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Research Article

IMPROVING FINANCIAL MANAGEMENT IN EDUCATION

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ABSTRACT

The key fundamental problems of the development of the financial system are considered in terms of the influence of globalization processes on it. The approach to the decomposition of the financial system is substantiated on the basis of its functional and meaningful segmentation. The influence of the globalizing financial system on economic development, especially its institutions and instruments such as the budget, stock market, and banking system, is analyzed . The process of formation and use of reserve funds is assessed, and the tasks of the modern concept of financial regulation in the context of globalization are determined. An assessment is made of the level of globalization impacts on key segments of the national financial system.

KEYWORDS

Financial system, globalization, regionalization, budget, reserve funds, stock market, segmentation of the financial system, institutions and instruments of the financial system.

INTRODUCTION

The economy and financial market operate under a wide range of challenges, primarily unprecedented sanctions pressure. At the same time, our country faces large-scale tasks of structural transformation of the economy, achieving technological independence and reorienting international economic relations. The transformation, in turn, is associated with significantly increased needs for financing structural changes. The development of the financial market will contribute to the modernization of the economy, providing an opportunity for households and businesses to use financial products, tools and services to solve existing problems and implement business and personal plans. Therefore, it is important to ensure that the financial market fulfills its key functions. The financial market

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creates opportunities for transforming accumulated savings into sources of debt and equity financing for businesses, promoting economic development. To this end, the financial market offers a wide range of instruments that facilitate the flow of accumulated savings into investments. The financial market offers instruments that meet business needs both for short-term financing to replenish working capital, and for long-term resources for investment projects. At the same time, the financial market can develop financing instruments for enterprises at different stages of the life cycle - from the inception of a business to a public company. An independent participant in the financial market is also the state, which can act as both an issuer and a creditor, investor, especially when financing projects aimed at economic development (even low-margin and high-risk ones in the short term), which in the medium term makes the economic system more stable and contributes to improving the risk profile of the economy and financial sector. The combined model of the financial market, where both the banking sector and the capital market are fully represented, ensures the formation in the financial market of the widest range of instruments and mechanisms that can satisfy the needs of various categories of consumers, investors, borrowers and issuers. At the same time, a developed capital market plays a major role in the formation of long-term financial resources in the economy. Equity financing is inherently open-ended.

By performing the function of transforming savings into investments on market conditions, the financial market contributes to the efficient distribution and use of resources in the economy, given that decisions of financial organizations, institutional and private investors on the provision of debt and equity financing, on the investment horizon are made based on a wide range of factors. Such factors include country macroeconomic and institutional characteristics (including balance of regulation, competitive environment, protection of property rights, quality of judicial protection, presence of administrative barriers), and individual indicators of specific enterprises, their financial stability, competitiveness, business development strategies. At the same time, the ability of the financial market to accumulate savings for transformation into investments depends not only on trust in financial institutions and their stability, but also largely on the level of income and the availability of funds for the formation of savings among participants in economic relations. Despite sanctions restrictions, the financial market remains part of the international financial system. Therefore, investments can be financed through the financial market not only from internal resources, but also by attracting foreign capital from friendly countries to the economy.

The financial market enables consumers of financial services to effectively meet their life needs, including through the redistribution of income over time, managing their savings, investments, expenses and risks, in accordance with their goals. With the help of saving, investing and borrowing tools, and when used wisely, citizens can effectively solve problems of purchasing housing and durable goods, maintain a certain level of consumption in case of income fluctuations and after retirement, and also save funds for making large expenses in unforeseen situations . At the same time, depending on preferences and needs, citizens can choose instruments with different investment horizons, risk profiles, profitability and liquidity. Traditional, relatively simple savings instruments (primarily bank deposits protected by deposit insurance) are characterized by a low level of risk and, as a rule, generate moderate returns that largely ensure the safety of the purchasing power of investments. They are relatively easy to use and do not require special qualifications. Such instruments are

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also suitable for forming a so-called safety cushion, that is, savings for which liquidity and high safety of investments are more important than profitability. Capital market instruments can provide higher returns than savings instruments, allowing you to grow your investment, but they also carry a higher risk of not receiving a return or losing your investment. The use of such tools, as a rule, is more economically justified over a long horizon. Long-term strategies for investing funds in the capital market have their own specifics, bringing positive real returns precisely over long periods of time with possible fluctuations in investment results over a short-term horizon. To effectively use capital market instruments, it is necessary to obtain special knowledge and skills, which helps to navigate existing investment instruments and select the optimal products, taking into account the risk-return ratio, as well as investment goals. Therefore, for an unqualified investor who does not want or does not have the opportunity to immerse himself in the specifics and context of operations in the financial market, passive investment strategies or transfer of funds in trust to professional financial market participants are preferable. Along with saving and investing, citizens can also apply for loans and borrowings to meet their current needs for goods and services against future income, as well as earlier in the implementation of major personal and family plans, such as buying a home or financing education. At the same time, borrowing instruments contribute to the well-being of citizens only if financial discipline is observed and debt is not allowed to grow excessively relative to income received. The financial market provides participants in economic relations with risk management tools. Such tools allow enterprises and entrepreneurs to reduce uncertainty in their activities, and citizens to use risk insurance services in various life situations. At the same time, it is important that professional financial intermediaries, in the course of their activities, primarily take on the function of managing financial risks themselves and do not shift them to private clients who are not able to manage them. Important factors for the efficient operation of the financial market are trust and competitive interaction between participants.

To build trust in the financial market, the following factors are important:

– confidence in the national currency, which is ensured through price, financial and macroeconomic stability in general;

– the stability of financial organizations and their provision of high quality financial services;

– respect for the rights of consumers of financial services and investors, including minority shareholders, who can be both private and institutional investors;

– high level of corporate governance and corporate relations in the issuing companies ;

– high level of protection against unfair practices and fraud;

– the availability of accessible, high-quality, trustworthy information on the financial market - both about its participants and general market indicators, and about macroeconomic data on the financial sector and the economy as a whole, which are used for analysis and decision-making;

– uninterrupted functioning of the infrastructure.

The introduction of new technologies and support for innovation in the financial market contribute to increasing the financial accessibility of various types of financial instruments to meet the needs of citizens and businesses, the emergence of new business models, increasing labor productivity, can create conditions for increased competition and ultimately contribute to

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structural transformation and economic development. Although innovation often requires investment, small businesses in the financial market can develop by actively using outsourcing and offering products and services that are interesting to clients. By performing the above functions and providing participants in economic relations with tools to save and increase savings, borrow funds and insure risks, the financial market becomes a significant sector of the economy, contributing to economic growth, creating new jobs, increasing tax revenues, creating demand for innovation, promoting diversifying the economy and increasing the efficiency of using available financial resources. At the same time, the financial market's performance of all its functions remains relevant regardless of the foreign policy and foreign economic situation.

One of the goals of reforming the education sector is to transform the financial management of educational institutions. In this regard, the task of improving financial management is to increase the competitiveness of educational institutions, improve financial reporting, and use modern methods of financial analysis and management.

The strengthening of global processes in the economy and the growing needs of society members for educational services create conditions for improving the financial management of the system of higher professional education. The essence of this process in modern economic conditions comes down to the following:

– expanding the rights and responsibilities of universities in resolving budget issues;

– introduction of progressive forms of financial reporting and current methods of financial management;

– improving the system for assessing the quality of activities of universities;

– the amount of funding should be determined by quantitative indicators of the university's activities.

Financial relations in the education system are in constant development. Currently, educational institutions in the regions are faced with problems of insufficient efficiency of functioning financial management methods. The main source of funding for the regional education system at this stage of education reform is budget funding, which is targeted and regulated in accordance with the budget classification.

The currently functioning budget financing mechanism faces a number of problems. Restructuring budgetary relations in education involves the formation of a financial management model for an educational institution that will ensure the effective functioning of the educational system in market conditions [1].

Improving and updating financial management methods in the field of higher education is becoming a necessary stage in the process of development of education in the context of strengthening global processes and the emergence of a "knowledge economy."

The practice of reforming education at the present stage of development of social infrastructure, taking into account its specific features, requires the use of a systematic approach in combination with elements of the theory of finance and financial management [2].

The model for improving the financial management of the higher professional education system needs to be supplemented with market factors that take into account the specifics of the functioning of universities.

The use of modern methods for assessing the effectiveness and efficiency of educational services

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takes on an important place in the process of improving the financial management of education [4].

The main directions for improving financial management in the system of higher professional education include:

1) transition to financial support for activities in the field of education based on the fulfillment of state assignments;

2) the use of budgeting methods aimed at achieving certain results;

3) increasing the independence and responsibility of educational institutions in the financial sector based on the use of methods of planning, forecasting, investing, lending, leasing, insurance, financial marketing;

4) creation of a system of tax incentives for the activities of universities at all levels of education management;

5) introduction of modern methods of financial reporting and financial management [3].

The transition to estimated financing of the state assignment for the training of a specialist is aimed at identifying reserves in the use of material and financial resources of an educational institution, implementing an optimal pricing policy, increasing the responsibility of managers for the results of the university's activities, providing for improving the financial management structure of an educational institution and implementing innovative financial management functions in the implementation of educational services and projects, including educational programs, as well as scientific, innovative, investment and other projects in the educational field.

Modeling the process of implementing projects in the educational sector as one of the income centers, redistributing non-core activities to other structural units is a mechanism for using internal outsourcing in financial management. Outsourcing objects can be:

– quality control of educational services,

- Management Accounting,

– control of financial activities,

– personnel management,

– marketing research and consulting,

– legal services,

– utilities and other services.

As a methodological approach in the process of redistributing financial resources of educational institutions during the implementation of educational and other projects, transfer pricing can be used, which is aimed at increasing the efficiency of joint activities of divisions, forming a system of prices for the services provided or resources transferred between centers of financial responsibility and divisions of the educational institution [3].

One of the factors in the formation and development of a comprehensive management reporting system is the presence of a developed information environment of an educational institution, which allows, within the framework of the accounting and analytical system, to conduct management analysis and generate timely and reliable information necessary for making management decisions.

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