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## **PROBLEMS AND WAYS OF IMPROVING THE FINANCIAL SYSTEM**

*Abstract. Analyze the problems of the financial system of Ukraine. To propose ways to improve the financial system of Ukraine.*

*Keywords: financial system, problems of the financial system, ways to improve the financial system.*

The financial system is a set of its separate links that have peculiarities in the creation and use of funds of financial resources for the financial provision of the economic and social needs of society as a whole, its individual strata of the population, economic structures, individual citizens [1].

The financial system requires the initial accumulation of capital, the creation of national income, then its distribution and redistribution to meet economic and social needs.

The goal of the financial system is to maximize the mobilization of financial resources and attract them from the outside, creating conditions for their appropriate use and, on this basis, to increase GDP.

The financial system of Ukraine has not yet solved complex economic and social problems. It does not always expediently and effectively accumulate and distribute financial resources between spheres and links, and this slows down the flow of investments that are needed for the economy to grow.

The lack of appropriate state control is a problem of the financial system. Through this function, they provide the conditions for the financial system to function. Lack of control has led to violations and abuses in the areas of financial relations. It is necessary to improve financial control by balancing state and local budgets, maintaining economic security.

The disadvantages of the modern system of state control should be considered the fact that the majority of inspections today are of a fiscal nature: in practice, an inspection or audit is most often used. At the same time, these methods allow only to detect financial violations, to state negative phenomena, but do not provide an opportunity to prevent them or to investigate in detail the reasons for their occurrence [2].

Through the financial system, there is a redistribution of monetary funds that serve economic relations in the country, starting from the creation of the gross domestic product and ending with the economic relations of enterprises and the population [2]. It should be emphasized that the financial system of Ukraine needs to be changed, because its functioning does not meet the norms and standards.

Due to the inefficient operation of the financial system in modern conditions, there is an incomplete accumulation of financial resources and their irrational redistribution between different spheres. As a result, the inflow of investments into the country slows down, because they are necessary for sustainable economic development and stable functioning of the state [3].

Another problem in Ukraine is the imbalance of budget expenditures and revenues, a significant increase in the state's indebtedness, and inappropriate distribution of expenditures.

Special attention should be paid to establishing a European integration course in economic policy in general. Hence, the monetary and credit and budgetary and tax spheres should be oriented towards overcoming the crisis phenomena in the economy of Ukraine, and the development of directions for stimulating investments and attracting them to the domestic economy is also a priority [4].

Thus, an important task of the state's financial policy is the creation of a financial market, which will be the main mechanism for transforming accumulations into investments, redistributing capital and ensuring the transparency of financial flows. For this, it is necessary to significantly increase the efficiency of the state financial policy regarding the development of the securities market, the commodity market, the market of collective investments, supervision and control over the investment of pension savings [5].

In the field of banking supervision, the NBU should pay particular attention to: increasing the level of capitalization of banks; increasing the liability, including by establishing criminal liability, of bank managers, owners of significant participation and other related persons for activities that lead to the insolvency of banks; assessment of the quality of bank assets in order to determine the need for additional capitalization of banking institutions; further cleansing of the banking system from financial institutions that are insolvent, launder money and do not comply with the requirements of the law; creation of a coordinated system of out-of-court restructuring loans and facilitating the voluntary restructuring of currency mortgage loans [4].

Also, in the financial system of Ukraine there are such problems as the shadow economy, uncertainty of the investor in the financial market of services, tax burden, insufficient functioning of the financial system and others.

The financial system should be flexible, dynamic and self-regulating. The state needs to improve approaches to restructuring, as well as manage development and ensure stable development of the financial system.

In order to reduce debt, the state should ensure the trust of the population by issuing bonds with the aim of attracting additional funds. It is also necessary to create a system to stimulate the development of the household economy, because it is household finances that occupy the main place in the formation of budget revenues.

The main ways of solving the problems of the financial system of Ukraine are:

- development of a strategy for the development of the financial system of Ukraine;
- improvement of the current legislative framework in the field of regulation of the work of the financial system;

- increasing the efficiency of the use of budget funds, rationalization and streamlining of social expenditures and strengthening of control over their targeted use;

- зміцнення фінансів суб'єктів господарювання з метою посилення motivation for effective work, investment activity;

- dynamic development of tools and infrastructure of financial markets;

- reform of the taxation system in the direction of easing tax pressure;

- rational use of funds raised with the help of a state loan and strengthening of trust in state securities [2].

**Conclusions.** Thus, in modern conditions, there is a need for an effective program of financial improvement of the state, the development of a number of stabilization measures to avoid the negative consequences of the financial crisis. For this, it is necessary to adopt appropriate laws, implement practical measures and prepare appropriate criteria for the functioning of the financial system of Ukraine, in order to reduce losses from future crises for the economy.

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