

WAYS TO NEUTRALIZE THE RISKS AND THREATS OF GLOBAL FINANCIAL SECURITY IN THE CURRENT ENVIRONMENT

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Стаття отримана редакцією 27.11.2024 р.

The article was received by editorial board on 27.11.2024.

Introduction. Considering the development and transformation of financial markets into increasingly complex and interconnected systems, the transition to the digital economy, global social, medical, economic crises and the threats it poses, reducing risks and threats to global financial stability is of great importance for ensuring economic development. The practical importance of this topic is found in the development of effective methods and strategies for reducing risks and ensuring the stability of the financial system, which is key to the overall economic growth and ensuring the security of the country.

Analysis of recent research and publications. Today, many scientists and practitioners, such as S.V. Onyshchenko, O.A. Maslii, O.O. Getmanenko, V. Hnatenko, R. Yakovenko, V.S. Stoyka, S. Neskorojev are actively researching and studying current threats to economic security, financial stability, financial globalization, currency and banking crises.

The purpose of the work is to substantiate the main ways of neutralizing risks and threats to global financial security in today's conditions.

The main material of the study. Research on the topic of preventing threats to global financial stability is very relevant nowadays due to several important factors, the first of which is the development and transformation of financial markets into increasingly complex and interconnected systems, which simultaneously provides new opportunities and creates new risks.

The second factor is information security. The transition to a digital economy opens up many opportunities for the rapid exchange of financial information, but it also leads to a greater vulnerability of systems to possible cyber attacks [1].

World crises, both social, medical, and economic, are of great importance. Such crises can become a potential cause of significant changes in the global economy, which creates new financial risks and threats to stability.

There are many definitions of the concept of "economic security", but we suggest paying attention to the definition set out in the Methodological recommendations for calculating the level of economic security of Ukraine, approved in the Order of the Ministry of Economic Development and Trade of Ukraine dated October 29, 2013.

According to this source, economic security is a state of the national economy that allows maintaining resistance to internal and external threats, ensuring high competitiveness in the global economic environment, and characterizes the ability of the national economy for sustainable and balanced growth [2].

The components of economic security according to methodological recommendations for calculating the level of economic security of Ukraine are: production, demographic, energy, foreign economic, investment and innovation, macroeconomic, food, social, financial security [3].

The financial security of the country means that its budgetary, tax and monetary systems are properly organized, which guarantees the ability of the state to effectively form, save from excessive depreciation and rationally use financial resources to ensure social and economic development and fulfill financial obligations.

Meanwhile, global financial security represents the state of interrelationships of international economic and financial systems, which ensures sustainable economic progress of countries and promotes cooperation on mutually beneficial terms. It ensures the stability and balanced development of the economies and financial systems of states, contributes to raising the standard of living of the population all over the world [4].

Financial security consists of public finances, which are the public budget, extrabudgetary funds, public credit and insurance funds, finances of economic entities, which in turn include the finances of commercial and non-commercial organizations and household finances, and the financial market, which consists of banking and credit systems, and stock and currency markets.

Financial security takes a key place and is of particular importance in the system of economic security of the state for several key reasons: stability of the economy; financial stability; investor confidence; effective management of resources; maintenance of currency stability; protection from external influences [5].

We also investigated the specifics of ensuring the country's financial security in the context of its inclusion in global economic relations.

Considering the legal aspects and generally accepted approaches to determining the essence of financial security, it can be noted that the objects of financial security of the state are various structures, including: citizens; rank-and-file authorities and their structural subdivisions; enterprises, institutions and organizations; administrative and territorial units; society as a whole; the state itself as a subject of international relations and a participant in financial markets.

The development of the global economy and the expansion of global economic ties provoke the emergence of new challenges in the field of financial security of any country and may have a negative impact on it [6]. The first is a threat to independence, the second is risks for the country's financial system, and the third is the risk of an increase in foreign debt.

It is also worth considering world economic crises as a threatening factor for global financial security (Table 1).

Table 1

The main characteristics of the world financial crises of the 20th century

Period	The country-origin of the crisis	Reasons
1907	Great Britain	Raising the discount rate by the central bank of the country where the crisis started
1914	Great Britain, USA, Germany, France	Sale of securities of foreign issuers in order to increase the financing of military operations
1920-1922	Great Britain, USA, Denmark, Holland, Italy, Norway	Post-war deflation and decline in production
1929-1933 (period of the Great depression)	USA	The dominance of large corporations in the economies of the world's leading countries
1987	USA	A decrease in investment due to the loss of capitalization of several large companies
1997-1998 (Asian crisis)	Southeast Asia	Exceeding the share of short-term debt compared to gold and currency reserves and violations of budgetary discipline by governments

Source: the table was created based on the data [7]

As a result of the study of the global financial crises of the twentieth century, we have identified potential components of the global economic system that pose the greatest threat to the financial stability of the country: the debt component, the currency component, which is divided into local and international, and the banking component.

Thus, the main feature of the modern global economy is its high level of debt. This means that consumer demand is growing through the use of various credit mechanisms, which leads to an increase in debt both globally and in individual countries. Starting from 2015 to the present, there has been a steady increase in global debt. High levels of global debt pose a significant risk to the stability of the global economy [8]. Increased debt can make economic systems more vulnerable to changes in interest rates. This can make it more difficult to repay debts and cause financial difficulties, which threatens both national and global financial systems. To prevent the negative consequences of global debt, it is necessary to actively develop strategies for balanced financial management, promote economic growth, and improve mechanisms for international cooperation and debt control.

After the termination of the Bretton Woods monetary system and the monopoly of the US dollar, the currency component of the global economy has also become a subject of considerable interest. The classification of currency crises into local and international monetary system crises remains relevant and allows us to analyze the risks and consequences of currency risks for the global economy as a whole and for individual countries. A local currency crisis affects only one country, while a crisis in the international monetary system is a phenomenon that affects the entire global economy. As for local crises, the main cases of currency crises, such as in Ukraine, include the following: the crisis of 1993-1995, 1998-1999, the crisis of 2008, and the crisis of 2014-2015 [9].

In the banking sector, too, there are different levels and types of interactions that can be complex and carry great weight. A crisis can start at the level of individual banks or affect large market segments, such as interbank lending or mortgages. In the worst-case scenario, the crisis could spread to other countries. A banking crisis can significantly damage an economy by paralyzing the financial system and slowing growth.

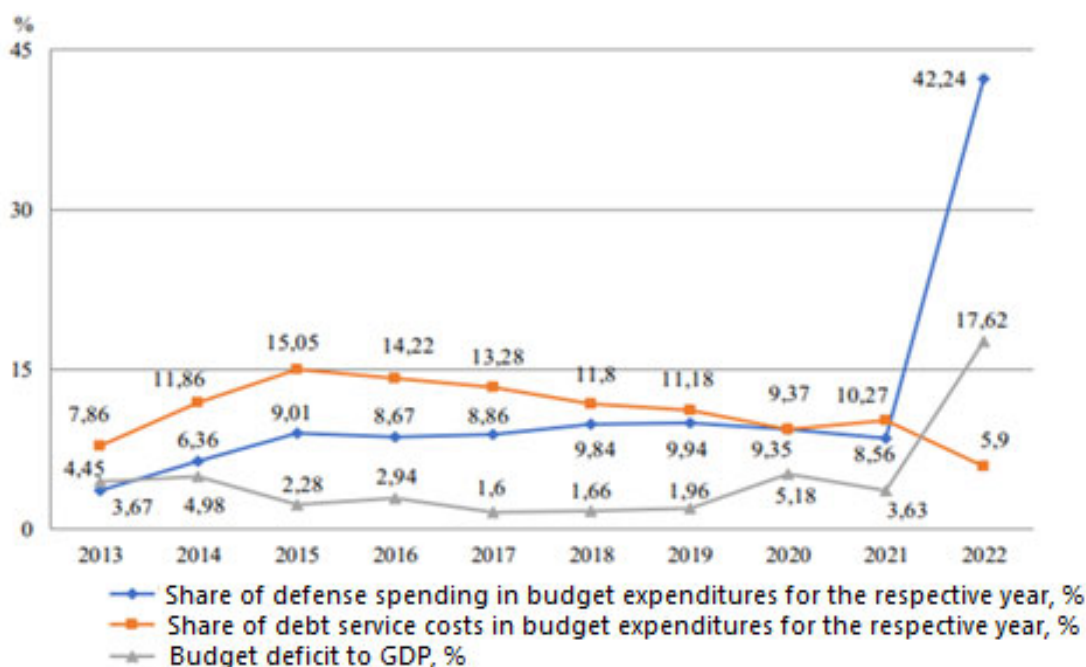


Figure 1. Dynamics of the budget deficit relative to GDP and the percentage of defense and debt service expenditures in total budget expenditures

Source: built by the authors according to [11]

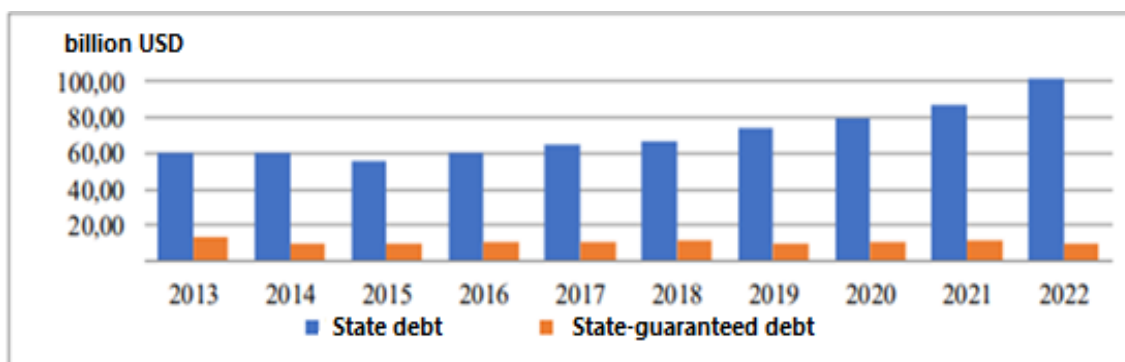


Figure 2. Dynamics of public and publicly guaranteed debt

Source: compiled by the author according to [11]

With regard to the issue of Ukraine's financial security in the context of globalization, we can state that the military conflict in Ukraine has been going on for 10 years and its consequences affect its economic development and economic security. Even during periods of reduced hostilities, tensions in the security and defense sector, as well as in the field of social protection of internally displaced persons, continue to exist, causing instability in the financial system and society as a whole [10].

Ukraine has gradually increased the percentage of defense spending in total budget expenditures. Since the beginning of the war in 2022, this share has increased significantly, reaching 42.24% of total budget expenditures, which is 11.5 times higher than in the pre-war period of 2013.

An analysis of the structure of total public and publicly guaranteed debt shows that the share of guaranteed debt has declined over the past 10 years, while direct public debt has continued to grow, with the largest increase in 2022. As for the state-guaranteed debt, it was characterized by both periods of decline and growth, but generally showed a downward trend.

The globalization of the world economy put considerable pressure on Ukraine's currency stability, causing a negative impact on the country's financial security throughout the period under review. This was especially true due to the growing number of crises in the global economy, which made Ukraine's financial system even more vulnerable [12].

The structure of Ukraine's gold and foreign exchange reserves reflects a lack of diversification, which makes currency and financial security dependent on external factors and circumstances. Compared to other countries, Ukraine holds less than 4% of its reserves in gold, which is significantly less than the proportions held in countries such as the United States, where the figure is 80%. This disparity puts Ukraine in a vulnerable position, as its financial stability becomes dependent on other countries and external factors. For comparison, the main state reserves of the Eurozone countries are also mainly kept in gold [13].

Our next step in the study is to analyze and assess the level of banking security. This component is of particular importance for Ukraine's financial stability, as the banking system is a key pillar of the national financial system.

Throughout the entire period under review, the Ukrainian banking system was affected by internal political and economic crises, military aggression by the Russian Federation, and the negative effects of the 2008-2009 financial crisis. These and other factors led to an increase in the share of overdue loans in the total volume of loans granted [14].

Turning to the question of ways to neutralize the risks and threats to global financial security in today's conditions, we present a possible structure of the system of control over global financial security.

Level I: The Global Financial Stability Board. This is an association responsible for international coordination and regulation of global financial stability.

Level II: deals with international organizations and banks that have a number of key tasks. These include assessing risks, threats, and dangers, developing new mechanisms to protect countries from macroeconomic mistakes and regulatory lapses, developing standards for market functioning, and providing financial support to countries around the world.

Level III: bodies that set standards, norms and rules in the financial sector are international specialized institutions aimed at developing and continuously improving the relevant specialized standards at the international level.

Level IV: regional organizations are specialized institutions at the regional level aimed at addressing and anticipating local financial security problems and risks specific to a particular region within the framework of overall financial security.

Level V: countries participating in the global economy and responsible for managing the country's financial security in accordance with their functions and responsibilities.

Such a system of global financial security regulation should ensure the interconnection of all its levels to increase the consistency, legitimacy and effectiveness of both the system itself and the Global Financial Security Council [15].

The formation of an anti-crisis strategy for Ukraine's financial security is also a very important issue that should be considered. We propose a concept of strategic anti-crisis management of Ukraine's financial security. The first step should be a strategic analysis – a comprehensive review, followed by strategic planning, an important component of which is forecasting and developing plans, followed by strategic implementation – ensuring an adequate level of financial security of the country through the implementation of anti-crisis measures. The final step is strategic monitoring – ongoing monitoring and prospective analysis to assess potential threats and identify opportunities for further development of the country's financial security [16].

Conclusions. Having studied the ways to neutralize the risks and threats to global financial security in the current environment, we have come to the following conclusions: financial security is an important tool for ensuring stable economic development, creating an attractive investment environment and maintaining socio-economic balance, and a breach of financial security can lead to serious consequences for the country's economy and threaten its national security.

The features of ensuring the financial security of the country in the context of its inclusion in world economic relations are determined and it is found that the process of integration of national financial systems into the global economy reflects the complex interaction and interdependence between them. The authors analyze the world economic crises as a threat to global financial security and generalize that the most common causes of crises are underestimation of risks and negligent management of financial resources. In addition, some crises were the result of external factors, such as war or geopolitical conflicts.

The authors assess the financial security of Ukraine in the context of globalization in terms of potential components of the world economy and forms the opinion that Ukraine has insufficient stability of the banking system, the danger of external debt, underfunding of the state budget deficit, the discrepancy between the dynamics of GDP and the budget deficit, and the risk of increasing credit and currency risk.

Ways to neutralize risks and threats to global financial security in the current environment have been formed. The structure of the global financial security regulatory system, which has 5 levels, is formed. The directions for the formation of an anti-crisis strategy for Ukraine's financial security are determined.

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UDC 338:351

JEL F02, Q55

Alona Buriak, PhD (Economics), Associate Professor. **Mariia Pashko**, master's student, National University "Yuri Kondratyuk Poltava Polytechnic". **Ways to neutralize the risks and threats of global financial security in the current environment.**

The article examines the key aspects of neutralizing risks and threats to global financial security in the current environment. The authors determine that financial security is a key factor in stable economic development, creation of an attractive investment environment and preservation of socio-economic balance. It is substantiated that a breach of financial security can have serious consequences for the country's economy, threaten its national security, economic security and security of the information environment. The article analyzes the complex interrelationships of national financial systems in the global context, as well as the threats arising from global economic crises; it focuses on the underestimation of risks in martial law. The authors study in detail the areas of ensuring economic and information security of Ukraine, considering its vulnerability due to the instability of the banking system, external debt and other risks that have arisen in connection with the large-scale invasion of Ukraine by the Russian Federation since 2022. The authors suggest ways to neutralize the above risks and propose an organizational and economic structure for regulating financial security as a component of economic security, including five key levels. In addition, the article identifies the main directions of formation of Ukraine's anti-crisis strategy in the context of both economic and information security, which will contribute to the country's security-oriented development in the context of globalization.

Key words: global financial security, risks, threats, security-oriented international space, economic security of Ukraine, security-oriented information environment.

Буряк Альона Анатоліївна, кандидат економічних наук, доцент. **Пашко Марія Юріївна**, магістр, Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Шляхи нейтралізації ризиків та загроз глобальної фінансової безпеки в умовах сьогодення.**

У статті досліджено ключові аспекти нейтралізації ризиків та загроз глобальної фінансової безпеки в сучасних умовах. Авторами визначено, що фінансова безпека є ключовим фактором стабільного економічного розвитку, створення привабливого інвестиційного середовища та збереження соціально-економічної рівноваги. Обґрунтовано, що порушення фінансової безпеки може мати серйозні наслідки для економіки країни, загрожувати її національній безпеці, економічній безпеці та безпеці інформаційного середовища. У статті проаналізовано складні взаємозв'язки національних фінансових систем у глобальному контексті, а також загрози, які виникають під час світогосподарських криз; зосереджено увагу на недооцінці ризиків

в умовах воєнного стану. Авторами детально досліджено напрями забезпечення економіко-інформаційної безпеки України, враховуючи її вразливість у зв'язку із нестабільністю банківської системи, зовнішньою заборгованістю та іншими ризиками, що виникли у зв'язку із широкомасштабним вторгненням РФ в Україну починаючи із 2022 року. Автори пропонують шляхи нейтралізації вищенаведених ризиків і пропонують організаційно-економічну структуру регулювання фінансової безпеки як складової економічної безпеки, включаючи п'ять ключових рівнів. Крім того, у статті визначено основні напрямки формування антикризової стратегії України в контексті як економічної, так і інформаційної безпеки, що сприятиме безпекоорієнтованому розвитку країни в умовах глобалізації.

Ключові слова: глобальна фінансова безпека, ризики, загрози, безпекоорієнтований міжнародний простір, економічна безпека України, безпекоорієнтоване інформаційне середовище.