REVIEW OF THEORETICAL ASPECTS AND THREATS OF FINANCIAL SECURITY

Rousalinov Rousalin
PhD, Fellow
The"D.A.Tsenov" Academy of Economics, Svishtov, Bulgaria
e-mail: rousalin.rousalinov@gmail.com

Abstract
*Globalization has led to a significant change in the way economic and financial processes are carried out on a national and international scale between countries, companies, organizations and citizens from different parts of the world. Among the many changes that have taken place in the field of international finance are the introduction and use of the Internet and information and communication technologies as part of various business processes. At the same time, the issue of ensuring the proper protection of finances is of interest and is extremely important for today's environment. Building on a diverse literature this article examines the main views expressed in the economic scientific literature in the field of "**financial security**". By summarizing the various scientific studies in this area, we will reveal the main characteristics of the concept of **"financial security"**. **The main purpose** of the present paper is to study and review the theoretical bases of the term "**financial security**", to reveal its main characteristics and representations on different levels and on this basis to highlight the main threats that must be addressed in the coming years. **The research area** is the financial security both for governments and enterprises as well. In view of the above the author sets out the following **research tasks**: to outline the aspects, specifics and characteristics of the concept of "financial security"; to highlight current threats to the financial security of countries and enterprises. The complex and interdisciplinary nature of the topic predetermine the use of diverse scientific approaches and methods. The research applies a system of general scientific, theoretical and specific **research methods** - generalizing theoretical knowledge, logical analysis and summary analysis. The method of tabular presentation of characteristics is also used in the current scientific article. When forming the main conclusions of this research and interpreting the results, we used data from official sources for analysis of the considered processes. **The actuality** of the topic of this study is produced on the one hand due to the great importance of financial security for the economy, countries and enterprises, and, on the other hand by the need for further research in this economic and financial area. **The main conclusions and results** could be used to improve the financial security of different entities established in this paper.*

Keywords: *Financial Globalization, Financial Security, Enterprise Financial Security, Threats*

JEL Classification: *F3, F39*

INTRODUCTION

Globalization is one of the most important processes in today's social and economic national and international relations. Globalization is not e new phenomenon and is considered as a free flow of labor, capital and commodities in a very simple manner. It has affected different areas of world economy and the entities operating within it, but due to the specifics of this study, we will focus on one of the most important and key areas for every country, organization, corporation and enterprise in the world the financial sector with the focus on the issue of "**financial security**". The concept of financial globalization refers to the increasing interdependence of financial markets across national economies through a significant increase in transnational movement of financial instruments, services, capital, and information [8, p.5]. Financial internationalization can also be understood as the state and process of the financial activity of an economy participating in the financial activities of another economy across administrative divisions, or vice versa, the core which is "the process and state of financial integration in the world" [12, p.1]. Within the globalizing world economy, a country's financial system is attached to the globalization process of financial institutions which have been contributing to global financial integration [8, p.5]. Globalization and especially "financial globalization" have led to a significant change in the way economic and financial processes are carried out on a national and international scale between countries, companies, organizations and citizens from different parts of the world. Financial globalization appears to be a recent phenomenon, dating from the end of the Bretton Woods System in the tumultuous years 1971 through 1973 and the increasing removal of capital controls by national governments worldwide since the 1970s [4]. It emerged in the seventies and developed during the 80s and the 90s as well.

Since its inception, it has become an ongoing process which is driven by many by many actors such as: governments, international financial institutions and organizations (International Monetary Fund, World Bank, European Union, International Finance Corporation, International Development Association, International Investment Bank and many others), national financial institutions, monetary authorities, private investors, banks and enterprises. As a result of the financial globalization world economies became more tightly integrated, which led to other changes in the field of international finance such as:

- increase in economic and financial interdependencies;
- creation of a global financial market;
- creation and dominance over the global economy by multinational corporations;
- creation of the intellectual services sector;
- intensification of activities conducted by international economic organizations;
- removing of borders in the field of international monetary relations;
- development of new technologies;
- access to a new domestic and foreign markets;
- expansion of off-shore companies;
- rising cross-border capital and payment flows;
- elimination of other boundaries in financial sector;
- increasing share of cross-border holdings of assets;
- rapid progression of foreign trade;
- establishing new rules and regulations among the many participants in the different operations;
- intense competition in different areas;
- increase intensity of foreign direct investments (FDI);
- market integration became more easily;
- many others.

Over the decades, the world has witnessed massive growth in financial markets both in terms of their scale and scope. The world financial assets - or the value of equity market capitalization, corporate and government bonds, and loans - grew from around $12 billion in 1980 to $206 trillion in 2007 [18, p.2]. Financial depth, which measures those assets relative GDP, rose from 120% to 355% of global GDP over the same period [18, p.2]. Another statistic shows that the average daily turnover of the foreign exchange market more than doubled from $1.5 trillion in 1998 to $3.2 trillion in 2007 [7, p.68]. The world of international finance is global, filled with opportunities for financing, investing, business combinations and currency dealing [20, p.5]. The economic developments during the last decades show a growing importance of services for both developed and developing economies [32, p.273]. Financial products and services became vital for survival of different entities, businesses on national and international scale.

Financial world is constantly changing due to the fast-growing use of different technologies. In the European Union alone, financial sector is the largest user of digital technologies and plays a major part in the digital transformation of the Union. Continuous modernization of the global financial sector since the beginning of this century is one of the other outcomes from the globalization and internationalization processes. This is helping not only countries, but enterprises across the world to achieve more economic and financial stability and growth. It influences and has a beneficial effect on national, regional and global economic interactions, partnerships and cooperation for the development of global market spaces. The advancement of digitalization and computerization resulted in growing use of computers, laptops, mobile devices and networks for managing various financial operations during the different parts of the day. It is considered that these technologies are the main vectors and drivers of globalization in the financial sphere. Over time, they have facilitated access to resources, strategic partnerships, knowledge, advanced technologies and increased business opportunities on the international markets [23, p.80]. For example, today there are financial markets that are working around the world without a break (for 24 hours) - financial transactions, deals, investments and many other operations are finished much more quickly than before the time of these technologies were introduced to the business world environment. Advances in information and communication technologies have made it a lot easier for market participants and countries to collect, store, process and send information, documents and data they need to manage, monitor, analyze financial risk and to manage large sums of transactions spread across international financial centers throughout the globe. Another advantage is that as a result of all of this processes cross-border financial deals have become both easier and more secure and with a lot more participants than ever before, effectively lowering the barrier constituted by distance, be it determined by geography or other factors. Modern information technology is one of the hallmarks of the knowledge economy [10, p.22]. It is the most permeable, most widely used, most efficient, and most rapidly developing high-tech [10, p.22]. Internet finance have become one of the most used methods for different financial operations such as: financing, transaction payment and financial intermediary. It has two main characteristics. First, relying on big data, cloud computing, search engine and other network technologies, it carries out multi-dimensional collection of financial data information, mining customer information through data analysis, and realizing in-depth use of data [14, p.486]. Second, in this field a large number of big data platforms are used for data cleaning, data mining and analysis, and the processing results are more widely used, risk control data measurement, and assist business precise promotion activities [14, p.485]. There are number of studies that shown the importance of digital technologies for today's finance world. For example, around the world, digital lending companies are emerging and growing. They offer digital loans through mobile phone apps or via websites, including those that are optimized for mobile [24, p.1]. According to IMF digital financial processes have grown in recent years. Digital lending to SMEs and to individuals via online platforms, grew by 57% from a combined value of $143 billion in 2017 to $225 billion in 2019 [15, p.3]. The number of digital loans grew from 53.2 to 62.6 million between 2017 to 2019 [15, p.3].

Financial globalization also leads to a change in economic models, policies, strategies and activities of governments and corporations in our internationalized environment. Other benefits include more intensified competition between the different entities, introduction and implementing new financial products and services, the opportunity to restructure or reposition a weakly-performing financial institution or business unit, creation of new multinational companies, creation of new classes of non-bank financial institutions, creation and adaptation of new sets of rules and regulations and many others. Financial globalization has brought considerable benefits to national economies, national and international corporations, investors and savers, but it has also changed the structure of markets, creating new risks and challenges for market participants and policymakers. One of the main challenges of financial sector nowadays is the area of "**financial security**". It is a topic of vital importance for governments and enterprises especially in today's complex economic and political environment. In addition, the issue of financial security and how it affects the development of countries and companies is crucial if we want to know how governments and enterprises control this problem. That is why we focused on the topic of financial security, because along with the increasingly advanced integration of financial processes, this is an increasingly pressing problem to be solved. The issue of ensuring the proper protection of finances is of interest and is extremely important for today's environment. **The main purpose** of the present paper is to study and review the theoretical bases of the term "financial security", to reveal its main characteristics and representations on different levels and on this basis to highlight the main threats that must be addressed in the coming years. **The actuality** of the topic of this study is produced on the one hand due to the great importance of financial security for the economy, countries and enterprises, and, on the other hand by the need for further research in this economic and financial area. The research area is the financial security both for governments and enterprises as well. In view of the above the author sets out the following **research tasks**:

- to outline the aspects, specifics and characteristics of the concept of "financial security";
- to highlight current threats to the financial security of countries and enterprises.

1. IMPORTANCE OF FINANCIAL SECURITY FOR TODAY'S GLOBALIZED WORLD

Financial security has a significant economic importance to countries, companies and people all over the globe. The globalization that took off since the second half of the last century broad an unprecedented growth in the events happening at international political and economic arena. It's one of the main drivers for the condition of financial security and the state of financial systems. Today the contemporary world is basically a global environment. This means that the world is very closely connected, and the actions of some entities depend upon the actions taken by the other entities. This can have a positive or a negative effect. For example, a positive effect are the creation and establishment of the use of millions of connected devices across the globe through the use of internet (computers, laptops and mobile phones) on the one hand and on the other the financial crises started in one point of the world and affected all participants in it. In nowadays no economy can be fully independent on its own. The constant transformation of the global economy and its constantly structural adjustment is the source of new threats to the development of economic systems. A large part of them has a financial origin given the account the importance and increasing role of financial relations across the globe. The development of an international economy and the expansion of world economic and financial relations create new specific challenges to the economic security for governments and national and international entities. One of the main parts of the economic security of each country and enterprise is the "**financial security**". It is one of the main factors for competitive and sustainable development of each country and corporation in our globalized world. The high level of "financial security" both at state level and at the level of business entity is a condition of its economic and social development and is a guarantee of a strong position at the global economic arena. At the same time "financial security" is extremely vital for the different business as well.

There aren't a country or entity in the world that can effectively implement its domestic or foreign policies without integration of financial policy with its economic interests. One of such interests in the period of economic instability and crises in different areas including the financial ones even in the most development countries are by the provision of financial security at different levels. In the ecomic and financial literature the issue of "financial security" is view on different levels, but for the purpose of this paper we will closely analyze the two main ones – "countries financial security" and "enterprise financial security".

2. THEORETIC ASPECTS OF FINANCIAL SECURITY – DEFINITIONS, TYPES AND THREATS

Financial security in the economic, financial and scientific literature is analyzed from different points of view, but the two most important ones are the "financial security of countries" and "financial security on enterprises". In this section of the paper we will analyze both of them and we will reveal the main views about what is behind the interpretation of these two terms, as special attention is given also to their main characteristics, factors and most importantly their threats.

2.1. FINANCIAL SECURITY OF COUNTRIES (STATES)

Given the relevance of this issue for today's world in the modern scientific literature, one can find numerous scientific papers devoted the definition of the concept of "financial security". In the scientific literature the term "financial security" on a country level is viewed as one of the most important components of the state's economic security in a market economy. In the modern and connected world, that we all live in, the problem of financial security is one of the most important and urgent ones for the development of countries. It is a complex concept that consist of different elements. As scientific category financial security, can be analyzed on three basic levels (tab.1). One key characteristics of countries are that national governments are major borrowers on both the domestic and international capital markets [31, p.2383]. This is very important when we analyze financial security as well and we have to know it.

Table 1. Main types of financial security

Nano financial security	This is the financial security of the citizen or individual of each country.
Micro financial security	This is financial security of economic entities (firms, companies, enterprises or others).
Macro financial security	This is the financial security of different countries or states.

Source: [29, p.11]

According to Natalia Zachosova the term "financial security" of the country means the ability of the mechanism of management of the state financial system to guarantee the maximum level of satisfaction of national and private financial interests, avoiding the conflict between them [29, p.4]. In order for a country to be competitive on a global scale, to have a strong national security and to attract more foreign investors it has to have a very good financial security. Another view of "financial security" is that it is such a state of financial resources and capabilities of the country, which are formed in its financial system or are attracted from the outside, which allows to ensure the implementation of national financial interests and financial interests of citizens and business entities by guaranteeing its protection against external and internal threats that can interfere with their efficient use (resources and capabilities) in various segments of the financial system [29, p.8].

In addition to that understanding of this concept we find another very broad one in the article made by Galina Pochenchuk. According to her this economic and financial term have to be understood as conditioned by the ability of public authorities provide sustainability of national financial-economic development and payment-settlement system, observance of basic financial economic parameters of national economics, optimal allocation and rational utilization of budgetary resources as well as by the ability to make external borrowings optimal for the national economy and effectively utilize them, neutralize the influence of financial crises and deliberate actions of international (states, TNC, interstate formations) and national (clannish-corporate, mafia structures) economic agents on the national economic and social-political system, prevent the outflow of capitals abroad, crimes and administrative delinquencies in the financial area [19, p.32]. It highly depends on how efficient are the policies of governance and their implementation by its institutions, firms and citizens. It is the state of national financial system where necessary financial conditions for the stable social-economic development of the country are created, its sustainability to financial shocks and disbalances is provided, conditions for maintenance of its integrity and unity of national financial system are created [19, p.33]. Dmitriy Bezzubov define the financial security as part of the national security, which forms the economic direction of countering threats and dangers in the sphere of economics and finance [1]. It is vital for every country, because it is a condition for its ability on the one hand to carry out independent economic and financial national and international policies, and on the other they have to be in the line with its own national interests. Studying different publications, articles, books and researches on the topic of financial security we find out that it is a vital part and element of countries national security as well and has a significant impact on the level of economic growth in the country. It is also a key factor for the security of every person. It is multifaceted phenomenon: first it is a component of economic security, and, second, it is a subsystem of national security [11, p.305]. At the same time, financial security is a complex multi-level system, which is formed by several subsystems, each of which has its own structure and logic development [11, p.305].

Financial security is defined also as a whole range of legal regulations and self-regulation aimed at ensuring financial stability and protecting the interests of market participants using financial intermediaries, as well as all institutions responsible for controlling compliance with these regulations and self-regulation [17, p.48]. On the next table we systemized other approaches than are used when defining this economic term. They are important in order to understand its main characteristics (tab.2).

Table 2. Main approaches for understanding the term "financial security"

Approach	*Essence of the approach*
Classic (traditional)	Financial security is the state of the financial system, the level of financial resources and the level of protection against financial dangers and their consequences
Systemic	Financial security is a system of elements aimed at ensuring the implementation of financial rights and obligations of participants in financial relations
Focusing on the interests of stakeholders	Financial security is the ability to achieve the maximum satisfaction of financial interests of all categories of security object stakeholders
Resource	Financial security is the availability of sufficient financial resources of the same quality that meets the financial needs of the security object and allows to finance the fulfillment of the achievement of the goal of creation and functional tasks and to ensure sustainable development in the long term
Multi-level (structural)	Financial security is a component of a higher order system – economic security that has a complex structure and encompasses several levels of subsystems
Risk-oriented (threat-oriented)	Financial security is a successful result of taking measures to manage financial risks; the safety of the financial condition of the security object from the negative impact of external and internal threats and risks.
Complex	Financial security – a set of measures aimed at ensuring the stability and functional capacity of the pre-formed financial security system
Mixed	Combines the basic provisions of all or several of the following approaches

Source: [29, p.12-14]

Another very important vision of national financial security is that it is defined as the state of the economy, which ensures the formation of sufficient financial resources of the state in the volumes necessary to fulfill its tasks and functions with appropriate control over their legal formation and expendituresb [25]. When interpreting what financial security is for countries it can be seen as the main condition for the ability of the state to carry out independent financial and economic policies in accordance with its national interests or the state of the economy, which ensures the formation of positive financial flows of the state in the volumes necessary to fulfill its tasks and functions [25, p.161]. It can be defined also as the state of financial relations in which acceptable conditions and necessary resources are created for expanded reproduction, economic growth and growth of the population's well-being, stability, preservation of the integrity and unity of the state's financial system, and for successful opposition to internal and external factors destabilization of the financial situation in the country [25]. It's important to outline that, when we are analyzing the financial security on a state level from a theoretical point of view, the review of the development of financial systems allows us to identify **two principal sources of state revenues**: **taxes and loans** [30, p.5]. Theoretically, the use of loans is expressed as a specific movement of money among the state, companies, banks, financial institutions and households – a movement that is associated with the activities of governments as borrowers of monetary capitals [30, p.5]. Financial security of the state consists of different elements or components **such as**: monetary security, security of the banking system, debt, budget and currency security, tax security, foreign exchange rate security, security of the insurance services market, security of the stock market and investment security. On the next Table we outline the main characteristics of these very important economic elements (tab.3).

Table 3. Main elements of state financial security and their definitions

Elements of state financial security	*Definitions*
Budget security	The ability of the budget system to ensure the financial independence of the state and the effective use of its budget funds in the process of performing its functions.
Debt security	Is a level of internal and external public debt that provides an effective solution to the general needs of the state and ensures its relative independence, the possibility of repayment of the principal amount of debt and interest without threatening the loss of sovereignty, solvency and credit rating.
Tax security	Determined by the effectiveness of the tax policy of the state, which should optimally combine the fiscal interests of the state and individual, corporate interests of taxpayers, or provide the state with such volume of tax revenues that is optimally necessary in accordance with the requirements of the proclaimed economic doctrine.
Monetary security	Is a state of the monetary system characterized by the stability of the monetary unit, the availability of credit resources and the level of inflation that provides economic growth and increase real incomes.
Security of the banking system	Is the ability of the banking system to secure the financial independence of the state in a stable and secure manner, to effectively perform its functions, to preserve from excessive depreciation and to use the financial resources of the country rationally to ensure its socio-economic development and maintenance of financial obligations.
Investment security	The level of investment that allows state optimally meet the current needs of the economy in capital investment by volume and structure, taking into account the effective use and return of the funds invested, the optimal balance between the amount of foreign investment in the country and domestic investment abroad, maintaining a positive national balance of payments.
Security of the insurance services market	The level of insurance companies' financial resources providing them with the opportunity to compensate losses if necessary and to ensure a stable financial position of the market participant and its efficiency and strategic development.
Security of the stock market	The optimum volume of its capitalization that is capable of providing a stable financial position of issuers, owners, buyers, trade organizers, traders, joint investment institutions, registrars and the state as a whole.

Source: [22, p.227]

We outlined that there are also other elements for the financial security of states **such as**: non-banking financial security sector, food security, social security, energy security and demographic security. They are as important as the ones that are established above. As we can see financial security is a complex concept. We found different explanations of the term in order to understand its main characteristics. We also highlight its main elements which are very important for every country in the world. In order to fully understand this economic concept, we have to present its main threats. In the scientific literature the main threats which are threatening the financial security of the states are divided in two main groups internal and external (tab.4).

Table 4. Internal and External financial security threats

Internal threats	*External threats*
• Security of the financial system; banking system; financial markets; • The appropriate level of indebtedness of entities (cash and credit security); • Security of public finance; • Ineffective regulation of the financial sector; • Insufficient level of gold and foreign exchange reserves; • Reduction of investment and innovation activity; • The imperfection of the tax system and tax evasion; • Budget deficit; • Shadowing and criminalizing the economy and in particular the financial sector; • Condition of the state securities market; • High level of corruption; • Illegal outflow of capital from the country; • Large amounts of public debt; • Underdevelopment of the financial and insurance markets; • Low level of capitalization of the banking system; • Trade balance • Balance of primary incomes	• Changes in the balance of payments; • Foreign debt; • Official reserve assets; • Political instability in the country; • High level of internal and external debts; • Permanent deficit of the state budget; • High level of inflation and shadow economy; • Deep dependency on foreign creditors; • Changes in the conditions of foreign trade and world prices; • Growth in financial debt and increased value from foreign loans; • Increased competition in world markets; • Rapid progression of globalization;

Source: compiled by the author[1]

Financial security is a country's ability to resist various internal and external threats and attacks within financial development, ensure the financial system and financial sovereignty are not violated, and enable the financial system to maintain normal operations and development [13, p.19]. In order for a country to avoid or reduce the risk of the existence of these or other internal and external threats to its economy it must develop very good strategy. The strategy should include specific goals and objectives for ensuring financial security of the country to be on the one hand in accordance to its economic and social development in short and long term, and on the other to be in line with the country's international goals in order to formulate an effective mechanism to counter the financial security threats. We have to say that external and internal financial security threats are the

[1] *Note: The table is created by the author and the information in it is summarized from different official resources (published articles which are shown in references section of this paper).*

most important groups, but there are others. According to Natalia Zachosova they are: **by the nature of occurrence** (political; criminal; competitive; economic; market and technological); **by duration of action** (permanent and temporary (short, medium and long-run)); by nature of origin (macroeconomic trends; force majeure circumstances (political crises, military actions); low level of efficiency of financial system regulation; changes in legislation or its lack in certain issues; ineffective pricing policy; non-compliance with economic and prudential standards; low quality of financial products and services; money laundering and many others [29, p.58-59]. Each of these threats and the level of financial security of the states and neutralize them can be very hard thing to do. Countries have to use variety of methods which can give different results based on the quality of the measures that are taken. Every country uses its own methods which reflect on the development of the financial system.

In summary of this chapter of the paper we can say that financial security is very complex economic term. National financial security requires solving of a wide array of issues which all depend on the current circumstances on the domestic and global scene. The level of financial security of a country is an important characteristic that reflects the state of its financial system. The level of financial security of a country is an important characteristic that reflects the state of its financial system. Financial security depends on many factors, which can vary significantly, because countries have different economic development. It is also a vital part of the country's national security. The activities on the financial security of the state involve all entities: individuals, legal entities and state itself. The financial security of the state is one of the most important condition for its ability to carry out independent financial and economic policies in line with national and international interests. The security of any economic system depends on the influence of many factors of external and internal environment of its functioning, which define the parameters of the overall economic development system as a whole.

2.2. ENTERPRISE FINANCIAL SECURITY

In the modern world that we all live it is impossible to exist without finance, financial relations, and enterprises. Enterprise financial security plays a big part for the development of every country in the globe. Enterprises are the drivers of the global economy. They are the key and backbone to the economy of various countries. Their impact and contribution to the growing number of employments, trade and production of different products is very well documented in countless studies in the form of reports, articles, books and dissertations. Their development and growth depend on the access to finance from different resources that are provided by the governments. It is a major hurdle in their development. One of the largest groups of enterprises in the world are the Micro-, Small and Medium enterprises (MSMEs). According to data provided by the United Nations (UN) on a global scale formal and informal they make up over 90% of all firms and account, on average, for 70% of total employment and 50% of GDP [26]. These types of enterprises are responsible for significant employment and income generation opportunities across the world and have been identified as a major driver of poverty alleviation and development [26]. Only in the European Union there are around 23 million small and medium-sized enterprises (SMEs) in the 27 Member States. They collectively employ nearly 100 million people, make-up more than half of EU's GDP and play a key role in adding value in every sector of the economy. They represent a significant part of the private sector. Around 99% of all European companies are part of this group and are very important not only as engine of job creation, but for the increasing of innovation, competition, prosperity, as well as economic and technological sovereignty and resilience to external shocks of EU. In the EU SMEs provide two-thirds of total employment in the Union [9, p.5]. They're variety is huge, from innovative and fast-growing companies that provide or use digital solutions, to those that face significant challenges such as acquiring the necessary skills to benefit from digital technologies [9, p.5]. They represent and are part of various sectors such as: chemical production, electronics, agriculture, construction, coal and oil production, food industry, manufacture of tobacco products, production of clothing and many others. In modern conditions, they have to deal with a number of challenges and a lot of them are in the field of "financial security". Every business micro, small, medium or large depends to a large extent on the positive results of their activities, which cannot be achieved without proper financial security. The essence of every business is described by the principles which govern its activities – the ability to generate profit, its functioning in the conditions of risk, and entrepreneurship [16, p.3]. The characteristics of a company's activities, being its targets, include innovativeness, effectiveness, development and value creation. In the process of achieving these objectives, a company is subject to the influence of the environment and the internal processes which it consciously creates, how it manages them.

In the scientific literature the term "enterprise financial security" has different interpretations by the scientists. According to Vitalina Delas, Euvgenia Nosova and Olena Yafinovych enterprise financial security can be defined as financial position of enterprise that is characterized by the balance of financial interests and the ability to ensure their implementation; resistance to the negative impact of internal and external threats of company's environment; and the ability to provide financial equilibrium and sustainable financial stability of the enterprise in the short and long run [6, p.253]. Another view of this concept is that it is considered as the dominant component of the economic security, on which depends the effective financial and economic activity of the business entity [21, p.232].

Financial security of business entities is part of state's financial security. The main reason for that is because companies creates added value which forms the GDP at the state level. In addition to that enterprises are major taxpayers, which influence the formation and level of revenue of the countries on national and local level. It is very important for any type of company from small to large. Another view of this term is that it is a condition where firms have necessary resources in the face of possible risks and dangers that they have anticipated [5, p.299]. In this sense, financial security is a very important factor that should be effectively managed by firms because lack of resources can cause many negative situations. Financial security of the enterprise can be defined also as a constituent part of economic security of the enterprise, which defines the process of development of the enterprise on the basis of certain financial resources, sufficient structure of the capital, which is used by the company, compliance with the targets and missions on the basis of the level of the internal and external threats, certain factorial influence in the changeable current and future periods of development [2, p.251]. A we already established there are numerous scientific views of this concept that can be found in the economic literature (tab.5).

Table 5. Definitions of the term "enterprise financial security"

Author	Definition
Baranowski A.	Degree of defendance of financial interests at all levels of financial relationships or level of financial resources support which enough to meet enterprise's needs and to fulfill existing obligations.
Blank I.	Quantitatively and qualitatively determined level of financial position of the company, which provides a stable security of its strategic and balanced financial interests from identified real and potential, external and internal threats, parameters of which are determined on the basis of its financial philosophy and which are creating the necessary preconditions of financial support of its sustainable growth in the current and future periods.
Vankovych D.	The company's financial security is an absence of financial danger to the enterprise, successful management of its operating, financial and investment activities.
Goryacheva K.	It is a financial position of the enterprise which can be characterized: firstly, by balance and quality in a set of financial tools, technologies and services used by the enterprise; secondly, resistance to external and internal threats; thirdly, the ability of financial system to ensure the implementation of the company's financial interests, goals and objectives with sufficient financial resources; fourthly, to ensure the development of the entire financial system.
Melnik L.	Financial security is a component of internal economic security of enterprise which linked with ensuring of its financial stability and financial risk neutralization. It isn't an independent object of management.
Muntiyan V.	It is a state of the most effective use of information, financial indicators, liquidity and solvency, return on equity, which are within its limit values; quality of management, use of fixed and current assets, its capital structure, norms of dividend payments on securities and market value of its securities as a synthetic indicator of the current financial and economic standing of the company and prospects for its technological and financial development.
Papehin R.	The ability of company to design and carry out financial strategy in accordance with the general purposes of corporate strategy in an uncertain and competitive environment.
Pokropyvnyy S.	Financial component is considered to be a leading and crucial among all other functional components of economic security (financial, intellectual and human resources, technical, technological, political, legal, informational, environmental, power), because finances is an "engine" of any economic system under market conditions.

Source: [6, p.253]

Considering the definition of the company's financial security, given by different scientists, we can identify the key characteristics of that category. **First**, it is part of the economic security of the enterprise. Economic security of economic entities is the state of the most effective use of their corporate resources – own, borrowed and involved, in conditions of influence on their quality and integrity of external and internal threats in the process of realizing the economic interests of the entity itself and all categories of its stakeholders [29, p.54]. **Second**, it helps firms to their efficient activity on the market they operate in. **Third**, provides a stable security of its strategic and balanced financial interests from external and internal threats. **Fourth**, it allows enterprises to identify problem areas in enterprise's activity at early stages. The **main goal of the financial security of every enterprise** is to provide the most stable and efficient current existence of the company in present and to ensure a high potential of its development and growth in the future [6, p.254]. In order for an enterprise to have a high level of financial security it must have a very specific goals that must be followed by each structure in the company. In the next table we provide information how this can be done by the different management areas in the company (tab.6).

Table 6. Management of financial security on an enterprise level

Areas of management activities	*The task of providing financial security*	*Influence on financial security*
Financial management	Search for sources of financial resources and their effective use to secure financial autonomy.	Identification of unprofitable, idle assets.
Risk Management	Identification, assessment of financial risks and formation of measures for their minimization and counteraction to their consequences.	Assessment of liabilities at the level of risk, the formation of a secure structure of liabilities.
Human Resources Management (HR)	Ensuring the reliability and loyalty of the staff that has access to financial data and makes decisions on the areas of financial and investment activity.	Identification of risks, compensation of financial consequences of their influence.
Innovation management	Attracting innovations to improve the financial security system, assessing innovation risks.	Observance of normative values of liquidity indicators.
Manage changes	Assessment of potential threats from introducing changes, forecasting their positive consequences for the level of financial security.	Compliance with normative values of indicators of financial stability.
Investment management	Assessing the appropriateness of investments from the point of view of their impact on the state of financial security.	Determining the minimum size of capital to maintain financial security, assessing its value from different Sources.
Anti-crisis management	Counteraction to financial manifestations of crisis phenomena.	Support for incoming financial stream level higher than outgoing.
Strategic management	Establishing strategic guidelines for security oriented financial development.	Minimization of losses from the actions of competitors, counteraction to industrial espionage.
Marketing management	Support of solvent demand for goods and services of an entity.	Support of the financial security of the branches, separate structural subdivisions.
Information management	Increasing the level of trust in the company by ensuring information transparency of financial data; preventing the use of insider financial information for other purposes.	Minimizing the level of financial debts, monitoring the timeliness of settlements.
Sanitation management	Search for financial resources to take measures to minimize the threat of bankruptcy.	Take measures to prevent loss of profit, its failure to receive or ineffective use.

Source: [29, p.56-57]

Financial management of every enterprise plays and important role in ensuring financial stability and security in short and long run periods of time. It’s one of their main activities in order for the enterprise to be successful, to achieve its goals and to be better than its competitors on the market or markets their operate in. Its primary goal is to use, distribute and control the financial resources in most effective way. There are curtain objectives that must be achieved by the structures of the company. For example, they can be [21, pp.232-233] :

- ensuring financial stability and independence;
- ensuring high efficiency of financial and economic activity;
- achievement of high competitiveness in the market of goods, works, services;
- ensuring high liquidity of assets and raising the market value of the enterprise;
- support for the appropriate level of business activity and image;
- formation of information security and business secrets;
- effective organization of security of own capital and property of the enterprise.

In order for enterprises to have high level of financial security curtain steps must be applied in this process [33, pp.164-165] :

1) Monitoring of financial security – implementation of this measure involves collection, analysis, evaluation and prediction values of indicators of enterprise financial condition;
2) Definition of strategies and measures to prevent the action of threats to enterprise financial security – determination the ability of the enterprise to counteract threats on the basis of strategic analysis, evaluation the ability of companies to accumulate their own and borrowed resources to prevent crises, develop and evaluate measures aimed to leveling risks and threats to financial security during this stage;
3) The implementation of strategies and measures to prevent and neutralize threats of internal and external environment on the level of financial security.

In addition to that there are other steps than can be implement by the enterprises like: *planning measures to protect the financial resources of the enterprise and its customers; diagnosis of the level of financial security (low or high); determination of the list of areas of financial activity that need to be optimized; develop measures to improve the level of the lowest financial security indicators; budgeting and fundraising security-oriented activities; implementation of a two-tier mechanism for financial security management: strengthening the level of financial resources of the institution to achieve its financial goals and enhancing the level of protection of financial assets of clients to ensure their financial interests; comparative cost analysis for security-oriented measures and the size of the prevented damage from the impact of financial threats, hazards and risks; diagnostics of the level of financial security after the taken measures (low or high); review of strategic benchmarks for financial security* [29, p.69]. When analyzing the enterprise financial security on a company level, we have to know that there are certain types of threats that they have to manage. There are many groups of threats that can affect the company's development. For example they can be: ***internal*** *(consisting of forces and factors related to organizational structure, economic capacity, geographic boundaries of company's activity, finances, management and marketing);* ***external*** *(which consists of the factors which the company interacts with);* ***permanent*** *(they affect the company's activity constantly (scientific and technical progress, the quality of informational support, energy and environmental issues, state and interstate regulation, exchange rate and monetary system, etc.) and* ***temporary*** *(they affect the company's activity within limited period of time (seasonality, political and social conflicts, natural disasters)* [6, pp.257-258].

Threats also can be classified in other groups such as: ***depending on the subjects***: threats from unfair competition; threats from the buyers; threats from other contractors; threat caused by the employees; threats from criminal organizations; threats caused by the actions of State officials and local authorities; ***ability of realization:*** real and potential;

depending on the object of attacks: financial and informational; ***forms of manifestation:*** quantitative threats (associated with underfulfil of plans deterioration in the financial position and payment discipline and qualitative threats (related to changes that can't be quantitatively measured, namely the financial crisis, bankruptcy, corporate conflicts, falling market, freezing of bank accounts, closure of foreign markets) [6, p.259]. Of course, they can also be divided into other groups which are presented on the next table (see Table 7). There are different external and internal threats according to the type of enterprise. For example external threats can be divided into: ***budget and tax (increasing fiscal pressure on an industrial enterprise; instability of fiscal legislation); credit (increase in interest rates on loans; financial market instability); insurance (increase of insurance tariffs; delays in insurance payments; insurance fraud)*** [9, pp.59-60]. There are also different internal groups of threats such as: ***cash (decrease in sales revenue; lack of own working capital; violation of the organization of saving money) and stock (sub-optimal distribution of profit between consumption by owners and reinvestment of it in the assets of the enterprise; inefficient dividend policy of an industrial enterprise)*** [28, pp.59-60].

Table 7. Types of enterprise financial security threats

Sources of threats	*Possible ways to diversify the risks of negative scenarios*
Internal and external: conscious/unconscious actions of officials or subjects (state or municipal authorities, counterparties/competitors, international organizations)	High management efficiency, development of the corporate governance system, optimality of the enterprise organizational structure
	Ensuring a high level of education and qualification of staff
	High-quality legal protection of all aspects of the enterprise
	Enterprise staff security, its capital and property, commercial interests.
External: a combination of circumstances: the financial situation on the market for the sale of products of this enterprise, scientific discoveries and technological developments.	High competitiveness achievement due to technological independence.
	Ensuring environmental safety through minimizing the destructive impact of production results on the state of the environment.
	The information field and commercial secrets protection.

Source: Reshetnikova, N., Magomedov, M., Buklanov, D., Zakharchenko, E.(2019). The international business cooperation and its influence on enterprise financial security under globalization, p.299

Internal threats can be divided on the following subgroups: ***competitive*** *(stage of the enterprise life cycle; certain traditions, reputation and image; market share);* ***organizational*** *(enterprise pattern ownership; organizational form of production; enterprise adaptation to the external environment; specialization and concentration form of production; diversification of production; absence or inefficiency of financial planning and control);* ***financial*** *(balance sheet structure, efficiency of asset and capital management*; *risk level of the funding policy; balance of cash flows; policy effectiveness of profits use; diversification of financial activities; risk level of financial investments portfolio; profitable level of investment projects; amount of reserve and insurance funds; effective work with customers; efficient credit policy of the company;* ***marketing*** *(matching of marketing strategy and market policy; product portfolio policy; pricing policy; competitive level of products; the effectiveness of marketing communications; effectiveness of marketing policy; level of marketing costs)*; ***innovation*** *(low level of innovation activity; progressivity level of production tools; level of product resource intensity; lack of diversification of production);* ***information*** *(perception and search for new information; ability to synthesize and analyze data; ability to draw conclusions and to retain* *information*); ***related to resources*** (*satisfied technical and technological level of production; depreciation of fixed assets; level and structure of costs; capacity utilization; work-cycle time; level of inventories; level of working capital*).

External threats are also divided in different subgroups such as: **international** (*level of cyclical economic development; development of international marketing; profitability of international agreements; transforming process in the banking system; decisions or actions on the part of individual foreign States (the economic blockade, embargo*); **national** (*financial system status; efficiency of economic legislation; political stability; efficiency of the development mechanisms of the country economic policy; level of financial and economic policy of the country; footprint of economic crime and corruption; level of tax rates; currency fluctuations; inflation; national currency stability; favorable investment climate; development of the financial infrastructure; availability of natural resources; energy dependence; effectiveness of the implemented reforms; level of fundamental legal principles of entrepreneurship; level of regulation of the currency and customs policy; efficiency of statutory instruments of monetary and fiscal policy*); **market** (*variations of consumer choice; skills, traditions and norms of consumption; cultural consumption values; development of scientific and technological progress; technical and technological structure of domestic enterprises; competitive level of domestic products; level of production costs; quality level of raw materials; availability of credit resources; inflation level; level of export and import policy; efficiency of regional business policy; product quality level (product manufacturing according to the state standard requirements) and domestic markets enthusiasm as for other countries producers*). As we can see there are a lot of factors that are influencing the development of an enterprise. We can say that one of the most important ones are the level of efficiency of financial or economic policy of the country, political stability, crises in other countries and many others. All of the factors above are very important and in some way are contributing to the success or failure of the enterprise on national or international scale. There are methods and indicators that are used for assessing the financial security of an economic entity (see table 8).

Table 8. Financial and non-financial indicators for measuring enterprise financial security

Financial indicators	*Non-financial indicators*	
	Indicators of production	*Social indicators*
Total expected sales	Production dynamics	Wage arrears
Actual and necessary amount of investments	Capacity utilization rate	Loss of working hours
Innovation activity level	Rate of renovation of fixed assets	Human resources structure
Level of profitability of production	Level of congestion for a certain time	Existence of a corporate social responsibility
Capital productivity	Share of production in GDP	Level of remuneration of labor in relation to the average indicator for industry or the economy as a whole
Arrears (receivables and payables)	Assessment of competiveness	
Share of own sources of financing of working capital, materials, energy carriers for production	Structure and technical resource of the fleet of machinery and equipment	

Source: Reshetnikova, N., Magomedov, M., Buklanov, D., Zakharchenko, E.(2019). The international business cooperation and its influence on enterprise financial security under globalization., p.304

In summary of this chapter we can as that financial security is one of the most important elements for the development of the companies around the world. There is no single definition accepted in the scientific literature, but there is agreement on its main characteristics such as: it is part of the economic security of the enterprise, the level of enterprise financial security depends on internal and external threat and factors and is a component of the financial security of the state. In order for the enterprise to be successful it has to have a very good management that knows the elements of the financial security and the methods how to protect and develop the enterprise.

CONCLUSIONS

The following conclusions can be drawn as a result of the study carried out. **First**, the system of financial security has been and will continue to be an actual object for scientific research. We found out that there are different papers, articles and books written on this subject from authors across the globe. **Second**, financial globalization has become an irreversible trend and feature of world financial development will depend even greater of this process. It is a process that will continue to affect the development of the countries and enterprises. **Third**, technologies are transforming the financial sphere creating new opportunities for widespread financial inclusion. **Fourth**, financial security as a scientific category is a complex concept and is analyzed in two main levels *macro* (*financial security of the countries*) and *micro* (*enterprise financial security*). To date, the scientific literature proposes many approaches to studying the level of financial security of countries and enterprises. In order to understand both terms we outline that there are differences, because each of them has its own specificity and characteristics that should be reflected when analyzing them. **Fifth**, the threats presented in this article are very important for the development of the economic entities. Overcoming them is a complex process and requires ongoing and wide-ranging cooperation between the governments, international institutions and organizations and the industry and enterprises itself. **Sixth**, the financial security of countries and enterprises depends on the influence of many factors of external and internal environment of its functioning, which define the parameters of the overall economic development system as a whole: its stability, sustainability, progressiveness and competitiveness. The level of financial security for countries and enterprises as well is one of the most important condition for its ability to carry out independent financial and economic policies in line with national and international interests.

In future the problem financial security will become even more important with the increasing use of digital technologies in various financial procedures and processes. It is a vital part of the financial progress and success of the economic entities. Financial security is an issue that must be approached holistically considering all the actors involved, using the many technical and legal tools available, developing new ones if needed, and always seeking cooperation in order for better protecting from its disadvantages. Financial security will also be among the main priorities when making various decisions and overcoming the main threats in this area will require joint efforts and close cooperation between countries and enterprises worldwide and is the only way for their continues and positive development.

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