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**FINANCIAL SECURITY: PROBLEMS OF
OPERATIONAL AND STRATEGIC
MANAGEMENT, RISKS AND PECULIARITIES
OF PUBLIC ADMINISTRATION**

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In the monograph conceptual foundations of financial security management at micro and macro levels are offered. The monograph is prepared for use by research staff, civil servants, teachers and students of higher education institutions, graduates of the specialty 073 "Management", specialists involved in the applied level in ensuring financial security of economic entities, representatives of state authorities and a wide range of persons interested in different questions of the modern security science.

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PREFACE

The high level of financial security of the state is a condition of its social and economic development and a guarantee of a strong position in the global economic arena. The financial security of the country means the ability of the mechanism of its management of the state financial system to guarantee the maximum level of satisfaction of national and private financial interests, avoiding the conflict between them. Financial security is a characteristic of a competitive national economy, an incentive for foreign and domestic investors to increase their financial activity. The pursuit of the vector of sustainable development chosen by Ukraine is impossible without a strong financial sector capable of providing equal access to financial products and services to all participants in the financial system. Thus, research into the issues of financial security is an important scientific and applied task, especially considering the economic realities that are characteristic for Ukraine in 2019.

The main and greatest threat to Ukraine in the financial plane is the loss of its financial sovereignty in the near future. The global financial crisis of 2008-2009, the negative effects of which have been aggravated by the revolutionary events of 2013-2014, and now intensified by military actions in the East Ukraine and by confrontation of political forces in the different regions of the state, have led to the need to obtain various forms and types of financial assistance from international and foreign organizations and foundations. The occurrence of foreign capital in various segments of the financial system and financial market sectors leads to the establishment of a stable dependence of the state financial policy on the requirements of financial resources donors.

In view of this, the scientific problem of monographic research is to determine the theoretical and methodological principles of providing financial security of macro and micro level economic systems and to work out practical recommendations on financial security management, assessment of its level and public regulation of its state taking into account existing economic and financial risks.

In the first part of the monograph with a title "Theoretical and methodological bases of management of financial security of the state" the content and conceptual interpretation of the scientific category of financial security was provided, the features of strategic and operational management of the financial component of economic security of the national economy of Ukraine were investigated, as well as innovative approaches to the assessment of the level and state regulation of macro financial security.

In the second part of the monograph with a title "Conceptual bases of financial security management of business entities", the peculiarities of ensuring financial security of business structures were identified, the features of financial security of financial institutions were concretized, taking into account the risk of changing the model of state regulation of the financial market, and strategic guidelines for financial security management of the business entities in the period of post-crisis economic recovery were offered.

The third part of the monograph with a title "Providing financial security: unconventional risks and tools for managing them" the risks of the digital economy,

the conditions for the provision of individual (personal) financial security are specified, a scientific approach according to which financial literacy is defined as the basis of financial security of the individual is proposed, and the financial inclusion as a condition for ensuring financial security of the state is positioned.

The monograph is the result of an author's research activity related to finding ways to manage financial security at micro and macro levels effectively. The scientific and methodological results and proposals presented in the monograph can be used by:

- individuals and legal entities, participants of the financial system – in order to increase their own financial literacy, to make a reasonable choice of financial products and services and reliable financial institutions in which they can be purchased; to strengthen own financial security and expand the boundaries of financial inclusion;

- financial institutions – for the construction of highly functional and effective financial security systems and their professional management in order to provide comprehensive protection of their own corporate resources and client assets from the negative impact on their integrity and efficiency of the use of internal and external risks and threats;

- self-regulatory organizations and associations of economic entities of various types of economic activity – for conducting consulting, informational work with the subjects of the national economy regarding the formation of vectors for ensuring their financial security;

- national regulators of the financial market – in the process of monitoring the financial security of its professional participants in order to deep diagnose its level and the effectiveness of the functioning of their financial security systems and to develop norms that their financial security activities must comply with;

- state authorities – as the basis for developing strategies for securing financial safety at the micro and macro level, policies for stabilizing the state of the domestic financial system and its elements, as well as an information basis for improving public regulation of financial security of the state in the process of national financial interests' realization;

- institutions of higher education – for the formation of the principles of scientific and practical training of professionals in the management of financial and economic security, in the process of development of vectors of scientific research in the field of security-oriented management within the framework of regulating the state of the national economy and achieving the maximum level of efficiency of economic structures.

The management of financial security of the state, economic entities, individuals taking into account the author's proposals will increase its level as well as in individual subjects of the national economy, both within the framework of ensuring the financial component of the economic security system of Ukraine.

PART 1

THEORETICAL AND METHODOLOGICAL BASES OF MANAGEMENT OF FINANCIAL SECURITY OF THE STATE

1.1 Content and conceptual interpretation of the scientific category of financial security: the relationship between macro and micro-level definitions

In the context of the constant transformation of the architectonics of the global economy, its structural adjustment is the source of new types of threats to the stable and dynamic development of national economic systems. A significant number of them has a financial nature, given into account the increasing role of financial relations in the processes of functioning of the goods and services markets. No country in the world can effectively implement its foreign and domestic policies, ensure the success of the implementation of socio-economic state programs without correlating the vectors of financial policy with national economic and financial interests. One of such interests in the period of economic instability and the presence of destructive processes in the financial systems of even the economically developed countries of the world, provoked by financial threats and risks, is the provision of financial security at the macro level.

The problems of ensuring the state financial security and maintaining a high functional level of all its components is a very topical task for Ukraine in the face of overcoming the consequences of the last crisis period, which began in 2014, with the national economy. An additional incentive to attract public attention to the issue of financial security attainment is elected by government state course to European integration [1-5], the positive effects of which are expected to expand access to finance in the European capital markets, to improve the investment attractiveness of the national economy for foreign investors, to stabilize the domestic markets financial products and services and to restore public confidence in the financial system and its professional participants. All listed results will be featured economic prosperity of the country and its citizens in the integration of the national economy to the global financial and economic environment that's why government financial policy since mid-2019 has to be formed with a view vector to achieve financial security and financial autonomy of Ukraine in the near future.

One of the structural components of the financial security system of the state is the financial security of economic entities whose activities are the basis for the development of the economy of any country at all times and under the prevailing conditions of any models of economic systems. Pressing problem to solve in the scientific, methodological and applied planes, given the domestic economic realities, is to develop mechanisms to ensure financial security of the business entities, since their sustainability is based on the stability of their financial position, financial performance of economic activity, the ability to balance time of input and output financial flows, etc. The financial security of the state is based on the budget revenues from the tax deductions of solvent participants in economic relations; on the resources of the banking system and the non-banking financial sector, the sources of which are mainly temporarily free capital of economic structures; on assets of segments of the financial market, formed by revenues from users of financial products and services.

Thus, for effective regulation of the financial security at the macro level administrative bodies shall have a clear idea of what is meant by financial security as a whole as well as on level of business entities and individuals – members of the national economic system [6, p.18-19].

Domestic researchers have long been attempting to specify the content of the notion of financial security. Thus, in support of the above-mentioned theses, Tkalenko S. notes "the financial security of the state ... should be considered at the levels of the country and the world economy. But at the same time, one should not forget about security at the level of enterprises and industries" [7, p.100]. Thus, a multilevel approach to defining the notion of financial security can be distinguished, where this category is investigated through the prism of its complex structure in the processes of forming protective mechanisms, providing, managing, regulating, etc. An alternative scientific approach, which is based on the task of financial security, provides the conditions for realization of financial interests of both national and individual subjects – participants of the financial system. Thus, Radzivil K. S. discusses the issue of ensuring financial security of the state in the legal plane, and proposes to consider financial security as "the state of protection of the financial interests of a person, society and the state from internal and external threats, which is provided by state bodies in accordance with the main directions of state policy in the field ensuring national security of the state" [8, p.51]. In the source [9, p.124] we can find the following definition: "financial security is the state of finance and financial institutions, which guarantees the protection of national economic interests ...". Given the large number of participants in financial relations, whose interests are related to the financial security of the state, this approach is rationally called stakeholder-oriented.

Revak I.O., Prokopenko V.Yu. under financial security understand "such a dynamic state of financial relations in which favorable conditions and necessary resources for the expanded reproduction, economic growth and increase of living standards of the population are present, improvement of the national financial system for successful counteraction internal and external factors of destabilization of the financial state in the state is available" [10, p.152]. The state category is very common when attempts are made to define the concept of financial security both at macro and at the micro level. Resource provision of the financial system, first of all, its budgetary component and the spheres of state and public finances, is an important characteristic of the level of national financial security. At the same time, their use for expanded reproduction and economic growth better characterizes the notion of state economic security than its financial component.

The Methodological Recommendations for Calculating the Level of Economic Security of Ukraine under financial security mean "the state of the financial system of the country, which creates the necessary financial conditions for a stable socio-economic development of the country, ensures its stability to financial shocks and imbalances, creates conditions for maintaining the integrity and unity of the financial system of the country" [11]. For the period of overcoming the effects of financial crises (global – 2008-2009 and local – 2014-2015), security-oriented management for Ukraine is characterized by the search for external financial sources to stabilize the state of internal financial processes and finance public financial needs. Given this

circumstance into account, the proposed definition should be supplemented by a remark: "and guaranteeing its financial autonomy in the global financial arena".

The team of scientists – Stoliarenko O. O., Luzhetska I. M. and Sorochynska M. M. understand financial security of the state as one of the "important components of economic security" [12, p.305]. Baranovskyi O. I., one of the founders of the theory of modern financial security science, holds the same opinion, specifying that financial security "is based on the independence, efficiency and competitiveness of the financial and credit sector of Ukraine" [13].

Given the role of the subjects of the system of financial and economic security in general in its management processes, the notion of financial security of the state is determined by such scientists as Kovalchuk M.V., Ivashin O.F. as the goal of "effective functionality of the security system elements that is expressed in their purposeful influence on the threatening and potentially threatening phenomena of the financial and economic system in order to provide conditions for its self-defense, stability and development"... [14, p.296-297]. Threats, risks and dangers are classical for the use of cyber security experts, and are widely used in research on problems of economic and financial security at the micro and macro levels. It should be added that in foreign practice experts in the study of problems in the management of financial and economic security of the state, economic entities, or even individuals, often use the notion of "challenge" – as an objective condition that is inherent in the internal and external environment of existence and development of economic systems of different types, forms and levels of complexity of structure. At the same time, the question remains as to the primacy of the mentioned above concepts in relation to one and the vectors of the direction of the causal relationship between them. The author's vision of solving this scientific and methodological problem demonstrates Figure 1.1.1.

The results of the research on the problem of finding the concrete definition of the concept of financial security have long been carried out by the author for the promotion and support of other researchers in the problems of security science, and are reflected in the series of publications [15-19]. According to the author's approach, under the financial security of the state it is proposed to understand "such a state of financial resources and capabilities of the country, which are formed in its financial system or are attracted from the outside, which allows to ensure the implementation of national financial interests and financial interests of citizens and business entities by guaranteeing its protection against external and internal threats that can interfere with their efficient use (resources and capabilities) in various segments of the financial system [20, p.40].

The analysis of numerous definitions of financial security of economic entities has made it possible to identify a number of problematic aspects related to the understanding of the content of this concept at the scientific, methodological and applied levels. Thus, in some author's approaches, the definitions of financial security is too detailed, which makes them excessively voluminous and difficult to understand for those who are engaged in problems of providing financial security not in the scientific, but in practical terms. Domestic researchers often identify the concept of financial security of enterprises with their financial state [6], which is not entirely correct, since financial security, above all, is the ability of an enterprise to withstand

the negative financial impact of factors of the internal and external environment, and the financial state of the enterprise is the result of its functioning, expressed in terms of material and financial assets.

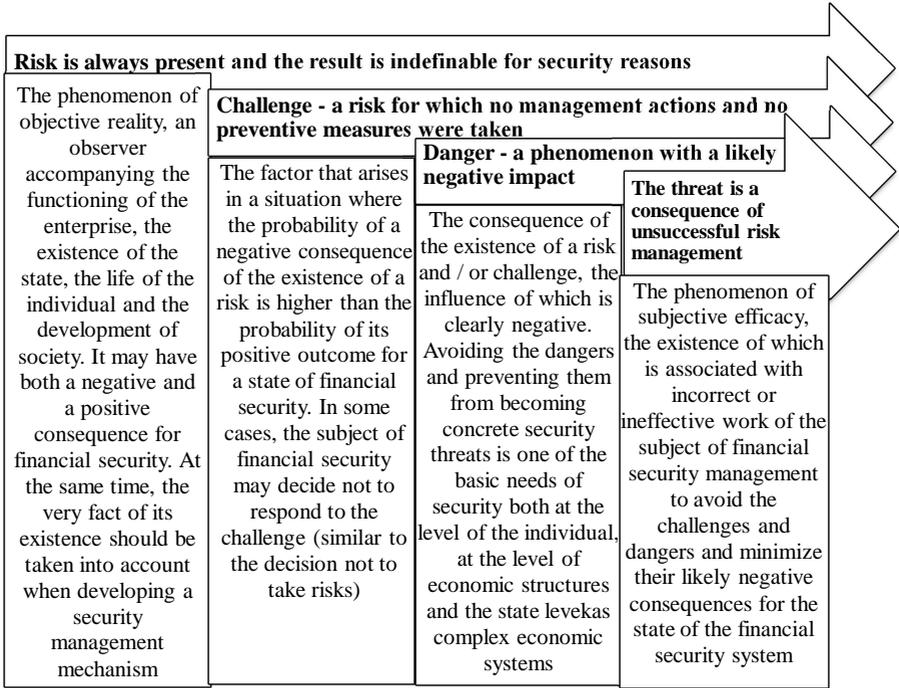


Fig. 1.1.1. Causal and consequential connection between the concepts of "danger", "challenge", "threat" and "risk"

Source: compiled by the author

In some interpretations of financial security, only the financial side of enterprises is mentioned. It is advisable to integrate these approaches and the economic component, as the financial security of the entity is also threatened by those types of risks that have an economic nature of origin.

Researchers, based on the scientific vision of which the concept of financial security as the efficiency of the process of using corporate resources, leaves out the attention that the company can be in a state of financial security without the efficient use of resources, for example, in the case of a natural monopoly or under the condition of state support of its activities.

Often, financial security of an entity is characterized by its ability to effectively conduct its financial and business activities. Sometimes financial security is understood in the context of the goals of the corporate strategy, but this category needs to be explored in the context of the goals of the individual corporate, business, functional and operational development of strategies of the enterprise. There are also supporters of the approach in which the essence of financial security of the business structure is

revealed through its ability to independently develop and implement a financial strategy of economic activity in accordance with the goal of a corporate strategy.

In accordance with the risk-oriented approach, financial security of an enterprise is its financial risk management activities aimed at achieving a safety condition. In contrast to this definition, it can be noted that financial security is not only risk management activities and the protection of the financial interests of the enterprise from external and internal threats, but also the ability of an enterprise to effectively carry out its economic, investment, financial, activity. Also within the framework of this approach it should be noted that financial security is the process of ensuring the permissible level of risks of the internal and external environment and leveling their influence on the enterprise.

Classical and traditional can be called a scientific approach, according to which financial security is understood as a component of the system of economic security of the enterprise. However, such a definition should be expanded by indicating that financial security is not only a balanced state of finance, sufficient liquidity of assets and availability of necessary financial reserves, but also resistance to negative impacts of the internal and external environment and the ability of the enterprise to independently develop and implement a strategy for provide its own financial activities in the future.

It is intolerable to define the financial security as a specific type of economic relations. However, with proper refinement of the necessary content characteristics, such an approach may become widespread and popular at the application level.

The systematization of approaches to the interpretation of financial security at the macro level has allowed to propose an alternative definition of this notion as a stable state of the financial system, the functioning of which is aimed at creating in the long run optimum conditions for the effective operation of enterprises and organizations of different forms of ownership, protection of domestic producers and the domestic market, ensuring extended reproduction [6, p.23]. The financial security of an enterprise is a certain financial and economic condition characterized by its ability to withstand the traditional and new threats to the process of satisfying its financial interests in the market. The main objective of ensuring the financial security of an economic entity is to protect its financial assets, property and employees from internal and external threats of the financial nature of origin, their timely detection and, if possible, elimination of the causes of their occurrence [21, p.26]. The study of the concept of financial security made it possible, on the basis of its inherent characteristics, to specify the relationship between the state of financial security of various participants in the financial system (Fig.1.1.2).

According to the results of the research it is possible to distinguish the set of concepts that are most often used by scientists in the process of formation of scientific approaches to the definition of financial security (Table 1.1.1).

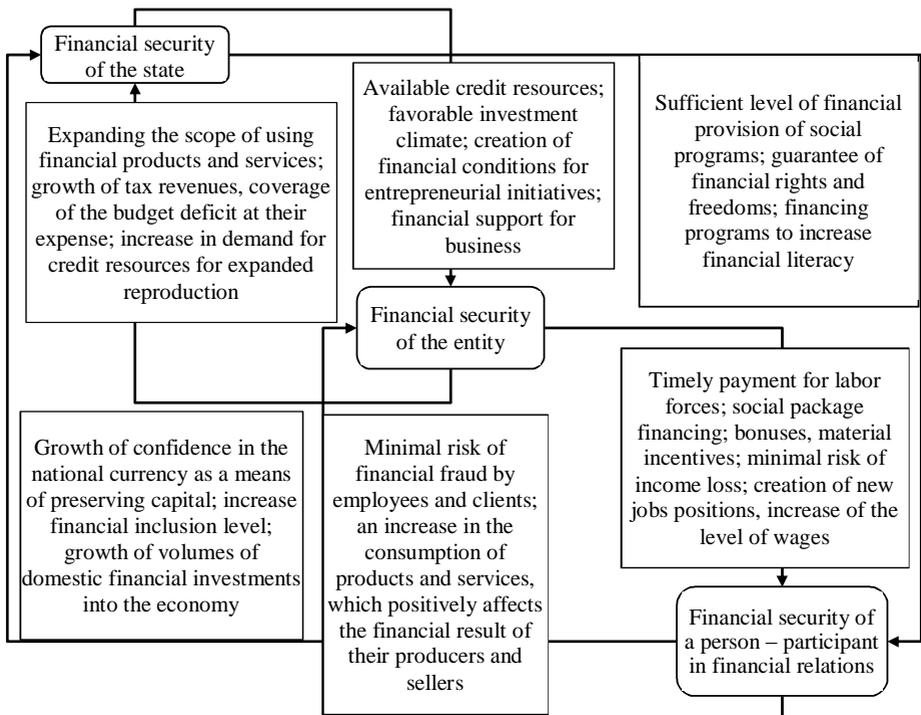


Fig. 1.1.2. Causal and consequential connection between the state of financial security of participants in the financial system

Source: compiled by the author

Table 1.1.1

A table of alternative concepts used to define financial security at the micro and macro levels

Concept-dominant	A priority process	Objective circumstances	Object of the focus of the efforts of the subject of security
State	Supply	Threat	Interests
Ability	Protection	Danger	Tasks
Level	Opposition	Risk	Resources
Constituent	Guarantee	Imbalance	Terms
Characteristic	Organization	Shock	Factors
Property	Management	Challenge	Relationships

Source: compiled by the author

The results of scientific research in the field of financial security management theory have allowed to highlight the qualitative features of this scientific category:

1) financial security is a functional component of the system of economic security and it has three basic levels: the nano level – financial security of the citizen or individual financial security; micro level – financial security of economic entities, and

macro level – financial security of the state. Economic globalization motivates to distinguish yet another levels of financial security – international, supranational, global;

2) financial security as a state of the economic system is characterized by a high level of its protection from the negative consequences of the risks and challenges of its functioning, from the impact of external and internal threats and the dangers to the integrity and efficiency of the use of financial resources available in the economic system, designed to meet the financial interests of its participants in financial relations;

3) the level of financial security is closely related to the level of other components of integrated systems of economic security and is determined by the security levels of the components of financial security systems of the second order (for example, for the country's financial security, the indicators of budget, debt, currency, monetary and bank security and security of non-bank financial sector are important [11]; at the same time, domestic scientists suggest adding to this list as separate functional components also tax and investment security [22, p.87];

4) at the application level, the aim of securing financial safety may be such as: achievement of the state of maximum satisfaction of financial interests of various categories of stakeholders; maintenance of the minimum level of existence of financial dangers and threats and their possible negative consequences for resources and mechanism of functioning of the economic system; achievement of the state of financial sovereignty and financial self-sustainability in the process of development of the national economy or business activity of the business structure or individual;

5) the vertical level of financial security management is characterized by the components of financial security of the state, region, enterprise and citizen, at the horizontal level – includes a set of security indicators, the current level of which is determined by a certain list of indicators that should have the recommended limits [23, p.127].

Thus, the basis for ensuring financial security of the state is the sufficiency and efficiency of the use of financial resources in the process of satisfaction of financial interests and the stability of the financial system to internal and external threats [24, p.120].

Table 1.1.2 shows the list of popular and suitable for use at the scientific-methodological and applied level approaches to the definition of the essence of the notion of financial security as a scientific and managerial category.

Table 1.1.2

Approaches to the definition of the concept of financial security at the micro and macro level in the context of management activities for its provision

Approach	The essence of the approach	Advantages	Disadvantages
Classic (traditional)	Financial security is the state of the financial system, the level of financial resources and the level of protection against financial dangers and their consequences	Pithiness, accessibility for understanding, ease of use at the application level for the development of information security management process	Using the notion of a state gives the impression that financial security is a static characteristic of the security object

Continuation of Table 1.1.2

Approach	The essence of the approach	Advantages	Disadvantages
Systemic	Financial security is a system of elements aimed at ensuring the implementation of financial rights and obligations of participants in financial relations	Coverage of various aspects of the financial security category with a clear indication of the existence of links between them and the need for a separate system for the effective provision of financial security	A large number of divergent and contradictory positions regarding the specific element of the architect of the financial security system
Focusing on the interests of stakeholders	Financial security is the ability to achieve the maximum satisfaction of financial interests of all categories of security object stakeholders	Complies with market economy requirements; allows to establish a clear list of objectives and tasks of the security entity and the order of their implementation in the process of providing financial security	In the case of contradictory interests of different categories of stakeholders, this approach is unsuitable for use without combining its basic aspects with the provisions of other approaches
Resource	Financial security is the availability of sufficient financial resources of the same quality that meets the financial needs of the security object and allows to finance the fulfillment of the achievement of the goal of creation and functional tasks and to ensure sustainable development in the long term	Justifies the importance of resource support for the achievement of the goals of security oriented financial management; is simple, understandable and suitable for use at the application level when developing the funding budgets to counteract financial risks and compensate for the consequences of their impact on the security object	A large number of divergent and contradictory positions on a specific list of resources needed to ensure financial security
Multi-level (structural)	Financial security is a component of a higher order system – economic security that has a complex structure and encompasses several levels of subsystems	Specifies the structure of the system of financial security, allows it to form its architectonics with an orientation on the specifics of the functioning of a specific subject of financial security	The emergent nature of the financial security system contradicts the attempts to position its level as the sum of security levels of subsystems, the characteristics of which in aggregate are identical to the performance characteristics of the financial security system

Continuation of Table 1.1.2

Approach	The essence of the approach	Advantages	Disadvantages
Risk-oriented (threat-oriented)	Financial security is a successful result of taking measures to manage financial risks; the safety of the financial condition of the security object from the negative impact of external and internal threats and risks	The most suitable for use in the framework of interdisciplinary research is the problem of security science, since the concept of "risk" and "threat" occur in categorical apparatus of many branches of science	Requires a detailed listing of risks and threats specific to the financial security of an object; as a result, this definition loses laconism and is suitable for conveying the essence of the concept only to a specific security object
Complex	Financial security – a set of measures aimed at ensuring the stability and functional capacity of the pre-formed financial security system	It allows to specify the step-by-step actions to be taken by the subject of financial security management to achieve its high level, and points to the need for multi-sectoral management activities to maintain financial security	A large number of divergent and contradictory positions regarding a specific list of measures necessary to ensure financial security
Mixed	Combines the basic provisions of all or several of the following approaches	Combines the benefits of the approaches that are being mentioned above	Combines the shortcomings of the approaches that are being mentioned above

Source: compiled by the author

As of the beginning of the second quarter of 2019, the domestic economy balances on the verge of two periods of its development – the period of post-crisis stabilization of its state and the restoration of the positive dynamics of its key parameters and the active period of the transformation of its architecture begins with the aim of reaching the state of economic and social convergence with the EU countries. In the new economic conditions characterized by rationality of compliance at the state level with sustainable development benchmarks and at the same time, reveal the necessity of gaining competitive advantages on common markets for goods and services in the European region, the process of providing financial security to both the country as a whole and individual business entities in particular begins to acquire new features, which need to be expediently concretized and deeply studied in order to create a qualitative information basis for the adoption at the state level of a balanced management decisions in the field of Ukraine's financial security guarantee in strategic perspective.

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1.2 Features of management of the financial component of the economic security system of the national economy of Ukraine: operational and strategic levels

Ensuring economic security of the national economy is a prerequisite for the realization of private and state economic interests, a guarantee of the evolution of the economic system and the successful positioning of the state in the global economic arena. Ukraine is now in a condition where the impact of economic and financial threats on the state of economic processes has peaked because of the political crisis and social tension in society. In view of this, the attempts of scientists to propose measures to increase the level of financial security of the population, and business structures, and the state as a whole from the destabilizing factors of the economic nature of origin are becoming relevant. The financial system is the center of a modern economy, and within its boundaries in domestic realities, the risks of sustainable development of Ukraine in the near future are formed. Thus, the economic security of the national economy is largely determined by the level of economic security of the state and the individual functional components of its system, one of which is financial security [1, p.58].

In modern conditions, financial security is the basis of the national security system. The state's ability to attract investment assets on the external and internal financial markets depends on the sustainable development of the financial sector and its ability to ensure economic needs and to meet the financial interests of the country, the people, and business structures. At the same time, Ukraine's macroeconomic indicators show a fact of destabilization of the financial system, the presence of destructive processes and long negative trends in financial services markets. High

levels of inflation, instability of the exchange rate, distrust of the national currency, low interest rates on deposits at high cost of credit, state budget deficit, high maintenance costs of public debt – all these circumstances, intensified by the political crisis and financial dependence of Ukraine from international financial organizations, give an opportunity to speak about the fact that Ukraine is now in a state of present of permanent financial danger [2, p.14].

The lack of a unified universal approach to the definition of the concept of financial security of the state, which is an important component of the economic security of the national economy of Ukraine, the formation of the thesaurus of security science for the processes of formation, functioning and management of the financial security system of the national economy and the state as a whole actualize the scientific task of developing a methodology for managing financial macro-security at the operational and strategic levels and its application in practical plane.

The method of managing the financial component of the economic security system of the national economy is a set of specific instructions, methods, rules that are used systematically, according to a certain algorithm, in order to study and regulate the sequence of actions of the subject of management of the system of financial security in space and time.

The management of financial security of the state is carried out in the vast majority of cases as one of the elements of the national anti-crisis policy. If the national economic system is in a normal state of affairs, the issue of managing its financial security is often not raised at all, since the government does not want to divert the limited financial resources to develop preventive measures to address threats that may not be characteristic of its financial system the future. As a result, it can have fatal consequences for the development of the financial component of the national economy.

Realizing the need to manage state financial security, modern theoretical experts and practitioners limit the object of their research to the financial component of the country's economic security system, despite the fact that the whole set of national financial interests is under constant influence of external and internal risks and threats, and maintaining a high level of financial security requires unconventional methodological approaches to managing existing own and borrowed financial resources.

It is advisable to identify the characteristic features that should be inherent in the management of the financial component of the economic security system of the national economy in the current economic conditions in Ukraine and the formation of a list of entities, objects, functions and principles of financial security management of the state.

An important point in the process of studying the peculiarities of managing the financial component of the system of economic security is the establishment of a list of subjects of management and objects of protection. As the subjects of financial security management of the state should be recognized state authorities – the President, the Cabinet of Ministers of Ukraine and national regulators of the financial market. The object of management is the level of financial security, which is the result of using existing financial resources of the state in order to minimize risks and maximize the efficiency of functioning of the financial sector of the national economy. The

management of the financial component of the economic security system of the national economy to the subjects of management is expedient to carry out at the strategic and operational levels [3, p.13].

The mechanism of financial security management should be divided into a one that provides a preventive effect on the influence of threats and dangers, and an another – mechanism for crisis management. Preventive (financial) control of financial security is the planning of financial development strategies, analysis, forecasting, planning of necessary changes in financial relations and timely response to financial risks and challenges. Under the crisis management of financial security should be understood the implementation of such a management mechanism, which provides a rapid reduction of losses through the immediate response of negative phenomena and events of financial nature of origin [4, p.10].

Based on the research results of such scientists as Kalambet S. V., Voropai V. A., the purpose of functioning of the mechanism of financial security management can be called "ensuring of financial equilibrium, achieving a certain financial effectiveness of the activity and the goals and objectives of the further development of the economic system" [5, p.107]. The purpose of managing the financial component of the economic security system of the national economy is to achieve the maximum possible level of realization of the financial interests of the state and to meet the financial interests and needs of the participants of the financial system at the optimal cost of financial resources to minimize the threats that are characteristic of their activities within the national economy.

Vasylyev O. V., Meita V. I. define the basic principles on which the system of economic, and hence financial security management, should be based: "the principle of development, the principle of adaptability, the principle of unity, the principle of competence, the principle of economic feasibility, the principle of efficiency, the principle of integrity, the principle of legality, the principle of continuity"[6, p.141]. Kyrychenko O. S. adds to the mentioned principles, such as "the principle of systemicity, the principle of coordination of interaction with the internal and external environment, the principle of the planned basis of activity, the principle of preventive, the principle of effectiveness" [7, p.268]. A list of principals based on the research of these scholars is sufficiently comprehensive and suitable for use in the process of managing the financial component of the economic security system of the national economy of Ukraine.

The forms of management that can be effectively applied in the process of financial security management of the state are the creation of a state body for supervision of the level of financial security and for coordination of actions on its provision at the national level, the development of a legal and regulatory basis for the establishment of the financial macroeconomic framework, in particular the Concept of financial security State, Strategies of Financial Security of Ukraine, Financial Security Policies and control over observance of norms and rules of functioning of elements of financial system.

One allocates such methods of management of economic security, which are used and to coordinate relations within the framework of its financial component, as institutional and administrative (organizational, regulatory, policy, command),

economic, technological, informational, social and psychological [8, p.78-80, 9, p.296-297]. Security science recognizes such general management methods as legal, ideological and technological. All of them can be applied at different levels of financial security management at the right time [3, p.15].

The necessary stage of managing the financial component of the economic security system of the national economy is the specification of the functions and tasks of a management process.

The special functions of management of financial security considered by specialists are:

- forecasting and identifying internal and external risks and threats to the financial interests of security agents;

- implementation of a set of tactical and strategic measures aimed at preventing the negative consequences of threats to the security object and their effect neutralization;

- implementation of the system of measures for the regeneration of the current state of financial security objects that have suffered in a result of the implementation of financial threats;

- the creation of conditions and opportunities for operational management of elements of the financial security system both at tactical and strategic level;

- active international cooperation in the field of achieving and maintaining a high level of financial security [10, p.9].

Returning to the fundamental foundations of management science, it should be noted that Faiol A. in 1916 identified the basic functions of management, such as forecasting, planning, organization, team management, coordination and control [11, p.56]. American scientists Meskon M., Albert M. and Hedory F. distinguish four functions of management: planning, organization, motivation, control [12]. To manage the financial security of the state, it is rational to distinguish between such functions as planning protection against the effects of financial threats and risks, the organization of financial security, personnel security management, periodic monitoring and evaluation of the level of financial security, control over the state of financial security. Their effective implementation will allow at the state level to form a modern and effective model of management of the financial component of the economic security system of the national economy for the current and strategic perspective.

The management mechanism in the economic literature is often considered in the sense of the constituent part of the management system, which provides an influence on a number of factors, from which the results of the activity of the controlled object depend on. Management is a process, and the control system is the mechanism that provides this process [13, p.1]. The proposed definition gives a clear indication of the essence of the concept under study, although under discussion is an attempt to define the category of "management system" through the term "mechanism".

To study the peculiarities of constructing a mechanism for managing the financial component of the economic security system of a national economy, it is expedient to use a system-process approach. Within the framework of this approach, under management we will understand the process of applying the system of actions on the formation, resource provision of a mechanism for ensuring the process of satisfying

the financial interests of the state, the population and economic entities from the impact of existing and potential internal and external threats. The object of management is financial security as an element of the system of public administration at the state level, management of which is one of the processes implemented in this system. The implementation of managerial functions should be carried out through the mechanism of financial security management, the development of which, taking into account the specifics of the current state and trends in the development of the Ukrainian economy in comparison with other countries of the world, and given the large number of threats accompanying it, is an important scientific and applied task in the middle of 2019 [3, p.14].

Consequently, the mechanism of management in the general sense is the system of elements of organizational and economic influence on the process of governance [14, p.116]. In this scientific approach, an attempt is made to determine the concept of a mechanism through the system category. In scientific circles, the idea that the management mechanism is a way of organizing management of social affairs, which is characterized by interrelated methods, means and principles, and this ensures the effective realization of management objectives. The given definition for its use in the field of security science and in the explanation of economic phenomena and processes needs to be specified and given to it the specific content features necessary for it.

Under the mechanism of managing the financial component of the economic security system of the national economy, within the framework of the system-process approach, it is necessary to understand the process of applying a set of methods and steps that allow to optimize the state of the elements of the system of secure of the control object in order to achieve the maximum level of its financial security. The maximum level of financial security of the national economy should be characterized by the state of protection of the country's financial resources against various types of threats and ensure their effective use in order to obtain positive financial effect in the national economic system. Therefore, the mechanism of financial security management of the state within the framework of the system-process approach is proposed to define as an internal organization of the system of processes for the formation, provision, operation, control of the state of financial security and assessment of the level of financial security as a result of the use of financial resources of the state, both their own and those involved with external and internal sources, in order to meet the financial interests of the country and its people in an optimal condition of their protection from the impact of financial threats.

The need to develop a mechanism for managing the financial component of the economic security system of the national economy lies in the characteristic features inherent in it in the current conditions of the financial system of Ukraine functioning. The stages of using the mechanism of financial security management of the state should be: timely detection and analysis of external and internal threats to financial security; assessment of the level of financial security of the state; monitoring of changes in the state of financial security; development and implementation of a plan of measures aimed at correcting shortcomings in the organization of the financial security system; implementation of measures to control the effectiveness of the process of securing financial safety [15].

Figure 1.2.1 presents a set of elements of the mechanism for managing the financial component of the economic security system of the national economy.

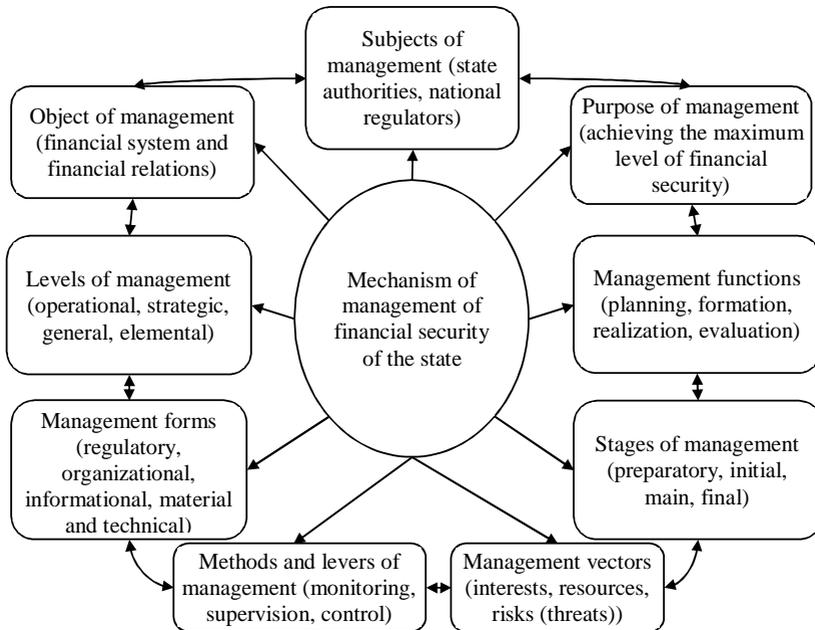


Fig. 1.2.1. Elements of the mechanism for managing the financial component of the economic security system of the national economy

Source: compiled by the author

Thus, a set of operational actions for managing the financial component of the economic security system of the national economy can have such components:

- identification of the causes of risks and threats; formation of risk catalogs and risk maps for financial security matters;
- forecasting (foresight) of negative influence of threats;
- assessing the current level of financial security,
- prevention of the negative impact of various types of threats on the state of financial security through the adoption of managerial decisions;
- assessment of the level of effectiveness of the taken management measures [3, p.18].

The features of operational management of the financial component of the economic security system of the national economy of Ukraine are summarized in Table 1.2.1.

Table 1.2.1

Features of operational management of the financial component of the economic security system of the national economy of Ukraine

Operational control vectors	Desired results for the short term	Features of realization of stages of management	The nature of implementation of management functions
Specifying the current financial interests of participants in the financial system and identifying threats to their satisfaction	Protecting against the negative effects of threats that affect security at the current time	At the preparatory stage, a security-oriented management plan is being developed; risk maps are formed and threats to financial security are identified	Operational planning of security measures is implemented through the development of annual plans for security-oriented activities
Search for resources that can be quickly deployed to counteract the negative impact of threats for financial security	Availability of a set of measures and clearly planned actions for urgent response to threats that were not identified in advance and warned	At the initial stage, personnel, information, financial support for the implementation of security-oriented management is forming	An additional security subsystem in financial security system can be created if it is necessary for the security provider to respond quickly to new forms of threats and risks that have suddenly arisen
Harmonization of financial interests, avoidance and resolution of contradictions between participants of the financial system	Formation of a team of professionals for professional management of financial security (creation of a department or service of financial and economic security)	At the main stage, a set of measures is implemented to counteract the negative effects of previously identified risks and threats, and those types that manifest themselves accidentally and unexpectedly	The implementation of operational financial security management covers measures taken by the subject of security every day to protect the resources and interests of participants in the financial system
Support of the functional level of the financial security system, comprehensive monitoring of the state of all its subsystems	Development of a set of indicators for assessing the level of financial security achieved	The final phase should include an assessment of the effectiveness of the measures taken, the calculation of losses from the impact of threats that could not be prevented, the analysis of managerial mistakes and miscalculations	Operational assessment of the level of financial security or the level of effectiveness of the implementation of operational measures for its management implies the need to develop a scoring model of evaluation, and in its absence is limited with an expert opinion of a specialist in the field of financial security

Source: compiled by the author

At the macro level, financial security is determined by the degree of security of the elements of debt, budgetary, banking, monetary systems and also non-banking financial sector [2, p.14].

Strategic financial security management should include measures that will bring about the stabilization of the security situation of each of these components. The realization of financial interests in each of the subsystems of financial security should be the basis for the development of strategic imperatives in the management of the financial component of the economic security of the national economy and the priorities of the development of the financial security system of the state. For example, it is possible to propose the following strategic priorities of security-oriented management in the direction of development of the financial market of Ukraine:

- intensification of the process of raising the level of financial literacy of the population through the system of institutions of higher education;

- formation of a reserve of top management for work in financial institutions (in particular, in system banks, state insurance companies, largest investment funds and asset management companies [16-18], etc.) by organizing training in specialized units of higher education institutions;

- raising requirements for transparency of financial institutions; its periodic evaluation and publication of ratings of information transparency of professional participants in the financial market;

- periodic monitoring of the state of economic security of financial institutions and assessment of the level of banking security and security of the non-banking financial sector; this task may be assigned to one of the national regulators of the financial market (the National Bank of Ukraine, the National Commission that carries out state regulation in the field of financial services markets, the National Securities and Stock Market Commission or the single financial market regulator in case of maintenance on the state level ideas for its creation or for two regulatory institutions in case of switching to the Split model);

- the transition to remote online services that is more easily monitored by the authorities;

- setting limits on prices for individual financial products and services;

- formation of informational and documentary support for the process of assessing the level of economic security at micro and macro levels.

The proposed strategic priorities should be reflected in the overall strategy of the financial component of economic security of the national economy of Ukraine. At the same time, it is important to coordinate them with the main provisions of the Comprehensive Program for the Development of the Financial Sector of Ukraine until 2020, as well as to base separate Strategies of Financial Security of Ukraine and Strategies of Economic Security of Ukraine which should become a documentary provision for ensuring a high level of protection of the domestic economy from negative influence external and internal financial threats. Successful follow-up of the stabilization of Ukraine's financial security will have positive effects on the development of financial services markets, which will, in the long run, help to stabilize the economic security of the national economy.

Here is a list of strategic priorities for managing the state of the financial component of the economic security of the national economy, formed on the basis of systematization of the imperatives of ensuring economic security in the financial market, taking into account the threats and opportunities characteristic to its participants (Table 1.2.2).

As already noted above, the Financial Security Strategy of Ukraine should be an integral part of the Strategy of National Economic Security.

Table 1.2.2

Strategic priorities of management of the financial component of economic security of the national economy [2, p.16]

Directions of stabilization at the macro level	Measures at the level of participants in the financial market	Tactical management solutions
Capital increasing	Increasing the level of financial and investment security	Minimizing investment and financial threats
Monitoring of asset quality	Minimizing the share of problem assets	Refusal of unprofitable financial services
Establishing or expanding the list of economic standards	Development of the system of internal safety standards	Conducting an assessment of the level of economic security
Modernization of the system of economic security	Incentives to self-assurance	Security budgeting
Expanding the range of financial products and services	Development of innovative financial products and services and analysis of their threats	Analysis of threats to the introduction of new types of traditional for market products and services
Formation of a single database of credit histories	Development of own information package	Organizing information for a centralized database
Formation of the compensation fund for losses from investment losses	Moderate use of aggressive investment strategies	Estimation of the threats of implementation of each separate investment strategy
Assessment of threats and opportunities from entering international capital markets	Expansion of directions of diversification of investment portfolios	Estimation of threats of various directions of investment activity
Increase in the attracted capital	Increasing the level of creditworthiness	Security-oriented capital restructuring
Organization of personnel training for financial institutions	Formation of a professional staff for security management	Establishing requirements for staff involved in security management
Increase in the availability of financial services	Security-oriented modernization of pricing policy	Estimation of losses from cost reduction for certain types of services
Increasing the level of information transparency	Development of information transparency policy	Assessing the level of information transparency

The purpose of strategic management of financial security should be a single state document, which will determine the main benchmarks for stabilization and long-term development of the domestic financial system. Given the current economic conditions and the threats inherent in the functioning of the financial component of the economic security system of the national economy and elements of the infrastructure of financial

services markets into account, the main objective of the financial security strategy of Ukraine should be recognized as promoting the realization of the financial interests of the state by minimizing the threats to the functioning (viability) of the national economics of financial nature of origin or other areas that have a negative impact on financial stability and financial autonomy of the country. The determination of a targeted list of financial interests of financial system entities should be one of the stages in developing strategic priorities for ensuring financial security as an integral part of the economic security of the national economy (Figure 1.2.2).

The formation of a strategy for ensuring financial security within the framework of guaranteeing the economic security of the national economy should be carried out in compliance with the proposed step-by-step action. Its development takes place at the national level, for example, one of the national regulators of the financial market as a document of recommendation or policy nature. However, the taxonomy of national financial interests, the implementation of which directly depends on the state of security of various components of the financial system of Ukraine, remains an important scientific and practical task [1, p.61] (Table 1.2.3.).

In general, national financial interests include: cleaning the financial market from ineffective participants and those financial institutions that are not competitive, or created or working with violations of legislation; ensuring the use of the opportunities of international capital markets, expanding access to international settlement systems, raising the level of financial literacy of the population, minimizing cash circulation and shadow financial transactions [1, p.61].

As already noted, state financial security strategy is currently absent in Ukraine. A comprehensive program for the development of the financial sector of Ukraine until 2020 [19] was adopted in 2015; The Ukraine-2020 Sustainable Development Strategy was confirmed by the Decree of the President of Ukraine in January 2015 [20]; approved in 2016. The Concept for the development of the security and defense sector of Ukraine [21] sets the end of 2020 as a mark for achieving the proper status of individual indicators.

Taking into account the mentioned above facts, subject to the development and adoption at the state level in 2019 of the Financial Security Strategy of Ukraine, the Strategy for Ensuring the Economic Security of the National Economy or other document, which will clearly define the strategic imperatives for the management of the security of the financial system of Ukraine, the time horizon of its actions and the target figures should reach 2024 [1, p.62].

According to the results of the study, in Table 1.2.4, the peculiarities of strategic management of the financial component of the economic security system of the national economy of Ukraine are specified.

The strategy of ensuring financial security at the national level should be prepared taking into account the interests, circumstances of activities and features of development of the state, regions, enterprises, financial institutions and other participants of the market relations [22-29].

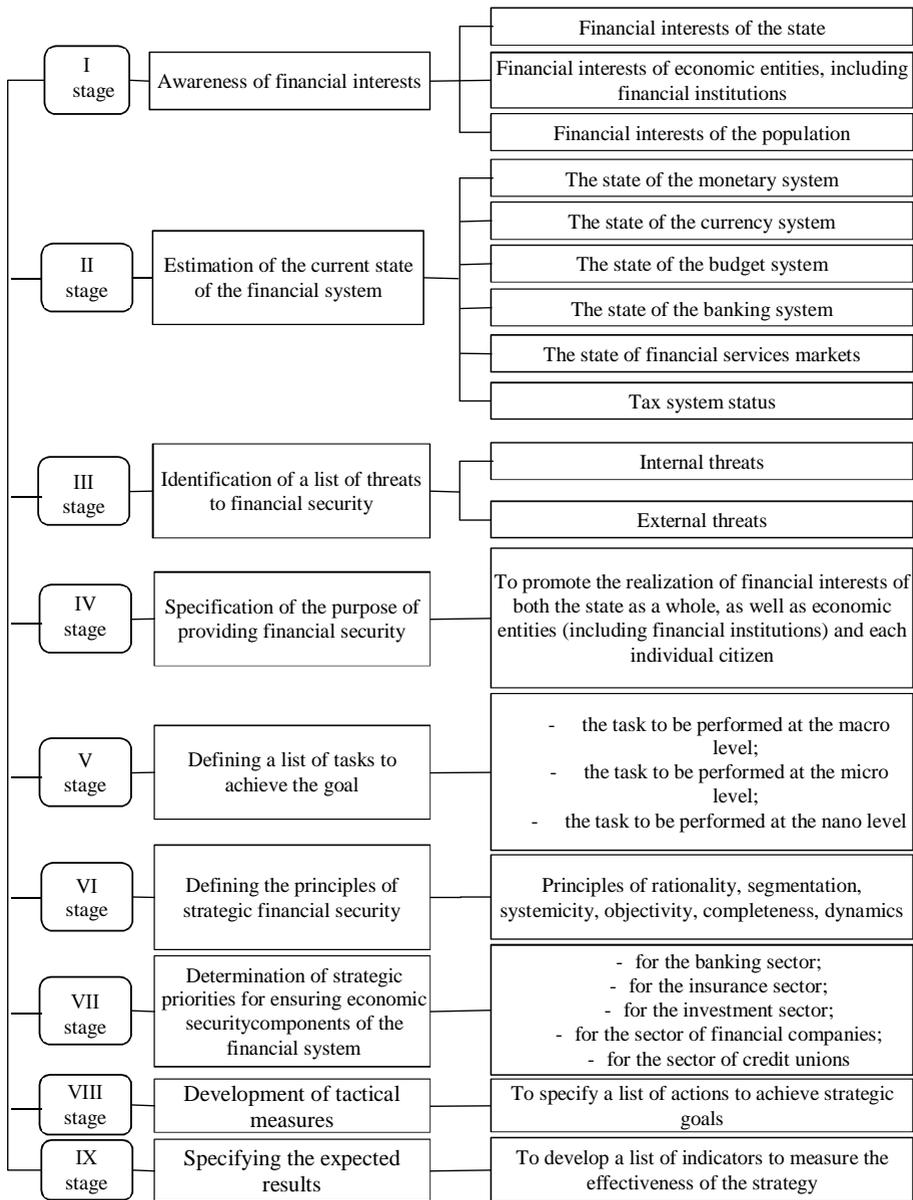


Fig. 1.2.2. Formation of the financial security strategy of Ukraine for the purposes of ensuring the economic security of the national economy [1, p.60]

Table 1.2.3

The financial interests of the state as an object of strategic and operational management of financial security

Sphere of interest	Financial interests
Monetary sphere	Providing free cash and cashless money, increasing the level of availability of credit resources for individuals and legal entities, expanding the limits of non-cash circulation of money, forming the reserves of the national currency
Currency sphere	Stabilization of exchange rates and control of their volatility, stopping the fall in the price of the national monetary unit and raising the level of confidence in it from the population, the formation of gold and foreign exchange reserves of sufficient volumes and quality
Budget sphere	Reducing the level of the budget deficit and finding reserves for its coverage, increasing budget revenues, optimizing expenditures from budgets of all levels, maintaining a high level of fiscal decentralization with a view to balancing financing of regional needs
Banking sphere	Increasing the volume of lending to the economy, reducing the level of problem assets in the banks' portfolios, creating an effective deposit guarantee system, stimulating the deposit activity of the population and legal entities, minimizing loans to individuals associated with banks
Non-banking financial sector	Increase in demand and supply in the financial market, growth of investment activity, emission activity of domestic business entities and non-residents, optimization of financial market infrastructure, free competition both in separate financial segments and in the market as a whole, timely identification of professional players in financial services markets that conduct their activities with violations or are used in mechanisms of the shadow economy for the purpose of legalization of proceeds from crime, or withdrawal of the capitals abroad, for example in offshore
Tax sphere	Increase in tax revenues and optimization of the taxation system, first of all, in the direction of simplifying the procedure for administering fiscal operations

Source: compiled by the author

Table 1.2.4

Features of strategic management of the financial component of the economic security system of the national economy of Ukraine

Strategic management vectors	The desired results for the long term	Features of realization of management stages	The nature of the implementation of management functions
Developing a set of documents for managing financial security at the strategic level (Concept, Strategy, Policy, Program, Methodological recommendations for assessing the level of security).	The presence of an effective, functional and multi-component financial security system in the state	At the preparatory stage, the current state of financial security is assessed, there are shortcomings in the organization of its system and the mechanism of security-oriented operational and strategic management, or it is stated that they are absent	A set of strategic tasks for financial security is planned, guidelines for the development of the financial security system for five to ten years are set

Continuation of Table 1.2.4

Strategic management vectors	The desired results for the long term	Features of realization of management stages	The nature of the implementation of management functions
Formation of an effective system for regulating the state of the financial system and monitoring its participants' activities	High level of financial inclusion, raising the level of financial literacy of the population; ensuring equal access to financial products and services	At the initial stage, a resource base for strategic management is formed, a set of strategic guidelines for financial security management is defined	A strategy for managing financial security over the long term is being formed
Prevention of confronting financial interests of the state and individual participants in the financial system	Minimize the functioning of the financial system of threats and risks inherent in the external and internal environment	At the main stage, tactical actions are being developed and implemented for the gradual achievement of certain strategic guidelines.	Strategic tasks are implemented by establishing interim, tactical and operational objectives for financial security
Reduction of the level of foreign capital in the financial system, activation of internal sources of financing for the needs of sustainable economic development	Achieving the state of financial sovereignty and maintaining a high level of financial security over a long period of time	At the final stage, the level of achievement of strategic guidelines is estimated, the reasons for the deviations of the real values of the indicators of security parameters from the planned ones are specified, the conclusion about the success of the strategy implementation is formed	Complex assessment of the level of achievement of the established strategic guidelines at the end of the strategy implementation period (usually, five years after its adoption) is carried out

Source: compiled by the author

If we interpret the well-known Maslow pyramid for using this outstanding idea for the aim of structuring the purpose of financial security management, it would be advisable, at the basic level of physiological needs, to allocate the resources necessary to continue the functioning of the financial system, protected from loss, damage, theft, deformation, distortion, misuse, etc. At the second level, where in the traditional pyramid, its creator placed the need for security and lack of fear, it is proposed to leave the subject in a state of financial security sufficient to prolong its functioning and realize the goal of creation in the presence of financial risks and threats. At the third level, it is advisable to place a set of measures aimed at ensuring the security of the implementation of the processes of protecting the financial interests of the participants of the financial system and meeting their needs in order to maintain an appropriate level of their confidence in the implementers of financial policy. At the fourth level, mechanisms for securing financial safety should be used to promote the brand of a region or country (depending on the scale of the investigated financial security system) in the national and/or international economic arena, minimizing reputational threats,

shaping and following the image of a socially responsible, economically sustainable and financially independent participant in market relations. At the top of the pyramid of the needs of financial security management, it is proposed to place the achievement of the financial goal of the existence of the economic system in the full range of risks and threats to the environment with minimal cost of available own and borrowed resources for measures to counteract their negative impact on the state of financial security. If the first two levels involve the timely acceptance of operational management decisions, for a success at the top of the pyramid it is necessary to have competent and effective strategic management of the financial security of the state.

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1.3 Innovative approaches to the assessment and state regulation of the level of financial macrosecurity

In order to obtain a reliable estimate of any calculation indicator, the quality of the information that forms the database for conducting the research, as well as the skills and abilities of the expert who will perform the analysis, is extremely important.

According to the Methodological Recommendations for Calculating the Level of Economic Security of Ukraine (hereinafter referred to as the Methodology) [1], which are recognized at the state level and include methodological, informational and analytical support for the process of assessing the level of financial security of the country, financial security at the macro level should be assessed in a complex manner, taking into account the indicators of six components of its system: banking security, security of the non-banking financial sector, debt, budget, currency, monetary security. Together, 32 indicators are proposed for assessing the state of such diverse elements of the financial system, which may not be sufficient to ensure a high level of reliability of the result in today's changing economic circumstances. However, such a number could provide an appropriate assessment of the level of financial security, provided that the information base for analytical procedures is of sufficiently high quality.

Some problems in assessing the level of the financial component of Ukraine's economic security were raised in the paper [2]. It's a shame, but it has to be noted that in the three years since the previous study, there were no changes in the methodological approaches to assessing the level of financial security of the state. The composition of the indicators for the evaluation has not been revised; the government did not provide a comprehensive assessment of the current state of Ukraine's financial security, and studies conducted in this context had all the signs of fragmentation. The first problem faced by analysts in attempts to diagnose and assess the state of financial security of the state are data sources. To calculate a number of indicators suggested in the Methodology, it is not easy to obtain data, especially given into account that they need to be evaluated in dynamics. Despite the fact that the Methodology contains an indication of the sources of information from which obtain the necessary information, the proposed links to the Internet resources are outdated and not working, it is often impossible to obtain printed publications. Since most of the necessary data are statistical indicators, for the partial resolution of the identified problem on the site of the State Statistics Service of Ukraine it is advisable to allocate a place for the placement of the necessary information. At the same time, it is not a mystery and the fact that statistics are released with a significant delay in time relative to the moment they characterize. Thus, another evaluation problem is the timeliness of obtaining the necessary information. Of course, there are doubts and concerns about the quality of statistical data, which, according to many experts, is nothing but "average temperature at the hospital," and therefore quite aptly reflect the state of the realities of the development of the domestic financial system.

Another problem in the process of assessing the level of financial security of the state is that data for various organizations and institutions is needed for calculations. For example, in order to diagnose the level of banking security, information is needed from the National Bank of Ukraine; to assess the security level of the non-banking financial sector – information held by the National Securities and Stock Market Commission and the National Commission for State Regulation of Financial Services Markets is important. In order to obtain data on the size of the deficit of the state budget of Ukraine, it is necessary to seek and study legislative acts. Thus, the search, selection and preparation of analytical data for the evaluation procedure is a very time-consuming process, during which the analyst may not find all the information he or she

needs. Taking into account this, it is advisable to recommend the creation of unified information resources that will contain a set of data necessary for assessing the level of financial security of the state, with the possibility of systematizing them according to individual parameters. Given the important role of the three national regulators of the financial market in the process of collecting the necessary statistical material, it should be suggested that they themselves initiated the filling of this information resource.

However, even with an indication of where to find the necessary data, in many cases it is still difficult to find them. The sites of many organizations and companies are not comfortable enough to use, have extremely complex internal architectures and low level of transparency. Therefore, one more problem to note in the process of assessing the level of financial security is the complexity of access to the required data.

It is also necessary to review a set of weighting factors that determine the impact of some indicators on the value of the indicator of the total level of financial security. Thus, minimizing the value of currency security and allocating it a share at the level of 0,1686 in the total indicator of financial security (a smaller proportion only has a security component of the non-bank financial market – 0,1068) [1], was an expert miscalculation, when in 2014 it is precisely because of a sharp change in the hryvnia exchange rate relative to world currencies, the country's financial security was at a record low and the economy of Ukraine was affected by financial crisis. Therefore, it is extremely important to review and reassess at the national level the importance of each component of financial security in order to ensure the process of realizing the financial interests of the country and all without exception of the categories of stakeholders.

With regard to the actual methodological approach to assessing the level of financial security, it is worth noting that in the process of evaluation, modern experts do not take into account such an important indicator as the personal financial security of the citizens of the country. The study of foreign information resources related to the problems of ensuring economic and financial security, allows us to conclude that in most developed countries, the understanding of the concept of "financial security" is reduced to an individual – a resident, a citizen. In the process of carrying out scientific works, the author encountered the results of studies on the financial security of citizens of the United States and a number of European countries, on the basis of which it was possible to determine whether the population has temporarily free financial assets, which level of financial literacy is inherent in citizens, whether they trust the banking system and financial institutions their savings, etc. Such information would also be useful in the process of assessing the financial security of Ukraine, especially for analyzing the level of banking security and security of the non-banking financial sector.

Therefore, in order to obtain a reliable assessment of Ukraine's financial security level in 2019 and beyond, it is necessary to revise the traditional methodological approach to diagnosis, to optimize the set of indicators for evaluation due to lack of information for their calculation; to oblige national regulators of the financial market to publish the information necessary for analysis in a timely manner, without complicating the access to the intricate architecture of the sites, and to provide the

necessary data in a minimum in a three-year retrospective to identify trends in the level of financial security [3, pp. 17-20].

The list of indicators characterizing the level of financial security of the state in the subsystems of banking security and security of the non-banking financial sector is proposed to add an indicator of personal financial security of actual and potential clients of financial institutions. The need for a methodical approach to assessing the level of economic security of clients of financial intermediaries is due to the circumstances and trends that accompany the development of the banking and non-bank segments of the domestic financial market. Assessing the current threats to the state's financial security, one cannot ignore the level of economic security of financial products and services providers as important players in the financial system and intermediaries in the processes of implementation of domestic financial investments. Ukraine will not be able to obtain financial sovereignty, increase its own financial potential to restore the functionality of economic and social systems and their further development without a powerful and efficient domestic financial market. Thus, the monitoring and support of a high level of financial security of its professional participants, such as banks, insurance, leasing, factoring companies, asset management companies, pawnshops and credit unions, etc., should be recognized as tasks of a national level of significance, for which, in the near future, must be formed a list of strategic guidelines for the development of financial institutions in the conditions of their internal and external threats. Traditionally one of the sources of danger and risks for the activities of domestic financial intermediaries remains their clients whose behavior is increasingly characterized by manifestations of financial insecurity.

Negative consequences of financial behavior of users of financial products and services for the financial security of banking and non-bank financial institutions may be as follows:

- failure to fully or partially fulfill its own financial obligations, which leads to a loss in particular types of services of financial institutions;
- fraudulent actions aimed at obtaining a profit at the expense of a financial institution, which reduces the level of profitability of its activities;
- the dissemination of false information about the price and quality of financial products, services or the processes of their provision, which damages the reputation and image of the institution, reduces the level of trust in it;
- providing the client with inaccurate information about his/her own financial capacity in order to obtain a positive decision on financial service that will be false and risky for the financial institution.

Thus, customer verification should become one of the areas for ensuring financial security of professional participants in the financial market in the system of state financial security. This practice is not new, and is widely used by banking institutions when making a loan decision. Bankers require documentary evidence of a client's financial strength, evaluate his or her financial history and decide whether he is trustworthy. At the same time, some financial intermediaries in attempts to expand their own customer base are beginning to serve individuals who are unable to fulfill their financial obligations for one reason or another. The consequence of this is the loss for financial institutions and the reduction of their financial security. To compensate

them, companies need to raise prices for financial products and services, that is, to initiate a situation where their honest users cover the losses of clients who were fraudulent or in financial difficulty. This causes tension, and provokes the situation in which clients leave financial institutions, and the level of financial inclusiveness in the state begins to decrease. However, this can be prevented if a financial institution specialist assesses the financial security level of a potential client before making a financial decision.

At the macro level, the assessment of the financial component of the economic security of the national economy should be conducted in the following order:

- at the first stage it is necessary to determine the list of bodies that will carry out the assessment. These should be structures that do not belong to the list of financial institutions responsible for the state of national economy. Otherwise, the assessment can be subjective and non-informative. At this stage, it is necessary to provide analysts with the methodological and informational materials they will need to be guided during the evaluation, and to determine in what form the report on the results obtained and how it will be made public;

- at the second stage, the bodies responsible for evaluating or the person responsible for the assessment must make a calculation of financial security level. To do this, they must have access to various information resources, as well as the authority to obtain all necessary data needed to fulfil all evaluation procedures;

- at the third stage, using the expert method, analytical processing of calculated and systematized quantitative and qualitative indicators should take place, and in accordance with the scale of financial security assessment, the level determined by the implementation of actions on ensuring financial security at the macro level should be determined;

- at the fourth stage, a conclusion is drawn on the level of financial component of the economic security of the national economy, which is presented for familiarization to the President and the Cabinet of Ministers of Ukraine, as well as to the person responsible for the state of the system of national security. The conclusion is accompanied by proposals to improve the level of analyzed indicators and the calculation of their predictive values, provided that the proposed measures are taken. This conclusion and calculated values of indicators of financial security should be made public on official websites of state authorities [4, p.17].

At each of the following stages, the impact on the reliability of the assessment of such risks is possible:

- during the collection of information – it is possible to receive incomplete set of data, use of substandard, inadequate sources of information, lack of appropriate conditions for their preservation, use of wrong, irrational approaches for obtaining data, refusal of alternative information resources due to their high cost;

- during the processing of information – an erroneous interpretation of the information received, the loss of part of the collected data in the process of processing them, the low processing speed, neglect of intermediate results, refusal to re-check due to lack of time or resources;

- during the registration of information – hiding part of the resources, leaving them outside registration, errors during registration, theft, loss of data;

–during the analysis of information – the excessive complexity of analytical procedures, the lack of resources for complex analytical processing, third-party intervention in the process, the risk of error in the analysis, the possibility of loss of data, the risk of getting false, false result [5].

The imperfection of existing approaches to assessing the level of financial security of the state calls for the formation of new methods and approaches for diagnosing its level. The author's approach to the rapid assessment of financial security does not contain those shortcomings that were identified in the process of analyzing traditional evaluation practices, at the same time, does not claim to be universal, and is recommended for use as additional analytical tools when determining the level of financial security of the country.

The basis of the method of express-estimation of the level of financial security of the state is the expert method, and also the weight of Fishburne is used. In general, the classical model of the methodological approach to assessing the level of financial security is retained (Fig.1.3.1). Non-traditional is the list of indicators – indicators of the level of various components of financial security, as well as the approach to determining the proportion – significance – of the value of each proposed indicator in the final integrated indicator.

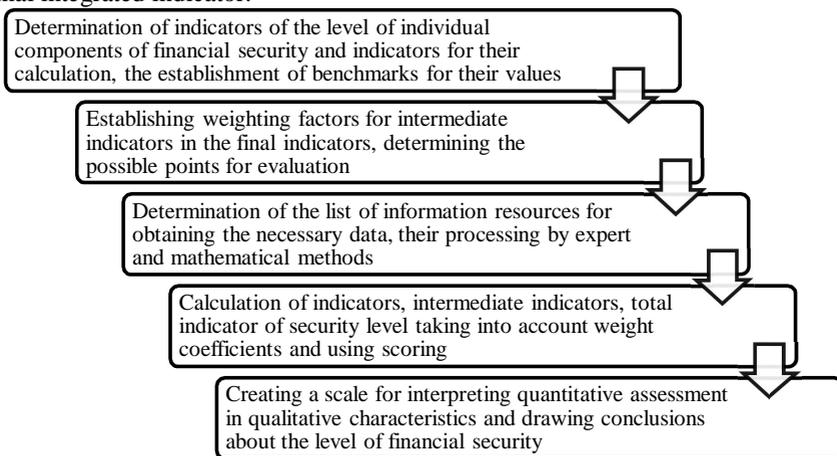


Fig.1.3.1. Methodical approach to assessing financial security level at micro and macro plane

Source: compiled by the author

The methodological basis for choosing the weight of Fishburne for solving the problem of weighing the values of financial security indicators in the final indicator of its level is as follows: the weight of Fishburne is rational fractions in denominator which is the sum of the arithmetical progression N of the first members of the natural series in step 1, and in the numerator, decreasing by 1 elements of the natural number from N to 1 (for example, $3/6$, $2/6$, $1/6$ in the amount give 1). That is, the advantage of the Fishburne is expressed in the reduction of the weight fraction of the weaker alternative by the unit of the numerator of the rational fraction. The decision to use the

method of determining the weighting factors of the indicators for assessing the level of financial security under the Fishburne's rule is explained by the benefits of this approach. If we compare the calculations of weighting coefficients using Fishburne's formulas with other methods, we can draw the following conclusions about the feasibility of using such a method:

- there is no need to conduct expert surveys and process data – the experts immediately put forward fair opinions in their view;
- there are no restrictive conditions for the implementation of this method, which will allow the use of the developed method, even in the case of changing the basic condition;
- it is easy to take into account additional information on the indicators for assessing the level of financial security;
- no need to implement the program realization of calculations with a complex mathematical algorithm;
- easy to make any changes to the calculations based on additional information on the status of individual indicators and evaluation parameters [6].

Lets determine the weight coefficients of the indicators using the Fishburne scales.

$$a_i = \frac{2 \cdot (n-i+1)}{n \cdot (n+1)} \quad (1.3.1)$$

There are 4 groups of indicators for 5 subgroups in each group. Thus, in order to obtain a reliable assessment of the level of financial security of the state, it is proposed to identify the state of banking security, security of the non-banking financial sector, currency security and public finance security (includes indicators of monetary, budget, debt security). In the framework of this study, the exact set of indicators for the diagnosis of the state of each of the five final indicators proposed for the analysis of these components of financial security is not specified, their list can be dynamic depending on the stakeholder, which aim is to assess the level of financial security. However, a detailed approach to calculating weighting factors is presented below to take into account the significance of each of the five indicators of evaluation of the four selected components. Thus, in each group we have the following possible weight options for the proposed indicators:

$$a_1 = \frac{2 \cdot 5}{5 \cdot 6} = \frac{1}{3} = 0,3333$$

$$a_2 = \frac{2 \cdot 4}{5 \cdot 6} = \frac{4}{15} = 0,2667$$

$$a_3 = \frac{2 \cdot 3}{5 \cdot 6} = \frac{1}{5} = 0,2$$

$$a_4 = \frac{2 \cdot 2}{5 \cdot 6} = \frac{2}{15} = 0,1333$$

$$a_5 = \frac{2 \cdot 1}{5 \cdot 6} = \frac{1}{15} = 0,0667$$

Five experts were interviewed (for each group of indicators) for building a system of weights. The medium value is calculated as the arithmetic average of the experts'

estimates. Table 1.3.1 systematized results of an expert assessment of the weighting factors of indicators of the level of banking security.

Table 1.3.1

Expert estimation of weight coefficients of indicators of the level of banking security

Experts	Banking security				
	The level of foreign capital in the system	Compliance with banking standards	The level of non-working assets in the system	The level of financial inclusion in the banking system	The level of profitability of banking activity
	I ₁	I ₂	I ₃	I ₄	I ₅
First	0,2	0,3333	0,1333	0,0667	0,2667
Second	0,0667	0,2	0,2667	0,1333	0,3333
Third	0,2667	0,3333	0,1333	0,0667	0,2
Fourth	0,2	0,2667	0,1333	0,0667	0,3333
Fifth	0,0667	0,3333	0,2	0,1333	0,2667
Medium value	0,1600	0,2933	0,1733	0,0933	0,2800

Source: compiled by the author on the basis of expert surveys

The formula for calculating the value of the total indicator of the level of banking security has the form:

$$I_{BS} = 0,16I_1 + 0,2933I_2 + 0,1733I_3 + 0,0933I_4 + 0,28I_5, \quad (1.3.2)$$

where I_{BS} – indicator of the level of banking security, $I_1 - I_5$ – indicators from Table 1.3.1.

Table 1.3.2 shows the results of an expert assessment of the weighting factors of the security level indicators of the non-banking financial sector.

Table 1.3.2

Expert estimation of weight factors of security level indicators of the non-bank financial sector

Experts	Security of the non-banking financial sector				
	Level of security of the insurance market	The level of security of the market for non-bank lending institutions	The level of security of the market of non-state pension provision	Security level of financial companies and lessors	Level of security of the pawnshop segment
	I ₁	I ₂	I ₃	I ₄	I ₅
First	0,3333	0,0667	0,2667	0,2	0,1333
Second	0,2667	0,2	0,3333	0,0667	0,1333
Third	0,2667	0,1333	0,3333	0,2	0,0667
Fourth	0,3333	0,1333	0,2667	0,0667	0,2
Fifth	0,3333	0,2	0,2667	0,1333	0,0667
Medium value	0,3067	0,1467	0,2933	0,1333	0,1200

Source: compiled by the author on the basis of expert surveys

The formula for calculating the total security indicator for the non-bank financial sector has the form:

$$I_{\text{SnBFS}} = 0,3067I_1 + 0,1467I_2 + 0,2933I_3 + 0,1333I_4 + 0,12I_5, \quad (1.3.3)$$

where I_{SnBFS} – non-bank financial sector security indicator, $I_1 - I_5$ – indicators from Table 1.3.2.

Table 1.3.3 demonstrates the results of an expert assessment of the weighting factors of the indicators of the level of currency security. The formula for calculating the value of the total indicator of the level of currency security has the form:

$$I_{\text{CS}} = 0,2800I_1 + 0,2267I_2 + 0,1333I_3 + 0,12I_4 + 0,24I_5, \quad (1.3.4)$$

where I_{CS} – indicator of the level of currency security, $I_1 - I_5$ – indicators from Table 1.3.3.

Table 1.3.4 shows the results of an expert assessment of the weight ratios of indicators of the level of public finances security.

Table 1.3.3

Expert estimation of weight coefficients of the indicators of the level of currency security

Experts	Currency security				
	Efficiency of exchange rate regulation	Level of confidence in the national currency	Intensity of exchange rate change	Existence of currency constraints	The size of the gold and foreign exchange reserves
	I_1	I_2	I_3	I_4	I_5
First	0,2	0,2667	0,0667	0,1333	0,3333
Second	0,3333	0,2	0,0667	0,1333	0,2667
Third	0,3333	0,1333	0,0667	0,2	0,2667
Fourth	0,2667	0,3333	0,1333	0,0667	0,2
Fifth	0,2667	0,2	0,3333	0,0667	0,1333
Medium value	0,2800	0,2267	0,1333	0,1200	0,2400

Source: compiled by the author on the basis of expert surveys

Table 1.3.4

Expert estimation of weight coefficients of indicators of the level of public finance security

Experts	Security of public finances				
	Level of debt security	Inflation rate	Budget security level	Level of discount rate	GDP dynamics
	I_1	I_2	I_3	I_4	I_5
First	0,1333	0,0667	0,2667	0,2	0,3333
Second	0,3333	0,1333	0,2	0,0667	0,2667
Third	0,2667	0,0667	0,3333	0,2	0,1333
Fourth	0,0667	0,1333	0,3333	0,2667	0,2
Fifth	0,2667	0,0667	0,2	0,1333	0,3333
Medium value	0,2133	0,0933	0,2667	0,1733	0,2533

Source: compiled by the author on the basis of expert surveys

The formula for calculating the value of the final indicator of the level of public finances security has the form:

$$I_{PFS} = 0,2133I_1 + 0,0933I_2 + 0,2667I_3 + 0,1733I_4 + 0,2533I_5, \quad (1.3.5)$$

where I_{PFS} – an indicator of the level of public finances security, $I_1 - I_5$ – indicators from Table 1.3.4.

To determine the weight coefficients of the indicators of the level of functional components of the system of financial security of the state in the final complex indicator of its level, following calculation was made:

$$a_1 = \frac{2 \cdot 4}{4 \cdot 5} = \frac{2}{5} = 0,4$$

$$a_2 = \frac{4 \cdot 5}{2 \cdot 3} = \frac{10}{3} = 0,3$$

$$a_3 = \frac{4 \cdot 5}{2 \cdot 2} = \frac{5}{1} = 0,2$$

$$a_4 = \frac{4 \cdot 5}{2 \cdot 1} = \frac{1}{10} = 0,1$$

Table 1.3.5 shows the results of an expert assessment of the weighting factors of the indicators of the level of functional components of the financial security system of Ukraine.

Table 1.3.5

Results of expert assessment of the weight of indicators of the level of financial security of the state

Experts	Financial security of the state			
	Banking security	Security of the non-banking financial sector	Currency security	Security of public finances
	I_{BS}	I_{SnBFS}	I_{CS}	I_{PFS}
First	0,4	0,1	0,2	0,3
Second	0,2	0,3	0,1	0,4
Third	0,3	0,2	0,1	0,4
Fourth	0,4	0,2	0,1	0,3
Fifth	0,2	0,3	0,1	0,4
Medium value	0,3	0,22	0,12	0,36

Source: compiled by the author on the basis of expert surveys

Thus, the formula for calculating the level of financial security of the state based on the author's approach to the segmentation of its system for diagnostic purposes into four functional components – banking security, security of the non-banking financial sector, currency security and public finance security – has the form:

$$I_{SFSl} = 0,3 I_{BS} + 0,22 I_{SnBFS} + 0,12 I_{CS} + 0,36 I_{PFS} \quad (1.3.6)$$

A problematic aspect for further research remains the definition of a specific list of indicators for assessing the state of each of the four functional components of financial security of the state, as well as setting their normative and optimal benchmarks [6-13].

Estimate their value in the future is offered with a scale model, where the normal, oriented value will be assigned a score of 2, a value that is characterized by a result, better than normal gets 3 points, and a value corresponding to the negative assessment of the proposed parameter gets 1 point. Thus, the maximum value of each of the selected indicators for the calculation of the indicators will be 15 (since five groups of indicators are proposed for each functional component of the financial security state), and the minimum will be 5 (when rounding out the results of multiplication of the weighting coefficients to the ballistic estimates of the individual indicators to the tenth points). After weighing these estimates on the weight coefficients of the indicators, it is proposed to determine the quantitative limits for qualitative characteristics of the levels of financial security of the state as follows:

- unsatisfactory level of financial security – $5 \leq I_{\text{SFSI}} < 7$;
- low level of financial security – $7 \leq I_{\text{SFSI}} < 9$;
- acceptable level of financial security – $9 \leq I_{\text{SFSI}} < 11$;
- satisfactory level of financial security – $11 \leq I_{\text{SFSI}} < 13$;
- high level of financial security – $13 \leq I_{\text{SFSI}} \leq 15$ [14].

Assessing the level of financial security of the state should become one of the important stages of its regulation at the state level using the latest regulatory technologies and techniques [15].

It is believed that securing the country's financial safety is not the prerogative of any single government agency, service. It should be supported by the whole system of state bodies, all branches and structures of the economy. It is difficult to disagree with this, given into account the complex political element of the financial security system at both macro and micro levels. As Lekar S.I. notes, ensuring the economic (and hence financial) security of the state is carried out by a complex system of bodies. These include: bodies of general competence, bodies of special sectoral competence, bodies of special functional competence [16]. The state institutions that perform the functions of supervision and regulation of activities in financial markets, and therefore can be considered as subjects of regulation of financial security, include: the Cabinet of Ministers of Ukraine; National Security and Defense Council of Ukraine; Accounting Chamber of Ukraine; National Bank of Ukraine; National Commission for State Regulation of Financial Services Markets (National Commission); National Securities and Stock Market Commission (NSSMC); State Fiscal Service of Ukraine; State Treasury Service of Ukraine; State Property Fund of Ukraine; Antimonopoly Committee of Ukraine; State Financial Monitoring Service of Ukraine; other government agencies [17]. Regulatory activity of these structures has the greatest influence on the level of financial security of Ukraine [18, p.216-217].

Under the regulation of financial security of the state, it is proposed to understand the system of relations between state authorities, national regulators of financial services markets, managers and controlled subjects of the financial system of the country, its participants, etc. on the formation of the security system of the financial

component of the national economy and ensuring its viability to achieve and maintain within its functional subsystems a high level of protection of the financial resources of the state from the negative influence of external and internal threats and risks to their integrity and efficiency of use to meet the national financial interests and financial interests of various categories of stakeholders.

State regulation of financial security at both micro and macro level is not allocated in a separate direction of public administration. Ensuring financial security of the state is implemented by the functions of the Ministry of Finance of Ukraine aimed at achieving financial sovereignty, the National Bank of Ukraine, which implements various vectors of national financial policy, and other national regulators of the financial market within their main tasks and powers. For the most part, the issue of state financial security is raised when the next stage of the development of the national strategy of economic security of Ukraine or the policy of the financial market development. Thus, the state regulation of financial security of Ukraine, either at theoretical and methodological level, or at the application level, is not an orderly process (Table 1.3.6).

Table 1.3.6

The directions of state regulation of financial security of Ukraine

Subject of regulation	Vectors of regulatory activity
President of Ukraine	<ul style="list-style-type: none"> - guaranteeing the observance of financial rights and realization of financial interests of participants of the financial system; - submission to the parliament of draft laws relating to the financial sector; - signing or vetoing laws related to the financial sector; - issuance of decrees and orders related to financial security issues
Verkhovna Rada of Ukraine	<ul style="list-style-type: none"> - adoption of laws relating to the state budget, tax policy, formation and maintenance of public debt; - control over the execution of the state budget; - approval of policies, programs, strategies of state financial development and ensuring financial security; - making decisions on receiving and providing financial assistance, cooperation with international financial organizations
Ministry of Finance of Ukraine	<ul style="list-style-type: none"> - development and implementation of anti-corruption policy, including in the financial sphere and in relation to the distribution of public financial resources; - management of public finances; - internal audit of state bodies, including financial; - development of financial sector evolution strategies; - realization of the state financial and budgetary policy; - formation and implementation of policy in the field of state financial control, treasury service of budget funds, prevention and counteraction to legalization (laundering) of proceeds from crime or terrorism financing; ensuring the formation of a unified state tax and customs policy; - ensuring the concentration of financial resources on the priority areas of financial development of the Ukrainian economy
State Treasury of Ukraine	<ul style="list-style-type: none"> - treasury service of the process of using budget funds; - development of policies to ensure the formation of state policy in the field of treasury services

Continuation of Table 1.3.6

Subject of regulation	Vectors of regulatory activity
State Fiscal Service of Ukraine	<ul style="list-style-type: none"> - management of fiscal risks; - supervision of the implementation of tax policy; - development of state policy in the field of state customs, as well as state policy in the field of combating offenses during the application of tax and customs legislation; - control over the receipts to the budgets and state target funds of taxes and duties, customs and other payments
State Financial Monitoring Service of Ukraine	<ul style="list-style-type: none"> - implementation of financial monitoring; - national risk assessment; - implementation of state policy in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorism financing and financing of the proliferation of weapons of mass destruction
National Security and Defense Council of Ukraine	<ul style="list-style-type: none"> - protection of Ukraine's sovereignty (including financial); - development of national strategies, including financial security of the state; - coordination of measures for the provision of national and so financial security of the state
National Bank of Ukraine	<ul style="list-style-type: none"> - formation of the principles and implementation of monetary and currency policy; - ensuring financial stability; - banking supervision; - conducting financial monitoring in the banking sector; - protection of the rights of users of banking services
National Commission for State Regulation of Financial Services Markets (National Commission)	<ul style="list-style-type: none"> - regulation of activities of non-bank financial institutions; - state supervision and control over the state of financial services markets and their participants; - activities in the field of licensing of financial services; - monitoring of the financial market and its segments; - development of documentation for the organization of the financial services markets and their professional participants
National Securities and Stock Market Commission (NSSMC)	<ul style="list-style-type: none"> - regulatory and licensing activities related to issuers of securities; - regulation of the activities of the central depository; - financial monitoring in the stock market; - prudential supervision on the securities market

Source: compiled by the author on the basis of materials from official sites of state authorities and financial regulators

In March 2018, a Draft Law on the National Bureau of Financial Security (NBFS) of Ukraine was elaborated. According to this document, the purpose of the establishment and operation of the NBFS is to ensure the financial security of the state through the construction and effective functioning of the system for the timely detection and elimination of systemic threats in the field of public finances, prevention of their occurrence in the future. It was planned that the NBFS within its activity would include assessment of the threats, the vulnerability of the financial security of the state or the law enforcement system and the level of their negative influence on them, comparing the results of the assessment and studying the interrelationships between them in order to develop safety improvement proposals (recommendations), will ensure the elimination of threats to the financial security of the state, including by

preventing, detecting, terminating, investigating and disclosing crimes attributed to its jurisdiction directly or indirectly from making harm to public finances, and to prevent their commission in the future [19]. Thus, at the state level, the problem of the need to provide financial security for macro and micro-level financial systems is recognized, and its significance is so important that, in order to fulfill this task, it is planned to create a separate independent body, although, as the data from the Table 1.4.6 shows, that existing state structures have sufficient powers to control the level of financial security in various sectors of the state's economic life.

The dynamics of some indicators of the level of financial security in Ukraine according to the traditional method of its evaluation, adopted at the state level [1], show Figure 1.3.2-1.3.7 [20, c.23]. On them one can track the tendencies that indicate an unstable and generally low level of financial security of the state.

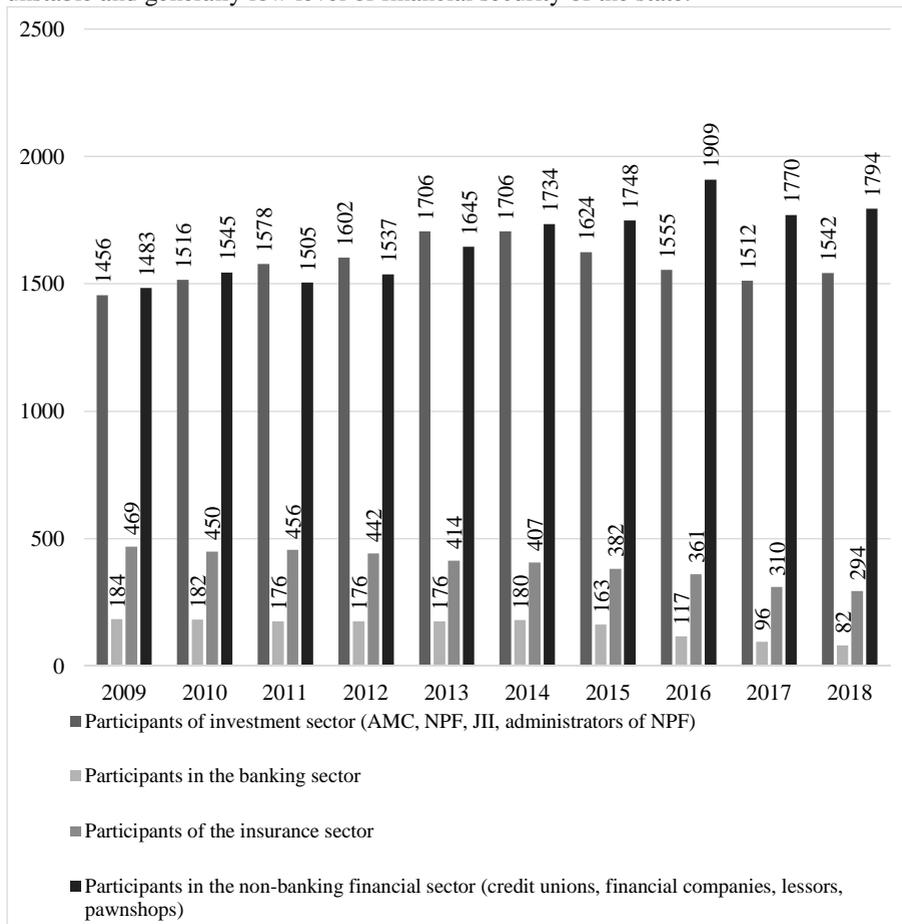


Fig. 1.3.2. The number of professional participants in different segments of the financial market of Ukraine, 2009-2018, as of the beginning of the year

Source: compiled by the author on the basis of materials from official sites of financial regulators

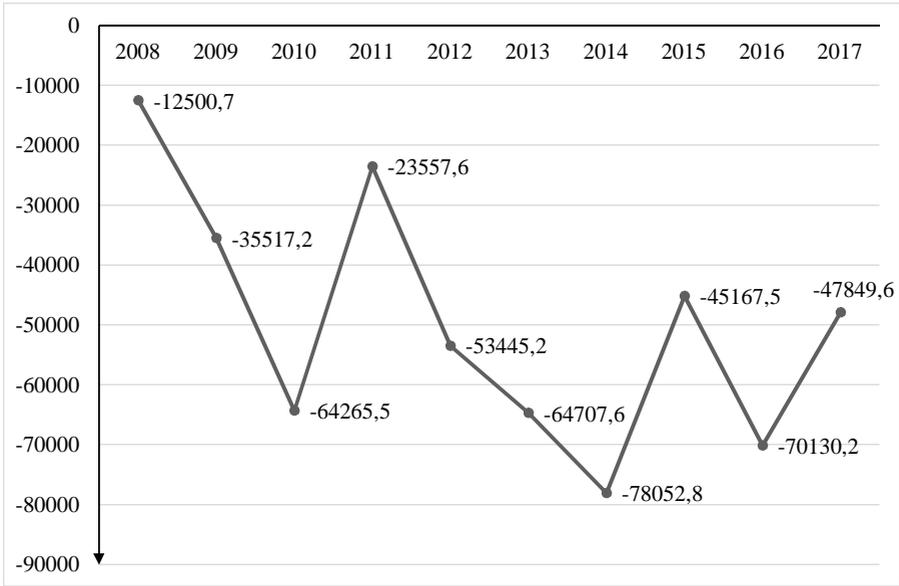


Fig. 1.3.3. The size of the state budget deficit, UAH million [20, p.24]

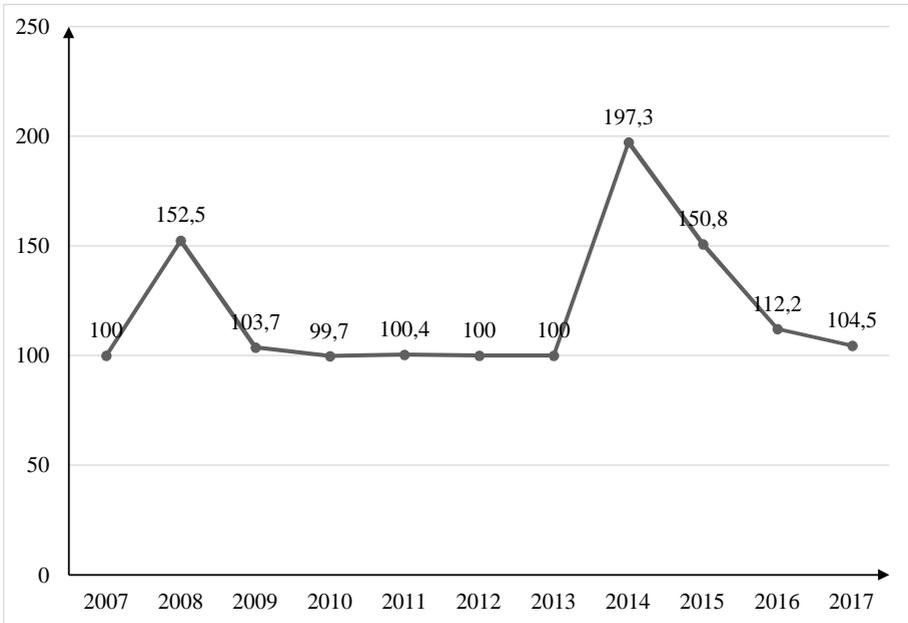


Fig. 1.3.4. The dynamics of the hryvnia depreciation indices relative to the US dollar from 2007 to 2018 (%) [20, p.24]

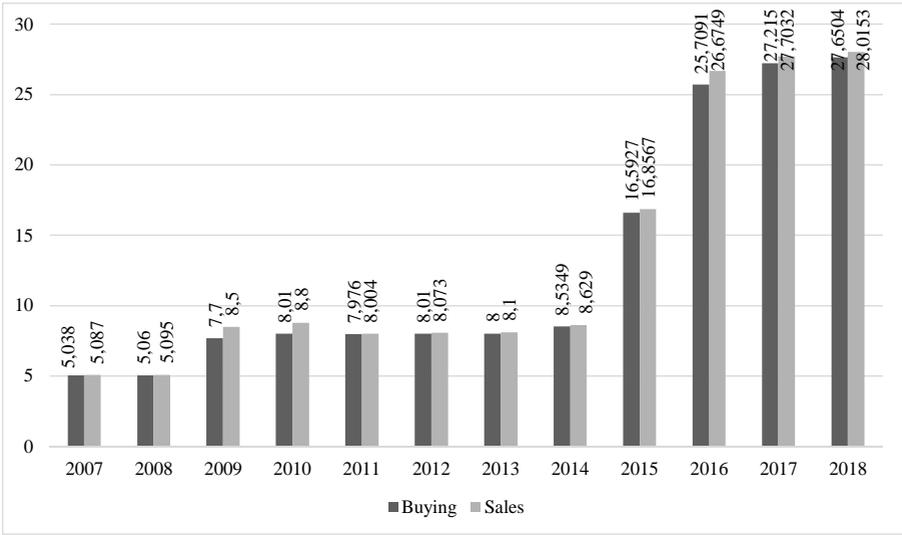


Fig. 1.3.5. The dynamics of the hryvnia exchange rate to the US dollar from 2007 to 2018 [20, p.26]

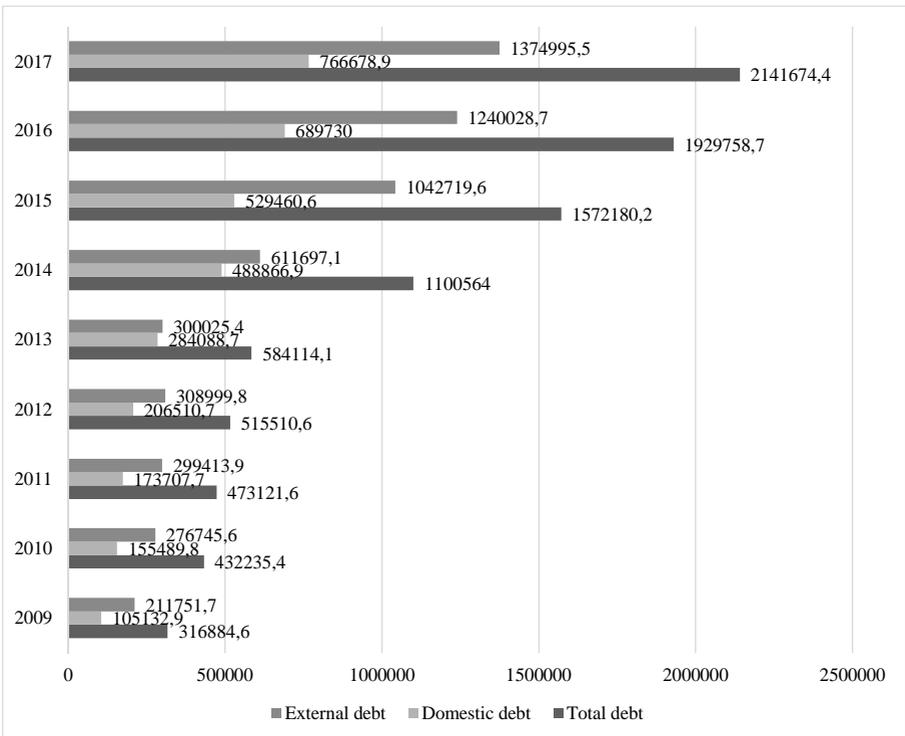


Fig. 1.3.6. Dynamics of the debt index of Ukraine, UAH million [20, p.28]

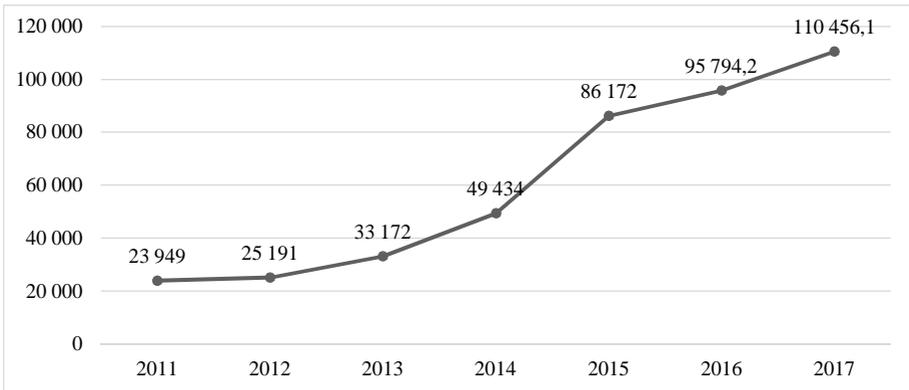


Fig. 1.3.7. The dynamics of the indicator of the state debt service of Ukraine, UAH million [20, p.29]

Thus, one can conclude that the inefficiencies of the approaches used to regulate the state of financial security bring the need to find innovative methods for its stabilization in the future. In recent years, the issue of reforming regulatory mechanisms in the domestic financial market is increasingly being raised at the state level. This is the transition from the regulatory model, in which this function is divided between three regulators at once, to the split model, where regulatory functions fall within the competence of the NBU and the NSSMC.

On July 7, 2016, the Verkhovna Rada of Ukraine adopted in the first reading the draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning the Consolidation of Functions of State Regulation of Financial Services Markets" (Draft Law No. 2413-a), which was passed by the President of Ukraine on the legislative initiative. The draft law No. 2413-a, supported by the National Bank of Ukraine, introduces a partially consolidated (integrated) model of financial market regulation in Ukraine, in which the entire financial sector will be controlled by two regulators (now, in 2019, in Ukraine, there are at once three financial regulators – the National Bank of Ukraine, National Securities and Stock Market Commission and the National Commission for State Regulation of Financial Services Markets). The transition to a model of two state regulators will be carried out by transferring the functions of the National Commission for State Regulation of Financial Services Markets to the National Bank of Ukraine and the NSSMC.

According to the Draft Law No. 2413-a, the scope of regulation and supervision of the National Bank of Ukraine will include, in addition to banks, also:

- insurance companies and insurance intermediaries;
- leasing companies and legal economic entities that, by their legal status, are not financial institutions but have the right to provide financial leasing services (legal entities – lessors);
- factoring companies;
- credit unions;
- credit bureau;
- pawn shops;

- other financial companies (engaged in currency exchange, money transfer, loan financing, provision of guarantees, etc.) [21].

The NSSMC will be responsible for regulating and overseeing not only the activities of participants in securities and derivatives markets, but also for controlling non-state pension funds, construction financing funds, real estate funds and their administrators/managers [22, p.39 -40].

The division of functions between the two regulators of the financial market is one of the stages of transition to an innovative model of monitoring and control of the state of financial services markets of Ukraine in accordance with European requirements and standards. The next stage is quite expected to be the formation of a mega control institution of the financial market and its professional participants. A specific part of the work of the market coordination can be transferred to self-regulatory organizations and professional associations of financial products and services implementers. In particular, they may be entrusted with the functions of collecting and systematizing static data on the functioning of different segments of the financial market, providing information and consulting services to professional market participants, developing financial institutions' ratings on the level of their transparency, developing documentation support for reporting to national regulators, etc. [22, p.109].

For Ukraine, realizing the idea of forming a single mega regulator for monitoring the status and activities of participants in financial services markets could be as it was modeled in Fig. 1.3.8.

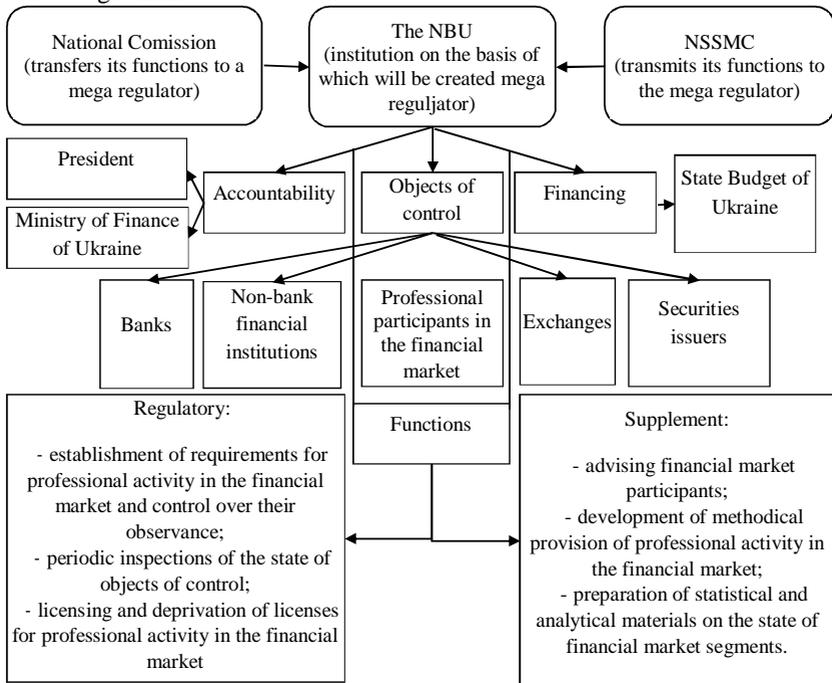


Fig. 1.3.8 Model of the creation and functioning of the financial market mega regulator in Ukraine [18, p.220]

Also, the idea of creating a financial ombudsman [23, 24] remains actual but not fully implemented in the context of regulating the level of financial security of the state. As far as the Financial Ombudsman's Concept is concerned in Ukraine, it is currently being developed taking into account the requirements of EU Directive 2013/11/EU [25], which are binding on EU countries from January 1, 2016. One of them is "to provide access to simple, efficient, fast and low-cost ways of resolving internal and cross-border disputes arising from sales contracts or services that should benefit consumers and thereby build confidence in the market". The introduction of a financial ombudsman institution as an alternative dispute resolution institution (in this case, the financial market) can become an instrument for strictly meeting the requirements of directives and a means of approximating Ukraine to European standards of financial services and an additional instrument for regulating the level of financial security of both financial services consumers and the market in as a whole.

The USAID Transformation of the Financial Sector Project presented a bill proposing the establishment and operation of a financial ombudsman institution in Ukraine. It is planned that the financial ombudsman will consider complaints of financial services consumers that will be subject to a violation of law in the provision of services, improper performance or illegal denial of service [26]. However, clients of financial institutions do not always have a sufficient level of financial literacy in order to understand that their rights have been violated. Therefore, there is a risk that the work of the financial ombudsman in Ukraine will be ineffective precisely because of the passivity of consumers of financial products.

The draft proposes to transfer financial disputes to the financial ombudsman for up to one hundred times the minimum wage [26]. It is also necessary to establish a minimum amount of disputes in order to protect financial institutions from the need to respond to hundreds of small complaints that will be initiated by fraudsters and unscrupulous users of financial services with the purpose of deliberately harming financial intermediaries, their business reputation, blocking their normal work, etc.

The consumer will be able to complain to the ombudsman only if the financial institution has denied him the refusal to resolve the financial conflict or did not respond at all to the request within 30 days. At the same time, the consumer will not be able to file a lawsuit in parallel with the financial institution, otherwise the ombudsman will remove the complaint from consideration. This also applies to disputes that have already been examined by the courts. If the Ombudsman takes a complaint to the hearing, then he will have to decide on it within 90-120 days. The verdict will be final and cannot be challenged in court [26]. However, in the abovementioned EU Directive, the EU Dispute Settlement Authority has to conduct an online and offline dispute resolution procedure within 90 calendar days from the day the institution receives a complete set of complaint files and ending with the day when the decision is taken [25]. Thus, it is necessary to establish the term for the domestic financial ombudsman to consider disputes for a period of up to 90 days.

The important issue is the independence of the ombudsman, both human and financial. For example, the National Bank of Ukraine supports the idea of introducing a financial ombudsman institution. However, it should be remembered that this institution has long been striving to reform the financial markets control system by

creating a mega regulator in Ukraine, the institutional base of which will be established by the NBU. Therefore, if the development of a financial ombudsman model becomes a task of the National Bank of Ukraine, then the threat of monopolization of the functions of regulating financial services markets and their participants is quite significant, as well as the risk of granting preferences when considering controversial issues to banking institutions in comparison with other types of financial intermediaries. The Model of the Financial Ombudsman presented in the USAID Project stipulates that the Ombudsman's Supervisory Board will include seven persons: one from the regulators (NBU, National Commission, NSSMC), associations of market participants (associations of banks, insurers, etc.) and rights protection organizations consumers of financial services. The government will appoint them to the supervisory board for five years. Following this, the Supervisory Board will elect a financial ombudsman among candidates with impeccable business reputation and experience in financial markets for at least ten years [26]. The fact that the supervisory board of the financial ombudsman will appoint a government suggests that the financial ombudsman will be able to become one of the elements of the system of state regulation of the financial market and a tool for securing financial safety at the macro level.

The ombudsman's financing mechanism remains a problematic issue. According to the project, for the financial ombudsman activity will pay financial institutions – they will make regular contributions (in the form of membership fees). Their size will depend on the type of activity, the size of assets and liabilities, the number of consumer complaints for a particular type of financial service over a period of time [26]. It should be emphasized at the outset that, traditionally, most complaints from clients are received by insurance companies and banks. Financial intermediaries, for which consumers often complain more, will pay more than others. After all, the losing party (company or consumer) will compensate the ombudsman for the fee for consideration of the dispute. If the losing party does not pay, it faces a fine in the amount of double NBU discount rate and litigation [26]. Thus, the financing of the ombudsman's activities may be an additional financial burden for financial institutions, the free resources of which, in current economic realities, are quite limited.

Positive consequences of the introduction of the financial ombudsman institution for the domestic financial market will be to increase the level of public confidence in financial institutions, as it will be possible for consumers of financial services to appeal to an unbiased, independent institution for protection their rights with minimal number of formalities and bureaucratic obstacles. The Financial Ombudsman will make it possible to upgrade the mechanism for reviewing financial disputes by changing the concept of rejection to the concept of finding a compromise between consumers and sellers of financial products.

Probable consequences of the introduction of the financial ombudsman institution as an element of the financial security regulation mechanism of Ukraine are likely to be the following:

- increase in demand for financial services, which will increase the amount of financial resources that will flow through the financial intermediation mechanisms to the country's financial system;

- reduce the number of violations of the rights of consumers of financial services, because their implementers will understand that their wrongful acts will become known to the general public, which will negatively affect their business reputation;

- there will be an additional source of relevant information that financial system regulators will be able to use in the process of performing their functions;

- rating agencies will receive one more parameter for assessing financial institutions – the number of appeals by citizens to the ombudsman, which will increase the reliability of ratings.

In the context of securing financial safety of the state, the creation of a financial ombudsman in case of realizing the main goal of this initiative – to achieve a high level of public confidence in financial institutions – will have a positive impact on tax and budgetary security, in the form of additional financial revenues, on the security of banking and non-bank financial sectors – through increased profitability and stabilization of the status of financial intermediaries, etc.

In general, the idea of introducing a financial ombudsman institution in Ukraine should be implemented. However, the existing model of this institution needs to be substantially refined before it can be implemented in a practical plane [27, p.742-746].

According to the results of the research, an innovative approach to the state regulation of financial security of Ukraine can be offered by the following algorithm:

- specification of tasks for providing, evaluating, regulating the level of financial security for existing authorities and structures;

- approval at the state level of the policy of financial security, the concept of financial security management of Ukraine and the strategy of security-oriented financial system development;

- changing the paradigm of regulation of the financial market – the introduction of the split model, and after 5-10 years – the transition to the model of the mega regulator (controller);

- conducting an annual evaluation of the level of financial security of the state with the disclosure of the results;

- determination of a special body to oversee the state of the financial component of the national security of the state and control its level;

- increase the level of responsibility for financial crimes, primarily committed by civil servants.

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PART 2

CONCEPTUAL BASES OF FINANCIAL SECURITY MANAGEMENT OF BUSINESS ENTITIES

2.1 Ways of ensuring financial security of enterprises in the system of financial security of the national economy

The problems of financial security of enterprises are a priority for solving at the present stage of the development of the theory and practice of state financial regulation. The urgent problem of ensuing economic development of the country is the formation of a methodology for assessing the level of financial security of economic entities, which allows to allocate objective factors and criteria for the growth of income sources and gross domestic product on the basis of the extended reproduction process. The process of financial capital consolidation, based on the use of reproductive tools, which is necessary for the growth of incomes of enterprises and the state budget, makes it necessary to study the factors that determine the possibilities of improving the financial security of enterprises.

Currently, the economic situation in the country is characterized by financial instability of the functioning of economic entities, low level of profitability of current assets, lack of financial resources, a large share of loss-making enterprises, which in the complex causes a decrease in financial security of the country as a whole.

The current tendency is determined by the low level of profitability, the high degree of depreciation of fixed assets, insufficient quantity and quality of domestic innovation, inefficient use of resources, reduction of the share of production of competitive products, the presence of the shadow economy and accelerating inflation. The growth of the role of international competition defines new requirements for the quality of goods, necessitates the expansion of their offer and range, which should ensure the continued receipt of financial resources for enterprises [1, pp. 18-19]. However, in practice, domestic business entities often lose the competitive edge of European companies and find themselves on the brink of bankruptcy, which actualizes the search for ways to ensure their financial security both during profitability periods and during their loss-making activity.

Financial security issues are often raised in the context of the study of various vectors of economic activity of business structures, analyzed by modern researchers in numerous scientific publications in recent years [2-13].

To ensure their own financial security, enterprises need to develop by creating new jobs, diversifying financial and productive activities that contribute to higher profits and, consequently, increasing fiscal effect for the consolidated budget of the country, increasing the budget and tax components of the state's financial security system.

The process of managing financial sustainability of an enterprise is realized throughout its financial activity and, first of all, with the planning of future cash receipts and expenditures. Meeting the balance between revenues and cash outflows, with a sufficient margin of stability, can allow an entity to be in relative financial

security in the implementation of its financial obligations to all categories of stakeholders.

Undeniably, financial security of enterprises of various sectors of the national economy is an important element of the progressive financial development of the state. Formation of a rational system of financial security of enterprises of all forms of ownership and types of economic activity is the basis of slowing down the influence of inflation on them, a catalyst for improving the welfare of the country's population, increasing the competitiveness of the domestic economy, increasing the share of Ukrainian goods in the domestic and world markets, stabilizing the state of financial services markets, etc.

Consequently, financial security of an enterprise should be considered as a separate object of management, since the life of the entity depends directly on its financial condition. On the basis of financial analysis, not only the operational management of current processes is carried out, but also the level of financing costs of the business structure, which is associated with the formation and redistribution of income and expenditure, capital and assets, profits predicted. The achievement of the required level of financial security of an enterprise by means of determining its financial status is, for its management, a priority task [1, p.20].

As at the macro level, at the level of individual business structures, financial security is often considered in connection with the economic security of enterprises, institutions and organizations. Economic security of economic entities is the state of the most effective use of their corporate resources – own, borrowed and involved, in conditions of influence on their quality and integrity of external and internal threats in the process of realizing the economic interests of the entity itself and all categories of its stakeholders. Such conclusion was reached by analyzing numerous professional scientific sources and research works of such scientists as Zhyvko Z. [14], Zanora V. [12, 16], Herasymenko O. [17] and many other founders of security science. However, in conditions of economic instability, financial crisis and prolonged hybrid war, the interest of the scientific community is more of a problem of ensuring the financial security of the state, gaining nation-wide significance. Among the negative tendencies of the financial security of Ukraine in the beginning of 2019 are: financial dependence of the domestic economy on foreign capital in the form of investments and financial assistance of reputable international organizations, imbalance of development and available financial capacity of the banking and non-banking financial sectors, non-controllability, amplitude and unpredictable changes in rates currencies, inflation, high level of cash circulation, permanence of the state budget deficit, increase of expenses for services government debt, filling the financial markets with professional participants of foreign origin, low quality and high cost of financial products and services, lack of confidence of economic agents to financial institutions and dissatisfaction with the state financial policy in general, and so on. Correction of negative trends in different financial security subsystems of the country – banking, budget, debt, monetary, currency, security of the non-banking financial sector – although it should be initiated at the state level through the improvement of the legal and regulatory framework for ensuring national, economic, financial security, but

powerful security-oriented activity of business entities in different sectors of the national economy can be a source of positive changes too.

Between the state of financial and economic security of economic agents and the level of national financial security, close multilateral communication can be traced. Since the state of security, as stated in the mentioned above definition, involves the achievement of interests of a wide range of interested parties in the results of the entity, it is appropriate to focus on the financial interests of the state in the field of functioning of economic structures and on correlations within the scope of this study between the processes of their achievement and the provision of financial security of the state. The sphere of state financial interests includes: filling the state budget through a system of tax payments, a significant part of which comes from legal entities that are profitable and, consequently, have a sufficient level of financial security; an increase in the volume of domestic investments, the donors of which are also the most profitable and financially safe subjects of economic activity; development of the economic and financial system by increasing the number of capable, and therefore financially safe enterprises of various types of economic activity.

From the position of the system approach, the state of the system of financial security of the state will be determined by the level of financial and economic security of its weakest link. Each economic entity is an element of the national security system, as its results increase or weaken the state of the economic system. Consequently, bankruptcy and liquidation of domestic enterprises, which are the result of manifestations of deficiencies in the organization of their financial security systems, threaten the economic stability of the state and have a negative impact on the state of its financial component.

Thus, it is advisable to restore Ukraine's financial security indicators with measures to improve the conditions for the functioning of domestic enterprises, to optimize the taxation of their activities, preferential lending and state assistance to the development of small business, to develop a mechanism for guaranteeing the return of deposits of legal entities and to strengthen professional requirements for financial institutions, who carry out servicing of business structures, to define norms and indicators of the state of financial security of business entities and to fulfil their periodic monitoring with mandatory publication of statistical results of inspections in Ukraine in general, and by strengthening the requirements for the transparency of economic activity of different legal forms and types of ownership.

Also, the urgent need to ensure the competitiveness of domestic business entities, and consequently maintaining a high level of their financial security, is explained by the globalization of the world economy, Ukraine's aspiration for economic convergence with European countries, is resulted in the entry into the domestic markets of goods and services of many foreign companies. Their economic and financial potential cannot be compared with the limited volume of resources owned by Ukrainian enterprises, institutions, organizations operating in the post-crisis period, in conditions of political instability and hybrid warfare. The establishment of close partnership with the countries of Europe is due to the growing dependence of the domestic economy on external sources of capital, which threatens the financial independence of Ukraine, and hence its financial security, at the national level. In view of this, new, additional links

between the state of financial security of economic entities and the level of financial security of the state are formed:

–a high level of financial security eliminates the need for tax evasion; therefore, financially sustainable and profitable enterprises are subjects of replenishment of budget revenues;

–financially secured companies have resources to use financial products and services that strengthen the state of banking security and security of the non-banking financial sector;

–enterprises in the state of financial security do not need subsidies, financial support, subventions, which saves budget resources; they themselves can be investors and lenders, which increases the level of investment security and improves the state of the debt component of financial security of the state.

Thus, ensuring the financial security of business structures should now be recognized not only by top management and owners of domestic business entities but also as a strategic priority of economic development at the state level, given the significance of this aspect for the state of financial security of Ukraine.

Management of financial security is usually not distinguished by the top-management of enterprises in an independent direction of management, but is implemented within other vectors of management activities (Table 2.1.1). Ensuring financial security of economic entities most often relates to the tasks of financial management of the enterprise.

Table 2.1.1

Providing financial security within the framework of realization of tasks of different directions of management

Areas of management activity	The task of providing financial security	Areas of financial management	Influence on financial security
Financial management	Search for sources of financial resources and their effective use to secure financial autonomy	Asset management (including by type of assets)	Identification of unprofitable, idle assets
Risk Management	Identification, assessment of financial risks and formation of measures for their minimization and counteraction to their consequences	Liabilities management (including by type of liability)	Assessment of liabilities at the level of risk, the formation of a secure structure of liabilities
Human Resources Management (HR Management)	Ensuring the reliability and loyalty of the staff that has access to financial data and makes decisions on the areas of financial and investment activity	Management of individual types of financial risks (credit, currency, liquidity risk, etc.)	Identification of risks, compensation of financial consequences of their influence
Innovation management	Attracting innovations to improve the financial security system, assessing innovation risks	Liquidity management	Observance of normative values of liquidity indicators

Continuation of Table 2.1.1

Areas of management activity	The task of providing financial security	Areas of financial management	Influence on financial security
Manage changes	Assessment of potential threats from introducing changes, forecasting their positive consequences for the level of financial security	Financial stability management	Compliance with normative values of indicators of financial stability
Investment management	Assessing the appropriateness of investments from the point of view of their impact on the state of financial security	Capital management	Determining the minimum size of capital to maintain financial security, assessing its value from different sources
Anti-crisis management	Counteraction to financial manifestations of crisis phenomena	Cash Flow management	Support for incoming financial stream level higher than outgoing
Strategic management	Establishing strategic guidelines for security-oriented financial development	Competitiveness management	Minimization of losses from the actions of competitors, counteraction to industrial espionage
Marketing management	Support of solvent demand for goods and services of an entity	Regional network management	Support of the financial security of the branches, separate structural subdivisions
Information management	Increasing the level of trust in the company by ensuring information transparency of financial data; preventing the use of insider financial information for other purposes	Debt management	Minimizing the level of financial debts, monitoring the timeliness of settlements
Sanitation management (financial rehabilitation management)	Search for financial resources to take measures to minimize the threat of bankruptcy	Profit management (except for non-profit financial institutions)	Take measures to prevent loss of profit, its failure to receive or ineffective use
Corporate management	Ensuring the maximum level of satisfaction of the interests of stakeholders in relation to the state of financial security	Financial development management	Predict the level of financial security for each selected scenario of development
Time management	Monitoring the timeliness of taking measures to ensure financial security	Management of resource potential	Creation of financial capital reserves necessary to maintain financial security
Operational management	Control over the security of current financial transactions	Cost management	Defining categories of expenses that pose a threat to financial security

Source: compiled by the author on the basis of [18-24]

Financial management has traditionally played an important role in ensuring financial security of economic entities of various forms of ownership and types of economic activity. Its primary goal is to ensure the efficiency and rationality of the processes of formation, distribution, use and control of financial resources of enterprises, institutions and organizations. Given the difficult economic and political situation in Ukraine into account, the activity of domestic economic structures is complicated by the impact on their financial position and financial performance of the numerous external and internal threats and threats that need to be minimized and monitored in order to guarantee the prospects for further functioning (Table 2.1.2). This task should be carried out by a mechanism for ensuring financial security. At the same time, measures to counteract risks require from economic entities additional costs of labor, time, material, and first of all – financial resources, which necessitates the close interaction of two processes – the management of financial security and financial management. Due to this, it will be possible to achieve a high level of financial security of enterprises, institutions, organizations, while ensuring the rational use of financial resources for preventive measures in counteracting the threats of the business entity.

Table 2.1.2

Classification of the threats to financial security of economic entities [18]

Classification	Types of threats
In the field of origin	- internal; - external
By the nature of occurrence	- political; - criminal; - competitive; - counteragent; - economic; - market; - technological and technological
Probability of the action	- real; - potential
As a result of action on the subject	- general; - local
The consequences for the financial security system	- systemic; - fragmentary
By attitude to activity	- objective; - subjective
By the possibility of forecasting	- predicted; - unpredictable
By the magnitude of expected damage	- catastrophic; - significant; - essential; - insignificant
By the nature of the damage	- direct damage; - lost profits
By the stage of functioning of the institution	- at the stage of formation; - at the stage of development; - at the stage of activity; - at a stage of decline; - at the stage of termination of activity

Continuation of Table 2.1.2

Classification	Types of threats
By duration of action	- permanent; - temporary (short, medium, long-term)
Probability of manifestation	- obvious; - latent
By the possibility of insurance	- those that are insured; - non-insured
By the degree of exposure to the threat	- which are partially neutralized; - which can not be neutralized
By the basis of implementation in time	- direct; - close ones; - far away
By the basis of implementation in space	- on the territory of the institution; - in the territory adjacent to the institution; - in the region; - on the territory of the country; - on the foreign territory
By the activity of the source of the threat	- active; - passive
By the objectivity of existence	- obvious; - fake
By the subject of the threat	- criminal structures; - unscrupulous competitors; - own employees; - contractors; - national regulators and state authorities
By subject of encroachments	- threats to the financial interests of the entity; - threats to the financial interests of stakeholders
By the mechanism of counteraction	- are neutralized within the framework of self-assurance of security; - require the involvement of external entities specializing in providing security services; - require the involvement of state authorities
By nature of origin	- macroeconomic trends; - force majeure circumstances (political crises, military actions) - low level of efficiency of financial system regulation; - changes in legislation or its lack in certain issues; - ineffective pricing policy; - fraud by staff or clients; - high-risk of financial sheet structure; - lack of capital and lack of sources of replenishment; - non-compliance with economic and prudential standards; - low quality of financial products and services; - assets seized by clients; - development of the virtual currency segment; - the need for on-line service; - money laundering; - raiding; - high level of economy shadowing; - others

The existing concepts of financial management are related to the need to balancing cash flows, which are inputs and outputs for a business entity, taking into account changes in the value of money in time, taking into account the level of inflation in the country, the monetary policy of the national bank and trends in economic development, the formation of financial strategies of the entity's operation with the possibility of adjusting planned financial indicators in case of external and internal financial risks affecting them, etc. In developing measures to ensure the financial security of modern business entities, it is necessary to take into account the concepts of hypotheses and theories such as the concept of cash flows, the concept of the value of money in time, the concept of risk and profitability, the hypothesis of market efficiency, portfolio the theory and models of asset pricing, the theory of capital structure and dividend policy, the theory of agency relations, and, consequently, the use of financial management mechanisms in the process of securing finance. The safety of economic structures should become a traditional practice, the norm of functioning of domestic business.

The tasks of ensuring financial security implemented within the financial management of economic entities at the present stage of development of economic relations can be considered as: formation of a low risk financial basis for ensuring the work of the enterprise, institution, organization (facilitating the formation of an effective structure of the assets of the subject, searching for sources attraction of liabilities), balancing of incoming and outgoing cash flows, planning of financial receipts and expenditures, development of strategic and tactical financial management, financing of anti-crisis measures and normalization of financial activity of the subject of business, evaluation of investment projects and justification of their efficiency, ensuring an adequate level of profitability (except for non-profit organizations), optimization of taxation, minimization of financial risks, ensuring financial stability, liquidity, creditworthiness of subjects of economic activity, etc.

Also, to the list of tasks of financial management in the context of providing financial security for a business entity can be attributed: the development of a budget for financing acquisition, renewal, modernization and protection of tangible and intangible assets; compensation of risks of financial nature of origin to its financial condition, search for and optimization of sources of financing of property needs, financial substantiation of real investment projects, etc.

Thus, the place of effective financial management in counteracting the numerous threats that are characteristic of financial security of economic entities is between the growing need to spend more and more financial resources for the organization of preventive measures to restrain and prevent the transformation of potential dangers into real threats to the normal functioning of business structures, and the contraction of financial assets of modern domestic business entities caused by long-term financial and economic crisis that necessitates their distribution and reasonable expenditure.

Thus, methods and techniques of financial management are important for maintaining an adequate level of financial security of the entity. It would be impossible to develop efficient mechanisms for counteracting the threats of domestic enterprises, institutions, organizations, especially those of their financial nature, without the use of financial management tools [25, p.109-112].

Another important element of the mechanism for ensuring financial security of economic entities during their operation under the conditions of the emerging economy is the information and analytical support. The value of relevant information for the timely adoption of effective management decisions, including in the area of financial security, cannot be overestimated. Currently, information is both – a competitive advantage and an important productive resource, and a means to realize the interests of the company and its stakeholders. Thus, the neglect of information in the process of ensuring financial safety should not be at any level of functioning of economic systems.

The conducted researches testify that at the enterprises there is currently no unity of thoughts about the order of formation of accounting and analytical system of the subject of economic activity. Although all known traditional techniques and mechanisms for accounting and financial reporting, accounting and analytical support for assessing the level of financial security is not just a set of accounting documents. It is a comprehensive information system that has its advantages and disadvantages. In particular, information from official sources is not always sufficient to obtain an integral assessment of the level of financial security of an enterprise. However, this is just one of the weaknesses in the information resource, on the basis of which security-oriented management experts make their conclusions about the financial security of the entity.

The accounting and analytical system of an enterprise, institution, organization is a set of interacting elements that allow the collection, processing, registration and analysis of all types of information coming from external and internal sources.

In general, the concept of accounting and analytical provision of financial security of an enterprise should be defined as a combination of information resources that contain information about financial aspects of functioning and the current financial results of the enterprise and the procedures for their processing and use in order to establish further trends in its development in terms of impact on the realization of financial interests the subject of economic activity and the financial interests of its stakeholders of external and internal threats and risks.

Based on the various methods of analysis, experts develop options for managerial decisions that can stop the development of negative trends and create favorable conditions for the functioning of the financial security system of the entity. The analysis reveals unused internal reserves, which allows either accelerate the development of the enterprise, or lead it to practice of more efficient functioning.

Problem aspects of accounting and analytical support for making managerial decisions on achieving and maintaining a high level of financial security of enterprises are, on the one hand, the imperfection of the actual mechanism for obtaining and analyzing financial data, due to the lack of a comprehensive and unified approach to the diagnosis of financial condition of economic entities of different forms of ownership and types of economic activity, and, on the other, with the quality of that information resource, which should become the basis for analytical work, because the accounting system in Ukraine is still not one hundred percent automated, based on a complicated system of documentation and turnover and are difficult to understand and use by persons with no professional accounting education.

Providing the necessary information to managers involved in the process of ensuring the financial security of a business entity, at the right time and in the right place, and the formation of an information resource based on management accounting data and management analysis results, forms the essence of the information service organization of the financial security of the enterprise and security-oriented management of it and, along with the formation of a quality information environment of the economic structure, it helps to achieve its tactical and strategic goals in the financial plane [26].

Thus, the management of financial security of a business entity is a system of relations and interconnections that are formed between participants in the management process, whose functional responsibilities consist in the organization and implementation of measures to counter hazards, threats and risks of financial nature of origin and their negative consequences, which may have an impact on the financial interests of the entity and its various stakeholders. Features of the process of providing financial security to economic structures within the management of their financial and economic activity demonstrates Figure 2.1.1.

Thus, the characteristic feature of the process of providing financial security to economic entities as of mid-2019 is the identification of functions of financial security management with specific functions of financial and crisis management, risk management and financial rehabilitation management.

Problematic aspects of ensuring the financial security of economic structures are as follows:

- the absence of the established integrated systems of economic security with a distinct functional component of financial security;

- lacks in the organization of legal support for resolving issues with external and internal stakeholders regarding the conflict of interests of stakeholders taking into account vectors of financial security;

- lack of methodological tools for financial security management, assessment of its state and accounting, analytical and informational support of these processes at the applied level;

- duplication of the functions of providing financial security in the process of realizing the tasks of various types of management of the entity; failure to recognize in practice the management of financial security as a separate direction of management work, which needs its own specific approaches and tools for the task of security-oriented financial management of the economic structure;

- neglecting the leadership of domestic business structures to meet the needs of financial security in drawing up strategic plans for the development of companies;

- lack of documentary fixing of the provisions for ensuring financial security in the process of establishing and operating entities;

- lack of intellectual and personnel support for the process of financial security management (lack of labor market professionals in the management of financial and economic security, as well as professionals who are both oriented at the specifics of the activities of enterprises, institutions, organizations, and in terms of ensuring the financial security of economic structures);

-the absence of state-level standards for compliance with financial security standards of economic entities that take into account the specific nature of their economic activity.

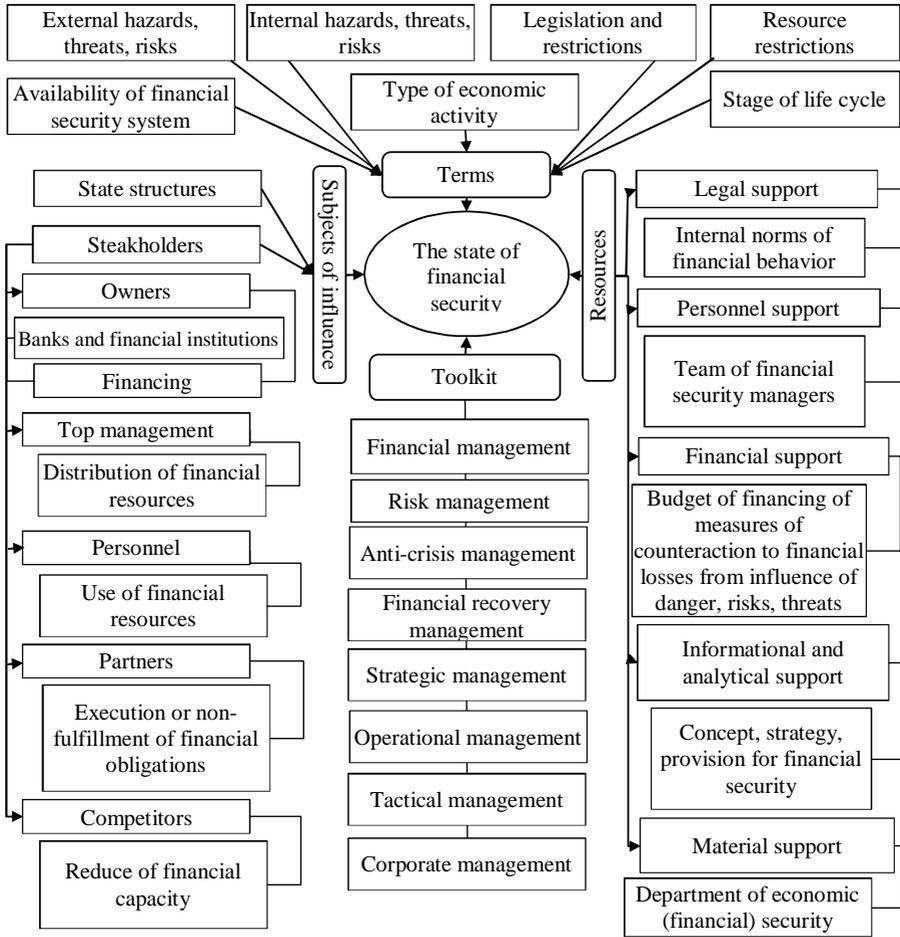


Fig. 2.1.1. Features of providing financial security of economic structures
 Source: compiled by the author

According to the results of the study, the following approach is proposed for managing financial security of economic entities of different types of economic activity (Figure 2.1.2).

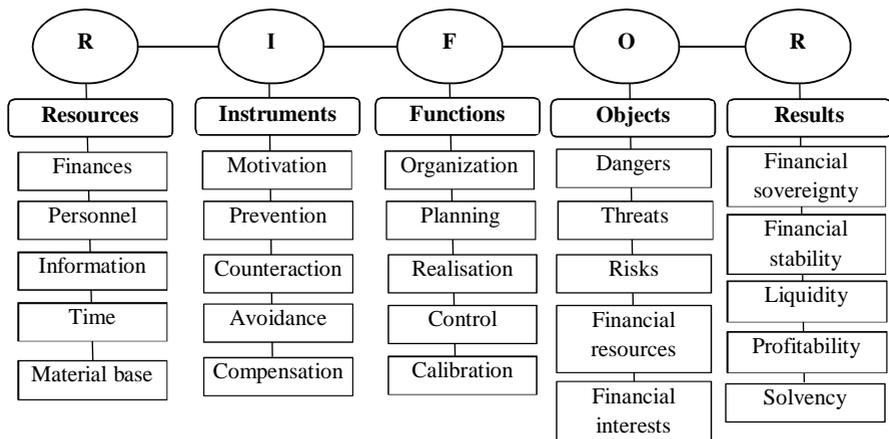


Fig. 2.1.2. 20-component model of management of financial security of a business entity

Source: compiled by the author

Within each proposed element, additional, derivative and auxiliary elements of the model of financial security management should be distinguished. At the same time, it can become the basis for developing financial security documentation at the application level, in particular, to form the basis for creating financial security concepts, financial security strategies, provisions for the financial security department, financial security assessment methods and other documents necessary for the organization effective systems of financial security of economic entities and effective mechanisms for managing them.

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2.2 Conceptual provisions for managing financial security of financial institutions: main threats, strategic guidelines and tactical priorities

In the conditions of instability currently observed in the financial market of Ukraine, inconsistency in government decisions regarding the implementation of economic policies, numerous miscalculations in regulatory activities of financial market supervision and control bodies, and in this regard, negative manifestations of internal threats to their activities professional executives, managers of financial institutions, more and more attention within the management of their companies are beginning to address the issues of ensuring their financial security. At the theoretical level, scientists are also increasingly engaged in persistent attempts to develop methodological tools for organizing financial security systems for professional financial intermediaries.

The task of effectively managing own financial security, which is acutely facing banks and other financial institutions of Ukraine, cannot be solved rationally at the applied level without the formation of the conceptual foundations for the implementation of this process in the scientific and methodological plane. Managing the financial security system, as a separate management area, should not prevent banks and financial intermediaries from fulfilling their core functions, which can only be achieved through the integration of the financial security process into the management of the institutions as a whole.

At the macro level, the control of the financial security of the banks will allow to regulate certain indicators of the level of bank security of the country in the system of its financial security. Security-oriented management of professional participants in the financial market will in the long run stabilize the state of financial security of the state, which raises the problems of laying the foundations of financial security management of banks and other financial institutions of national importance.

The concept of financial security management should be based on measures and instruments that will enable the financial interests of financial institutions and their stakeholders to be realized without losing their financial stability, profitability and

economic independence, which is an important condition for guaranteeing the safety of functional components of Ukraine's financial security. Management of the system of economic security of banks should be carried out taking into account the specifics of their activities, and therefore it is advisable to develop specific approaches to financial security management of different types of financial institutions [1, p.119].

Traditionally, management is understood as a process, which is reflected in the successive changes in the state of the system, the spatiotemporal characteristics of its dynamics and the dynamics of its elements. Ensuring the normal functioning of modern financial institutions in Ukraine should provide for the creation of an effective system of financial security within the framework of their functioning. Thus, financial security management should become one of the important tasks of managerial staff of domestic financial institutions, in particular banks, insurance companies, credit unions, etc.

The analysis of the work of well-known scholars and their own experience allows us to formulate an author's definition of the concept of financial security management of financial institutions, which suggests to understand as one of the management processes aimed at achieving a high level of protection of financial resources of the institution and its clients from the adverse effects of various kinds of hazards and threats that have a financial nature of origin by implementing a wide range of managerial decisions regarding the use of available financial assets and opportunities and financial control of the risks accompanying them, in order to guarantee the financial interests of the institution and its stakeholders in the process of professional activity in the financial market.

The forms of management that can be effectively applied in the process of financial security management of financial institutions include the establishment of a financial security subdivision (financial security service for example), the development of internal documentation, in particular the Concept of financial security management, and control over observance of the norms and rules of financial work adopted by the institution.

Owners of financial institutions and top-management representatives are most interested in the effective management of their financial security, and therefore the dominant role in this process belongs to the internal management structures of financial institutions.

Functioning of the mechanism of financial security management of a financial institution is carried out by taking certain actions on its objects. At the heart of such a mechanism is a systematic combination of tools, methods, levers and information and analytical support, formed on the basis of the principles of financial security that objectively exist as economic patterns, and also produced by the subjects of financial security management of a financial institution to achieve and protect financial interests [2, p.128].

The subject of the financial security management of a financial institution is the activities of financial security system entities in the implementation of the principles, functions, strategic program or specific measures to ensure financial security aimed at objects of protection in the financial security system [3, p.74].

The phases of functioning of the mechanism of financial security management of financial institutions are: timely detection and analysis of external and internal threats

to the financial security of the institution; assessment of the current state of financial security and implementation of measures for its monitoring; realization of planned measures aimed at ensuring financial security; implementation of appropriate measures to control the effectiveness of the process of securing financial security [4].

To implement the professional management of financial security, financial institutions must identify the internal actors of such management. An optimal solution to this may be the creation of security services (or economic or financial security) of financial institutions. The purpose of their activities in the framework of providing financial security should be to prevent the leakage of commercial and confidential financial information, to identify and prevent possible encroachments on the legal rights and interests of a financial institution, the assessment of the effectiveness of management of financial resources of the company, assistance to heads of the institution in the adoption of management financial decisions, etc.

At the theoretical level, it is possible to reveal many features of the financial security management of financial institutions. Their skillful consideration in the practice of work will make them strong sides of financial intermediaries in the process of combating the negative factors of the external and internal environment of functioning [5, p.25].

Determining the fundamentals and peculiarities of financial security management of financial institutions will allow to develop the conceptual framework for the formation of a system of financial security suitable for use by different types of financial institutions, which, at the same time, will allow to take into account their functional features, as well as develop an effective mechanism for managing such a system, which will allow, at optimal cost financial resources to reach the maximum possible level of financial security of the financial institution [6, pp. 18-20].

The algorithm for managing the financial security of a financial institution is presented in Fig. 2.2.1.

According to the legislation of Ukraine, financial institutions include banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension insurance institutions, investment funds and companies and other legal entities whose exclusive activity is the provision of financial services, and in cases directly stipulated by law – other services (transactions) related to the provision of financial services [7].

Each of these types of financial intermediaries has its own specifics and characteristics of functioning, as well as unique internal and external threats inherent in their activities, which, in combination with traditional risks, have a significant impact on their financial security. At the same time, the theoretical and methodological approaches proposed in the national professional literature for the organization of the financial security system of financial institutions do not take into account the inherent characteristics of them.

In this regard, it is proposed to specify the peculiarities of the organization of ensuring the financial security of various types of financial institutions in order to further develop on their basis effective measures to ensure a high level of financial security for each type of domestic financial intermediaries.

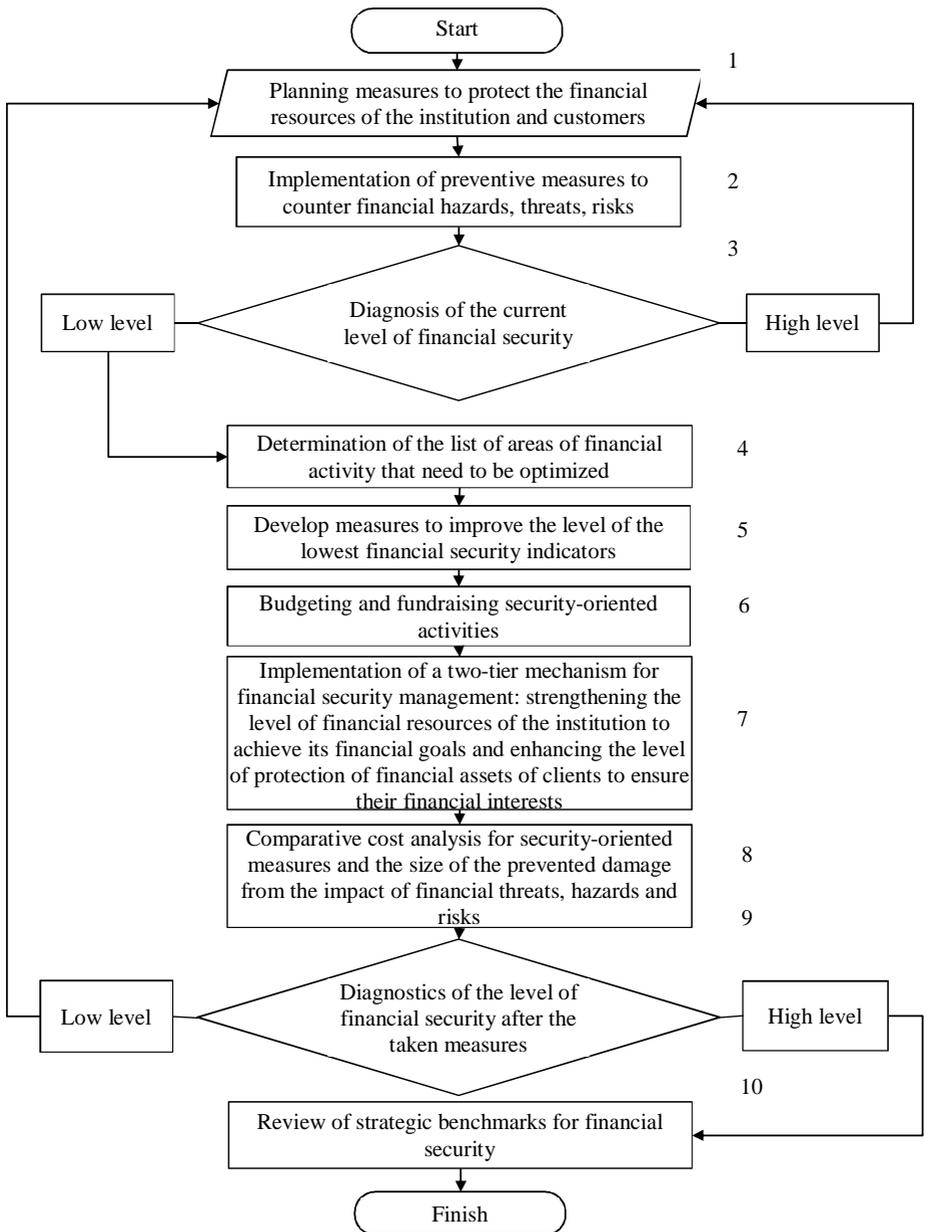


Fig. 2.2.1. A ten-step algorithm for managing the financial security of a financial institution

Source: compiled by the author

When securing the financial safety of banking institutions, the bulk of resources should be directed at maintaining an appropriate level of financial sustainability. The reason for the bankruptcies of most domestic banks in the last few years, in addition to political circumstances, was: low asset quality, lack of capital, both own and attracted, extremely aggressive credit policy, insufficient level of liquidity. All these factors are the consequences of miscalculations when making strategic and tactical financial decisions and failures of the financial risk management system. An important component of the management of banking financial security is the human factor, as the staff of banking institutions often abuses the office and performs fraudulent actions both with the funds of clients, and with the bank own financial resources, which undermines its reputation, competitiveness and financial stability. Not least role in the system of financial security of the banking institution should be allocated to information and analytical support. Loss of information about customer accounts, accepted and expected financial management decisions, personal data of top management of the bank can cost the institution much, again, because of loss of reputation and clients, and financial resources due to probable lawsuits and the need to compensate for losses incurred or lost profits.

In the process of providing financial security to insurance companies, it is important to organize the appropriate level of information protection, in particular, for client bases that can be stole by competitors; information about the insured property, which may be useful to the criminals. On the other hand, for the normal activities of insurers, it is necessary that the information received by them from the clients is true and reliable, so the financial security system should provide tools for assessing the quality of financial data received by companies and ensure a high level of professionalism in relation to it analytical procedures. Therefore, the main component of the financial security of insurance companies is its information and analytical support, as well as rational policies for reinsurance of risks and placement of insurance reserves in the financial services markets.

The priority threat to the financial security of credit unions is the non-repayment of loans granted to customers and public policy, which complicates their normal work (for example, decisions can be made to deprive credit unions of the special tax regime that they have because of the status of non-profit organizations). Therefore, for these financial institutions, it is possible to offer the direction of most resources to create reserves to maintain an adequate level of financial security in the future, and to recommend a detailed check of credit histories and other information about the participants who wish to receive loans.

In the process of ensuring the financial security of pawnshops, the physical protection of the institution and its assets should be a priority. Pawns do not carry out active financial actions, do not carry out complex technical and technological operations, do not have a large staff and significant amounts of information and material resources that need to be protected from abduction or damage. Therefore, their main task in order to continue the profitable work should be to ensure the preservation, that is, physical protection, of tangible assets of both their own and their clients. This task can be performed within the framework of a properly organized system of protection and control of access to the accommodations of the institution.

In the process of securing the financial safety of leasing companies, special attention should be paid to establishing long-term partnerships with suppliers of leasing objects in order to avoid violation of contract terms and loss of clients.

In the process of ensuring the protection of financial resources of the institutions of accumulative retirement provision (non-state pension funds), corporate investment funds and asset management companies, the main component of the financial security system is investment security. It depends on how investors' assets will be used by investment managers and whether they manage them profitably and not lose them due to excessive confidence and ambition of investment managers or their risk appetite. Therefore, the financial success of these types of financial institutions and their financial security level depends first and foremost on the staff of the companies.

Taking into account the peculiarities of ensuring financial security of various types of financial institutions, it is possible to give general recommendations for the formation or improvement of the functioning of a mechanism for managing their financial security, such as:

- proper informational and documentary support for the functioning of the financial security management mechanism;
- periodic staff checks and diagnostics of its level of reliability and loyalty;
- establishment of a separate financial security unit or a presence of professional/specialist in financial and economic security management;
- permanent monitoring of financial risks inherent in professional participants in the financial market;
- development of a separate budget for financial security measures.

The basic mechanism for managing the financial security of financial institutions is presented in Fig. 2.2.2.

The specifics of financial security management of financial institutions arise because of the inherent nature of the threat that accompany their professional activities in the financial services markets. Thus, by 2014, the main types of threats for the normal activities of banks and their financial security were: a decrease in the level of active and passive banking operations; currency fluctuations, fraud by customers and own bank staff; low quality of bank assets; lack of due diligence of clients' financial reliability in attempts to expand lending, leakage of information on managerial, investment, financial decisions from insiders; loss of customers in the competition; attacks by intruders on offices and branches of banks, especially on regional departments with a low level of physical protection; corruption, false regulator actions, etc.

Between 2014 and 2017 there were other threats that traditionally were not inherent to professional players in the banking sector. Thus, military actions in the East of the country led to the fact that with the Resolution of August 6, 2014 NBU ordered the banks of Ukraine to suspend the provision of financial services in a number of settlements, which at that time were not controlled by the Ukrainian authorities. This provoked the loss of a significant amount of financial resources, as well as actual and potential customers. An important threat in 2019 remains the volatility of the exchange rate, the dynamics of which in some cases turns out to be absolutely unpredictable.

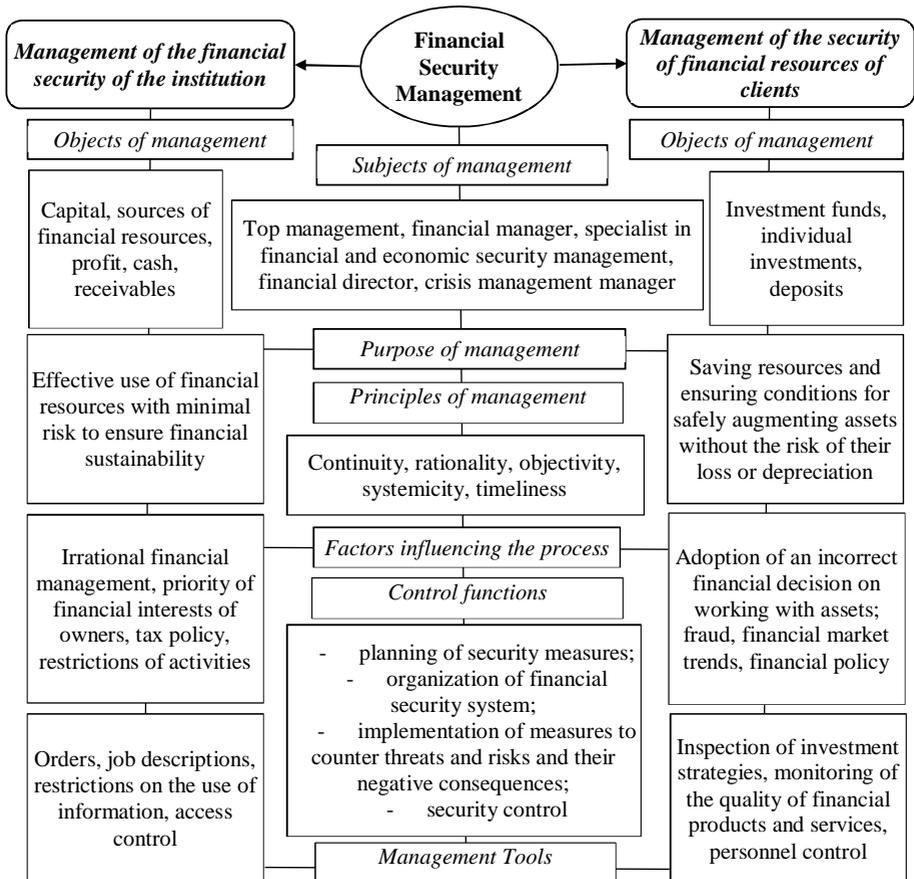


Fig. 2.2.2. Two-vector mechanism for managing financial security of financial institutions

Source: compiled by the author

In the insurance market, such threats to the financial security of insurance companies are intensified as the loss of their financial stability due to the lack of access to sources of funding for current activities caused by the withdrawal by the owners of capital companies abroad and the suspension of investment support by non-resident shareholders of Ukrainian branches of insurers, reducing the number of clients because of the rising cost of services and the loss of a part of citizens of sources of permanent income in the context of the conflict settlement in the East of Ukraine. Its consequences also led to an increase in the number and size of insurance payments. Crisis trends in the banking sector have led to a reduction in the amount of financial resources that banks have previously directed to lend to the activities of insurance companies; foreign insurers, whose branches were opened in Ukraine, and their investors, having weighed up all the risks and calculated possible losses, directed the capital into more reliable investment instruments. The problem of the Ukrainian insurance market remains the

fact that most insurance companies reimburse losses and expenses not by increasing the efficiency of operations and profitability of business, but by attracting insurance premiums and revenues without paying enough attention to the issue of insurance reserves formation. Banks operate according to a similar scheme, returning deposits to individuals and legal entities whose maturity has come, financial assets, for which the term of payment must come after a certain period of time.

The threat to the financial security of domestic insurance companies is traditionally a fraud, both from its own personnel, who can commit theft of client bases, policy forms, tangible assets of the institution, or to exhibit excessive risk appetite in providing insurance services, and from clients of companies that often provide knowingly false information about the object of insurance or the insured event.

The most important for the financial security of credit unions are the following types of threats, such as the possibility of loss of non-profit status, the dependence of repayment of loans on factors that cannot be managed (for example, loss of health or dismissal from the work of a member of a credit union); inconsistency of the current legislation regulating relations of cooperative and financial activity; lack of state support in the sphere of consumer co-operation; weak market position compared to other types of financial institutions; reduce the number and volume of deposits and loans; reduction of the number of members of credit unions; increase in the percentage of overdue loans; the need to increase the value of services. To the list, one can add the following types of threats, such as the introduction of payment transaction registrars in credit unions; the lack of the right for individuals, entrepreneurs, farms, cooperatives and non-profit organizations to use the services of credit unions, which significantly reduces the number of their potential clients; lack of a mechanism for guaranteeing deposits of members of credit unions; insufficiency of guarantees of the rights of members of credit unions; imperfection of the system of prudential supervision in the market of credit institutions, etc.

Among the main threats to financial security for non-state pension funds (NPFs), one can name the creation of "internal" captive funds with distorted goals and redistribution of resources in favor of founders. The threat of mistaken estimation by managers of asset value funds, in which it is planned to invest financial resources in order to preserve and multiply them, remains rather substantial. Regulatory prohibitions of certain areas of placement of depositors' funds form a limited space for the effective management of an investment portfolio of NPFs. The existence of unjustified quantitative restrictions on the structure of assets complicates the mobility of investment capital flows.

Among the threats to the financial security of financial companies and pawnshops remain low effectiveness of legislative protection of the financial interests of trustees of funds for the financing of housing construction; the absence of normative legal acts regulating the problem aspects of the pawnshop activity in the process of interaction with clients; legislative unregulated factoring in the collection business and, as a consequence, a low level of protection of citizens' interests before collectors; inaccessibility of reliable financial information about the activities of these types of financial institutions to financial service consumers due to their low level of transparency. This list can be supplemented by such types of threats as lack of sources

of financing activities, lack of investment resources, high level of operational risk and competition.

The political and military situation in Ukraine led to the emergence of a new category of threats to the safety of professional financial market participants, which researchers in security science called hybrid threats. The functioning of the financial market and financial institutions is currently under the control of a hybrid war provoked by the conflict situation in the East of Ukraine. Accordingly, in financial plane, financial institutions can act as subjects of hybrid warfare, and their products and services – as instruments of hostilities. Hybrid threats to the functioning of the financial market and financial security of its professional participants are systematized in Table 2.2.1. The impact of these threats is tangible to the state of financial security of the state as a whole.

Table 2.2.1

Hybrid threats to the functioning of the financial market of Ukraine and the activities of its participants [8, p.84]

Hybrid threat	Impact on the state of the financial market, financial security of the state and the activities of financial institutions
A large number of financial institutions with a high proportion of Russian capital in the financing structure	The deterioration of the business reputation of professional market participants and the loss of public confidence in financial institutions and government, which allows the use of the capital of an unfriendly state in the financial system
Insolvency of financial institutions with Russian capital, their loss-making	Destabilization of the architecture of the financial market, bankruptcy of business entities that are counterparties and partners of pro-Russian financial institutions, limiting the possibilities for returning assets to their stakeholders
Legalization of capital from the occupied territories through the infrastructure of Ukrainian financial institutions	Expanding the boundaries of the shadow financial sector, falling the national currency value, caused by inflation, increasing the number of extraordinary inspections of the activities of financial institutions that block their work
The use of Ukrainian financial institutions to channel financial resources for use in the occupied territories	Setting up financial products and services for terrorist financing, deteriorating the reputation of domestic financial institutions in the European and global financial markets, loss of investors
The impossibility of safe use of pro-Russian billing electronic payment systems	Decrease in the rate of movement of financial flows, the impossibility of meeting the financial interests and needs of certain categories of customers
Non-repayment of loans by borrowers, non-fulfillment of obligations under agreements with customers remaining in the occupied territories	Loss of assets, destabilization of financial condition, decrease of indicators of financial stability and profitability of financial institutions, restriction of their resource base for continuation of activity, leaving by them the financial market
Subordination of individual financial institutions with Russian co-owners or investors, to the decision of the government of a neighboring state, and disregard for the domestic legal framework	Violation of financial interests of Ukrainian citizens, loss of confidence in the financial system, withdrawal of financial resources beyond the domestic financial system, negative investment image of the state as a whole
The deterioration of the reputation of Ukrainian financial institutions by information warfare tools	Reducing the number of clients, partners, investors; refusal of the stakeholders to use financial services

Despite the strong influence of external and hybrid threats on the financial security of domestic financial institutions, one should not forget about threats of internal origin. Internal threats to financial security of financial institutions shows Table 2.2.2.

Table 2.2.2

Internal threats to the financial security of financial institutions

Internal threat	Influence on financial security of financial institutions
Low professional level of personnel, its bad qualifications, employee's inclination to commit fraud	High risk of loss of financial, resources and financial information of clients both through unprofessionalism and through criminal actions of employees
Opportunistic behavior of insiders regarding the interests of financial institutions	Reducing the level of public confidence in financial products and services of the institution, lack of profit, reduction of market value of the company
Excessive risk management inclination for managerial, investment and financial decision making	Unpredictable losses due to financial miscalculations, deterioration of the financial position of the institution, loss of financial assets of customers, partners, investors
Lack of information and analytical support to the process of countering threats, low relevance of information resources	Irrational structure of financial security system and its management mechanism, excessive expenses for their organization and functioning
Ineffective time management	Financial losses or lack of profit due to untimely adoption of financial management decisions
Unsecured financial reserves in the event of financial destabilization	Inability to compensate for the consequences of the negative impact of external and internal financial threats on the state of financial security of the institution.
Imperfection of personnel reserve for timely replenishment of the staff	The expense of additional financial resources to find qualified staff
Use of unlicensed software, untimely updating of programs	Probability of hacker attacks, access by third parties to confidential financial information
Absence or low efficiency of access control systems	Probability of third-party penetration into the premises of an institution and their actions that violate its normal financial activities
Low level of technical and technological support	Failure to organize the appropriate level of work with clients and protect the financial assets of the institution
Lack of professional guardians	Probability of abduction, damage to financial values
Lack of monitoring of the system of economic security	Failure to establish an assessment of the level of financial security and identify weaknesses in the management of its system, as well as timely identification of financial risks for the institution's activities.
Absence of the legal department in the structure or position of a full-time lawyer	Lack of legal protection of the financial interests of the institution
Loss, abduction, damage to information resources; their use against the interests of the institution	The risk of using financial information with a low level of certainty or lack of required financial information when making financial management decisions

Source: compiled by the author on a basis of [8, c.85]

The proposed threat list is not exhausted. With each passing year, new forms and types of threats to the financial security of financial institutions will appear in the financial market, therefore the topics of the initiated research will not lose their relevance. At the same time, for effective regulation of the level of financial security of the state, the authorities will have to determine the priority threats to the financial security of institutions in the financial market to focus on their elimination the core resources and efforts [8, pp. 80-87].

The problem of managing the financial security of financial institutions is being updated due to the crisis trends that are currently observed in the financial markets of many countries. Political and economic instability are the cause of the emergence of new types of threats to the normal functioning of financial institutions, which reduces the number of their clients, reduces their level of funding, loses competitive advantages, which in the end can lead to bankruptcy and liquidation of the financial intermediary. In response to emerging dangers, new forms of financial security management of financial institutions should be offered, which will allow them to adapt to current business conditions.

Unresolved at the moment remains the problem of determining the priorities of financial security management of financial institutions, taking into account the limited amount of their corporate resources. There is no doubt that there is a need for an integrated approach to the organization of protecting the assets of financial intermediaries from the negative impact on their integrity and effectiveness of use, but in the conditions of insufficient funding for this process, it is extremely important to choose the dominant lines of financial security that must be offset by the internal reserves of financial institutions.

Given the circumstances in which domestic financial institutions work into account, the following list of priorities for financial security management of financial institutions can be proposed:

- instead of creating a separate financial security service, it's better to appoint in some departments an employee responsible for the functional security direction in which the department is involved;

- focusing on operational responses to threats to financial security with the transfer of available free financial resources for the needs of security; the main threats to the normal operation of financial companies are financial nature or associated with theft, modification, the use confidential information or restricted information, client databases, and therefore it is advisable to prioritize the financial security of financial institutions to determine the organization of protection against cyberattacks and crimes related to the use of corporate information against the interests of the company;

- for small financial institutions such as credit unions and pawnshops, it is expedient to transfer the task of providing financial security to external companies that specialize in organizing the protection of business entities from all kinds of dangers and threats; the use of outsourcing services to attract staff to develop and implement mechanisms to ensure the normal state of the various subsystems of the financial security system;

- transition from the practice of compensation for losses from the negative impact of threats on the financial performance of financial institutions on preventive measures:

particular attention should be paid to verification of potential partners, counterparties and clients seeking to use financial resources from financial institutions under certain contractual conditions;

- the organization of close cooperation both between financial institutions of one kind and between professional participants of different segments of the financial market for the purpose of forming a single database of clients who have committed fraudulent actions against companies, as well as employees who misconduct their duties, which caused damage to the financial state of the institution or to its business reputation;

- development of documentation that would regulate the relations between the entities providing financial security to financial institutions, both external and internal; clearly outlined the purpose, tasks and directions of maintaining an adequate level of financial security and set liability for non-compliance with its norms;

- initiation of the permanent monitoring of the financial security of financial institutions by their management, owners and other categories of stakeholders;

- complex examination of candidates for management positions, obligatory periodic evaluation of personnel loyalty level; paying great attention to the recruitment of personnel, because it is the staff that has recently been the source of a large number of threats to the normal functioning of financial institutions and their financial security.

Thus, the emphasis on financial security management of financial institutions in specific clearly defined areas of security-oriented management will ensure the effectiveness of their functioning in the current economic environment in the presence of limited resources for the formation and development of integrated systems of their financial security.

In the conditions of strengthening in the financial market of Ukraine the influence of economic and political threats on the state of functional capacity of security systems of financial institutions to provide a high level of protection of their financial resources, management and top management of financial institutions should pay attention to the development of strategies for ensuring financial security of companies controlled by them. Strategic imperatives for financial security management of financial institutions should be developed taking into account the peculiarities of their creation and functioning. The purpose of the overwhelming of majority of financial institutions is to generate profit (except for financial institutions with the status of non-profit organizations, such as credit unions). Therefore, the strategic directions of ensuring financial security of financial institutions should include assistance in expanding the financial activities of companies, namely, containing a set of measures that will attract new customers, expand the scope of financial services (including through diversification of their range) and increase the institution's share in the financial market. In order to realize this strategic goal, it is necessary to increase the level of trust of financial services consumers, both actual and potential, to financial institutions. The tendencies of the last few years that have been observed in the financial market of Ukraine can hardly be described as conducive to establishing close partnerships between financial companies and their clients. Reducing the number of professional participants in the financial sector, associated with numerous bankruptcies of financial institutions, reducing the volume of investment resources directed by foreign investors

in support of banking institutions, insurance companies, etc., which had a high share of foreign financial resources in equity, lack of state policy regarding compensation to users of financial services, the loss of their assets due to the elimination of companies for one reason or another, led to a sharp drop in the level of financial activity of citizens and to the emergence of a lasting distrust from individuals and legal entities to financial institutions. Therefore, restoring confidence in the financial market and its participants is at the moment a task of national importance and one of the priorities of the state policy in the financial sphere. At the same time, at the level of the individual financial institution, to the list of measures that can help to restore customer confidence in the companies, it is expedient to include an increase in the level of transparency of performance results and characteristics of the financial state. Therefore, in the list of strategic imperatives in the management of financial security of financial institutions, it is proposed to include the provision of information transparency in the organization of the protection of financial resources of both the institution itself and its clients, from the negative impact on their integrity and effective use, external and internal threats of a financial nature.

Personnel policy needs the attention of the management of financial institutions. In the strategic perspective, large financial intermediaries should have in their staff at least one person who has received higher education in the direction of financial and economic security management. In addition, it is necessary to increase the requirements for different categories of employees of financial institutions for the mandatory availability of education, which would correspond to the occupied position. At the moment, such requirements are put forward only by large banks to its staff, and then not for all categories of employees. The high staff turnover leads to a low level of staff loyalty, resulting in numerous cases of fraud by employees of financial institutions that cause the latter not only financial losses, but also result in loss of business reputation, cause litigation and numerous unplanned inspections by national regulators. Therefore, staffing is an important direction in managing the financial security of financial institutions in the strategic perspective.

The limited financial resources of professional participants in the financial market and the inaccessibility of foreign investment lead to the need to find additional sources of funding for the activities of financial institutions or their transition to a regime of tight saving of financial assets. This circumstance must be taken into account when establishing and managing the financial security system. If in the strategic perspective – that is, over a period of more than 5 years – the management of a financial institution has a clear plan to attract the capital required for its normal activities; then financing of the financial security system should be carried out in accordance with a pre-designed and approved budget; financial security mechanisms should include both – preventive measures to counter financial threats and funds to compensate for the consequences of the negative impact of these threats on the financial resources of the company and its customers. At the same time, if a financial institution's financial management strategy is determined that the possibilities of attracting financial resources are limited and the company enters into a mode of economy, the structure of the financial security management mechanism should be optimized in order to minimize the costs of its operation, and a set of instruments for the protection of financial assets of financial

institutions revised to abandon those measures that make it possible to compensate for the effects of the threat rather than prevent it, since in the latter case it is probable lost on preventive measures for cases that ultimately may not come to pass, that the costs of time, labor, material and financial resources will be wasted what mode saving financial assets should not be allowed.

The list of strategic imperatives in financial security management of financial institutions should include the need for the formation of qualitative information and analytical support for this process. A large number of financial intermediaries will have their own financial security systems without an adequate documentary foundation, they do not develop a concept, strategy, policy, financial security program, do not create or use methods for assessing the level of financial security, and therefore it is difficult for them to conclude whether are the protective mechanisms used in the financial security system of financial institutions to maintain their own resources and customer resources, effective. It is impossible to plan the activities of both the financial institution as a whole and its individual units, the list of which in the current conditions of management should also include the service or department of financial and economic security, without a documentary background, which clearly defines the purpose, tasks, directions of the functioning of the financial security system, its subjects, objects and resource support. However, the information and analytical provision of the financial security management mechanism is not limited to internal documents, but also includes information coming from external sources and the procedures for its analytical processing. Therefore, a very important administrative task in the context of providing financial security is the assessment of the quality and reliability of information used by the financial institution in the course of its activities.

Thus, at the moment it is possible to distinguish a number of strategic imperatives in financial security management of financial institutions. In view of this, it is advisable to insist on the need for financial institutions to develop financial security management strategies as a coherent document that can determine the direction of their work to protect their own and borrowed from customers and partners' financial resources [9, p.160-162].

Consequently, the state of the national financial market determines the level of banking security and security of the non-banking financial sector, which are important components of the financial security of the state. The results of the study of the state of certain components of Ukraine's financial security indicate the need to develop strategic guidelines for stabilizing the state of the financial market and determine the future prospects for its development, and the importance of this task in the context of the need to pursue the objectives of sustainable development and maintain an adequate level of national financial security, necessitate the need to offer ways to reorient the financial sector to ensure the country's financial security and sustainable economic development of Ukraine:

- firstly, to expand the branch network of professional sellers of financial products and services to increase their availability;
- secondly, to review the requirements for the establishment and operation of financial institutions in order to enable small and medium-sized businesses to perform certain financial transactions;

- thirdly, to create financial supermarkets in large cities for the complex maintenance of financial needs of citizens and business structures;
- fourth, to modernize the financial market infrastructure by setting up mobile financial advisory centers to increase the financial literacy of the population living in separated areas, with the possibility of providing financial services "of the first necessity";
- fifth, to reduce the cost of micro-lending and to ensure the implementation through the financial market tool of state-supported programs of microcredit in priority sectors for economic development;
- sixth, expand the limits of guaranteeing deposits of individuals and introduce a similar mechanism for compensation of deposits of legal entities;
- seventh, to initiate the process of cooperation of business entities using hired employees with non-state pension funds;
- eighth, at the level of national regulators, to conduct a comprehensive monitoring of the financial security of professional participants in the financial market in order to timely withdraw from the financial system of institutions that are not able to fulfill their obligations and ensure the realization of financial interests of clients and other categories of stakeholders.

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PART 3

PROVIDING FINANCIAL SECURITY: UNCONVENTIONAL RISKS AND TOOLS FOR MANAGING THEM

3.1 Digital economy as a source of risks to the financial security of the state. Information threats to the financial system of the country

In the process of studying the issues of financial security, the concept of "threat" and "risk" were the most commonly used terms by scientists. Permanent risk management and minimization of the number of financial security threats and their consequences for its current and future status are priorities in the implementation of the functions of financial security management. However, if the overcoming of their traditional types has already developed a lot of effective approaches and effective tools within the framework of crisis management and risk management, the emergence of their new forms is always a challenge and difficult management task for professionals.

The evolution of the economic system has led to the emergence of a segment of the digital economy, the characteristic feature of which is the use of cryptocurrency in the process of implementing financial relations. Web content management issues are increasingly emerging and financial security threats related with it are in the process of identification [1]. The concept of cryptocurrency was included into the lexicon of economists in 2009 when its popular version, Bitcoin, was created. Since then, Bitcoin is the first cryptocurrency product, which is the field of using cryptocurrency tools in accordance with economic laws and under the influence of economic incentives to realize the interests of the owner of cryptocurrency goods (primarily financial ones). In information Internet resources, you can find the following definition: crypto currency is any type of digital unit that is used as a medium of exchange or a form of digital retention value. It is important that this concept excludes the currency of computer games; digital units that can be exchanged for goods, services, discounts or purchases within customer loyalty programs; as well as digital units that are used as part of a debit card system.

Functioning and developing in the information environment, the crypto-economic system is exposed to numerous threats that are inherent to digital resources and objects that are the product of computer systems and Internet resources. At the same time, the very fact of the existence and popularization of cryptocurrency and other forms of the evolution of the digital economy is a modern threat to the state of financial security both at the global level and at the level of individual countries of the world, which allows assigning to crypto economy the status of a national threat to Ukraine's financial security.

At the beginning of its use, the crypto currency facilitated the mediation of settlements between business entities or private individuals who were not familiar, had no partnerships and had no reason to trust each other. However, nowadays cryptocurrency is an instrument for mediating financial flows in the shadow economy, a means of transferring financial assets to pay for smuggling and terrorist financing, conducting financial transactions bypassing fiscal services and other bodies of state power. The rapid development of crypto economics on a global scale in general and in

Ukraine in particular distorts data from monitoring of the state of real and financial markets, as it does not allow to accurately assess the level of their capitalization through the execution of financial transactions outside of officially recognized trading platforms. The problem of regulation of financial relations, which are mediated by the use of cryptocurrency, is also acute. At the global level, cyber currencies do not receive official recognition as a legal settlement currency, which actualizes the question of the legality of their use by individuals and legal entities to meet their own financial needs and interests.

First of all, the use of cryptography is a threat to the normal functioning of the financial system and its participants, and therefore to the state of financial security of the state as a whole, since it intensifies the development of the shadow financial sector and provides for the possibility of financing illegal production and trading operations. The second block of threats is connected with the tax security of the state in the system of its financial security, since it allows subjects of cryptology to completely or partially avoid paying taxes. Crypto currency actualizes inflationary threats to the economy, as it increases the amount of funds available in circulation. The issuance of various types of electronic money is beyond the control of banking systems and their national regulators. In particular, in Ukraine, the National Bank of Ukraine, which is the main subject of securing banking safety, has no means and tools to influence the emission processes and the use of cryptology. In fact, this process takes place entirely outside the banking system, which reduces the role and significance of banking institutions in the process of servicing financial transactions, limits the possibility of obtaining them revenues as customers pay financial services, reduces the amount of financial resources available to professional entities banking sector and can be used to lend to business entities.

Calculations in cryptography are convenient for use when purchasing and selling illegal goods, paying for illegal works and services. For cryptocurrency people buy drugs, prohibited medicine, organs for transplantation. With cryptocurrency people pay for weapons, sexual services; ordering killers, gangsters to eliminate competitors, and so on. An assessment of the threat of money laundering with cryptocurrency shows that criminal organizations can use virtual currencies to access "clean cash." The use of virtual currencies allows an organized criminal group to obtain anonymous access to cash and hide the chain of transactions. They can receive secret keys from electronic purses or withdraw cash at an ATM. Because of the inability to trace who is the owner of cryptocurrency, it is popular among hackers, arms dealers. Cryptocurrency simplifies the implementation of financial relations between criminal gangs. In August 2017, hackers began to demand from the HBO television company a ransom for the abducted script of the series "The Game of the Thrones". The redemption in the amount of \$ 6 million was due to be paid into the crypto currency Bitcoin. Crypto currencies are often used by members of the "dark net" – a private network whose members are difficult to trace through non-standard communications protocols.

The instability of the economy in Ukraine and the new restrictions that appear on money transfers to Ukrainians stimulate the participants of the financial system to make non-standard decisions on the placement of temporarily free financial assets. One of them was an investment in cryptocurrency. However, crypto currency is a high-risk

asset with high price volatility. Crypto currency has no single course. For example, the course of bitcoin may vary several times a day. In the markets of cryptocurrency, there is a chaotic trade. For a long time, known "safe" coins receive serious price and reputation challenges, unknown coins gone into the top-10 overnight, almost neglected financial projects suddenly become expensive and popular.

Cryptocurrency is used as a resource for the storage of financial assets. The lack of supervision of operations in cryptography leads to the fact that government agencies cannot learn about financial investments in cryptocurrency and affect them. According to co-founder of Bitcoin Foundation Ukraine Andriy Dubetsky, in 2016 demand for Bitcoin in Ukraine has grown at once five times (the weekly volume of trading has increased from 500 thousand UAH to 2.5 million UAH), and continued to grow in 2017, reaching the mark of 20 thousand dollars for one coin in early 2018, and rapidly dropped by a month to 6 thousand dollars. However, this did not destroy interest in cryptocurrency as an instrument for servicing financial relations. In response to the growing demand for cryptocurrency, appeared semi-legal financial offices that provide their exchange services for cryptocurrency into legal currency and payments made with conversion when purchasing goods or services. In Ukraine, the number of points where people can pay with cryptocurrency is increasing: tickets booking services, online stores, restaurants, and so on.

Robert Schiller, Nobel Peace Prize winner in 2013, believes that Bitcoin is a good example of a speculative bubble. The financial bubble arises when a large amount of money supplies a small amount of real assets, resulting in a revaluation of these assets. This, in his opinion, occurs with cryptic currencies.

Anonymity of transactions, lack of control of financial market regulators, lack of provision of real assets, algorithmically specified limited emission, impossibility of cancellation of transactions – this is an incomplete list of negative characteristics of cryptocurrency, forming a source of threats to the state of financial security, both for the subjects that use cryptocurrency and the national financial system as a whole. A specific sign of cryptocurrency is the irreversibility of operations with its use. They cannot be canceled or delayed: complex cryptography is used for this process. Owners of cryptocurrency can count on it without the participation of banks and other financial intermediaries. To do this, you only need to know the wallet number. But the name, country or phone number of the entity of financial relations – not necessarily. However, due to the anonymity it is impossible to return the lost bitcoins or to prove the ownership of them. Financiers note that cryptocurrency is easy to steal. Experts estimate that theft amounts are to about 20% of the world's cryptocurrency volume. In the scale of the financial system of the country, an increase in the number of anonymous transactions can lead to an increase in the financial segment of the shadow economy. The risks of mass use of cryptography by individuals are also due to the still low level of financial literacy of the population. The owner of the cryptocurrency can transfer it in the form of a credit resource and, if the borrower turned out to be a swindler, to get the borrowed funds back there is no chance. In order to use crypto currencies, the levels of financial and technological literacy of the digital economy must be very high.

In theory, the growth of the scale of the use of cryptocurrency can ruin the global banking system, if participants in financial relations in different countries of the world (and, above all, in powerful financial centers) massively begin to attract for cryptocurrency calculations. However, the moderate use of the digital currency to mediate financial transactions will not lead to the collapse of the banking system, albeit seriously shaky, forcing to revise the policy of commercial banks that was based, including on obtaining "easy" revenues – from money transfers, commissions for operations of private persons, etc. Thus, banks will have to compensate for loss of income through more risky lending policies, adhering to aggressive trading strategies for financial assets, expanding the range of investment objects and assortment of their own financial products and services.

At the end of 2014, the National Bank of Ukraine made active efforts to combat the use of crypto currency. Bitcoin received a "money surrogate" stamp, and all potential users have been warned that using Bitcoin, they are endangering themselves. True, it was not announced what exactly the danger was. Then in 2017, the National Bank of Ukraine announced its intention to study carefully the principles of cryptocurrency and only then to introduce a mechanism for regulating their circulation, the model of which will depend on whether to consider cryptocurrency exclusively as a digital asset, or to consider its currency nature. However, as of mid-2019, such a mechanism has not been proposed. The NBU continues to worry about the fact that the regulator is not able to control a currency such as Bitcoin and others similar to it, to establish their course and to limit the use of the funds as an investment object.

The practical aspects of the use of cryptocurrency are paid close attention by the heads of central banks of different countries. For example, Jens Weidman, president of the German Bundesbank, announced that Bitcoins and other digital assets pose a potential threat and could worsen the effects of future financial crises.

Active cryptographic operations is a challenge for national financial regulators from all over the world, since Bitcoin does not exist within any existing jurisdiction and can not be controlled by one person or institution; it is a social tool, which gives the impetus to development a society that is the subject of its use. For example, representatives of the legal Ukrainian business face a number of problems when using Bitcoin in their calculations, primarily because of the lack of a legislative framework. There is no even a mechanism that would allow the payment of value added tax and other types of taxes when calculating in cryptocurrency.

The Ministry of Finance of Russia in the fall of 2015 offered to criminalize the issuance and use of cryptocurrency in circulation. In the opinion of the department, the maximum punishment for such actions was four years of imprisonment, however, after six months it was proposed to increase this term for another three years. The ministry was concerned about such threats to state financial security, such as anonymity, the lack of state control, and the possibility of violating the rights of participants of financial relations. The Central Bank of Russia also initially supported the ban on the use of cryptocurrency, which by their financial nature are close to the denominated in Russia money-surrogates. However, in 2017 this position has changed. The Central Bank of Russia expressed the assumption that digital currency should be officially recognized as financial assets, cash or securities. According to experts, this will allow

the introduction of mechanisms for monitoring their circulation and use for the needs of the digital economy.

In 2015, the New York City Financial Services Department adopted the world's first regulatory act that explains in detail of the regulation of the relationship with Bitcoin. The Japanese authorities in April 2017 adopted a law on virtual currencies that legalized Bitcoin and Ethereum cryptocurrencies. Due to this, these virtual money in Japan can be attracted for financial operations. Cryptographic trade is subject to licensing, and all exchanges and payment service providers will have to work under the sole rules of financial behavior in their area of use. Companies and individuals can buy virtual money as a product that is not subject to mandatory 8 percent consumer tax. At the same time, despite the adoption of the law, cryptocurrencies in Japan did not become legal payment instrument.

In the European Union, transactions in Bitcoin are classified as currency transactions with coins and banknotes, and are excluded from the list of assets that are objects to taxation.

In September 2017, the prime minister of Malta, Joseph Muscat, created a special group, whose duties include the development of control schemes for the use of cryptography in financial transactions. According to the politician himself, he wants to see Malta the block chain capital of Europe, and the first country that will be able to regulate the circulation of cryptocurrencies.

In Ukraine at the moment there is no legislation that strictly prohibits the use of cryptocurrencies as a means of payment in the process of mediating financial relations. This fact highlights the need to develop at the national level the strategies and concepts for the regulation of virtual currencies in order to minimize their potential negative impact on the level of financial security of the country.

Activity related to cryptographic products should be licensed. This applies to the business activities of legal entities engaged in the sale and purchase of cryptocurrencies in the interests of the client, obtaining it for money transfer, trust management on behalf of third parties, etc. That is, the license will be required to receive by Bitcoin-exchanges and similar bidding organizers.

Within the framework of financial security management at the state level, it is necessary to oblige electronic money operators to disclose data on large postings of funds and to report about the exchange of virtual currency on cash. In companies that enable the exchange of electronic money for cash, additional checks should be carried out to detect the facts of "laundering" of illicit funds and withdraw financial assets from offshore zones.

Legalization of cryptocurrencies is a long process. The rapid development of the digital economy provokes a change in the philosophical paradigm in the field of financial relations. What was created in order to avoid state regulation is now recognized by national regulators as a means of calculation. Central banks are looking for ways to get control over the terra incognita of financial markets, then at least include it in the legal field.

Central banks around the world should formulate their own policies regarding the growing market of crypto commodities, according to the Bank for International Settlements (BIS). Christine Lagarde, chairman of the International Monetary Fund

(IMF), does not rule out the possibility of using the IMF's blockading technology. Lagarde notes that, despite the high financial risks for depositors, the lack of transparency and lack of real security does not pose a threat to the world's central banks, the flaws in cryptography are due to technical problems that can be solved over time.

The BIS argue that central banks should consider confidentiality and efficiency in the valuation of digital currencies, as well as the consequences of their massive use for national and global financial stability.

The European Parliament approved on April 19, 2018, and the Council of Europe adopted May 14 amendments to Directive 2015/849 / EU. They oblige the governments of the EU member states to legislate in the course of 18 months the status of cryptocurrencies. The Council of Europe calls for precise definition of the concept of "virtual currency", the introduction of initial financial monitoring of financial intermediaries, who exchange cryptocurrencies for traditional money, and those entities that carry out activities to preserve electronic purse of cryptocurrencies users. This step is aimed at preventing the use of cryptocurrencies in money laundering and terrorist financing schemes [2].

The step of Ukraine to meet the requirements of the EU was the announcement by the Ministry of Economic Development and Policy at the end of 2018 about the initiation of the procedure for the legalization of certain types of cryptocurrencies. It is proposed to implement it within the framework of the Concept of State Policy in the field of virtual assets, and it will have two stages. In 2018-2019, it is proposed to determine the legal status of cryptocurrencies, as well as to outline a range of business entities that will be able to provide services for the exchange of cryptocurrency for traditional currencies and vice versa. In 2020-2021 it is supposed to recognize providers of purse-custodians of virtual currencies by entities of initial financial monitoring and to develop special legislative acts on the regulation of the use of virtual assets, smart contracts and tokens [3].

Thus, for the financial security of Ukraine, by 2019, the use of cryptocurrencies provokes such risks and threats:

- expansion of the boundaries of the financial segment of the shadow economy and activation of shadow cash flows;
- simplification of the procedure for laundering of proceeds from crime, withdrawal of capital in offshore;
- reduction of tax revenues to the budget;
- increase inflation and increase inflationary volatility;
- currency destabilization;
- reduction of financial revenues due to the decrease in demand for traditional financial products and services that are traded by banks and other types of financial intermediaries;
- destabilization of the monetary sphere;
- lowering the level of confidence of the population and business entities in the financial system and its professional participants;
- the emergence and distribution of new unlicensed types of financial products and services that do not have quality standards;

-lack of guarantees of financial obligations when making monetary settlements with cryptic currencies.

In 2017 the public became aware of the fact of getting cryptocurrencies by using the servers of state information systems. Illegal activity was carried out by employees of information departments of state structures that have access to powerful equipment. In the process of landing cryptocurrencies were involved servers of information systems departments, their district units, as well as the most productive office computeri of various services and departments. To do this, on servers and computers were secretly installed special programs (operators) that used computing resources, which reduced the speed of information processing and slowed down their work. Such programs were integrated as system services and included in the list of exception programs for antivirus. Thus, resources were not properly used, which could have huge negative consequences for the state of both financial security of the country and national security of the state as a whole.

The large number of threats and risks for the financial security of the state is connected with the total informatization of economic relations. Indeed, the consequences of the implementation of information threats in recent years were most noticeable in the financial system, and had a negative impact on the financial security of many countries. Financial globalization has led to the fact that interference with the functioning of elements of the financial architecture of one state leads to violations in financial mechanisms of other participants in the world financial space. Distortion of information flows, violation of the quality of information resources, unauthorized access to data and criminal interference with the mechanism of work of information channels paralyze or ineffective the work of economic structures and authorities and cause losses, which cause a blow to the financial, and hence to national security. The realization of this fact by the European community was the beginning of the development of informational and analytical security of the members of the European Union.

The European Security Strategy was adopted in December 2003 and became an important step towards the development of EU foreign and security policy. The development of economic systems relies heavily on their infrastructure, including transport, communications, energy supplies, and, moreover, the Internet. The European Strategy for a Secure Information Society, adopted in 2006, aimed at attracting attention to the need to combat internet crime. However, separate actions against private and state-owned IT systems in the EU member states have given a new tint to the problem, demonstrating that internet crime has become a potential new economic, political and military weapon [4] and a real threat to European security.

In many cases, the purpose of committing attacks on the information segment of the security system, both at the micro and macro levels, is causing the object of attack damage or receiving the initiators of an attack a profit. Even without having such a goal during implementation, information threats always have a negative financial effect. To destabilize the state of financial security of the state, objects of information attacks can be four main types of targets: financial institutions (first of all, systemic), national financial regulators, software developers for financial traders and those whose business is associated with the use of cryptocurrencies for realization of financial relations.

So, in June 2016, hackers simultaneously attacked numerous Ukrainian financial institutions, one of which stole \$ 10 million through the SWIFT system. At the end of 2016, hacking attacks blocked the work of the sites of the Ministry of Finance and the State Treasury Service in order to hurt the planned progress of the budget process, which substantially weakened the state of budgetary security. Subsequently, an attack on the Pension Fund website was launched.

Similar cases have ceased to be a rarity in the countries of Europe. In 2016, the European Central Bank announced its intention to create a database for registering cases of cybercrime in commercial banks in the Eurozone. However, the constant and open exchange of information between the leadership of countries on cybercrime is still an enviable prospect, because recognizing the fact of successful cyber attacks is still the recognition of the inability to organize a highly effective security system at the state level.

On June 27, 2017, at 11.00, a massive cyberattack was launched against the national security system using the version of the "wannacry" virus modified by Ukraine – "cryptolocker". The virus simultaneously seized banks, mail, stations, power companies, state-owned Internet resources and local networks, as well as a number of media. Nothing revolutionary – an ordinary computer program paralyzes thousands of servers and blocks the work of the financial system of the country. Private companies began to function normally the very next day, however, the process of filing tax reporting was violated, which posed a threat to tax security. State enterprises, authorities – three days later tried to restore lost information. Cybersecurity experts estimated that losses for the financial system of the country amounted to at least 10 billion USD. Caught offenders failed, the level of financial security of the state received a powerful blow, so the existence of significant deficiencies in the organization of the mechanism of financial management of the economic security system of the national economy is obvious.

Events in 2017 became a catalyst for the emergence of a new term – cyberhygiene. In order not to encounter a virus in cyberspace, one must adhere to the basic rules of information security [5].

What information threats are waiting for participants in the financial market in 2019? According to analytical surveys, 92.6% of Ukrainian companies are already faced with a leak information. In Europe and the US, the situation is also not quite optimistic: about 90% of organizations lost important information.

Experts from the consulting firm Gartner in the cybercrime report say that losses from it will cost the world economy 6 trillion dollars a year by 2021. According to the report by Accenture Security, the most notable security threats faced by financial sector companies in 2017 were:

- counterintelligence, reverse deception tactics – tools such as code that prevents malware from being analyzed, steganography (transmission of information in an encrypted form with the secret of the transfer) and botnets, as well as control and monitoring servers that are used to hide the stolen data;

- complicated fishing campaigns. Fishing messages often used to deliver malware are becoming more complex, with specific company information, such as invoicing, etc.;

- cyber attacks and cybercrime are tools that are increasingly being used at the level of government in order to realize financial, economic and political interests;
- alternative cryptocurrencies – the popularity of Bitcoin forces cybercriminals to optimize money laundering techniques or even use different crypto-converts in general [6].

As a response to modern information threats, it is proposed to create a European Union cybernetic force for the rapid reaction. Within the framework of the European Commission's project, entitled Horizon 2020, the total investment in the sector is expected to reach €1.8 billion by 2020. In 2018, the European Commission's initiatives were aimed primarily at protecting against cyber attacks and increasing the competitiveness of the IT security sector [7].

Thus, in order to stabilize financial security of the state by timely counteracting information threats, Ukraine should be involved in European practices of protection against cybercrime, develop adequate documentation of the information security system and oblige professional financial institutions to create or upgrade information security departments to increase their readiness to counter identified information threats [8, p.160-163].

The significance of informational threats for national, economic, and financial security of the country is recognized by the Government of Ukraine at the state level [9, p.80]. So, in 2016, the Cybersecurity Strategy of Ukraine was approved. Among the threats of informational character for the security of the state called cases of illegal collection, storage, use, destruction, distribution of personal data, illegal financial transactions, theft and fraud in the Internet. The document noted that cybercrime gets a transnational form and is capable of seriously harming the interests of the individual, society and the state. The information resources of financial institutions [10] are increasingly becoming objects of cyberattacks and cybercrime, which confirms the close connection between the level of cybercrime and the state of financial security level in Ukraine. The National Bank of Ukraine was selected as the subject of the neutralization of information threats in the financial environment by the government, which was tasked with forming the requirements for cyber defense of critical information infrastructure in the banking sphere [10]. However, one should not forget that the system of financial security of the state has a complex structure, and is not limited only to the security of the banking sector. Information threats are also characteristic of other types of financial institutions other than banks [11]. Thus, it is necessary to expand the list of subjects of the cyber security of Ukraine in order to organize the comprehensive protection of the interests of participants in the financial system.

The attempt of state control over information threats for various subsystems of national security of the country in 2017 became the Doctrine of Information Security of Ukraine [12]. However, it did not address the problem of protecting the financial sector from information risks. The emphasis was on the information warfare, which gained momentum in connection with the situation in the East of the country. Therefore, this document can not be considered an informational resource that can solve the problem of minimizing information threats to the financial security of the state.

Let's consider in more detail what kinds of information threats are characteristic for the financial security of Ukraine in 2019. The state of financial security at the macro level is based on the security of financial institutions and the activities of national regulators of the financial market. Therefore, objects of information attacks for intruders are financial institutions, their own assets and assets of their clients, information resources, databases. Thus, confidential information transmitted by participants in financial relations to financial institutions (banks, insurance companies, investment funds, credit unions, etc.), are classified as high interest information for competing financial companies. For unscrupulous competitors, corruptors and other intruders in particular interest is the information connected with the personal composition of the bank's Board of directors, the status and vectors of the activities of top management, especially in the presence of foreign investors. Access to confidential information and its criminal change may seriously harm the financial position of a financial institution. At the same time, the leakage of information may be even insignificant. The reason for leakage of information, if there is no proper provision of information security of the company, may be because of different circumstances caused by inexperience of its employees [13]. The staff of financial institutions has been, is and will be the biggest problem for their financial and economic security. According to statistics, more than 60% of cases of information leakage occur due to the insider's fault. Information often flows through electronic channels, therefore, in most financial institutions, security professionals are primarily trying to control all channels of information transmission: e-mail, Skype, messengers, social networks, etc.

As already noted above, special attention in the issue of providing information and financial security of the state is given to the banking system, which is not surprising, because the financial system of Ukraine is banking-oriented, and it is banks that dominate in the domestic financial market. The banking system is a part of the critical infrastructure of the state, the failure of which can lead to serious consequences for the financial component of economic security. On October 4, 2017, the Resolution of the National Bank of Ukraine "On Approval of the Regulation on the Organization of Measures to Ensure Information Security in the Banking System of Ukraine" was issued (Resolution No. 95). Ukrainian banks got time by March 1, 2018, to bring their own information security systems in line with the requirements, and in some cases, to build them from scratch. However, there is still no clear conclusion as to how new systems are more effective than previous ones.

In the context of Ukraine's integration into the European space, it is important for financial institutions to adhere to the standards of information protection adopted by the EU. The EU requirements for the protection of confidential information are relevant to all, without exception, organizations and institutions, including financial ones. They are documented in the form of the Regulation of the European Parliament and the Council of the European Union "On the Protection of Individuals with regard to the Processing of Personal Data and the Free Circulation of Such Data" No. 2016/679 dated April 27, 2016. Thus, Ukraine needs to bring information security management systems at the micro and macro level in line with EU standards.

There are also a number of specific requirements that can be applied to organize the protection of Ukrainian banks against information threats. These are the

requirements of the PCI DSS (Payment Card Industry Data Security Standard) to ensure the security of payment systems, as well as certain provisions of Standard 27001. Regulation No. 95 is largely focused on Standard 27001, as well as on a series of NBU regulations aimed at ensuring physical security of banks.

The approach to information security organization is determined by three main factors. The first is the peculiarities of the organization of business processes in the economic system. The second is the specific characteristics of information that is at the disposal and processed by the system. And the third one is the circle of people allowed to work with information resources. Regarding the last item – Resolution No. 95 provides for the mandatory appointment of a person responsible for the security of the bank, the so-called Chief Information Security Officer, CISO. That is, IT and information security functions will differ, as required by standard 27001 [14].

It is important that bank security specialists begin to give more and more priority to protecting business and reputation, and not just ensuring compliance with the requirements of the national regulator. However, it must also be borne in mind that, in addition to reputational losses, there may be additional risks of potentially withdrawal of a license in cases where the problems with the bank's information security that arose at a certain stage of its activity attract the attention of the National Bank of Ukraine. If there are rumors during the period of information security incidents, the negative impact of reputational threats is growing rapidly and intensively, the outflow of clients, both private, corporate and government, begins to decrease, the credit rating decreases. It affects the reputation of the institution – and its image in the eyes of the public and the national regulator deteriorates immediately, leaving the bank losing its license [15]. Bankruptcy and liquidation of banking institutions lead to a failure to fulfill their obligations to clients, which undermines the confidence of the population and business in the financial system as a whole, and has a negative effect on the state of financial security of the country.

As before, DDoS attacks on financial sector organizations are more frequent than on companies from other industries, such as retail, media, etc. However, in the meantime, it is not only important that attackers receive an entire array of information about where resources interesting for them are stored, but they also understand that with the help of which criminal actions and methods these resources can be assigned. By launching a DDoS attack as a distraction factor, malicious malware can seize a cashless payment management system and thus have the ability to transfer financial resources between any accounts until it's detected. It follows that the systems of protection used in financial organizations are imperfect, and approaches to the development of IT infrastructure under the vector of its security require revision and updating [15].

Thus, in order to counter information risks and threats, a negative consequence of the popularization of cybersecurity, it is necessary to create at the state level an Information Security Strategy, in which a separate section or paragraph would identify threats of informational nature for Ukraine's financial security, as well as strategic and tactical actions for their minimization [9, pp. 80-84]. In addition, the question of ensuring information security should be raised during the development of the Financial Security Strategy of Ukraine, the expediency of which was substantiated in the process

of studying the peculiarities of strategic and operational management of financial security of the state.

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3.2 Personal financial security and its social significance for the state financial security: domestic realities and experience of the EU countries

One of the goals of sustainable development, which Ukraine seeks to pursue, is poverty eradication. Poverty and impoverishment are the consequences of unknowing both individuals and state structures, primarily those involved in the social sector of public administration, the importance and significance of the problem of ensuring the financial security of the individual.

The analysis of professional literature in the field of security science leads to the conclusion that research on the issues of financial security in the national scientific thought rises either at the level of the state, or at the level of subjects of economic activity. At the same time, the interests of citizens, individuals, including financial ones, should form the basis of national economic policy. Strategies for the development of the financial system should aim at raising the welfare of the population, an important characteristic of which is the state of financial security of the person – individual financial security.

In general, financial security of the person can be defined as the ability of individual to protect own financial interests, the satisfaction of which occurs through the use of own or attracted financial resources or financial capabilities, from the existing threats, challenges and risks in the financial system. The category of financial security of the person is closely linked to the concept of financial literacy. The inability of a person to realize own financial ability, lack of understanding of the processes taking place in the financial services markets due to the lack of financial knowledge and skills of using financial products leads to financial passivity that harms not only a particular individual, but also the state as a whole, because in the case of massive this phenomenon is a slowdown in the development of the domestic financial market and a reason for its stagnation (Fig. 3.2.1).

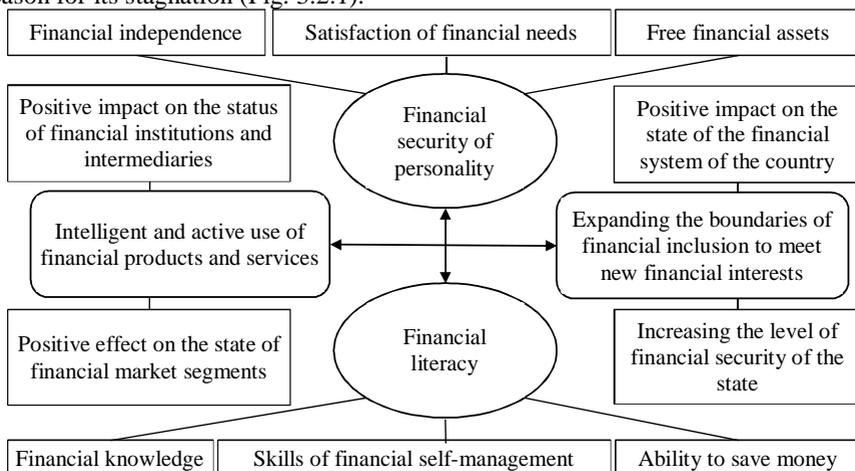


Fig.3.2.1. The interconnection between financial security of person and financial literacy at the theoretical and applied levels

Source: compiled by the author

Awareness of the need to improve the state of financial security of the person actualizes the problem of choosing instruments for diagnosing its level. To begin with, one can use banking practice, because banks assess the financial capacity of potential and existing customers in the process of implementing various forms of financial services. Experts in the field of securing banking safety use a wide range of methods and techniques for determining the financial stability and reliability of the borrower. The most common are: the methodology for assessing the borrower's solvency with the use of a scoring model, underwriting, rating methods, expert assessment, etc. Financial indicators and characteristics of a client status that are taken into account by bankers are:

- salary;
- availability and types of personal property;
- unofficial income;
- amount of money on bank accounts;
- history of financial transactions on a bank card;
- availability and size of expenses;
- availability of overdue debts.

In accordance with the Procedure for determining the value of the coefficient of default probability of the debtor – an individual, the banks take into account the following indicators of financial capacity of the person:

- quantitative indicators:

1) total net receipts (monthly aggregate receipts, reduced by monthly aggregate costs and liabilities, other than liabilities to the bank, which assesses the financial status of the debtor – an individual – for the purpose of assessing credit risk);

2) accumulation in accounts with the bank (information provided by the debtor – an individual, if desired);

3) coefficients that characterize the current solvency of the debtor – the individual – and his financial ability to fulfill the obligations on the loan (in particular, the ratio of total income and expenses of the debtor, the ratio of debt to the loan to the value of the object of credit; the ratio of the monthly debtor's debt to the maintenance of his monthly income, etc.). The optimal values of these coefficients are determined by the bank independently, taking into account types of loans, and depending on the form of their provision, purpose, term of use, availability of security, payment method, etc.;

- qualitative indicators:

1) the total financial condition of the client (ownership of the property, except for the property transferred to the pledge);

2) social stability of the client (that is, the presence of a permanent job, business reputation, marital status, etc.);

3) age of the client;

4) debtor credit history [1].

Thus, the banking approach to assessing the debtor's creditworthiness may be the basis of the methodology for diagnosing the level of individual financial security.

The development of tools for assessing the reliability of financial services consumers, which is proposed in this study, must be performed in the following order. First, you need to determine what should be understood under the notion of financial

security of a person, to investigate the essence of scientific content, which it should contain. The author's approach involves an understanding of the financial security of a person as such state, in which the financial resources available for effective use, such as the level of knowledge, skills and abilities, material and financial assets, enable person to meet all the needs and interests of a financial nature in full risk and threats of the financial environment.

Taking into account the main directions of realization of modern financial interests of the overwhelming majority of Ukrainian citizens, as well as circumstances, the presence of which can guarantee a person's sense of financial security, for a reliable characterization of the state of financial security, the quality of financial life of an individual should be assessed by parameters such as income, expenses, financial literacy, financial inclusiveness, financial potential, etc. In addition, it is advisable to propose the definition of the essence of the notion of level of individual financial security, under which one can understand the measure of the degree of protection of financial interests of a person from the adverse effects of various types of objective and subjective financial risks and threats accompanying the process of interests' satisfaction.

An important condition for a person to feel in a state of complete financial security is the availability of a source of stable regular income. If the size of such income is too small, then the level of financial security will be relative, so it is necessary to establish whether the amount of permanent income of the person is the minimum wage. In addition, such circumstances as the availability of sources of active income, in addition to the basic and passive income (for example, deposits, royalties, rent, dividends, etc.), financial assistance (grants, subsidies), the availability of financial savings can increase the level of financial security, while the fact of having financially dependent persons needing to be secured or financial obligations, such as loans or other financial expenses, significantly reduce it. Financial or economic education affects people's propensity to make informed financial decisions, and therefore its availability is regarded as an indicator of the high level of individual financial security [2]. That is, to assess the level of financial security of a person can be on a set of parameters such as: financial independence, material security, level of financial literacy, level of financial inclusion. The tendency to use financial products and services, the free access to the opportunity to raise their own welfare through financial market mechanisms, are also positive characteristics of the state of financial security of a person (Table 3.2.1).

If all answers of the person whose financial security is evaluated coincide with the options given in Table. 3.2.1, then the level of its security can be considered as absolute.

The concept of diagnostics includes the necessity of using quantitative values in the calculation process. Therefore, it is proposed to provide score values for assessing financial security parameters (use the bases of scoring evaluation models). Also, a range of values for the final evaluation should be defined for a positive decision on the provision of a financial service, an interval of uncertainty and the interval of assessments, which is a signal for refusal of financial service. At the first stage of the assessment, the person will answer the questionnaire, on the second – the specialist will give them a score and will build a contour of financial security of a person.

Table 3.2.1

Parameters for assessing the level of personal financial security

Parameters of financial security	Positive characteristic	Scoring*
1. Availability of a source of permanent income (salary, pension, scholarship).	Yes	1
2. The presence of additional sources of active income, in addition to the main (second job, simultaneous receipt of several types of active income).	Yes	1
3. Presence of sources of passive income (dividends, interest on deposits, royalties).	Yes	1
4. Excess of the total income of the minimum wage.	Yes	1
5. Social security (subsidies, cash payments).	Yes	1
6. Financial assistance from individuals or legal entities.	Yes	1
7. Financial or economic education.	Yes	1
8. Absence of dependents.	Yes	1
9. Absence of loans or other obligations.	Yes	1
10. Availability of financial savings.	Yes	1
11. Excess of income over expenses.	Yes	1
12. Availability of tangible assets as collateral for financial obligations (movable and immovable property).	Yes	1
13. Financial inclusion (active use of financial products and services).	Yes	1
14. Financial independence (from husband/wife, parents, relatives, etc.)	Yes	1
15. Financial literacy (skills of financial self-management, availability of personal financial plan, budgeting of personal incomes and expenses)	Yes	1

Source: compiled by the author

* in the case a reply that does not match the proposed option, the score is 0 points

In order to avoid complications of the procedure for analyzing the level of individual financial security, it is suggested that each parameter received positive characteristics from respondents should be 1-point value. If a person whose financial security is valued, during a questionnaire gives answers different from those that represent the positive characteristics of the components of financial security in Table 3.2.1, they get 0 points. Thus, the mathematical calculation of the amount of points determine the maximum possible level of financial security, the ballroom score of which is 15 points.

In general, it is proposed to distinguish three levels of financial security of the person:

- 1-5 points – the minimum level;
- 6-10 points – satisfactory level;
- 11-14 points – high level (15 points – absolute level of financial security).

At the applied level, the proposed methodological approach is rationally used by financial institutions in assessing the level of reliability of actual and potential consumers of financial products and services. According to the obtained assessments of the level of financial security, management of financial companies is invited to distribute individuals to three customer base:

–customers with the highest level of trust (VIP-clients) – high and absolute level of financial security

- good clients – satisfactory level of financial security;

- persons for refuse to render financial services or clients of a risk group – a minimum level of financial security [3, c.215-216].

The value of point scores obtained for each individual financial security feature of a person can be visualized using a graphical object, which is proposed to give the name of the individual financial security contour.

For approbation of the proposed methodology at the applied level, a survey of 100 respondents of all ages and sexes was conducted. Among the respondents were representatives of the faculty of higher education institutions, civil servants, managers of domestic enterprises and financial institutions, temporary unemployed persons, business representatives, students – in equal proportions for a higher level of reliability of the results. In fig. 3.2.2 the contour of the level of financial security of Ukrainian citizens is presented.

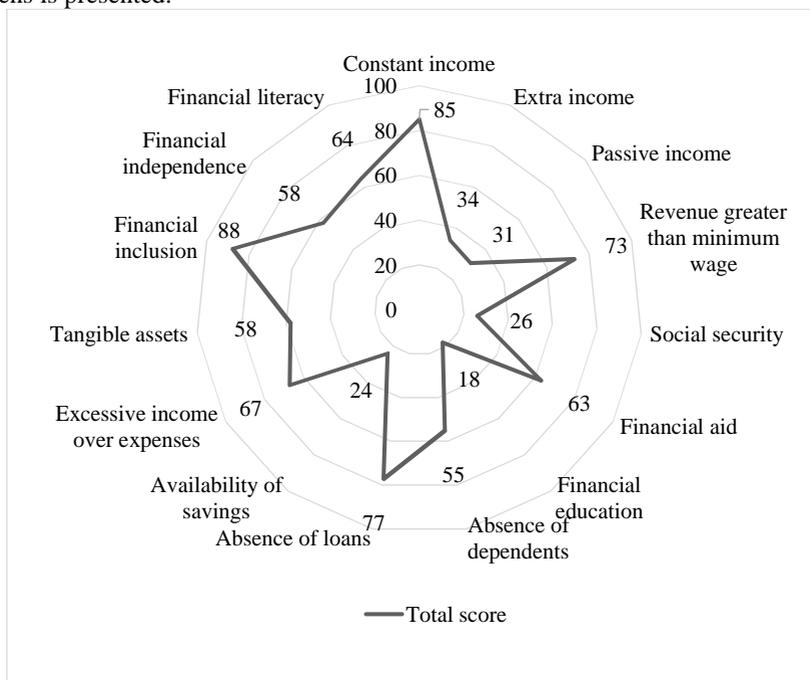


Fig. 3.2.2. Contour level of financial security of Ukrainian citizens

Source: compiled by the author according to surveys results

Thus, the level of personal financial security of Ukrainian citizens in today's economic conditions is estimated at 57.7 points (that is, averaged 5.8 points per person), which makes it possible to characterize it as satisfactory, however, given the social, political and economic circumstances in Ukraine, it can be predicted that soon the majority of the population will be in the category of people with a minimum level

of financial security. Such a trend can become a significant social challenge, and therefore a big threat to the financial component of the national economy and national security.

The use of the author's method of express assessment of the financial security of individuals to analyze the financial position of potential clients of financial institutions will provide the latest information support for making informed financial decisions and will prevent the costs of servicing the financially unprofitable potential users of financial products and services.

Financial security of the state at the level with social security are two important components of the economic security system of Ukraine. At the same time, national financial security has a complex structure, and among other components includes budget and debt security, the state of which is closely linked to the level of financial security of the population, which in many cases is determined by programs of social support of citizens. The financial security of the state should be ensured by such a state of the financial system of the country and entities that guarantees the realization of their financial interests in the conditions of influencing this process of various kinds of external and internal threats and dangers. And the main ones from a wide range of financial interests are the interests of a person – a citizen, a resident of Ukraine, his attraction to financial stability and the ability to satisfy material needs. In a highly developed market economy characterized by the economic systems of most EU countries, the welfare state of the population is largely defined as active income, such as wages, which, even in its average meaning, has a sufficient level of living for a citizen, and passive incomes, which are formed in the process of competent and active use of financial products and services, the continuity of which is supported by a high level of trust of Europeans in the reputation of financial intermediaries. This allows EU governments to save money on social security by directing them to economic development, while in Ukraine, distrust of the population to professional financial market participants, caused by a large number of bankruptcies and failure to fulfill their obligations to clients, resulted in physical withdrawal and legal entities of the assets from the financial system, which, on the one hand, has reduced the level of debt, banking security, security of the non-banking financial market of the state, and on the other hand, it has caused the necessity the widening of social security borders, as the loss of sources of income provoked the transition of many citizens to the socially unprotected population. Additional expenditures on social needs, the sources of which in most cases have a debt nature, reduce the level of financial security of the state, but it is still insufficient to ensure that the population of Ukraine has little social security, similar to that of citizens of European states.

Social security is a necessary and important element of the economic system of every country in the world, where at the level of government awareness of the life and financial security of citizens as the main values of society is realized. That is why numerous attempts to analyze existing practices of social protection of the population and to develop proposals for improving the social welfare of Ukrainian residents, including through the use of foreign experience, have been reflected in numerous works of domestic researchers. Some of them managed to demonstrate the connection between the social status, social and national security of the state. Despite the large

number of scientific publications addressing to the problems of social security of the population, awareness and discussion at various levels of government structures of the aspects and possibilities of improving the social protection of Ukrainian citizens in conditions of economic and political instability, the duration and strength of which have caused impoverishment and migration of the able-bodied population to the EU countries, the need to study social security of the population through the prism of regulating the economic security of the state, and separately – because of the state of its financial component are still relevant. Bringing the close connection of proper social security to the population with a high level of financial and national security of Ukraine can be an additional argument for the authorities in decision-making process on expanding social programs and shifting the vector of social reforms towards the satisfaction of the interests and needs of the population, which, in the present circumstances of the total loss of confidence in power structures is just in time.

In the modern world in the social sphere, the state performs three main functions that have an impact on the financial security of its citizens. The first of these, which in the scientific literature is often called the "function of Robin Hood", is the redistribution of income and national wealth (both with the direct participation of the state and through other mechanisms, for example, the promotion of social activity of the business) in favor of the poorest categories of the population. The second ("the function of the piggy bank") – the creation of effective mechanisms for the accumulation of earned funds and insurance against unemployment, illnesses and other risks that can be encountered during a lifetime. Finally, the third is not so obvious, but the same important function is social investment, that is, the investment by the state and non-state structures of funds into human capital, the development of which is one of the main factors of economic growth and increasing the financial security of individuals. The correlation between these three functions largely determines the specificity of national and regional models of social security in the European Union [4, c.6]. Thus, there is a close relationship between social security, social and financial security at the macro level, since both the redistribution of income and the placement of accumulated financial resources and investment, which are discussed in the context of the social function of the state, occur when mediating the participants in the financial market, the functioning of which largely determines the state of financial security of the country.

In Ukraine, social protection and social security are factors influencing the state of budgetary security and the largest expenditure item of the budget – even greater than health care, education and economic development. With the continued preservation of the financial deficit and low level of fiscal security, the functioning of a financially unjustified system of benefits and social benefits remains a threat to the state, which in fact does not leave Ukraine hope for the transformation of its socially-oriented budget into the budget for financial stabilization and economic development. At the same time, financing of various expenditures in the field of social protection at the expense of budgetary funds and target extra budgetary funds is carried out unsystematically and not transparent.

The low level of financial security of Ukrainian citizens identified during the research process is the reason for the permanent and total increase in the cost of social

security keeping. The financial security of the state is negatively affected by the existence of an economically unjustified, excessively branched and inefficient system of public institutions of social protection characterized by the traditions and approaches of the Soviet model of the social security system and does not conform to the European model and international standards.

Ukraine recognizes international standards in the social sphere, but does not take sufficient measures to implement them [5], which constrains the pace of convergence of our state and the EU countries in the socio-economic plane, and therefore hinders the formation of Ukraine in Europe as a full member of the union.

In the context of ensuring the financial security of the individual, the system of state social protection of the population in the EU countries includes two organizational forms: social insurance and social security, which is financed at the expense of the state budget. In Ukraine, the social security system includes: social insurance and provision at the expense of budgets of different levels. Thus, the domestic practice of social security is in line with European realities. However, a significant difference is observed in the concrete mechanisms of implementation of social protection and its volumes.

For example, in Finland, for workers who arrived for a term of less than 4 months, the right to receive child-care allowance at home and state health care services are granted. If it is expected that the work will last from 4 months to 2 years, then the person will be entitled to receive child support and assistance at the time of the illness; he or she accumulate so-called "people's" and "family" pensions; he or she are insured for unemployment. However, the condition for such a level of social security is compliance with the duration of work and wages by the minimum established by the state authorities. In Ukraine, however, receiving a minimum wage is actually a reason for refusal in a number of forms of social security. The practice of Finland is aimed at encouraging the able-bodied population to move, to conclude long-term employment contracts; social support is primarily intended for those whose work or assets can be a contribution to the financial system, while wage earners are a factor in maintaining a high level of financial security through mechanisms for their use to purchase products and services, including financial, with the intermediation of financial institutions. Confirmation of the above facts is the fact that in the social security system of Finland, if it is assumed that the individual will be involved in work for a minimum of two years, then the transfer is considered permanent and the person will be in the sphere of social security in Finland.

For permanent residents of Ireland, the following forms of social security are available:

- material assistance for the period of job search;
- accumulative state pension;
- pension for blind;
- accumulative pension for widows/widowers and accumulative guardianship;
- payments to single-parent families;
- maternity care at home;
- material assistance to the disabled persons;
- child support;

–additional assistance (with the exception of one-time exclusive payment and disbursement for urgent needs).

As one can see, the Irish system is similar to the Ukrainian one. However, the level of social security in European countries is so high that it caused the emergence of the problem of so-called social tourism, the essence of which is that citizens of states that are less economically developed go to the EU countries to reside there without working, solely for account of the financing of their current material needs through the receipt of social assistance. If in Ukraine, receiving social assistance does not allow to fully provide the person with the minimum necessary for living material benefits (in fact, the minimum amount of unemployment benefits is traditionally lower than the subsistence minimum for able-bodied persons), then European social benefits give such an opportunity. This creates a large number of people wishing to migrate to the EU countries and live there, which in turn becomes a big burden for the social systems of European states and endangers the level of their financial security in the long run.

One of the most important for both social and financial development of Ukraine is the unemployment problem. It immediately has two significant negative consequences for Ukraine's financial security: first, it reduces the amount of revenues to the state budget in the form of accruals and deductions from wages, and secondly, requires the cost of social security for the temporary unemployed. An unemployed person only in exceptional cases can be characterized by a high level of financial security. The budget of the Mandatory State Social Insurance against Unemployment Fund for 2019 is as follows: the cost of material security in the event of unemployment – 9661478 thousand UAH, social services and employment promotion measures, prevention of insured events, partial unemployment assistance – 702357,7 thousand UAH, expenses for information and analytical systems of the state employment service – 60,998.8 thousand UAH, expenses for reimbursement to the Pension Fund of Ukraine of expenses for payment of pre-term pension – 15 thousand UAH, expenses for the maintenance of the State Employment Service, the Institute of Personnel Training of the State Employment Service, and the Fund's management – 3110322,5 thousand UAH [6].

We believe that the given structure requires revision and correction, at least for 2020. In particular, it is necessary to optimize the costs of maintaining and supporting the activities of the State Employment Service, partially delegating this function to institutions of higher education working on the training of specialists on government orders and have in their structures departments engaged in the employment of graduates; the costs of retaining the State Employment Service Training Institute could also be avoided using higher education institutions. It is recommended to increase the cost of unemployed employment by providing subsidies to employers and make this article of expenditure a priority compared with the article "career guidance and its provision".

Hence, the social security system in Ukraine can be made more effective and even in the difficult financial conditions that our country now feels. The modernization of the social security system will increase the level of financial security of the population, which will stimulate it to increase its own welfare through the use of financial products

and services, which in turn will have a positive effect on the financial security of Ukraine in the long run.

Thus, social security management as a component of regulating the level of financial security of citizens is an activity aimed at providing material support to people in a situation of social risks. Thus, social security is the foundation of the country's social security and an important element of the system of financial, economic and national security of the state, and its level – one of the indicators for assessing the financial security of citizens.

In order to strengthen the financial security of Ukraine and those living in its territory, and for the possibility of partial regulation of its level through the social security mechanism in the near future, it is necessary:

- to ensure admission to the market of social products and services of professional participants in the financial market, which will increase the transparency of the use of funds allocated from the budget for social security, as well as activate the functioning of financial services markets and their participants at the expense of capital inflows;

- to reduce the cost of maintaining the system of distribution of financial resources transferred to social security, through the mechanisms for automating this process and reducing the number of social assistance structures that will reduce the pressure on the state budget and will have a positive impact on fiscal security; the first steps in this direction were the consolidation of social insurance funds for temporary disability and accidents and occupational diseases;

- to modernize the list of types of social security according to the vector of increasing the level of assistance to working and/or having children persons, given into account their importance as a demographic and labor resource for the economy and the financial system of the state;

- to replace certain types of financial assistance for the provision of financial products and services to finance material needs on preferential terms;

- to initiate the integration of the indicator of the level of social security of citizens into the list of the indicators for assessing the level of financial security of the state (for example, in the process of assessing the budgetary component of financial security) to the methodology for assessing the level of financial component of Ukraine's economic security;

- to expand the scope of the use of insurance companies and services of non-state pension funds in the process of reforming compulsory health insurance and pensions;

- to introduce higher education programs in the direction of "Social Security" for state-commissioned funds with a mandatory course of financial literacy for people of different ages and social status;

- to develop a strategy of financial security of Ukraine with a section devoted to the reform of the social security system in accordance with modern European practices;

- to introduce a mechanism for assessing the level of financial security of individuals (individual financial security), one of whose components will be the diagnosis of level of social security of a citizen [7, p.162-166].

Consequently, the social policy of the state can be both a factor in increasing the level of financial security of its inhabitants and a destructive tool in ensuring the country's financial security, since financial resources that could be aimed at financial

stabilization and economic development are diverted to the needs of consumption and support of the minimum the level of financial viability of certain categories of citizens.

In the context of achieving Ukraine's goals of sustainable development, personal financial security should become one of the objects of state supervision and control, and should also be recognized as an element of the financial security system of the national economy.

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3.3 Financial inclusion and protection of the rights of consumers of financial services as important conditions for ensuring financial security of the state

Financial inclusion is essential for achieving a reduction in poverty and for sustained economic growth. If the population is able to take an active part in the processes that accompany the functioning of the financial system, it stimulates the development of small and medium-sized businesses, increasing the volume of domestic investment, the qualitative evolution of financial services markets and, ultimately, increasing the welfare of citizens. However, by 2011, the scientific community was not aware of the level of financial inclusion and the circumstances that restrained vulnerable social groups, such as the poor and the rural population, from the use of financial products and services. In fact, these categories were completely excluded from the financial systems of many countries of the world. Interest in the issue of financial inclusion has started to increase since the results of the research conducted by experts within the framework of determining the indicators of the reputable global ranking Global Findex. Getting detailed information about how adults all over the world manage their finances every day allows policy makers, researchers, businesses and practitioners to track how the interest in using financial products and services has changed over time.

At present, the urgency of the topic of financial inclusion is compounded by the need to restore the financial strength of states after affecting their economic systems of global financial crises. Banking security as a component of the financial security of the state, taking into account the banking-oriented model of the domestic financial system, plays a major role in solving the problem of ensuring Ukraine's financial autonomy in the global economic arena. However, the high proportion of foreign capital in large banking institutions, the dependence of debt and budgetary security on foreign investment has a destructive effect on the level of financial security of Ukraine, and in the long run may reduce it to critical values. Domestic investment resources could offset some of the threats to financial security, however, the distrust of the population and business to the domestic financial and banking sector and their professional participants constrains their investment activity. Financial inclusion at the moment is an instrument capable of transforming investment savings. Therefore, its level should be one of the indicators of the effectiveness of the management of the banking component of the country's financial security and the security of the non-banking financial sector [1, pp. 354-355].

In 2015, the goals of sustainable development, which share and try to follow Ukraine on the path to the future, were identified. In the eighth of the seventeen goals, established for the period up to 2030, there is a need to "encourage the formal recognition and development of micro, small and medium-sized enterprises, including by providing them with access to financial services". It is also emphasized the task of "strengthening the capacity of national financial institutions to encourage and expand access to banking, insurance and financial services for all" [2]. The availability of financial products and services is recognized as a global economic problem, as evidenced by numerous studies devoted to financial inclusion. The experts of the NBU at the Financial Inclusion Forum in 2018 proposed the following definition: financial inclusion – equal access to the use of financial products and services [3]. According to the World Bank, the level of financial inclusion in Ukraine in 2018 was 62.9%, and on average in Europe – 65.3% [4, p.153]. However, this indicator shows the level of involvement of the population in the use of opportunities of financial services markets, and does not reflect the demand of small and medium-sized businesses for financial products. At the same time, the analysis of the state of the domestic financial market and the activities of its participants tends to conclude that the opportunities of the market segments are used by business entities and the population of Ukraine is not too active.

The level of financial inclusion is the state of active and continuous use of various types of financial products and services both individually and with the involvement of financial intermediaries, in order to preserve and increase financial assets, and conscious participation in processes that take place in the financial sector of the state's economy, to ensure timely and complete realization of its own financial interests. In the context of this study, the category of financial inclusion will be considered in close conjunction with the notion of the financial market, since the author's aim is to demonstrate the availability of reserves to increase financial inclusion as an instrument of the state financial security management, which should be realized in the domestic

financial market by increasing the demand of the population traditional and innovative financial products and services.

The desire to expand the boundaries of financial inclusion is quite understandable in shaping the financial policies of those countries that seek to ensure the gradual evolution of their economic development. One of the positive effects of active involvement of the population in the use of services of financial institutions will be the reduction of the shadow economy, since with the increase in the level of financial inclusion, fewer and fewer cash will remain outside the banking system and the financial market. On the one hand, it minimizes shadow cash flows, on the other – it optimizes the mechanisms of regulation of the financial sector and its processes, at the state level.

Within the framework of the USAID Agency for International Development Project "International Partnerships for Financial Stability", a comprehensive study was made of the state of financial inclusion, financial behavior and financial literacy of the population. The experts found that Ukrainians are the most active in this type of financial services, such as bank settlement transactions and payments, in particular, paying utility bills. At the same time, financial service users do not complain about negative experience with financial institutions. That is, the low level of involvement of citizens in the financial sector is a consequence of not understanding, not knowing the benefits of using financial products, and sometimes simply lack of information about the existence of a service in the range of a financial institution. However, two thirds of the respondents assess their level of financial literacy as satisfactory, high or give it an excellent rating. Such results are explained by the fact that respondents had a false understanding of the very essence of the concept of financial literacy. Traditionally, financial literacy is positioned as a level of knowledge, the possession of information about the existence of a financial product or service. Within the framework of this study, financial literacy is proposed to be defined as an understanding by the individual of the mechanism for the implementation of various types of financial products and services and the recognition of their benefits in the process of realizing financial interests, and the risks that may lead to a partial satisfaction of such interests or the total lack of their implementation. The concept of financial awareness, which USAID specialists consider in their study as a possession of a person with specific financial terminology and legal peculiarities of the organization of financial life, is very close to the concept. However, financial literacy is significantly broader in terms of the concept, and to enhance the use of financial services, more importance is the understanding of the mechanisms of their implementation and the benefits that they can bring to the user than knowledge of the terms used to describe the process of rendering the service. Thus, the concept of financial awareness is more academic, and financial literacy has an applied value.

Another term from the categorical apparatus used in the process of this study is the term "financial behavior". USAID experts define this parameter of the financial life of Ukrainians because of the presence or absence of financial goals for them and their propensity to maintain their own household budgets. In addition, an important characteristic of rational financial behavior was the presence of savings in individuals, however, 76% of USAID respondents admitted that they have savings outside the

financial system. Financial savings are a reserve for extending the limits of financial inclusion. At the same time, their formation outside the organized financial market is the basis for the development of the shadow economy, which includes the shadow financial sector, the existence of which is one of the greatest threats to the financial security of the state.

Consequently, financial behavior refers to a complex of actions of a physical or legal person to manage their own and borrowed financial resources for the purpose of their effective use to meet their own financial needs and interests, as well as financial needs and interests of all categories of stakeholders, and to implement with them the ultimate goal of its activities. Rational financial behavior is considered as a complex of actions on active use of opportunities of financial services markets, in order to increase the volume of available financial resources beyond the limits necessary for the full satisfaction of financial interests at a particular moment in time and in the future.

At the same time, it is worth emphasizing that increasing the participation of individuals and legal entities in the processes of functioning of the financial services markets and increasing the level of financial inclusion in Ukraine can be achieved by optimizing the price policy for financial products and services (reduction of the deposit rate over the last three years and taxation of interest on deposits was worth the banks a significant number of clients who seized assets from the banking system, significantly reduced the financial resources for the progressive economic development of the state and provoked a decrease in the level of financial security of banks and national financial security, and high credit interest and the possibility of adjusting them in the course of using a loan – usually, in the direction of an increase, led to a reduction in lending, resulting in a slowdown in national development). Promoting for financial inclusion will be the expansion of financial institutions offering financial products and services, in particular, in those specific segments that offer passive income, guarantee the speed and convenience of conducting financial transactions.

Activating the use of individuals who do not have the proper knowledge and skills, financial services, especially innovative and those that are implemented by foreign financial companies, may pose a threat to their personal financial security, however, the overall market situation will have a positive effect.

In Table 3.3.1 the opportunities, risks and challenges of financial inclusion for the financial security of citizens are systematized.

Consequently, financial inclusion is a conscious and motivated involvement of a physical or legal person in the processes taking place in the financial market of the state. As already noted, the level of financial inclusion in Ukraine, according to experts, is 63%, which allows us to speak about the presence of a significant part of the financial resources that are currently located outside the financial services markets and form the basis for the spread of the shadow economy while could serve as financial support for the economic development of Ukraine and its economic and social convergence with European countries.

Thus, as of 2019, Ukraine has reserves to expand the boundaries of financial inclusion. However, only a gradual and regulated increase in its level will have a positive impact on the financial security of the population, economic entities and the

state as a whole. Otherwise, there may be a wide range of additional risks and challenges for financial security at both micro and macro levels [5].

Table 3.3.1

Opportunities, risks and challenges of financial inclusion for individual financial security of citizens [5]

Possibilities of financial inclusion	The risks of financial inclusion	Challenges for financial security
Improving the level of well-being	Ability to check sources of financial resources by authorities	Loss of savings
Providing passive income	Oligopoly for certain types of financial services	Receiving income in the amount less than expected
Save time on daily financial transactions	Fraud by financial institutions	Unjustifiably high price of financial products and services
Increasing the level of financial literacy	A large number of such financial products and services that aggravate their choice	Lack of permanent access to a part of own financial resources
Expansion of the network of personal relationships and acquaintances in the financial sector	Choosing unnecessary financial products or services and paying for their value	Absence of compensation for assets lost due to the fault of certain types of financial intermediaries
Preservation of financial assets from impairment due to inflation	Lack of active participation in the management of trusted financial intermediaries assets	Loss of sources of permanent income in the event of bankruptcy of a financial institution
Extending financial opportunities	The choice of a financial institution that works is not effective enough	Growth of tax pressure and the number of financial checks of sources of income
Ability to switch from hired labor to self-employment	Use of a financial product or services of inadequate quality	Additional costs imposed on financial institutions by secondary, unnecessary financial products and services

It is expedient to increase the level of financial inclusion from the banking segment of the financial market, since it is banking services that are traditional and most used in Ukraine in comparison with other types of financial services.

The conducted research has made it possible to find out the list of measures, implementation of which at the level of the banking segment of the financial market will ensure the growth of the indicator of financial inclusion in Ukraine. These are such things as:

- 1) raising the level of financial literacy of the population, in the first place, the categories of citizens of 45+ age;
- 2) expansion of the network of bank branches in order to increase the coverage of the banking services of the rural population;
- 3) a review of pricing policies in the direction of reducing the cost of banking products and services;
- 4) raising the level of banking service quality;
- 5) raising the level of transparency of banking activities;

- 6) introduction of the national rating of banks by the parameter of their financial security level;
- 7) an increase in the amount covered by the Deposit Guarantee Fund;
- 8) creation of the Guarantee Fund for legal entities;
- 9) expansion and updating of assortment of banking products and services;
- 10) activation of remote banking tools.

Thus, there is a connection between the level of financial inclusiveness and the level of financial security of the state. Expanding the boundaries of financial inclusion in the direction of active use of financial products and services, primarily banking, can reduce the level of shadow economy of the financial sector, transform investment savings, and create a powerful financial resource for sustainable economic development. Given this, it is advisable to insist that financial inclusion is one of the indicators for managing the level of financial security of the state, and its indicator should be taken into account by experts in the process of assessing the level of national financial security [1, p.360].

Ukraine's long and persistent distrust of financial institutions is on the way to widening the limits of financial inclusion in Ukraine. One of the reasons for its emergence and assertion as the objective reality of the functioning of the domestic financial sector is the lack of effective mechanisms for protecting the rights of consumers of financial services. The development of the domestic financial market and the inflow of capital to the financial system from investors from the European Union are also constrained by the fact that the users of financial products have a low level of protection. Indeed, in Ukraine, financial service consumers almost do not have effective legal protection in the event of a dispute with a financial institution. The results of the study show that for the purpose of solving financial disputes, clients usually turn directly to the financial institution or simply do not take any action, and refuse to use financial products and services in the future. The only alternative to inactivity for clients of financial institutions remains the courts. However, this is an expensive and long way to fight for its financial rights and interests that are not available to everyone. Thus, in order to improve the image of professional financial intermediaries and to stimulate the population and legal entities to actively use financial services, which will allow to increase the level of financial security of the country in the future, it is necessary to take a number of administrative and regulatory measures at the state level.

It should be noted that financial services consumers in most EU countries have an alternative to the court and existing instruments for the restoration of violated rights. The introduction of a special trend in the development of pre-trial dispute resolution with clients has formed a European financial society, in which financial service providers seek to work as much as possible to resolve conflicts with customers without resorting to court and damage to their own business reputation.

To speed up the reform of consumer protection in financial services markets according to the practice of the EU countries will implementation in Ukraine Financial Ombudsman Institute. The author's approach to the organization of this institution is presented in the previous section of this study. The Financial Ombudsman will defend the interests of financial services consumers and simplify the settlement of disputes

between clients and financial institutions. Pre-trial dispute settlements between financial institutions and consumers operate successfully in 40 countries of the world. For example, in Armenia, Australia, the UK and the Netherlands, the financial ombudsman is the only for one financial sector. In Belgium, Canada, Italy, Poland, Switzerland it is a separate body for one or more segments of the financial market. In the form of a consumer protection committee, the ombudsman is represented in Denmark and Sweden, as a complaints department within the financial regulator – in Malta and Spain. In Latvia and Lithuania, it functions in the structure of the state body for the protection of consumer rights.

In total, more than 50 approaches to out-of-court settlement of disputes in the field of financial services are successfully used in the EU countries. In Ukraine there are already bodies that perform most of the functions of the financial ombudsman – a National Commission for State Regulation of Financial Services Markets and, in part, a Deposit Guarantee Fund. They are currently spending a lot of time working with consumers of financial services: meetings, explanations, written and oral answers, recommendations and wishes on the work of financial institutions. And yet, if consumers are not satisfied with the work of these state bodies, they can go to court. Nevertheless, it is worthwhile to support at the state level the Draft Law "On the Establishment of a Financial Ombudsman" as it meets the requirements of the EU Directive 2013/11/EU and will contribute to the legal and financial integration of Ukraine into the European Union.

It is worth reminding once again that banking security is an important component of the domestic financial security system. Banks for many years remain the most active participants of the financial market of Ukraine. In Europe, the stability and security of banking institutions, taking into account the recommendations of the Basel Committee on Banking Supervision, are now being analyzed through the calculation of certain economic standards that characterize the three main components. The first is the establishment of minimum capital requirements, which is necessary to meet credit, market and operational risks. The second is the commitment of the institutions and their management to organize risk management and, if necessary, to create additional resources to offset risks that are not reflected in the first component. The third is the obligation of institutions to publish information about their own risks, capital and risk management in order to improve market discipline.

One of the general safeguards for protecting the rights of consumers of banking services can be called the institution of banking secrecy. Scientists note that till now the legislation of the EU does not define the content of banking secrecy. Normative acts on banking law are confined primarily to the professional secrecy of supervisory authorities, as well as the listing of some exceptions to the general rule for banking secrecy. This issue is addressed in the national legislation of the EU member states. However, the example of Switzerland shows that strict compliance with banking secrecy has a positive effect on the attraction of capital by banks, including foreign investors, which makes it possible to assess the level of financial security of this state as high.

In order to attract new customers, European banks use different mechanisms. Thus, in a number of European countries, a bank deposit gives its owner additional

advantages: the opportunity to get cheaper insurance or take a loan. Latvian banks even offer their depositors assistance in obtaining a residence permit in this country for a term of five years. True, only for those who placed significant sums (from 300,000 euros) for a long term (5 years or more).

One more direction in protecting the rights of consumers of banking services is a deposit guarantee system. Directive 94/19/EEC of 30 May 1994 of the European Parliament and the Council of the European Union on deposit guarantee schemes requires each Member State to ensure the operation of one or more officially recognized deposit-guarantee schemes in its territory.

The analysis of deposit insurance systems in the European Union states that most of them are based on the American model with strong state regulation and the availability of a state deposit insurance fund. At the same time, in some countries, such as Germany, Italy, along with state insurance, there are voluntary funds.

The amount of the guaranteed deposit, according to the NBU, in Ukraine is the lowest in Europe (with the exception of Moldova). It amounts to 200 thousand UAH. EU countries have an insured amount of 100 thousand euros. Guaranteed deposits in Ukraine make up 54% of all deposits, while in neighboring Romania 91% [3]. In some EU countries there is a full guarantee of the sum of all deposits of a depositor – from the countries closest to Ukraine such conditions operate in Hungary, Slovakia and Slovenia.

To change the existing guarantee system, Ukraine is obliged to sign an association agreement with the EU, which envisaged the implementation of two euro directives by the end of 2018 – No. 2014/49 "On Deposit Guaranteeing" and No. 2014/59 "On Financial Recovery and Reconciliation of Banks", as well as the Last Memorandums of the IMF. This document states that the guaranteed amount in EU countries should be at least 100 thousand euros.

European governments are closely monitoring the issue of protecting the rights of consumers of financial services, which leads to a steady increase in the level of trust in European financial institutions, and the level of financial security remains high. Ukraine should adapt EU practices to domestic realities in order to harmonize the development of the financial market and stabilize its position in a post-crisis recovery of the economy [6].

Consequently, the introduction of additional mechanisms to protect the rights of consumers of financial services is expected to increase the level of financial inclusion, which in the end will have a positive impact on the security of the financial component of the national economy of the state.

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EPILOGUE

Taking into account the political and economic circumstances that accompany the development of economic processes in Ukraine as of 2019, the level of financial security of our state can hardly be considered satisfactory. The financial system and the processes taking place in it in the developed countries of the world nourish all spheres of economic life of the state with the necessary resources. Therefore, ensuring the adequate level of protection of the financial segment of the national economy from the destructive effects of external and internal threats and dangers is one of the priority tasks of the Government of Ukraine, the solution of which requires effective management tools, as well as understanding the specifics of its use at strategic and operational time intervals.

The level of financial security of the state is largely determined by the state of financial security of economic entities that are active participants of the national financial system. Sustainable functioning and development of domestic enterprises in a market economy is determined by the ability of economic actors to respond adequately to changes in external and internal economic environments. Identification of threats to financial sustainability of an enterprise, identifying the causes of their occurrence and ways to overcome or minimize losses in the manifestation of adverse events, is one of the urgent areas of management, which is logically related to the problem of financial security of the enterprise in the current economic conditions in Ukraine in the context of providing financial security of the state.

The study of the problems of ensuring financial security at the micro and macro levels has led to the conclusion that there is a lack of a unified understanding of the notion of financial security of the national economy, the formation of the thesaurus of security science for the formation of the financial security system, its functioning and its management in the process of activities of the national economy. This monographic work is the answer to the revealed theoretical and methodological challenges in the field of security studies. It presents the scientific results of the formalization of approaches to ensuring financial security, which allows to streamline its management mechanisms as an unconventional object of management at different levels of economic systems, optimize the material, financial, time, labor costs associated with the implementation of this process. The author proposes the methodical principles of the procedure for assessing the level of financial security of the state and suggests that the regularity of the diagnosis of financial security increases the efficiency of management of the economic system as a whole, contributes to reducing the amount of financial losses that arise from the effects of the influence of adverse factors of the external and internal environment on its functional state.

In response to the emerging financial hazards in the scientific and methodological plane, the author of the monograph formulates innovative approaches to the management of financial security at the national level and at the level of economic entities, which provided a theoretical basis for ensuring the financial independence of the state and guaranteeing a high level of its financial sovereignty. The monograph thoroughly discloses a wide range of problematic aspects related to the ineffectiveness of the functioning of the mechanisms of state regulation and control of the state of

financial security. System features of strategic and operational management of the financial component of economic security of the national economy of Ukraine and financial security of participants of the financial system, including economic entities of various types of economic activity, financial institutions, individuals, were also explored. In addition, the peculiarities of ensuring financial security of enterprises of various sectors of the economy were identified, the features of financial security of financial institutions were highlighted, taking into account the risk of changing the model of the state regulation of the financial market, and strategic guidelines for managing the financial security of economic entities and citizens during the post-crisis recovery of the Ukrainian economy were proposed.

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