THE IMPACT OF THE FINANCIAL MECHANISM ON THE EFFICIENCY OF THE ECONOMY

Shab Hundal1*, Judith Roca2

1 Universidad de Integración Internacional de la Lusofonia Afro-Brasileira . Redenção - Ceará - Brasil. gezteybely22@gmail.com

2Oklahoma Baptist University, USA

** Corresponding author: shab.faret@gmail.com*

Abstract

Financial policy is implemented using a financial mechanism, which is a rather complex system of influence on various aspects of the financial activities of individual entities. The main vector of this influence is the relationship of the state, which implements and implements financial policy, with business entities that ensure the production of GDP.

The financial mechanism is a set of financial methods and forms of organizing financial relations, instruments and levers of influence on the socio - economic development of society, with the help of which the reproduction process is ensured .

The functioning of the financial mechanism and its purpose are realized through two main functions - financial support and financial regulation of economic and social processes in the state. However, these functions are a complete theoretical abstraction. Financial support simultaneously fulfills the function of regulation in the same way as regulation can perform the function of financial support.

Introduction

In any mechanism, control is based on the use of appropriate levers . By themselves, they do not determine anything, but only set in motion the corresponding instruments. The influence on the activity of the financial mechanism, and through it on the various aspects of socio - economic development, is achieved by establishing or changing the position of one or another lever.

The set of levers constitutes the control system of the financial mechanism. According to the direction of their action, they are divided into two groups: incentives and sanctions. Incentives materialize financial rewards, and sanctions materialize punis h ent. In practice, various benefits act as incentives, and sanctions are fines, penalties, etc. In addition, the levers of managing the financial mechanism are divided into separate types.

Each sphere and link of the financial mechanism is a component of a single whole, they are interconnected. At the same time, the spheres and links function relatively independently. This circumstance necessitates constant coordination of the components of the financial mechanism.

The system of mobilizing revenues at the disposal of the state, used in Ukraine , turned out to be insufficiently acceptable, created significant tax burdens on business entities, and led to an additional need for credit resources.

The system of financial norms and standards is acquiring an important role in the functioning of the financial mechanism. Its development and use are associated with a number of organizational and methodological difficulties associated, first of all, with the fact that financial norms are a synthetic indicator, which means that their absolute value is influenced by a huge variety of factors that must be taken into account. It is also necessary to work out methods of adjusting the norms depending on changes in factors in each certain period of time.

An important component of the financial mechanism is also incentives aimed at ensuring timely and full receipt of funds in the budget, their most efficient and economical use, which involve the use of material incentives [2].

An important element in the system of regulation of internal economic activity is the state policy in the field of foreign exchange regulation.

The regulation of the currency sphere of Ukraine in modern conditions leads to the maintenance of a stable state in the foreign exchange market, neutralization of sharp fluctuations in exchange rates. The stability of the foreign exchange market, in turn, ensures the normal development of internal economic relations between the state and the entire economy.

In 2007-2008. in the face of increasing internal and external risks, the NBU actively implemented measures to overcome them and stabilize the situation. Thus, the state of the balance of payments, the rate of inflation, the situation in the foreign exchange and monetary markets have significantly influenced the structure of the money supply mechanism. The main channel for increasing the money supply was the refinancing channel with a corresponding change in the structure and volume of NBU operations to regulate liquidity - if in 2007 the volume of mobilization operations amounted to UAH 109.8 billion, then for 6 months of 2008 - only UAH 23.5 billion ., the volume of refinancing - 2.5 and 169.5 billion UAH. respectively.

Significant fluctuations in the exchange rate of the hryvnia, which during 2008, created significant deviations in the exchange rate policy of the NBU. In the development of the foreign exchange sphere during 2008, three periods should be distinguished according to the criterion of dominant trends in the exchange rate dynamics: January-May 2008 - revaluation pressure, which ended with an increase in the exchange rate from 5.05 UAH / USD. up to 4.85 UAH / USD or 4%; June-August 2008 - the exchange rate in the interbank market fluctuated within the range of 4.6-4.85 hryvnias / dollar, in terms of foreign exchange interventions, 4.74 billion dollars and an increase in the international reserves of the NBU from 34 to 38 billion dollars; September-December 2008 - a sharp devaluation of the hryvnia by 52%.

In general, the positive significance of the NBU's refusal from a fixed rate policy expanded its ability to pursue an independent monetary policy and use the rate as a compensator for external shocks, weakened by the absence of a clear new doctrine of exchange rate regulation. This contributed to the high uncertainty on the Ukrainian foreign exchange market. The peculiarities of the NBU monetary policy implementation at the present stage of economic development determine the importance and scale of tasks that face it in the context of those strategic goals that determine the needs of ensuring sustainable economic growth, the stability of the national currency, the creation of new jobs and an increase in the welfare of the

population, and so should to be weighty economic confirmation of the invariability of our country's course towards European integration [1, p. 141].
It can be concluded that a financial mechanism works effectively if all its components are functioning. By applying them, the state can direct economic and social development to meet social needs.

References:

1. Khomutenko VP, Nemchenko VV, Lutsenko IS Finance of foreign economic activity: Textbook. way. - Kyiv: Center for Educational Literature, 2009. - 474 p.
2. Financial management: theory and practice: Textbook / Ed. E.S. Stoyanova. - 5th ed., Trans. and add. - M .: Publishing house "Perspective", 2001. - 656 p.
3. Lumpkin and Dess, 1996, G.T. Lumpkin, G.G. Dess, Clarifying the entrepreneurial orientation construct and linking it to performance, Acad. Manag. Rev., 21 (1) (1996), pp. 135-172.
4. Chen, X., Jia, S., & Xiang, Y. (2020). A review: Knowledge reasoning over knowledge graph. Expert Systems with Applications, 141, 112948.
5. Pujara, J., Miao, H., Getoor, L., & Cohen, W. (2013, October). Knowledge graph identification. In International semantic web conference (pp. 542-557). Springer, Berlin, Heidelberg.
6. Wang, Z., Zhang, J., Feng, J., & Chen, Z. (2014, June). Knowledge graph embedding by translating on hyperplanes. In Proceedings of the AAAI conference on artificial intelligence (Vol. 28, No. 1).
7. Paulheim, H. (2017). Knowledge graph refinement: A survey of approaches and evaluation methods. Semantic web, 8(3), 489-508.
8. Auer, S., Kovtun, V., Prinz, M., Kasprzik, A., Stocker, M., & Vidal, M. E. (2018, June). Towards a knowledge graph for science. In Proceedings of the 8th International Conference on Web Intelligence, Mining and Semantics (pp. 1-6).
9. Fensel, D., Şimşek, U., Angele, K., Huaman, E., Kärle, E., Panasiuk, O., ... & Wahler, A. (2020). Introduction: what is a knowledge graph?. In Knowledge Graphs (pp. 1-10). Springer, Cham.

10. Wang, Z., Zhang, J., Feng, J., & Chen, Z. (2014, October). Knowledge graph and text jointly embedding. In Proceedings of the 2014 conference on empirical methods in natural language processing (EMNLP) (pp. 1591-1601).