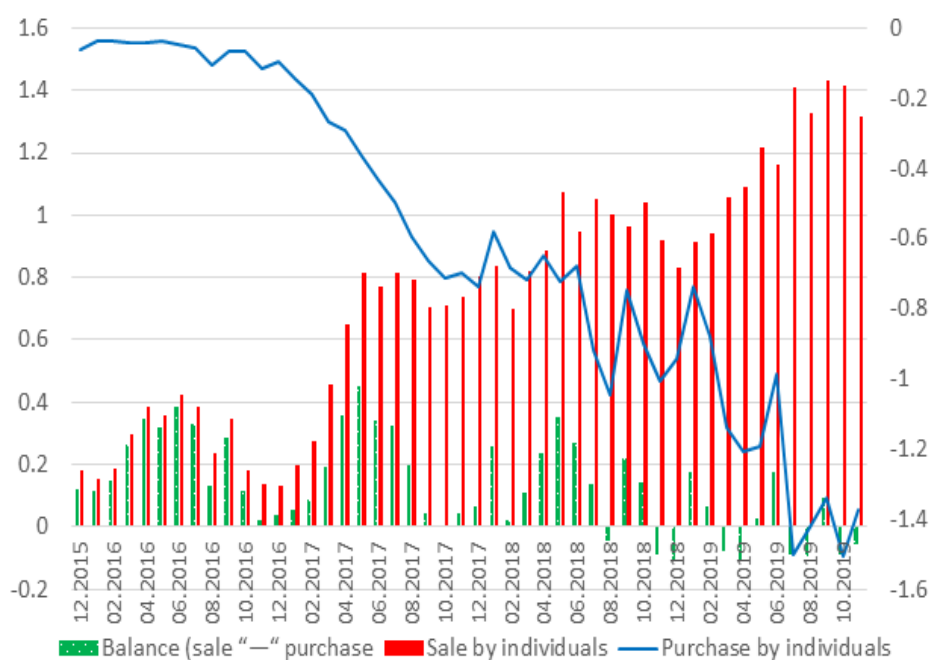


Figure 3. Assessment of the state of the cash foreign exchange market from 12.2015-10.2019, billion dollars. US equivalent

One of the main reasons for the growing deficit is the deteriorating conditions of Ukraine's foreign trade with other countries. **Secondly**, the system of distribution of national income between the consumer and productive sectors of the economy is inefficient. As we can see, the central bank manages foreign exchange reserves, conducts foreign exchange interventions, influences the level of exchange rates, and regulates the level of interest rates on deposits. The central bank significantly influences the equilibrium point. The interbank or non-cash market means all purchase and sale transactions that take place between banks and ensure the execution of customer orders and conversion transactions by the financial institutions themselves. The National Bank of Ukraine, as the main financial institution, undoubtedly has a regulatory function in the foreign exchange market. If it is necessary to sell or buy currency, citizens or legal entities apply to the bank.

Assessment of the state of the non-cash foreign exchange market from 12.2015-10.2019, billion dollars The US equivalent is presented in Figure 4. Exchange rate fluctuations in the foreign exchange market of the country are directly reflected in the quantitative and qualitative parameters of the functioning of its economic system. Devaluation and revaluation processes can affect not only the conditions of foreign trade, but also the level of income of the population, the stability of the banking system **etc.**

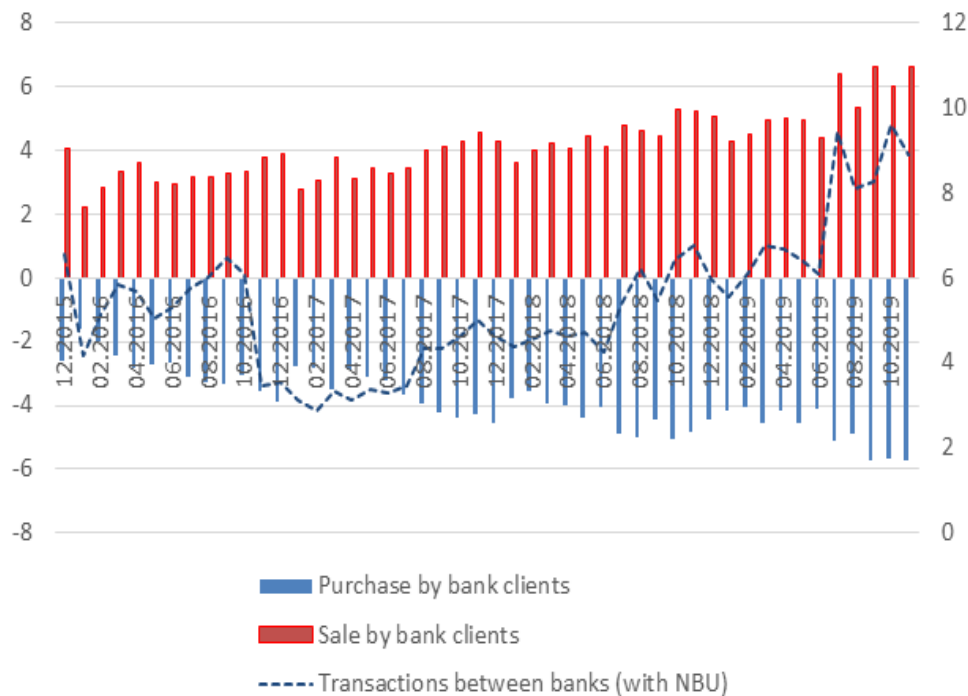


Figure 4. Assessment of the state of the non-cash foreign exchange market from 12.2015-10.2019, billion dollars. US equivalent

The share of non-cash transactions in the total volume of transactions using payment cards increased from 25.0% at the end of 2014 to 49.7% at the end of 2019. Within the framework of the EPS 24/7 initiative, the main stages of the implementation of the round-the-clock operation of the EPS have been worked out and the principles of operation of this system under the expanded regulations have been determined. To develop the payment market of Ukraine based on international standards, the standard ISO 13616 - International Bank Account Number (IBAN) was implemented; work on the introduction of the international standard ISO 20022 in non-cash payments in Ukraine has been begun and, accordingly, the creation of a new generation of EPS (EPS-4).

The BankID system of the NBU has been put into commercial operation and approved as one of the identification tools for remote account opening of individuals. The introduction of such a system has made it possible to remotely open accounts for individuals. Transactions on purchase / sale of domestic government bonds on the secondary market take place between professional stock market participants and their clients (individuals and legal entities, non-residents).

Today, the NBU is a depository for domestic government bonds, is an institution that maintains a centralized accounting of domestic government bonds in paperless form.

Domestic government bonds are debt securities sold by the Government to primary dealers and their customers in the primary market to finance the needs of the state budget. The key players in the financial market are the pension funds, investment companies, venture funds, payment institutions and banks. Assessing the main financial players, we pay attention to the data in Figure 5.

The share of existing structural units of banks (excluding insolvent banks) in Ukraine, on April 1, 2020 determines the main leaders in the financial market: JSC "Oshchadbank" - 28%, JSC CB "PrivatBank" - 24%, JSC "Oshchadbank" - 6.1%. The total number of banks at the beginning of 2020 was 75 institutions with structural units in the amount of 7879 units. In the Kharkiv region, 588 institutions have been identified, which is 7.5% of the total number in Ukraine. The main share belongs to JSC CB "PrivatBank" - 20.4%, JSC "Oshchadbank" - 18.9% and JSC "MEGABANK" - 19.2%.

Indicators of the state of the financial security system of a financial market participant can be calculated based on data not only from financial but also other forms of reporting, data from technical documentation for system equipment, etc. Financial security monitoring measures are carried out at all levels of activity of structural units of a financial market participant concerning their functions and tasks and include relevant rules and procedures, the most typical of which are: monitoring the division of powers and responsibilities, careful selection of the staff, which reduces the number of losses due to unprofessionalism or corruption; monitoring the authentication of personnel, which is carried out by obtaining permission to perform certain operations through the procedure of identification, approval and approval; monitoring access to financial resources, as well as consolidating responsibility for their preservation and use, etc. Financial security indicators are mandatory and integral indicators that must be separated, taken into account and used in the activities of a financial market participant for its safe conduct of business.

Financial security indicators of the financial market participants can be used as components of monitoring in the mechanisms of risk management, operations, financial management, personnel management and marketing [9]. An effective tool for achieving certain goals is the financial strategy, because the actions of enterprise managers can no longer be reduced to a simple response to change, modern conditions require conscious change management based on a scientifically sound procedure for their prediction [5].

Accordingly, enterprises face the task of increasing competitive advantages, ensuring investment attractiveness, achieving sustainable development, ensuring financial stability, maximizing the market value of the enterprise and the application of innovative methods of development.

The purpose of the financial strategy is to ensure a stable position of the enterprise in the market, based on the effective formation and use of financial resources. In the process of making up a financial strategy it is necessary to determine the following stages: establishing the period of strategy formation; definition of strategic goals; financial policy development; specification of indicators of strategy goals; evaluation of the developed financial strategy; implementation of financial strategy.

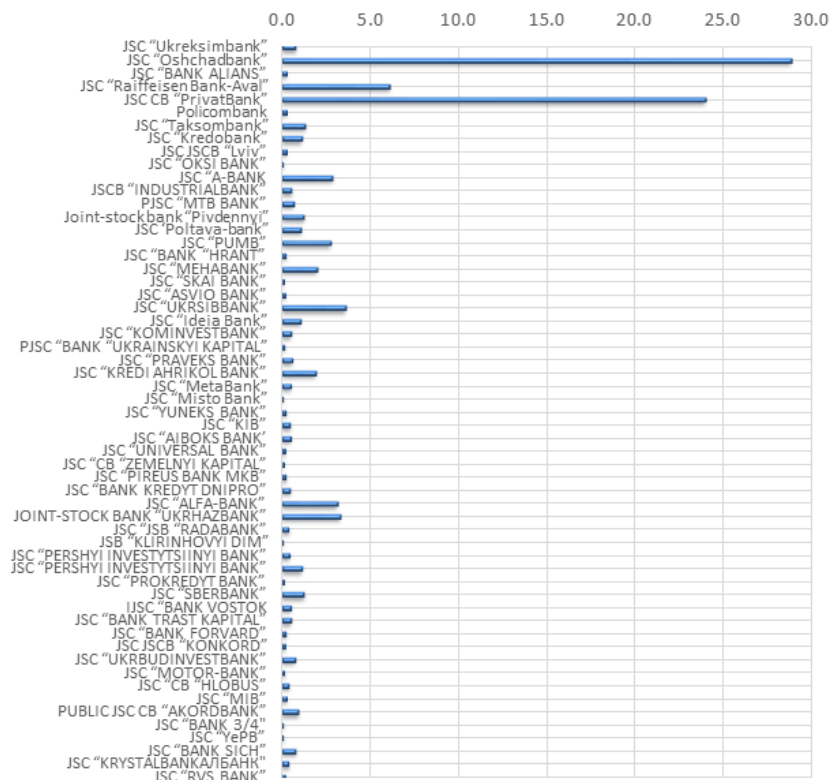


Figure 5. Share of operating structural subdivisions of banks (excluding insolvent banks) in Ukraine, on April 1, 2020.

The success of the financial strategy of the enterprise is guaranteed when the strategic goals correspond to the real financial capabilities of the enterprise, financial management is clearly centralized, and methods of its implementation are flexible and adequate to changes in financial and economic parameters of enterprise development. The formation of the financial strategy of the enterprise is determined by changes in the external environment. And this determines the need for constant study of the problem of financial strategy, its relationship with tactical decisions. Implementation of the Strategy 2025 will create conditions for sustainable growth of the financial sector of Ukraine [10], its competitiveness in terms of integration into the global financial space and will ensure: considering the needs of consumers in quality and affordable financial services; reducing the cost and extending the term of the financial resource for the state and enterprises; growth of positions of competitiveness of economy of the country.

It should be understood that it is globalization, the pace of which has increased in recent decades due to unprecedented advances in such areas as technology, communications, science, transport and industry.

The globalization of financial markets is characterized by increasing of capitalization, significant redistribution of funds, increasing of cash flows, the creation of new management portfolios, intensification of the struggle for control over capital.

Financial globalization is one of the most important elements of growing global economic interdependence. It should be seen as a consequence of the expansion of international trade and as proof that only financial markets in recent years have acted as a catalyst for global economic interdependence. The impact of globalization of the

world economy on the development of financial markets is manifested in the growth of integration processes of national financial markets, which is equivalent to the continuous strengthening of cross-border capital exchanges and international activities of financial institutions.

The financial system of the state is an important component for the effective functioning of its economy and socio-economic development in general. According to the program of development of the financial sector of Ukraine, the system which is capable to provide sustainable development at the expense of effective redistribution of financial resources in economy on the basis of development of the full-fledged market competitive environment has to function in our state. At the same time, reforms of the Ukrainian financial sector must take place in accordance with international standards. The first step in this direction was taken on September 12, 2019, together with the adoption of the Law of Ukraine №1069-2 "On Amendments to Certain Legislative Acts of Ukraine on Improving the Functions of State Regulation of Financial Services Markets". The financial activity of the enterprise in all its forms is connected with numerous risks which degree of influence on results of this activity essentially increases with transition to market economy. The increase in the impact of financial risks on the results of financial activities of the enterprise is associated with rapid changes in the economic situation in the country and financial market conditions, expanding the scope of financial relations, the emergence of new financial technologies, tools, etc. At the present stage of economic development, the problem of ensuring the financial security of the business entity is important and vital. Entrepreneurial activity is always associated with risk. To improve the development of enterprises and the economy in general, it is necessary to develop, implement specific methods and areas of financial risk management in practice, which will help domestic enterprises to reduce the negative consequences of their manifestation and increase efficiency and profitability.

Currently, the banking system of Ukraine is owned by foreign investors, a single tax system has not been created, and the imbalance of the state budget is constant. All this and much more threatens the financial security of Ukraine and, consequently, the financial security of enterprises as the main components of the state economy. Internal dangers and threats that affect financial security include intentional or accidental management errors in the field of financial management of the enterprise, associated with the choice of enterprise strategy; management and optimization of assets and liabilities of the enterprise. External threats include: purchase of shares, debts of the company by undesirable partners or fictitious companies; the presence of significant financial liabilities of the enterprise; underdeveloped capital markets and their infrastructure; insufficiently developed legal system of protection of investors' rights and implementation of legislation; crisis of the monetary and financial systems; economic instability.

To ensure the financial security of the enterprise it is necessary to solve the following tasks:

- identification of dangers and threats to the enterprise;
- determination of indicators of financial security of the enterprise;
- development of a financial security monitoring system;
- development of measures aimed at ensuring the financial security of the enterprise;
- control over the implementation of measures that taking place at the enterprise;

- analysis of the implementation of measures, their evaluation, adjustment;
- identification of dangers and threats to the enterprise and adjustment of indicators depending on change of a condition of external environment, the purposes and tasks of the enterprise.

Applying modern methods of strategic management, companies must change the existing financial and economic mechanism, develop and implement a financial strategy through which to achieve financial security of the enterprise.

In total, there are five possible strategies that can be used to optimize the level of financial risk in building the financial strategy of the enterprise: abandonment of activities that contain a specific source of financial risk; acceptance of responsibility for the risk of the financial strategy with a guarantee of full compensation of losses from own sources; shifting responsibility for financial risk to others; prevention of possible negative consequences from financial risk by means of preventive measures; focus on financial risk.

Thus, effective management of the enterprise depends on the prudence of approaches to risk assessment at choosing a management decision. In general, a modern enterprise has to manage financial risks that arise due to various destabilizing factors. To ensure financial security and the ability to anticipate risks in the enterprise there must be a system of financial security management of the enterprise as a whole.

The financial market is an important supplier of resources to the real sector of the economy. Financial intermediaries perform its main functions: the accumulation of temporarily free monetary resources, their transformation and the provision of loans to businesses. Figure 6 shows the share of foreign direct investment in Ukraine from 2010 to 2017, which emphasizes the importance of the country in the development of the financial market and its mechanism.

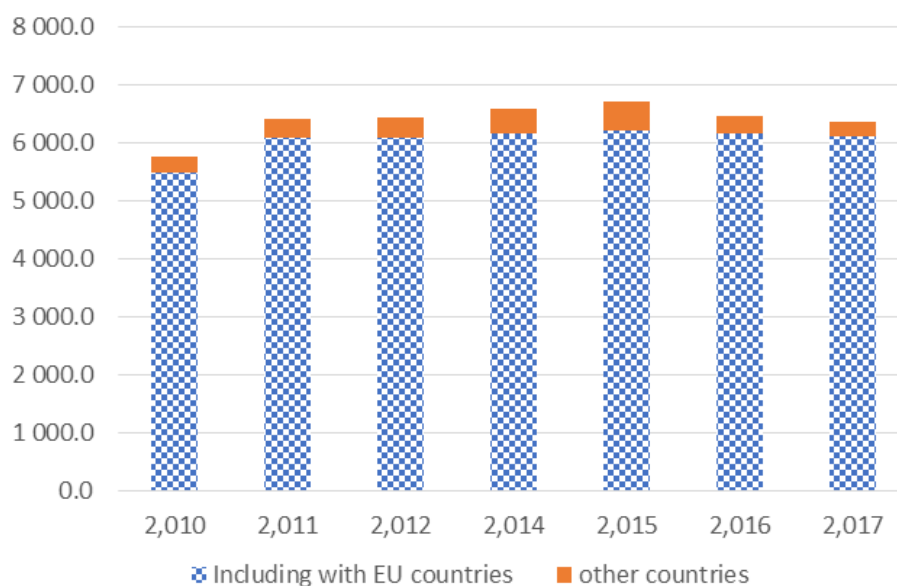


Figure 6. Direct investment from Ukraine to economies of the countries of the world, mil. USD USA

The world financial market is in a state of constant renewal, has an extremely mobile structure (both currency and functional), largely determines the development of

markets for goods and services. The structure of financial instruments is changing in favor of real sector instruments - corporate securities and their derivatives, and the role of stock markets is growing (according to some estimates, only 25-30% of funds were raised by businesses and governments through bank loans, the rest - through securities markets). The latest changes are caused primarily by the global financial crisis in 2008. The share of speculative transactions has grown rapidly, accounting for almost 95% of all transactions, and according to some estimates, the real sector receives no more than 10% of funds circulating in global financial markets. This is primarily due to the growth of the market for hedging instruments in the market for secondary financial instruments (futures, options, warrants, swaps, combinations thereof), which often have no collateral and are used purely for speculation. At the same time, it turned out that financial markets with a market-oriented model overcame crises faster than those dominated by banks, so non-banking financial institutions are becoming increasingly important.

The system of self-regulation in the United States works because the integrity of the market leads to increased investor confidence, which contributes to business expansion. In the United States, self-regulatory organizations include non-governmental professional associations and associations that regulate trading in financial instruments, including futures exchanges, the National Futures Association (NFA), the National Association of Securities Dealers - NASD), Futures Industry Association (FIA). The activities of these organizations are controlled by the Securities and Stock Exchange Commission. Clearing and depository activities are provided by the non-banking institution - The Depository Trust & Clearing Corporation (DTCC), and clearing services of treasury securities and government agencies are concentrated in the Clearing Corporation for fixed income securities. FICC). However, despite the development of the institutional structure of derivatives market regulation in the United States, it has a number of shortcomings related to imperfect control over OTC derivative transactions and systemic risk due to insufficient segregation of powers of regulators and non-transparency of the regulatory system. The latter is an organization affiliated with the DTCC and is an independent legal entity. An independent non-governmental body, the Financial Accounting Standards Board (FASB), develops and adopts financial reporting principles. The value of these standards is to establish a differentiated approach to the reflection of speculative and hedging transactions, their value, income and losses.

The main regulator in the structure of supranational regulation of the international financial market is the Financial Stability Board. The main purpose of this body is to identify systemic risks, weaknesses in global financial stability, development and implementation of regulatory and supervisory policies in this area. The general regulation of the derivatives market in the European Union is handled by a specialized international regulatory body, the International Organization of Securities Commissions (iosco). The main tasks of the organization are the exchange of information on regulatory experience to promote the development of national securities markets, as well as derivative markets; mutual assistance in ensuring the integrity of the financial market through the unconditional introduction of appropriate standards and counteraction to possible abuse.

Analyzing the international experience of monitoring the financial stability of the state, in particular comparing the methodology of the European Central Bank to determine the level of financial stability with guidelines for calculating the level of economic security of Ukraine in terms of financial security, it is necessary to identify a

number of key differences, the complex consideration of which will allow to detect additional threats to the financial security of Ukraine. The financial system of the Eurozone is more global than the Ukrainian one, but the indicators used in the assessment are more adaptable and adequate to new economic trends, and may show compliance with the dynamics of growth of national financial stability.

Geo-economics factors due to the middle position of Ukraine between the European (Euro-Atlantic) integration zone and Russia, which is reflected in the attitude to such organizations as the EU, CIS, NATO, Tashkent Pact, etc. Ukraine serves as a communication link between the developed European region and the resource-rich regions of the Middle East, the Caucasus and Central Asia (the position in the latter region is greatly influenced by China's growing center of power). The communication significance of Ukraine is also determined by the location of its territory as on the main axis of Eurasia. In 2019, the trend of 2018 in popularization and mass investment in government bonds of Ukraine (IGLBs) continued in Ukraine. IGLBs' portfolio of non-residents grew from UAH 6.3 billion. up to UAH 117.7 billion. at the end of 2019. At the same time, individuals increased their portfolio from UAH 6 billion to almost UAH 10 billion. However, against the background of lower inflation expectations, the reduction of the NBU discount rate from 18% to 13.5%, there was a significant decrease in government bond yields. Given the inflation calculated on the basis of the consumer price index of 4.1% (target $5\% \pm 1\%$) at the end of 2019, in 2020 we have the opportunity to see the discount rate of 8%, which corresponds to the historical value of the accounting rates for current inflation.

Thus, in 2020, the trend of declining IGLBs yields will continue, as well as a further decline in the yields of bank deposits and other fixed-income instruments. In such conditions, we consider it a rational strategy to fix current rates for the longest possible period in long-term instruments, for example, in IGLBs.

With bond yields declining, corporate bonds will gain popularity. We also need to note that in 2019, Freedom Finance Ukraine was the first in Ukraine to provide access to Internet trading on the Ukrainian Stock Exchange. Despite the low liquidity, the Ukrainian stock market can form a good portfolio with a dividend yield of up to 20% in UAH and up to 8% in dollars and additional potential for stock price growth.

In the United States in December, the NBU doubled the limit on investment abroad for individuals - from 50 to 100 thousand euros. To make an investment, you need to present a contract with a foreign broker to the bank and confirm the origin of the funds. Thus, in 2019, the stock index S & P500 (SPX) increased by 30.4%, the Dow Jones Industrial Average (DJI) by 23.8%, which is an optimistic development plan. In particular, the shares included in the TOP 5 of the stock index S & P500, showed the following dynamics: Apple Inc. (AAPL): + 89.6%; Microsoft Corporation (MSFT): + 58.4%; Amazon.com Inc. (AMZN): + 26.1%; Facebook Inc. Class A (FB): + 59.1%; Berkshire Hathaway Inc. Class B (BRK.B): + 12.3%. It should be mentioned that in 2019 the shares of our holding Freedom Holding Corp. were listed on NASDAQ and the total increase in the price of FRHC shares by the end of the year was 80.7%.

A typical investment portfolio, compiled in early 2019, has brought 39% return to its investors. A typical portfolio 2020 forecasts a yield of 12%. In 2019, the total volume of trades amounted to 3840 million UAH, and the total number of transactions - 840. In the trading structure for 2019, corporate bonds accounted for 70.25% of the total turnover or UAH 2,697.8 million, 27.5% for government bonds or UAH 1,056 million, 2.24% for shares or UAH 86.1 million, and for investment certificates 0.01%

or UAH 308.8 thousand. The Ukrainian Stock Index (UX Index) for 2019 decreased by 11.22% from 1,710.65 to 1,518.72 points. Global stock markets experienced a turbulent year in 2018. Volatility returned, breaking the spell of stable markets in 2017. The return of volatility contradicted the foundations of the global economic slowdown, geopolitical and trade tensions, concerns about tightening monetary policy, and increased control over the technology sector. Although the year began at a high level, with domestic market capitalization increasing record levels in markets around the world, by the end of the year market assessments had declined markedly compared to early 2018. With such high volatility, trading activity increased in 2017, but overall activity of the primary market slowed down, reducing the total IPO listing and investment flows.

The capitalization of the global domestic market in 2019 increased by 25.58% compared to the end of 2018. All three regions had market capitalizations: the United States grew by 19.44%, the Asia-Pacific region by 30.0%, and the EMEA by 31.9%. At the end of the first quarter of 2020, the capitalization of the domestic market amounted to 73.14 trillion dollars USA. At the end of the first quarter of 2020: the value of trading in shares amounted to 32.5 trillion dollars USA, which is 36.13% more worldwide compared to the first quarter of 2019.

All regions were positive: in the American region there was an increase of 42.29%, in the Asia-Pacific region an increase of 25.97%, and in the EMEA region - by 42.16% compared to the first quarter of 2019. In 2019, new listings through IPOs decreased by 25%, but investment flows through IPOs increased by 12.2% in 2018. The combination of a decrease in the number of IPOs and an increase in the amount of funds raised indicates that companies that are going to enter the market during this period in 2019 were on average larger: in fact, the average investment flow per listing in 2019 was 166.2 million USD, in contrast to USD 113 million in 2018. In the first quarter of 2020: a total of 225 new companies listed on the stock markets through IPOs. The number of IPOs was 6.9% higher than in the first quarter of 2019, although 53.97% lower than in Q4 2019. Despite the outbreak of COVID-19, in February and March 2020 there is no sharp decline in the number of IPOs: 74 companies, listed on the IPO in February 2020, and 73 - in March. These figures are comparable and even exceed several monthly figures for 2019.

The material reflection of financial relations is cash flow. The organization of these flows, the order of their implementation is according to certain rules, certain areas, which characterizes the financial "technique". This approach to determining the financial mechanism reflects the internal organization of the functioning of corporate finance.

The structure of the financial mechanism is developed and quite clearly reflects the dominants of administrative management of the economy and it is almost impossible to develop on this basis a system of financial mechanism of the enterprise. Today, the financial mechanism for managing the activities of enterprises has not had a sufficiently acceptable level of perfection yet. At present, some principles of its formation and implementation remain insufficiently developed both in methodological terms and in practice. Hence the need to improve the management system of financial activities of domestic enterprises in order to ensure the effective implementation of financial relations of economic entities in the conditions of economic transformation under the influence of external and internal factors.

As the financial mechanism we understand a set of methods for the realization of economic interests through financial influence on the socio-economic development of the enterprise. The components of the financial mechanism are: financial security; financial regulation; a system of financial indicators and financial instruments that allow assessing this impact.

Financial security is the allocation of a certain amount of financial resources to solve certain tasks of the financial policy of the economic entity. At the same time it is distinguished its supporting and regulatory action. The security effect is manifested in the establishment of sources of funding, i.e. coverage of daily needs and characterizes the passive impact of financial security. Regulatory action has an impact through the allocation of sufficient funds and through a specific form of financial security and characterizes the active impact of financial security.

Financial support and financial regulation are carried out with the help of financial instruments, which, in turn, have their levers of influence. Elements of financial instruments are divided into: primary influence, acting in the process of withdrawal of income (taxes, contributions, deductions); secondary effects, acting by increasing revenues (bank loans, budget subsidies).

The action of financial instruments is carried out on the basis of: the general approach, characteristic of all subjects of financial relations (single level of taxation, crediting, financing); selective, differentiated approach. In implementing an effective financial policy of the enterprise, preference is given to a selective approach. The levers of influence on the socio-economic development of the enterprise determine the nature of the action of financial instruments, adjust this action and are divided into: by direction of action - incentives, sanctions; by types - norms and standards; according to methodological principles - conditions and principles of formation of incomes, accumulations and funds; terms and principles of financing and lending.

Among the main causes of internal threats to the financial security of Ukraine, are highlighted: errors, abuses and other deviations in the management of the financial system of the state; reduction of the used resource base in the financial and credit sphere of activity for overcoming the economic crisis and successful implementation of further reforms; the collapse of the financial and credit system and the weakening of its stabilizing functions in the field of budget execution and formation.

The financial security of the enterprise is a quantitatively and qualitatively determined level of the financial condition of the enterprise, which provides stable protection of its priority balanced financial interests from identified real and potential threats of external and internal nature, the parameters of which are determined by its financial philosophy and create the necessary predictions for financial support for its sustainable growth in the current and future periods. One of the most important areas of financial security at the present stage is the formation of a system of internal control of strategic direction or the so-called strategic control.

The efficiency of the financial system and its derivative institutions is crucial in the development and maintenance of socio-economic stability of the state. Constant monitoring and control of risks to financial stability through current and strategic analysis of financial system indicators, including availability, allocation and use of internal and external financial resources at the state level, formation of state and local budgets, balance of payments and others, is a key element of financial security on the basis of a proactive approach and prevention of threats.

Financial security is a state of the country's financial system, which creates the necessary financial conditions for stable socio-economic development of the country, ensures its resilience to financial shocks and imbalances, creates conditions for maintaining the integrity and unity of the country's financial system. The financial security of the state is characterized by a certain set of indicators, each of which has a normative value, which is established depending on the level of economic development. The methodological recommendations for calculating the level of economic security identify a group of financial security indicators that signal the emergence of problematic situations and disparities in its components: banking security, security of non-bank financial market, debt security, budget security, currency security, monetary security.

However, the fundamentality and scale of pressing problems, significant changes in the functioning of the financial system since the development of current guidelines, the diversity of the content of financial security and its provision require the formation of information and analytical base for monitoring financial security indicators based on international experience.

Analyzing the international experience of monitoring the financial stability of the state, in particular comparing the methodology of the European Central Bank to determine the level of financial stability with guidelines for calculating the level of economic security of Ukraine in terms of financial security, it is necessary to identify a number of key differences, complex consideration of which will allow to reveal additional threats to Ukraine's financial security. The financial system of the Eurozone is more global than the Ukrainian one, but the indicators used in the assessment are more adaptive and adequate to new economic trends, and may show compliance with the dynamics of growth of national financial stability.

Liquid and reliable securities market is one of the factors that determines the investment climate in the country, promotes the attraction and redistribution of investment capital in promising areas of the economy. Urgent problems that exist in the stock market of Ukraine and hinder its further development are low liquidity and capitalization, large-scale deficit of domestic monetary resources for investments, low share of the stock market segment, insufficient legal regulation of pricing, limited number of liquid and investment-attractive financial instruments, high fragmentation of exchange and depository structure.

In general, today's mechanisms for regulating structural and functional transformation processes in the financial sector operate at the national, regional, segmental, transnational and global levels and are used by various economic agents: individual states, economic and monetary unions, international economic and financial organizations, transnational financial institutions, regulators of financial markets.

Among the mechanisms for regulating structural and functional transformation processes in the financial sector, which should be understood as a set of forms, models, methods, techniques, levers and tools, principles which are applied and followed by legislators, governments and state regulators and self-regulatory organizations in banking, insurance etc. Financial security monitoring measures are carried out at all levels of activity of structural units of a financial market participant in relation to their functions and tasks and include relevant rules and procedures, the most typical of which are: monitoring the distribution of powers and responsibilities, careful selection of staff which reduces the number of losses due to their unprofessionalism or corruption; monitoring the authentication of personnel, which is

carried out by obtaining permission to perform certain operations through the procedure of identification, approval and approval; monitoring access to financial resources, as well as consolidating responsibility for their preservation and use; monitoring the reliability of transactions; systematic monitoring of the work of each employee of the staff and structural units of the financial market participant; monitoring of all rules and procedures of work with financial resources, including defined by regulations, internal documents; monitoring the activity of the external environment of the financial market participant.

At the same time, the role of regulation at the national level remains relevant, due to the need to ensure the effective functioning of national markets for derivative financial instruments, and this is a qualitative indicator of the regulatory system of the international market as a whole; at the supranational level there are processes of unification of standards, principles and recommendations. These principles and rules do not allow derivative financial instruments to function uncontrollably and chaotically, which is ensured by the actions of relevant institutions through the use of appropriate methods, mechanisms, models and instruments of regulation; the need for unification is due to the processes of globalization of financial markets, internationalization and interstate integration, which initiate the gradual blurring of identification boundaries between different national models of state regulation of the market of derivative financial instruments; targeted reorientation of supranational and national regulatory systems from the concept of security of financial intermediaries and professional market participants of derivative financial instruments to the concept of investor protection and stability of its operation through a single system of rules.

CONCLUSION

The prudent policy of the central bank in the field of currency regulation is a prerequisite for sustainable economic growth and improving the welfare of the country. Therefore, the study of factors, also the mechanism of exchange rate formation in Ukraine becomes especially relevant. Strategic indicators of the financial market are a number of complex tasks: effective regulation of the financial sector and improvement of supervisory approaches; transparent financial sector; resilience of the financial sector to challenges; ensuring the sustainability of public finances; promoting lending to the economy; creating conditions for attracting long-term resources; increasing the availability and level of use of financial services; strengthening the protection of the rights of consumers of financial services; raising the level of financial literacy of the population, promoting the development of non-bank financial services markets; efficient capital market infrastructure; creation of liquid markets of financial instruments and mechanisms / instruments to reduce the risks of financial transactions; integration of the financial market of Ukraine into the world financial space; development of open financial market architecture and oversight; ensuring the development of the fintech market, digital technologies and regulatory platforms; ensuring the development of suptech & regtech; development of the digital economy. These tasks can be solved by using the financial strategy of the enterprise in accordance with adverse changes in the economic environment. The formation of financial strategy is associated with setting goals and objectives of the enterprise, maintaining financial relationships between the enterprise and the subjects of environment. The cores of the financial strategy are the rational formation and efficient use of financial resources, rational management of capital structure, financial risk management.

REFERENCES

1. Riabukha M.S. Competition as a category of market relations and competitiveness as a subject of scientific research / M.S. Riabukha, A.Y. Tsitorsina // Bulletin of KhNAU. Series: economics of agro-industrial complex and nature management. - Kharkiv: KhNAU 6 (2007): 96-100.
2. Dobrynina L.V. Enterprise as a participant in the financial market, its investment strategies / L.V. Dobrynina // Scientific Bulletin of Uzhgorod National University: series: International economic relations and world economy/head. ed. MM Palinchak. - Uzhhorod, 2019. - Issue. 23, Ch. 1. - P. 80–83. -
3. Zinchuk S.Y., Tymoshenko N.Y. Analysis of the effectiveness of the strategy of long/short position in the conditions of correction of the financial market "Young Scientist" • № 5 (69) • May 2019 C / 525
4. Kolyadenko S.V. Analysis of financial strategies to increase the competitiveness of the enterprise / SV Kolyadenko, AM Strategy // Investments: practice and experience. - 2019. - № 22. - P. 17-23. - DOI: 10.32702 / 2306-6814.2019.22.17.
5. Dombrovskaya S.O., Lapina I.S. Adaptation of the financial strategy of the enterprise to modern conditions in Ukraine // Scientific Bulletin of Kherson State University Issue 25. Part 1. 2017 C / 136- 139
6. Lutsyshyn ZO Financial strategies in the global energy market / ZO Lutsyshyn, OI Dikarev // World of Finance. - 2009. - № 3. - P. 40–55.
7. I.I. Chunitska, Determinants of methodological support of strategic directions of financial market development in the context of current needs of modern economics // Investments: practice and experience № 6/2018 / P. 18-21
8. Kolinets L.B., Uniyat A.V. Anti-crisis measures to ensure the stability of the country's financial system // Sciences of Europe 48, (2020) C 59-63
9. Snischenko R.G. Indicators of financial security as components of monitoring of financial market participants Investments: practice and experience № 3/2018 P. 9-13
10. Strategy for the development of the financial sector of Ukraine until 2025 <https://bank.gov.ua/ua/news/all/strategiya-rozvitku-finansovogo-sektori-ukrayini-do-2025-roku-7686>