

Financial globalization: a description from the standpoint of a process approach

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Abstract

The complexity of the financial globalization process is caused not only by the presence of a significant number of subprocesses, their scale, and depth of consequences but also common consequences of these subprocesses, for which a synergistic effect is observed.

Author proved that manifestation of financial globalization caused by the growth of financial markets and the priority development of the international financial sector in comparison with the real sector of the world economy.

The descriptive model of financial globalization from the position of process approach is proposed, taking into account the subjects and objects of financial globalization.

Keywords: globalization, financial globalization, the budget security, the state budget, threats.

Financial globalization is an integral part of the globalization process and its subprocess. Moreover, as a subprocess by form, the real impact of financial globalization eventually started to determine not only the globalization of the commodity markets, public relations etc., but globalization in general. There has been a recent, noticeable tendency of exceeding the rates of financial globalization over economic, social, cultural globalization. We can assume that backlog of rates of economic and social globalization caused to some extent by the opposition of its national economies, international public organizations, national commodity markets, while there is no opposition in financial globalization.

Financial globalization is characterized by:

- free flow of international finance between countries and regions of the world economy (it is free of flow guarantee its effectiveness);
- formation and operation of global (world) financial market;
- formation a system of supranational regulation of international finance;
- implementation of global financial strategies of global companies, multinational corporations and worldwide banks [2];
- harmonization of regulation rules and reducing barriers that should ensure the free movement of capital and allow all companies to compete at all markets [3].

Financial globalization, like globalization as a whole, is regarded within the process approach that is as a dynamic complex process that has an extensive network of

subprocesses. Moreover, the complexity of the process of financial globalization caused not only by a large number of subprocesses, their scale and depth of effects, but also by common consequences of this subprocesses which are characterized by a synergistic effect.

The impact of financial globalization on financial and budgetary system of the country and its security budget is obvious. But the study of its impact on the budget security of state is not possible without understanding the essence, characteristics, objects and subjects, result (or results) and properties of financial globalization. Such a description requires descriptive model, the basis of which is complementary (here in the original context - in mutual compliance of the description components or their fragments, that form connections between them) description of financial globalization demonstrating its multiple systematization. Multisystem approach facilitates greatly the study of various processes which because of their complexity can be investigated only by dividing them into less complex elements and detailed study of such elements. It is multisystem approach formed the basis of the developed descriptive model of financial globalization.

Descriptive model of financial globalization is provided in Figure 1. Each of the elements of descriptive model in Fig. 1 requires different attention in the context of the conducting research. Therefore, special attention is paid to those elements of descriptive model of financial globalization which are considered important in the study as a decisive condition of safe country development.

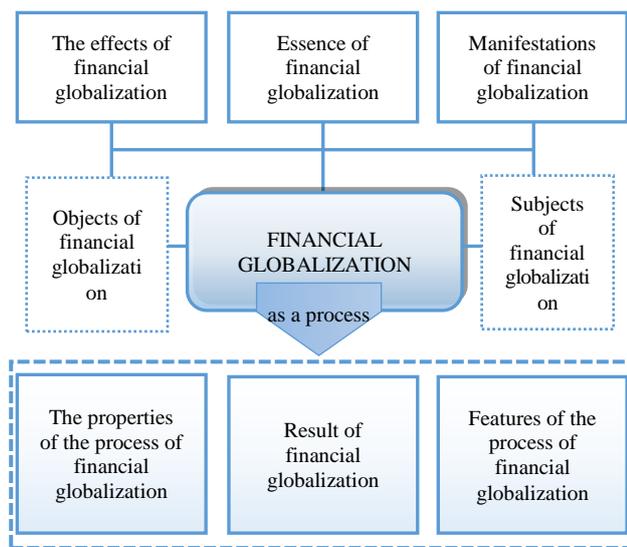


FIGURE 1 Financial globalization: a description from the standpoint of a process approach

Descriptive model of financial globalization requires appropriate methodological framework from the standpoint of the process approach. Such framework includes methods of semantic, organizational and technological approaches (content approaches are revealed in [4]).

Financial globalization, like any process, have result, objects and subjects. It is these components of financial globalization contribute to its multiple systematization as a process.

The objects of financial globalization are:

- international (global) financial market as a whole;

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- market of electronic financial services;
- subjects of international (global) financial market (global companies, multinational corporations, worldwide banks, the central (national) banks of countries, international financial institutions);
- financial instruments that emerged (and emerging) in circulation of buy-sell objects on a world financial markets;
- global information systems;
- global payment systems [5].

A variety of financial globalization subjects led to the emergence and active action of various financial globalization subjects - international institutions (international regional monetary and financial institutions), which are based on intergovernmental relation to ensure that the global financial system and should govern international economic (including monetary and financial) relations of financial globalization subjects and the processes occurring in the global (world) financial market including these objects. It is financial globalization subjects as international institutions objectify the processes occurring in the global financial system and world financial market, directing them to certain vectors and guidelines in the interests of the major participants of the world market.

The activities of financial globalization subjects and effect of their mechanisms of regulation the financial flows in the global financial market could create a threat to Ukraine's security as well as eliminate or mitigate the effects of their implementation. That is, in the broad sense, financial globalization can be regarded as a threat to Ukraine as well as a comprehensive way to protect against other threats to the security of Ukraine.