

ALEKSANDRAS STULGINSKIS UNIVERSITY
BUSINESS AND RURAL DEVELOPMENT MANAGEMENT INSTITUTE

**INNOVATIVE DEVELOPMENT OF THE ECONOMY:
GLOBAL TRENDS AND NATIONAL FEATURES**

**Collective monograph
edited by J. Žukovskis, K. Shaposhnykov**

Kaunas, Lithuania
2018

UDC 330.34
I-64

*Recommended for publication
by the Academic Council of Aleksandras Stulginskis University*

Reviewers:

Olga Galtsova – Professor, Dr. of Economics, Head of the Department of Economics, National and International Economy, Classical Private University, Ukraine.

Natia Gogolauri – Professor, Dr. of Economics, Head of Faculty of Business, Sulkhani-Saba Orbeliani Teaching University (SABAUNI), Georgia.

Scientific Board:

Jan Žukovskis – Associate Professor, Dr. of Economics, Head of Business and Rural Development Management Institute, Aleksandras Stulginskis University, Kaunas, Lithuania.

Andrzej Pawlik – Dr. hab., Professor Head of the Institute for Entrepreneurship and Innovation, State University of Jan Kochanowski, Poland.

Olga Chwiej – Associate Professor, Dr. of Economics, freelancer scientist, Poland.

Kostiantyn Shaposhnykov – Professor, Dr. of Economics, Head of Black Sea Research Institute of Economy and Innovation, Ukraine.

Vilma Atkociuniene – Professor, Dr. of Economics, Business and Rural Development Management Institute, Aleksandras Stulginskis University, Kaunas, Lithuania.

Martina Diesener – Professor, Dr. of Economics, Faculty of Economics and Management Science, Leipzig University, Germany.

Hélder Ferreira Vasconcelos – Professor, Dr. of Economics, NOVA School of Business and Economics, Lisbon, Portugal.

Xavier Martínez-Giralt – Professor, Ph.D, Dr of Economy, Dean at Departament d'Economia i d'Història Econòmica at the Universitat Autònoma de Barcelona, Spaine.

Yuri Safonov – Doctor of Economics, Professor, Professor of Macroeconomics and Governance Department, Kyiv National Economic University named after Vadym Hetman, Ukraine.

The authors of articles usually express their own opinion, which is not always comply with the editorial Board's opinion. The content of the articles is the responsibility of their authors.

Innovative development of the economy: global trends and national features. – Collective monograph. – Lithuania: Publishing House “Baltija Publishing”, 2018. – 716 p.

CONTENTS

1. INNOVATIVE DEVELOPMENT OF THE NATIONAL ECONOMY

Bardash S. V., Osadcha T. S.

IDENTIFICATION OF TRANSACTION COSTS IN MODERN RENTAL RELATIONS1

Burliai O. L., Burliai A. P., Butsyk R. M., Nepochatenko O. A., Nesterchuk Ya. A.

FEATURES OF ORGANIC PRODUCTION TECHNOLOGY18

Вдовічен А. А., Вдовічена О. Г.

ІННОВАЦІЙНА СПРЯМОВАНІСТЬ ЗБАЛАНСОВАНОГО РОЗВИТКУ
ГОСПОДАРСЬКОЇ СИСТЕМИ В УМОВАХ ГЛОБАЛЬНОЇ
БІОЕКОНОМІЧНОЇ ОРІЄНТАЦІЇ33

Водянка Л. Д., Кифяк В. І., Скуляк В. М.

КРЕАТИВНО-ІННОВАЦІЙНА ДІЯЛЬНІСТЬ ПІДПРИЄМСТВА
ЯК ВИМОГА СУЧАСНОГО ЕТАПУ РОЗВИТКУ ЕКОНОМІКИ.....57

Harust Yu. V.

THE ORGANIZATIONAL AND LEGAL STRUCTURE OF THE FINANCIAL
SYSTEM OF UKRAINE BY THE SPHERES OF FINANCIAL RELATIONS.....81

Гривковская О. В., Герасимова Е. В.

МОДЕЛЬНЫЕ ОЦЕНКИ ЭКОНОМИЧЕСКОЙ ЭФФЕКТИВНОСТИ
БАНКОВСКОЙ ПЛАТЕЖНОЙ СИСТЕМЫ И ИХ ОПТИМИЗАЦИЯ
В УСЛОВИЯХ КРЕДИТНОГО УЧРЕЖДЕНИЯ.....96

Гриценко С. І.

ПАРАДИГМА ІННОВАЦІЙНОГО РОЗВИТКУ ЕКОНОМІКИ УКРАЇНИ
В КОНТЕКСТІ ТРАНСПОРТНО-ЛОГІСТИЧНИХ КЛАСТЕРІВ.....114

Hubarieva I. O., Tyshchenko V. F., Krasna A. O.

INNOVATIVE DEVELOPMENT OF UKRAINE:
STATE, TRENDS, AND PROSPECTS.....128

Iefymenko T. I., Gasanov S. S., Bohdan I. V.

THE IMPLEMENTATION OF A NEW BUDGETARY ALLOCATION RULE
FOR PUBLIC HIGHER EDUCATION INSTITUTIONS FUNDING IN UKRAINE143

Каличева Н. Є.

НАПРЯМИ ЗАБЕЗПЕЧЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ПІДПРИЄМСТВ
ЗАЛІЗНИЧНОГО ТРАНСПОРТУ ЗА РАХУНОК ІННОВАЦІЙНОГО РОЗВИТКУ162

Корбутяк А. Г., Сокровольська Н. Я.

СУЧАСНИЙ СТАН ІНФОРМАЦІЙНО-ТЕХНІЧНОГО ЗАБЕЗПЕЧЕННЯ
КАЗНАЧЕЙСЬКОГО ОБСЛУГОВУВАННЯ БЮДЖЕТУ176

Крилова І. І.

ЗАКОНОДАВЧА БАЗА ТА ІНСТИТУЦІОНАЛЬНА СТРУКТУРА
КОМУНАЛЬНОЇ СФЕРИ НАЦІОНАЛЬНОЇ ЕКОНОМІКИ
(СФЕРА ВОДОПОСТАЧАННЯ І ВОДОВІДВЕДЕННЯ).....192

Lola Yu. Yu.

STUDENT-CENTRED LEARNING
AS A BASIS FOR THE QUALITY OF HIGHER EDUCATION206

Луговенко Н. В.

КОРПОРАТИВНА ВЗАЄМОДІЯ ДЕРЖАВИ, БІЗНЕСУ
ТА СУСПІЛЬСТВА НА СУЧАСНОМУ РИНКУ ПРАЦІ220

Лук'яненко О. Д., Дворник І. В., Сидоренко О. М. ІННОВАЦІЙНИЙ ІМПЕРАТИВ ГЛОБАЛЬНОЇ ТРАНСФОРМАЦІЇ БІЗНЕСУ	234
Mazaraki A. A., Bosovska M. V., Okhrimenko A. H. COMPETITIVENESS OF NATIONAL TOURISM SYSTEM OF UKRAINE AS A FACTOR OF INTEGRATION IN THE WORLD SERVICES MARKET	248
Orlovskaya Yu. V., Morozova S. A. INNOVATIVE DEVELOPMENT OF THE EU COUNTRIES IN THE 21ST CENTURY	265
Pronko L. M., Mazur K. V. PROSPECTS FOR MANAGEMENT AND DEVELOPMENT OF PROPERTY RELATIONS IN BUSINESS PARTNERSHIPS	281
Salo Ya. V. ANALYSIS OF THE MODERN MIDDLE CLASS IN UKRAINE	293
Sereda V. I. THE PECULIARITIES OF THE KNOWLEDGE ECONOMY IN THE CONTEXT OF GLOBALIZATION	307
Старостенко Г. Г. ІНВЕСТИЦІЙНО-ІННОВАЦІЙНИЙ РОЗВИТОК ТА ВПЛИВ НА РИНОК ПРАЦІ В УКРАЇНІ.....	324
Ступницький О. І., Мудрак Н. О. СИСТЕМИ ЕЛЕКТРОННИХ КРИПТОВАЛЮТ ЯК ФІНАНСОВІ ІННОВАЦІЇ ПОСТІНДУСТРІАЛЬНОЇ ЕКОНОМІКИ	339

35. Rothenberg, A., Hausman, C. R. *The Creativity Question*. – Durham: Duke University Press, 1976.
36. Bharadwaj, S. and Menon, A. Making innovation happen in organizations: individual creativity mechanism, organizational creativity mechanism or both? // *Journal of Product Innovation Management*. – 2000. – Vol. 17, N 6. – Pp. 424-434.
37. Ekvall, G. Organizational climate for creativity and innovation // *European Journal of Work and Organizational Psychology*. 1996. Vol. 5. – Pp. 105-123.
38. Kleinknecht A. Innovation patterns in crisis and prosperity: Schumpeter's long cycle reconsidered. – Hong Kong, 1987. – 203 p.
39. Кашапов М.М. Психология творческого мышления профессионала: монография. – М. : ПЕРСЭ, 2006. – 420 с.
40. Кирсанов К. Креативный и эвристический менеджмент // *Организационное управление и управление изменениями*. URL: <http://www.kreakratia.ru>.

Harust Yu. V.

*Doctor of Jurisprudence, Associate Professor,
Head of Administrative, Commercial Law
and Financial and Economic Security
Sumy State University Educational-Scientific Institute of Law*

THE ORGANIZATIONAL AND LEGAL STRUCTURE OF THE FINANCIAL SYSTEM OF UKRAINE BY THE SPHERES OF FINANCIAL RELATIONS¹

Summary

Under the conditions of the dynamic development of society, the issues of the functioning of a balanced and clear mechanism for the development of the Ukrainian financial system become very important. A research was done in regard to the determination of definition “financial system” as a legal category. Peculiarities of social relations, which are formed in financial activity, were characterized. A new view of the organization and legal structure of the financial system of Ukraine according to spheres of relations was given in the graphic form. Starting to investigate the organizational and legal structure of the financial system of the country, we wanted to focus on determining the essence of finance as the main component of the financial system, since finance, like blood in the human body, is the main and almost the only component that connects various elements of the country's financial system. We consider it possible to propose a definition of the concept of the financial system. We believe that the main task of building a national financial system is to ensure at the legislative level the maximum mobilization of available financial resources in Ukrainian society and attracting them from justified needs, establishing legal prerequisites for their effective use.

¹ Work done within the project № 0118U003582.

Introduction

Outstanding domestic scientists, such as V.L. Andrushchenko, M.V. Gridchina, V.B. Zakhosha and many others, especially economists, constantly study both the financial system of the country as a whole, and its constituent elements, such as finances and financial activities, at the same time, drawing conclusions that these are economic categories. According to many representatives of economic science, the financial system includes the following components: the state budget, extrabudgetary funds, insurance funds, the stock market, finances of organizations of various forms of ownership, state credit [1, p. 23], bank credit [2, pp. 235-236]. Thus, most economists define the financial system of the country as the totality of money, financial markets (currency, money, capital) and financial institutions (private and public) [3, p. 16]. Some researchers in the field of economics recognize that the financial system is a system of forms and methods for the formation, distribution, and use of funds of the state and organizations. Some scientists believe that in economic theory the financial system should be understood as the totality of various spheres of financial relations where the funds are formed and used [4, p. 29]. In our opinion, such approaches to the definition of the concept of a country's financial system are one-sided and distract from a comprehensive economic and legal study of this concept. When considering the financial system of Ukraine in terms of its essence and structure, first of all, it is necessary to pay attention to such aspects of its functioning as economic, material and legal, under the influence of which the content of this category is constantly changing.

Thus, we propose to consider the financial system of Ukraine as a legal category. According to Article 92 of the Constitution of Ukraine, it is “the laws of Ukraine exclusively determine that:

- the state budget of Ukraine and the budgetary system of Ukraine;
- taxation system, taxes, and fees;
- the foundations of the creation and functioning of the financial, monetary, credit and investment markets;
- the status of the national currency, as well as the status of foreign currencies on the territory of Ukraine;
- the procedure for the formation and repayment of state internal and external debt;
- the order of issuance and circulation of government securities, their types” [5, p. 56–57].

Therefore, it is due to the legal norms and rules established by the state that the financial system of Ukraine functions. First, finance as a legal category is an integral part of the system of economic and legal relations. Depending on the need for the emergence—the formation, distribution and use of funds—they arise between the state, legal entities, and individuals. We believe that the objective need for finance is determined precisely by the existence of the state and the existence of commodity-money relations within any society. Ensuring the implementation of external and internal functions of the state is impossible without the availability of public financial resources used primarily to provide these functions. Therefore, it is

the adoption of relevant laws and the establishment of an appropriate procedure for the functioning of the financial system that leads to the formation of special funds and the accumulation of funds in the state budget. Finally, there is the possibility of the existence of the state itself.

Part 1. The concept of the financial system of the state

The concept of the essence of the financial system, the features of its functioning are directly related to the nature and functions of the state. Such a legal approach to the definition of the financial system of the state allows considering it as a category with broad content. In support of this, A.N. Ashmarin in his scientific works proves that the financial system should be viewed as “a set of elements, first grouped in two main directions (funds and social relations from their accumulation, redistribution and use) and, secondly, as a set of optional instruments (institutional mechanism, methods, functions, financial policies, financial legislation, etc.)” [6, p. 3]. Accumulating during material production, most of the money income becomes transformed and moves within the various legal regimes. It is in this way that a certain relationship between finance and the state appears, and it is due to this balanced connection that the country’s financial system operates. In general, this issue has been the subject of research by many scientists, in particular, J. Van Horne, P. Rose, D. Frazer, R. Brealey, E. Brigham, A. Gropeli, M. Porter, S. Ross, T.A. Latkovsky, S.V. Mishchenko, S. Naumenko, V.M. Oparina, N.E. Selyuchenko, and others. Thus, Van Horne believes that “the financial system is the aggregate of a number of institutions and markets that provide services to firms, citizens, and governments” [7, p. 178]. P. Rose and D. Frazer consider the country’s financial system as a network of financial markets, financial institutions, business structures, household finances and governments [8, p. 62]. The country’s financial system is defined by them as a combination of markets, institutions and firms that provide financial services and act as financial intermediaries. Whereas, according to S. Naumenkova and S. Mishchenko, “this approach limits the role and purpose of the financial system.” They believe that such a review of the financial system by its functional purpose and structural construction brings it by definition to a different concept, namely, the financial sector. At the same time, they provide the definition of the IMF, according to which the financial sector provides the economy with intermediary services and covers all organizations, which main activity is financial intermediation, including the banking system and other financial institutions, including pension funds, insurance companies, mutual funds, and credit unions [9, p. 40]. We cannot but agree with the opinion of outstanding scientists, but as noted above, in our opinion, such an approach is one-sided and distracts from a comprehensive economic and legal study of the financial system and finance as its component. Therefore, the scientific novelty of this work lies in the fact that the organizational and legal structure of the financial system will be considered and investigated in a comprehensive manner, namely in the sphere of financial relations and their balance between entities within the financial system itself.

Starting to investigate the organizational and legal structure of the financial system of the country, we wanted to focus on determining the essence of finance as the main component of the financial system, since finance, like blood in the human body, is the main and almost the only component that connects various elements of the country's financial system.

On the one hand, the essence of finance, their forms, and quantity determine the possibilities of the state and guarantee the prospects for its financial development. On the other hand, thanks to finance, the state can constantly influence the results of production. Due to financial resources and applying the relevant legal norms, the state stimulates the development of society and the state as a whole supports in rational and objective proportions. The existence of finance is associated with the need to withdraw, distribute, and form the state's share of the gross domestic product. It is the redistribution and distribution of the gross domestic product in monetary terms that determines the purpose of finance. For this purpose, the state determines the legislative features of finance, their place in the financial system, features and forms of regulation. Therefore, we believe that finance should be examined, first, as a legal category, and only then as an economic category. Thus, in our opinion, finance as a legal category has the following characteristics:

- finance is historically connected with the nature of origin and functions of the state and fulfils the tasks of state development at its specific stage;
- finance is a legal relationship between the state, individuals, and legal entities on the formation, use, and distribution of funds;
- finance is closely related to the emergence and existence of commodity-money relations in the state and society;
- finance is the subject of state legal norms enshrined by the state when distributing and redistributing a part of the gross domestic product.

We believe that, through appropriate laws, the state, thanks precisely to finance, regulates relations for the formation, distribution, and use of centralized and decentralized state monetary funds. They constitute a homogeneous system that operates on the same terms, is the same in forms and methods of distribution of funds and is called the financial institution. Therefore, it is precisely regulated by the state due to the emergence of the corresponding financial relations and established by the set of interacting and interconnected financial institutions that constitute the financial system of the state. Financial relations can arise:

- between the state and legal entities and individuals;
- between several legal entities;
- between legal entities and individuals;
- between several individuals.

That is why financial relations form the financial system of the country. Its functioning and development are influenced by the type of state: unitary or federated. A unitary state usually has a two-tiered financial system, where financial relations are regulated by a central authority and local authority, and the federal state has a three-tier system.

In our opinion, the financial system of our country is a very complex mechanism, which depends directly on two determining factors. First, the legal settlement, adjustment, and balance of financial relations in the society. This is the choice of a correct and appropriate for the country financial development model, which will stimulate the producer and, accordingly, the society. According to A. Soskin, “the modern global scientific, technological, information, cybernetic, and ecological revolution requires appropriate changes in the models of economic development. Naturally, they cannot function on the principles of authoritarianism, etatism or monopolism. Ukraine should take into account these processes, determining the economic model of its development. Proceeding from the newest world challenges and opportunities to become a competitive state in the centre of Europe, Ukraine must build a democratic model for the development of society, which fully meets the economic model of people’s capitalism” [10, p. 12]. We fully agree with such conclusions; in our opinion, the financial model of people’s capitalism fully corresponds to our national interests aimed at ensuring Ukraine’s economic independence and the mentality of the Ukrainians.

Secondly, the well-coordinated activity of the entities of the financial system depends on the organization of public administration. Herewith, the most important factor is the effectiveness of the administrative and legal mechanism for managing the financial system of the country, as well as clear legislation ensuring the continuous and harmonious operation of this system as a whole. The absence or inefficient use of these prerequisites will not allow for purposeful management of finances. The mechanism of managing the financial system of Ukraine consists of two main components, namely: management bodies and forms and management methods. The main task of the management agencies of the financial system is to ensure coherence in the functioning of certain areas and links in financial relations. This is achieved by a clear and legally approved delimitation of functions and powers between financial authorities and institutions. In support of this, N.I. Khimicheva notes that “the effectiveness of the financial system depends on the level of legal norms and law enforcement activities” [11, p. 30-31]. She also emphasizes that “the legal basis for the functioning of the financial system is financial law that mediates the social (economic) relations arising in the process of creating, distributing, and using various funds” [12, p. 34].

Legal understanding of the financial system is the totality of the characteristics of the financial system established by regulatory legal acts that take the form of regulatory requirements for the regime of its functioning (financial legislation, stipulated in the norms of the means and ways of stabilizing the financial system, financial policy in its legal forms, functions, and methods of activity within the financial system, are implemented in the actions of specific authorized entities) [13, p. 25]. It is true that the spectrum of social relations that constitute the financial system is broader than directly forming, distributing, and using a particular fund [6, 5].

Ukraine, when managing finance and being in financial relations as an authority subject and the owner of the means of production, determines through the adoption

of the relevant laws the procedure for the acquisition and use of funds. In these relations on behalf of the state, there are relevant state authorities, the main of which are the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine. Thus, according to Article 75 of the Constitution of Ukraine, “the only legislative body in Ukraine is the Parliament – the Verkhovna Rada of Ukraine.” In accordance with Article 85 of the Constitution of Ukraine, “the powers of the Verkhovna Rada of Ukraine include:

- adoption of laws; dealing with numbering;
- approval of the State Budget of Ukraine and introduction of changes thereto, control over the implementation of the State Budget of Ukraine, adoption of a decision on the report on its implementation;
- determination of the foundations of domestic and foreign policy;
- approval of national programs for economic, scientific, technical, social, national and cultural development, and environmental protection;
- control over the activities of the Cabinet of Ministers of Ukraine in accordance with the Constitution and law;
- approval of decisions on granting loans and economic assistance to Ukraine from foreign countries and international organizations, and on the receipt by Ukraine from foreign countries, banks and international financial organizations of loans not provided for in the State Budget of Ukraine, control over their use” [5, pp. 47–53].

The Constitution of Ukraine determines that according to Article 92, “exclusively the laws of Ukraine determine:

- The State Budget of Ukraine and the budgetary system of Ukraine; taxation system, taxes and fees; the foundations of the creation and functioning of the financial, monetary, credit, and investment markets; the status of the national currency, as well as the status of foreign currencies on the territory of Ukraine; the procedure for the formation and repayment of state internal and external debt; the order of issuance and circulation of state securities, their types.”

The legal basis for the existence of the budgetary system is based on the constitutional norms defined in Article 95 “The budgetary system of Ukraine is built on the principles of a fair and unbiased distribution of social wealth between citizens and territorial communities. Exclusively the Law on the State Budget of Ukraine determines any state expenses for public needs, the size and target direction of these expenditures. The state seeks to balance the budget of Ukraine. Regular reports on incomes and expenditures of the State Budget of Ukraine should be made public [5, pp. 56-60].

Another important entity of the financial system of Ukraine is the Cabinet of Ministers of Ukraine. Article 113 of the Constitution of Ukraine determines that “the Cabinet of Ministers of Ukraine is the supreme body in the system of executive bodies and is responsible for the activities of state bodies in the field of acquisition and efficient distribution and use of centralized and decentralized state funds. The main task of this entity of the financial system is the effective

functioning of the state, aimed at the development of society and the provision of urgent public needs at various stages of its development.”

Thus, according to the requirements of Article 116 of the Constitution of Ukraine, “the Cabinet of Ministers of Ukraine:

- provides financial, price, investment and tax policy; policies in the areas of labour and employment, social protection, education, science and culture, environmental protection, environmental safety and nature management; numbering;

- develops and implements national programs of economic, scientific, technical, social, and cultural development of Ukraine;

- provides equal conditions for the development of all forms of ownership; manages the objects of state property in accordance with the law;

- develops the draft law on the State Budget of Ukraine and ensures the implementation of the State Budget of Ukraine approved by the Verkhovna Rada of Ukraine, submits to the Verkhovna Rada of Ukraine a report on its implementation [5, pp. 79-80].

Based on Article 96 of the Basic Law of Ukraine, “The State Budget of Ukraine is approved annually by the Verkhovna Rada of Ukraine for the period from January 1 to December 31, and under special circumstances – for another period. It is the Cabinet of Ministers of Ukraine that not later than September 15 of each year submits to the Verkhovna Rada of Ukraine a draft law on the State Budget of Ukraine for the next year. Together with the draft law, a report on the implementation of the State Budget of Ukraine for the current year is submitted.”

Article 97 of the Constitution obliges the Cabinet of Ministers of Ukraine in accordance with the law “to submit to the Verkhovna Rada of Ukraine a report on the implementation of the State Budget of Ukraine and, unfortunately, does not determine the frequency of such reports, and according to Article 98, control on behalf of the Verkhovna Rada of Ukraine for the receipt of funds in the State Budget of Ukraine and their use is carried out by the Accounting Chamber” [5, pp. 62-63]. Thus, the Basic Law of the country clearly defines the conditions for Ukraine’s financial activity by adopting the law “On the State Budget” and other laws necessary for the emergence of financial relations.

Thus, it is clear that, unlike the approaches generally accepted by the scientists, the social relations that arise in the course of financial activity are not only economic. Applying the relevant legal norms, the state provides financial relations within the financial system of a legal nature, and the legal regulation of financial activities is a form of public administration of the financial system of the country. Therefore, the definition of the financial system as a legal category is a set of methods that are established by the relevant regulations and have a number of regulatory requirements for the functioning of the financial system (financial legislation, financial policy in its legal forms) in accordance with its tasks and functions, implemented specific authorized entities in the event of a specific financial relationship.

In modern science, there is more than one definition of the term “financial system”. For example, A.I. Khudyakov, having analysed the concept of the financial system, notes the organizational approach to its understanding. “In this sense, the financial system is understood as the aggregate of financial institutions of the state (the financial department and its divisions, the treasury, the tax authorities, the central state bank, the state supervision body, etc.)” [14, p. 38]. However, this theory is not supported by all modern scientists. As some authors believe, this approach to understanding the financial system leads to the erosion of this concept as an economic category.

Analysing various approaches to the definition of the concept and structure of the financial system, G.V. Komarov concluded, “the financial system is multifaceted and heterogeneous. Elements of the financial system are united by the fact that they pursue a common goal – the stabilization of the financial system at the level of legal regulation. Given that in different periods of the state’s existence, the financial system is affected by various phenomena (crises, political transformations and reforms, the influence of international factors, etc.), each sector of law enforcement of the financial system fulfils the role of legal means to stabilize it” [13, p. 27].

Having studied the scientific works of many scientists on this issue, in our opinion, the most successful is the definition of the financial system of M.V. Gridchin. According to it, “the country’s financial system is a set of interrelated and regulated financial and legal norms of various groups of financial relations (financial institutions, financial links, and others) through which the state forms, distributes, and uses centralized and decentralized funds. At the same time, the specifics of the financial system are not exhausted only by the peculiarities of its constituent elements but consist, first of all, in the nature of the relationship and the relations between them” [15, 5].

Proceeding from the foregoing, we consider it possible to propose a definition of the concept of the financial system. Therefore, in our opinion, the financial system of the country as a legal category is a multi-level social system that includes the set of all available spheres of financial relations and corresponding subjects of such relations regulated by the corresponding legal norms of the state that ensure balanced functioning and interaction of these definite spheres, manage them.

Part 2. The organizational structure of the financial system of Ukraine

Moreover, there are various scientific views on the structure of the financial system of the country, since it is the structure that is the basis of the system of the country’s financial legislation. The structure reflects the orderliness of internal and external links of the system, ensuring its stability, and qualitative certainty. Structural connections of various kinds permeate all processes that occur in system objects. In particular, E.D. Sokolova compared numerous points of view on the essence of the financial system. Despite all the dissimilarity of the opinions expressed, there are three main approaches to understanding the structure of the financial system [16, p. 23].

First, the most developed is the stock theory, according to which the classification should be carried out, based on the properties of financial funds, characteristic of a particular national economy. According to this theory, the financial system is formed by the budget, off-budget funds, credit fund, insurance fund, financial resources of economic entities, followed by differentiation of types of financial funds. Supporters of this theory of the formation of the structure of the financial system are A.N. Ashmarin [6, pp. 23-27], A.D. Vasilik, A.N. Gorbunova [17, p. 15], M.V. Karasev [18, p. 11, 36], Yu.A. Krokhin [19, p. 13], V.N. Ulyanov. According to modern scholars, the undoubted merits of this theory cannot be attributed to the essence of finance due to the relationship associated with the need to form and use the relevant property funds. However, this is also a weak point – the financial system seems in this case as a consequence of the financial mechanism and, as a result, formalizes the financial relations.

The second is an institutional concept that builds the structure of the financial system, as a functional identity of separately operating financial institutions (namely, state revenues, government spending, insurance, state credit, bank credit, monetary circulation, etc.). Supporters of this concept are N.I. Khimicheva [20, p. 3, 27], L.K. Voronova, M.P. Kucheryavenko [21, p. 10], S.V. Zapolsky [22, p. 28], A.P. Orlyuk [23, p. 28], A.A. Muzyka-Stefanchuk [24, p. 13]. According to A.P. Orlyuk, this approach does not provide an opportunity to understand the systematization features, link the unity of financial mechanisms that act together only in the final [23, p. 28]. According to N.I. Khimichev, the financial system is put into effect through the study of legal institutions of financial law, through which the financial activities of the state are regulated [24, pp. 30-31], A.Yu. Gracheva and A.N. Gorbunova, considering the financial system, note that the system of legal institutions regulates each of the links in the financial system, “the system of legal institutions”, in their opinion, “provides a system of funds” [25, p. 10].

The third is a conception, where the financial management system is based on the main governing bodies of the fund or the relevant institution, they have the right to mobilize financial resources. Such a theory distinguishes again in the structure of the financial system the budget, off-budget funds, the finance of economic entities, the insurance fund, the credit fund, municipal finance, investment funds. Representatives of this theory are V.M. Oparin [26, p. 31], V. Komarova [13, p. 25], V.S. Zagorsky, A.D. Lupus, I. Blagun [27, p. 37]. Such a method of constructing the structure of the financial system looks even less successful because it is based on signs that are of an official nature and are practically unrelated to the essence of financial relations. The assignment of a function to authority or the addition of this function, as well as the granting of the right to conduct an activity of the appropriate kind, cannot be recognized as an objective criterion [28, p. 2-9]. According to A.P. Orlyuk, subjective theory is unsuccessful, because it is built on the grounds that are not related to the nature and essence of finance or financial relations, since the assignment of a function to a certain state body and the removal of such functions, and granting the right to a certain activity type, cannot be considered an objective criterion [23, p. 28].

There are several more scientific approaches to the definition and construction of the country's financial system. According to a number of researchers, the structure of the financial system, along with public and local finance is private finance. O.Yu. Gracheva and A.N. Gorbunova, analysing the ratio of public and private finances, stressed that "the state regulation of public and private finance is expressed in different ways" [25, p. 11]. M.I. Karlin states that the financial system of Ukraine includes: "1) public finances; 2) finances of enterprises of economic entities; insurance; 4) financial market; 5) household finances" [29, p. 15]. With respect to the first three elements of the financial system, namely public finances, business enterprises, and insurance of domestic enterprises, there are no substantial objections to domestic scientists, whereas before the inclusion in the structure of the financial system of Ukraine – the scientists are discussing the financial market and household finances. We consider it necessary to note in this regard that since the market economy, based on generally accepted definitions, is the interaction of the three financial sectors, namely households, firms and government, the structure of the country's financial system must consistently include household finances, enterprise finance, and state finances.

In our opinion, the modern scientist A.T. Kovalchuk offered a very promising concept of the structure of the financial system. Thus, he suggests "by the sources of formation, distribution, and use, the financial system is divided into the following levels: macrolevel (usually public finances), microlevel (the finances of business entities and market infrastructure, in particular, institutions operating in the financial market – commercial banks, non-banking financial intermediaries, investment companies, etc.; international finance" [30, p. 36]. We agree with this definition of the author, but we believe that it would be advisable to include in the macrolevel not only public finance but also regional (municipal or local) finance. Unfortunately, the scientist did not pay attention to the finance of households, which, in our opinion, play a significant role in the structure of the country's financial system.

Outstanding Ukrainian scientist A.R. Romanenko considers the financial system as "a set of separate but interconnected areas of financial relations that have features in the mobilization and use of financial resources, the appropriate management apparatus and legal support." She identifies five areas of financial relations: "finance of business entities (level of microeconomics), public finance (level of macroeconomics), international finance (world economy level), financial market; insurance. Separate links are distinguished in each sphere. At the micro level, there are the finances of commercial and non-profit enterprises and organizations. At the macro level, there are state and local budgets, state trust funds, state credit, and public sector finances. International finance includes finance of international organizations, finance of international financial institutions, international financial market. The financial market is structured for the markets of money, credit resources, securities, financial services. In the sphere of insurance, social, property and personal insurance, business risks and liability insurance are allotted [31, p. 21]. In our opinion, such a structure of the financial system is the most complete and perfect.

Unfortunately, almost all these structures of the financial system are considered by the scientist from the point of view of economic science. In our opinion, in connection with the fundamental changes in the economic and political conditions of Ukraine, the structure of the financial system of our state that occurred over the years of independence should be viewed as a legal category. The huge changes that took place in the country at the legislative level concerned the composition of the financial system (new subjects appeared), types of financial relations, entered into it and their interactions among themselves. Based on the scientific views of modern academic researchers and analysing the current Ukrainian legislation, we consider it possible to offer the most complete, in our opinion, organizational and legal structure of the financial system of Ukraine precisely in the areas of financial relations. In a generalized form, the financial system of Ukraine is a collection of several types of financial relations, namely:

- 1) international financial relations;
- 2) state financial relations;
- 3) regional (local, municipal) financial relations;
- 4) financial relations of business entities;
- 5) financial relations of individuals (households).

Each of them is determined by a set of specific areas of financial relations, which are regulated by certain legal norms and promote the formation and use of appropriate monetary funds aimed at meeting the diverse social needs. Such funds are centralized and decentralized. Centralized monetary funds include funds within certain territories, such as state, provincial or district budgets, and are used to meet the general needs of the respective territory and are determined by the Constitution and relevant laws. Decentralized funds are funds of enterprises and organizations used by this enterprise for industrial and social needs.

The solution of the task of balancing and optimizing financial relations within the financial system of Ukraine, the successful structuring of the financial system itself determines the effectiveness of a scientific search aimed at establishing ways to save the Ukrainian economy from a deep crisis and sustainable development of the effective financial activity of all financial subjects. The correct choice of the necessary features of the finance structuring should be based on the full mapping of the entire set of relevant financial relations and be fully secured by the relevant legal norms.

In the legal literature, there are many different approaches to determining the structural elements of the financial system of the state. Thus, A.N. Gorbunova and A.Yu. Grachev believe that “the state financial system includes institutions of public finance, business entities, local finance, insurance, and credit” [32, p. 10]. Some scientists in the organizational aspect of the financial system are considered as the totality of bodies of state power and local self-government that, within their competence, manage financial activities of the state and enterprises, institutions, and organizations participating in it [16, p. 498]. The existence of certain institutions within the financial system of the country can be explained by the fact

that finance serves almost all the needs of society and covers the entire economy of the country [33, p. 15].

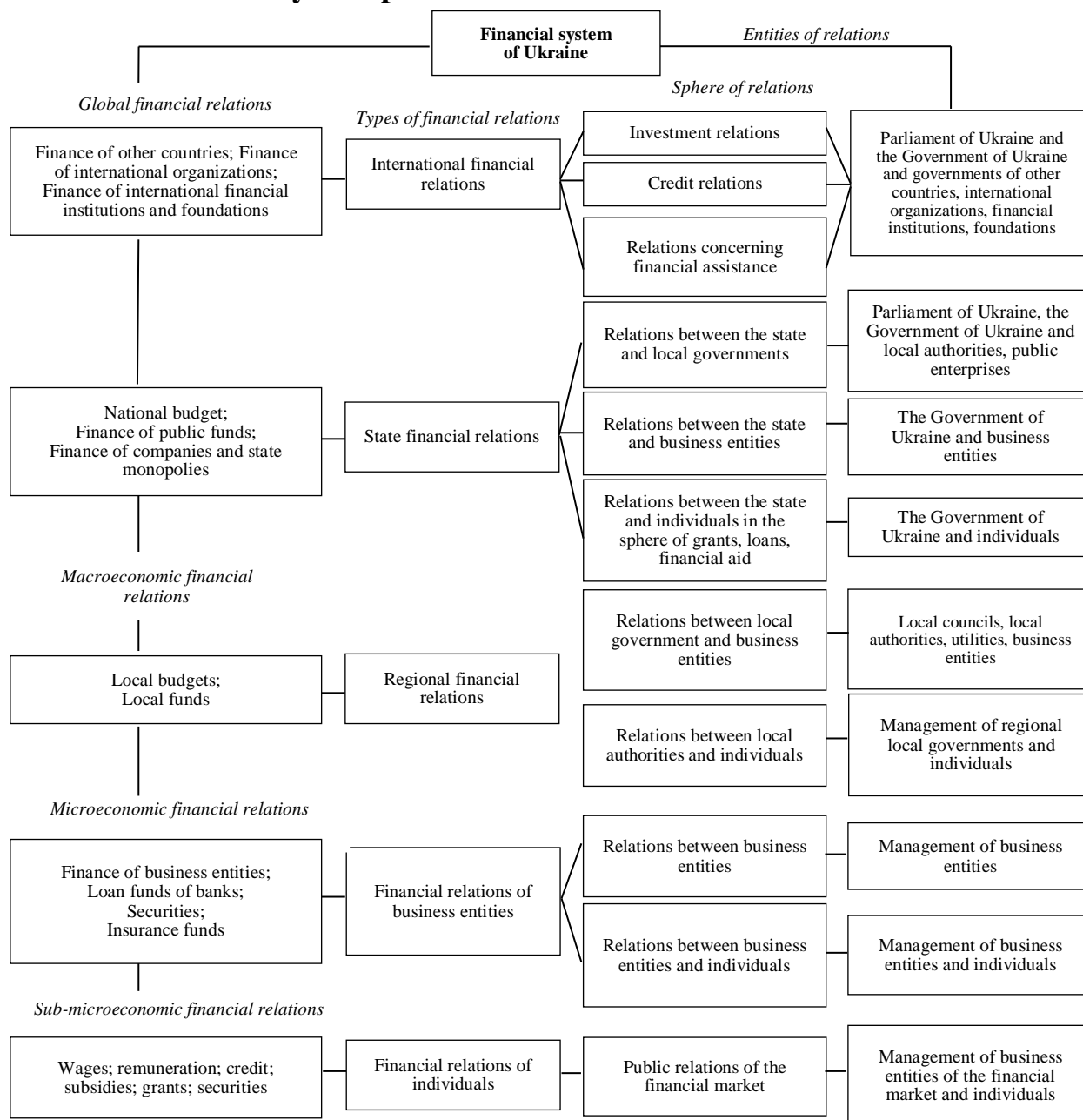
We also consider the level of the economic system as the basis for the structure of the financial system, highlighting the corresponding types of financial relations. Thus, at the level of the world economy – international finance; at the macro level, we distinguish separately state and separately regional financial relations; at the micro level – the finances of business entities (enterprises and organizations); and at the sub-microeconomic level – financial relations of individuals (households). Each of these types has an appropriate legal basis and a financial source of origin (a certain composition of income and expenditure), its specific areas of financial relations, the availability of subjects of these relations and the legal regulation of the interaction of these entities in the course of financial activities. In our opinion, it is the creation of a perfect financial system of the state that is one of the main conditions for the effective development of its economy, although it requires a certain amount of time. We offer our vision of the organizational and legal structure of the financial system of Ukraine in the spheres of financial relations in a schematic form (Diagram 1). The diagram shows that the components of the financial system are closely interrelated. The financial state of each element of this system, on the one hand, depends on the financial state of the other elements, on the other – affects them. Certainly, the result of our research is not perfect and requires further improvement, since life does not stand still. However, the improvement of the structure of the financial system of Ukraine should be based on ensuring financial security by the relevant legal norms, strengthening, by optimizing and optimally distributing the financial resources of the financial self-sufficiency of its institutions, gradual financial integration of Ukraine into the global financial system.

In our opinion, the improvement of the financial system of Ukraine is possible through the implementation of a set of measures:

- legally defined distribution of financial resources between central and regional authorities;
- constitutional expansion of the powers of regions and increasing control and accountability for the results of their activities;
- optimization of the expenditures of the State budget (reducing the number of state institutions and optimizing their functions);
- reduction in the provision of subsidies from the State budget and subsidies to loss-making enterprises, with the exception of priority sectors of the economy (knowledge-intensive, capital-intensive, in particular, agriculture);
- legislative regulation of restructuring of debts of state enterprises;
- conducting an effective tax reform to create the necessary centralized reserves for further use instead of attracting loan credits;
- determination by the adoption of the relevant law of the state body, including law enforcement, which will exercise clear systemic control over the receipt of funds in budgets and their intended use.

Table 1

The organizational and legal structure of the financial system of Ukraine by the spheres of financial relations



Conclusion

Proceeding from the foregoing, we believe that the main task of building a national financial system is to ensure at the legislative level the maximum mobilization of available financial resources in Ukrainian society and attracting them from justified needs, establishing legal prerequisites for their effective use. The movement of money through the links and areas of the financial system should contribute to the formation of each subject's income, reflecting its productivity and

sufficient to meet the needs of its activities. Therefore, the normal existence of the financial system of the country provides for the solution of the following tasks:

1) through the adoption of effective legislative acts and the implementation of relevant reforms to ensure the stable formation, concentration, and optimal allocation of financial resources sufficient to produce a certain amount of GDP;

2) selection of the most appropriate system of governance to maximize the efficient use of available financial resources;

3) maximizing the volume of GDP produced based on scientific research and foreign experience, developing a real organizational and legal structure of financial security for each area of financial relations of the state;

4) ensuring the establishment of optimal proportions of distribution and redistribution of GDP produced through the application of government initiatives to introduce appropriate state programs aimed at maximizing the needs of citizens, enterprises, and the state;

5) introducing legislative changes to comprehensively attract all available funds and income of financial market entities for the needs of financial support for GDP production;

6) involving, through the adoption of appropriate legal norms, state mechanisms for the formation of insurance funds and ensuring the recovery of losses of financial resources, thereby establishing the maximum prerequisites for the use of these funds in the resource cycle.

In our opinion, precisely the fulfilment of these tasks will create an efficient financial system of Ukraine, the functioning of which and the implementation of a purposeful financial policy will inevitably lead to the strong growth of the state's economy.

References:

1. Barannikov N.P. (2002). *Finances: Textbook*. Ed. By A.M. Kovaleva. Moscow: Finance and Statistics, 512 p.
2. Dodonov V.N. (1997). *Financial and banking law: a dictionary-reference*; V.N. Dodonov, M.A. Krylov, A.V. Shestkov. M.: INFRA-M, 276 pp.
3. Kotelkin S.V. (1998). *Fundamentals of international monetary and credit relations*; S.V. Kotelkin. Moscow: INFRA-M, 432 p.
4. Drobozina L.A., Polak G.B. (2001). *Finances: textbook*. M.: Unity. 527 p.
5. The Constitution of Ukraine: dated June 28, 1996, No. 254k/96-BP; Verkhovna Rada of Ukraine. 1996, No. 30, Art. 141.
6. Ashmarina E.M. (2008). *Interdependence of the system of financial law and financial system in the Russian Federation*. Financial Law. No. 7, pp. 4-11.
7. Chugunov I.Ya. (2009). *European integration development of Ukrainian financial system*. K.: Academy of Financial Management, 471 p.
8. Chase R.B. (2000). *Finances: a study guide*. Translation from English. Moscow: Williams, 362 p.
9. Naumenkova S.V. (2009). *Development of the financial sector of Ukraine in the formation of a new financial architecture: monograph*. S.V. Naumenkova, S.V. Mishchenko; K.: UBA, CLP NBU. P. 384.
10. Soskin (O. 1998). *Model of capitalism and the national economic interests of Ukraine*. Economic Journal. No. 11-12, pp. 6-9.

11. Khimicheva N.I. (2004). *Financial Law: a textbook*. M.: Yurist, 749 p.
12. Khimicheva N.I. (2013). *Financial Law: a textbook*. 5th edition, revised and supplemented. M.: Norma: INFRA-M, 752 p.
13. Komarova G.V. (2013). *The financial system of the Russian Federation as an object of judicial protection: a monograph*. Moscow: Prospekt, 168 p.
14. Khudyakov A.I. (1995). *Financial Law of the Republic of Kazakhstan (General part)*. Almaty: Karzhy-Karajat, 224 p.
15. Hridchina M.V., Zahozhai V.B., Osipchuk L.L. et al. (2004). *Finance (theoretical basis): a textbook*. 2nd edition, revised and supplemented; Kyiv: MAUP, 312 p.
16. Sokolova E.D. (2006). *Legal foundations of the financial system*. Moscow: Gorodets, 160 p.
17. Gorbunova O.N. (1995). *Financial Law: a textbook*. Moscow: Yurist, 400 p.
18. Karasev M.V. (2003). *The financial law of Russia: new problems and new approaches*. State and Law. No. 12, pp. 5-14.
19. Krokhnina Yu.A. (1999). *Financial Law of Russia: a textbook*. Saratov: Saratov Law Institute of the Ministry of Internal Affairs of the Russian Federation, 210 p.
20. Khimicheva N.I. (1997). *Financial Law: a textbook*. Moscow: BEK, 475 p.
21. Voronova L.K., Krinitsky I.E., Kucheryavenko N.P. (2006). *Financial Law: a textbook*. X: Law, 384 p.
22. Zapolsky S.V. (2006). *On the nature of the concept of the "financial system"*. Financial Law. No. 8. pp. 2-8.
23. Orlyuk O.P. (2010). *Finance Law. Academic course: textbook*. Kyiv: Yurinkom Inter, 808 p.
24. Muzyka-Stefanchuk O.A. (2007). *Financial Law: a textbook*. 3rd edition, revised and expanded. Kyiv: Atika, 264 p.
25. Orlyuk O.P. (2007). *Financial system of Ukraine: problems of terminology and content*. Finance Law. No. 1, pp. 12-15.
26. Khimicheva N.I. (2002). *Financial Law: a textbook*. 3rd edition, revised and expanded. Moscow: Yurist, 384 p.
27. Gracheva E.Yu., Tolstopyatenko G.P. (2003). *Financial Law: a textbook*. Moscow: Velbi, 536 p.
28. Oparin V.M. (2002). *Finance (General Theory): a textbook*. 2nd edition, revised and expanded. Kyiv: KNEU, 240 p.
29. Zagorsky V.S., Vovchak O.D., Blahun I.G., Chui D.Z. (2008). *Finance: a textbook*. 2nd edition. Kyiv: Znannya, 247 p.
30. Zapolsky S.V. (2011). *Financial Law: a textbook*. 2nd edition, revised and expanded. Moscow: Walters Cluver, 792 p.
31. Karlin M.I. (2007). *Financial system of Ukraine: a textbook*. Kyiv: Znannya, 324 p.
32. Kovalchuk A.T. (2007). *Financial Law Ukraine. State and prospects*. Parlamentske vydavnytstvo, 488 p.
32. Romanenko O.R. (2004). *Finance: a textbook*. Kyiv: Tsentr navchalnoi literatury, 294 p.
34. Gorbunova O.N., Gracheva E.Yu. (2004). *Financial Law: a textbook*. Moscow: Velbi, Prospekt, 536 p.
35. Gorbunova O.N. (1996). *Financial Law: a textbook*. Moscow: Yurist, 600 p.