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**SECTION 31. Economic research, finance,
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SPECIFIC FEATURES OF THE CREATION AND DEVELOPMENT OF REGIONAL, NATIONAL AND GLOBAL FINANCIAL INFRASTRUCTURE

Abstract: The article explores various definitions of the concept of "financial infrastructure", proposes a classification of financial infrastructure, highlights the objectives of the creation and development of financial infrastructure, its main elements. The author reveals the connection between the national, global and regional infrastructure.

Key words: Financial infrastructure, global financial infrastructure, national financial infrastructure, regional financial infrastructure, the objectives of the creation of financial infrastructure, the structure and elements of financial infrastructure.

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Introduction

The development of national economy in today's world depends on modernization and innovation not only in production sector, but in financial sector and management as well. An opportunity is hidden among the difficulties and problems. The government's measures to eliminate the consequences of financial fluctuations caused by the national currency depreciation are intended to stimulate the development of the country's economy in areas of agriculture, international and domestic tourism. These measures would take effect if they are implemented based on a stable and efficient financial infrastructure of the country.

The concept of financial infrastructure in the CIS countries is quite vague. Legal literature does not provide the definition, therefore it is appropriate to consider the categorical framework of modern science, to classify and identify the main elements of financial infrastructure. That is the objective of this study.

Materials and Methods

Generally, authors define financial infrastructure as "a set of organizations that provide movement of financial and related information flows between the state, private entities and households operating in the

national economy" [1, p. 7].

But this definition is not complete, and some authors define the notion as follows: "Financial infrastructure is a quasi-stable system that includes a set of functional subsystems involved in mediation of economic relations of business entities in the management, formation, regulation, investment, and control of financial resources aimed to satisfy the needs of expanded social reproduction" [2, p. 32].

S.P. Sartykov defines financial infrastructure as "a special part of the financial system, a set of financial institutions, financial instruments and technologies that facilitate and ensure the operation of the financial system as an integral entity" [3].

Some authors understand financial infrastructure as financial market infrastructure, which is not true, as well as the recognition of the terms "finance" and "financial exchange" as synonyms, since the first concept is more in-depth.

As can be seen from the above definitions, all authors include financial organizations and a set of relations between them in the concept of "financial infrastructure". At the same time, some emphasize the commercial component, while others include government bodies that manage the state budget in the financial infrastructure elements.

In our opinion, the first definition is the most



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accurate, since it implies that the existence of some institutions is not enough, it is also important to have programs aimed to achieve the goals an institution is established for.

From a geopolitical perspective, some researchers distinguish world (global) financial infrastructure, national financial infrastructure, and regional financial infrastructure [10].

From a geopolitical perspective, "World financial infrastructure (architecture) is a structure (matrix) of ordered elements of the world financial system. It appears as a constantly updated basic framework of the world financial system institutional structure and is an institutional framework that provide stability of the international financial system and determines the directions of regulation and development. World financial infrastructure takes into account the sophisticated relations of global, regional and national trends in the development of the world financial system, creates various levels of regulation of financial relations" [4, p.79]. The researchers also believe that the global financial infrastructure in its current state not only fails to create effective mechanisms to reduce the dependence of the world economy on cyclical fluctuations, but also generates a number of hotbeds and mechanisms of new financial and economic crises.

National financial infrastructure is a financial infrastructure at the level of a particular country intended to ensure the effective operation of the national economy and financial system of the country in accordance with the established state-established goals.

Regional financial infrastructure, respectively, is part of the national financial infrastructure at the regional level, performs the same functions and consists of the same elements. Its design depends on the regional economic situation and, therefore, stimulates, for example, the production development or innovations. "The creation and development of regional financial infrastructure largely depends on factors such as specialization and concentration of production, concentration of financial resources, personal income and income of entities, propensity for investment or saving, common economic literacy and people's trust in financial institutions, appropriate regional development strategy, etc." [5, p. 62].

Thus, the components of regional and national infrastructure coincide, as in general certain institutions and their operation are aimed to achieve national goals: national GDP growth, economic modernization, improvement of investment attractiveness, reduction of capital outflows, etc. World (global) financial infrastructure is created to deal with entirely different issues, therefore its components are unique and aimed to perform specific tasks. As stated above, the global economy is cyclic, and in order to avoid cyclical movement to turn into movement in a circle, the elements of the global financial infrastructure should be continuously updated depending on contemporary economic and financial challenges. Examples of the global financial infrastructure elements are the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the European Bank for Reconstruction and Development (EBRD), the World Trade Organization (WTO), etc.

In recent years, the concept of "financial infrastructure" is more common combined with the concepts of "innovation" and "modernization." Nevertheless, financial infrastructure is not limited to financial institutions that boost and support the development of innovation. In our opinion, the following objectives of both global financial infrastructure and national-regional financial infrastructure can be distinguished:

- 1) stable development of a global, national or regional economy;
- 2) stability, security and observance of rules in financial markets (including the securities market);
- 3) support of investment activity;
- 4) introduction and use of innovative technologies;
- 5) support and development of small business.

In accordance with these goals, the design of financial infrastructure is created. This requires special institutions as the elements aimed to perform declared tasks.

The first goal is the stable development of a global, national or regional economy that financially implies the creation of institutions that facilitate the acceleration of financial flows, ensure their transparency, hedge financial and non-financial risks that ensure the flow of capital between commercial structures and households

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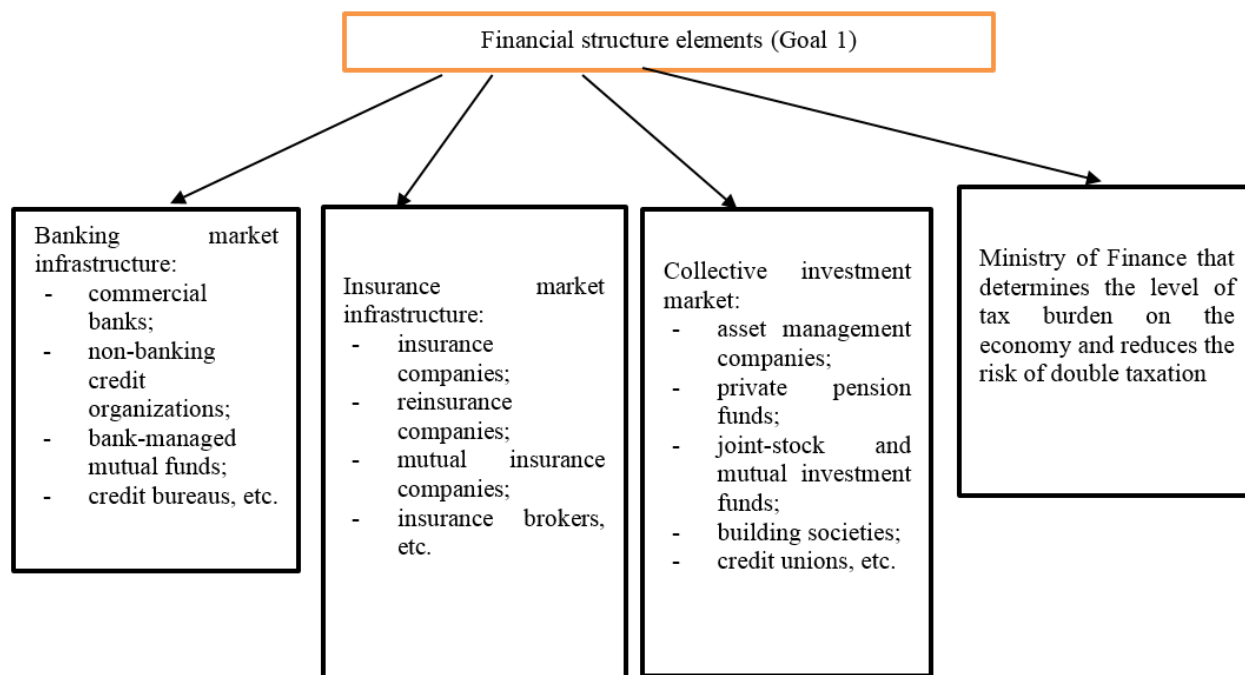


Fig. 1. Financial structure elements aimed to achieve the first goal [5, p.68].

The financial structure elements considered in Fig. 1 are the basic elements that provide movement of financial resources. These elements are used by any participant in financial relations, therefore, they will not be listed in the financial infrastructure elements aimed to achieve other goals, and we will focus on special institutions.

The second goal of creating a financial infrastructure is to ensure stability, security and observance of rules in the financial markets, including the securities market. This requires financial institutions that facilitate observance of all rules of the securities market, as well as the collection and dissemination of financial and economic information about market entities. These financial infrastructure elements are shown in

The third and fourth goals from, in financial terms, should be achieved through operation of the same financial institutions that are intended to provide effective investment, including investment in innovations, i.e. support of economic development

priorities by financial resources. The financial infrastructure elements aimed to achieve this goal are shown in Fig. 4. E.V. Tretyakova and A.V. Sharkova in their study "Financial Infrastructure for Innovative Enterprise Support " examine the way the elements distinguished affect innovation activities in different countries: the US, Europe, India and Russia. The authors conclude that the financial infrastructure of innovation activities in the Russian Federation copies the financial infrastructure of other countries, but is not so effective for the following reasons: lack of a legal and regulatory framework for venture organizations reduces a potential base; small innovative enterprises are not investment attractive in Russian business climate; the Russian stock market is underdeveloped, which makes it difficult for investors to withdraw from a project; entrepreneurial and innovation-oriented culture is at a low level; the financial system is not transparent, the level of public funds effectiveness control is low [7, p. 120].

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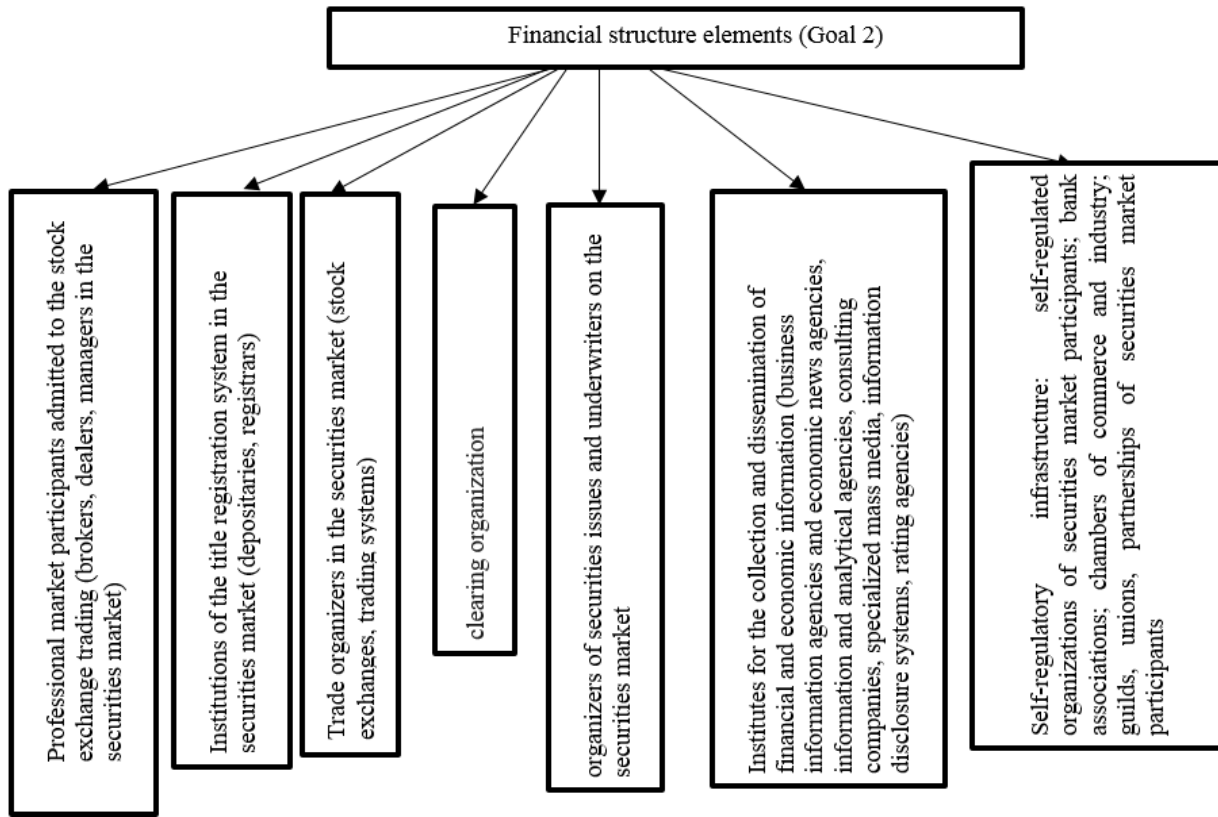


Fig. 2. Financial structure elements aimed to achieve the second goal*
 * Drawn by the author using [5, p.68]

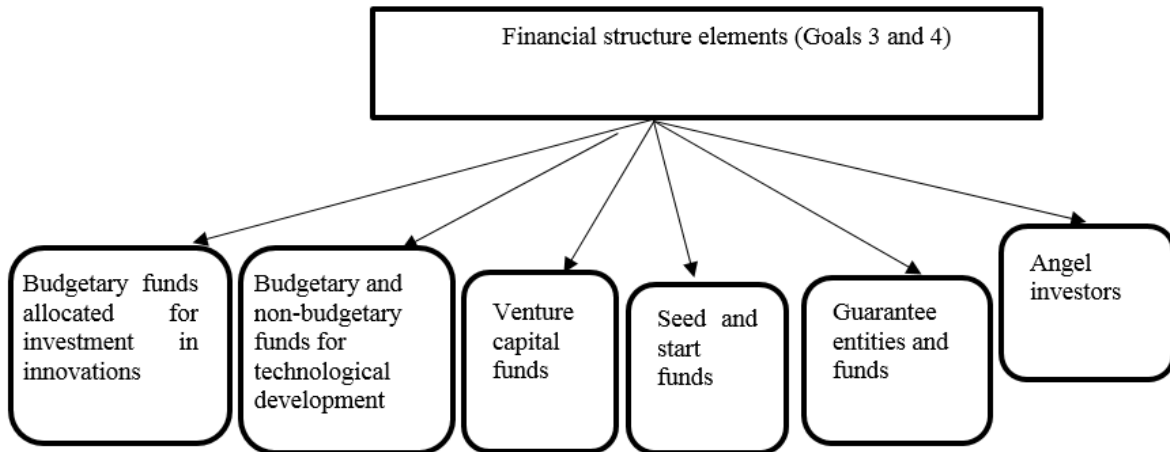


Fig. 3. Financial structure elements aimed to achieve the third and fourth goals

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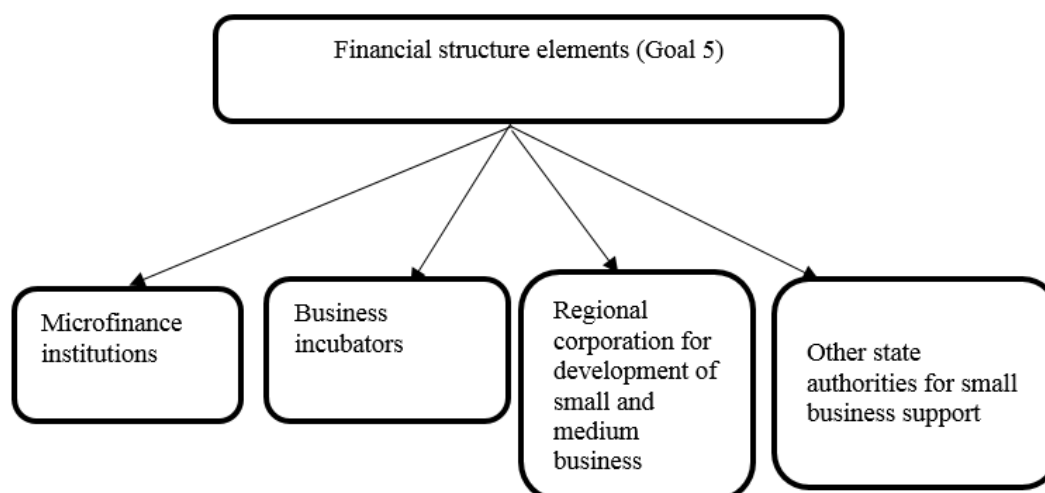


Fig. 4. Financial structure elements aimed to achieve the fifth goal.

The fifth goal is to support and develop small business. Small business is characterized by flexibility in the development of new activities and technologies; high asset turnover, controllability; high rotation that provides the independent employment; increase of a resource potential and consumer goods market capacity; stable tax inflows to budgets at all levels; creative search; social strain reduction. These properties make small business a major factor of the economic growth, which determines the further national development towards economic and social progress [8, p. 23]. Therefore, it is very important to create special elements of the financial infrastructure to achieve this goal (Fig. 5).

The development of financial infrastructure contributes to an increase of companies that need information exchange. Sophistication and increased amounts of information, in turn, result in the necessity to introduce information technologies and systems that effectively facilitate the interaction of organizational structure elements to achieve strategic goals. Modern economy is characterized by a high competition and ever-changing business environment, which increases the complexity of challenges for the management [9, p.25]. Therefore,

a lot of financial infrastructure elements needs a reliable exchange of information flows about a state of various economic sectors, the presence and implementation mechanisms of state or regional programs and other information on the basis of which it is possible to make conclusions about effectiveness of financial institutions. It is also important to exclude the duplication of the same functions by different institutions and to avoid overload of the financial infrastructure system with controlling bodies.

Conclusion

Financial infrastructure is an integral part of the international, national, and regional financial systems. The well-established operation of financial institutions promotes the support and development of small businesses, the introduction and use of innovative technologies, investment promotion, increased investment attractiveness and, ultimately, support and stable development of national economies and the world economy as a whole.

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