



Nataliia PARIIEVA

PhD in Economics, Associate Professor, Odesa Polytechnic National University

ORCID: <https://orcid.org/0000-0002-9979-7376>

e-mail: n.a.pareva@op.edu.ua



Oleksandra PARIIEVA

PhD in Economics, Associate Professor, Odesa Polytechnic National University

ORCID: <https://orcid.org/0000-0002-8700-4033>

e-mail: a.a.pareva@op.edu.ua

THE INFLUENCE OF THE ORGANIZATION OF THE NATIONAL CURRENCY SYSTEM ON THE INVESTMENT CLIMATE IN UKRAINE

The paper examines important aspects of the influence of the organization of the national currency system on the investment climate in Ukraine. The authors consider the functions of the national currency system, including control of international settlements, management of the foreign exchange market, participation in international relations and provision of favorable conditions for economic development. Special attention is paid to the influence of the organization of the currency system on the investment climate through the analysis of various problems, such as corruption, instability of the economic and political situation, lack of guarantees, etc. The paper puts forward recommendations for improving the investment climate in Ukraine, in particular through the improvement of legislation, the fight against corruption, the creation of a competitive business environment and other measures. The analysis of foreign direct investment schedules informs about the dynamics of the investment process in Ukraine and emphasizes the importance of solving problems for attracting new investments. The conclusions of the paper indicate the need for comprehensive measures to improve the investment climate and increase Ukraine's competitiveness on the international market.

Keywords: *currency system, investment climate, investments, unstable environment*

INTRODUCTION

During the full-scale war, the importance of the currency system of Ukraine in the system of international relations became an important and urgent issue today. Its organization and development will affect the effectiveness of monetary and economic relations, the use of the country's currency resources, etc.

The national currency system of Ukraine is an important element of the country's financial infrastructure, which in turn determines the economic course, affects the stability of the financial system and the development of the national economy. This system plays a key role in maintaining economic health and financial stability by influencing inflation, consumer activity, exports and imports of goods and services.

In addition, the national currency system is not only an element of the country's domestic, but also foreign economic policy. It determines the degree of attraction of foreign investments, the stability of the trade balance and the country's ability to withstand external and internal financial challenges. The importance of the national currency system in the formation of the country's economic strategy is emphasized by its influence on the investment climate, the competitiveness of national goods and the economic development of the country in general.

The **PURPOSE** of the paper is to analyze the development of the national currency system in Ukraine in the conditions of an unstable internal environment, as well as to determine the relationship between the functioning of the country's currency system and the stimulation of investment activity. The study is aimed at analyzing the impact of managing currency processes, regulating money circulation and other aspects of currency policy on the conditions for attracting and attracting investments into the economy of Ukraine.

METHODS OF RESEARCH

The following methods were used to conduct the study: methods of generalization, analysis and synthesis, method of comparison and method of statistical observations.

RESULTS

The legislation of Ukraine on the national currency system is an important component for ensuring the financial stability and efficiency of the country's economy. One of the key documents, the Law of Ukraine «On the National Bank of Ukraine», defines the functions and powers of the National Bank. This law establishes the foundations of currency and credit policy, defines the mechanisms of regulation of money circulation, control over the banking system and currency transactions in the country. Also, Ukrainian legislation defines the status and functions of the National Bank of Ukraine as an independent body that aims to ensure financial stability and economic development [1-3].

The Law of Ukraine «On Currency Regulation and Currency Control» establishes rules for currency transactions, currency exchange, use of foreign currency in Ukraine and currency control. It regulates relations with currency deposits, transfers and other transactions related to foreign currency, which contributes to the stability and predictability of the country's currency market. Also, the Law of Ukraine «On Banks and Banking Activities» establishes the basic principles of the functioning of the banking system, regulates the activities of banks and defines their functions in currency operations. The Law of Ukraine «On Currency and Currency Transactions» establishes general principles and rules for currency transactions, control over currency circulation and regulation of the currency market. In general, these laws form the basis for the functioning of the national currency system and the regulation of currency transactions in Ukraine [1-3].

Our version of the definition of the national currency system sounds like a structured set of economic and monetary relations that take place in order to regulate the currency policy of Ukraine (Fig. 1).

Like any system, the national currency system has a large number of elements, but the main ones are the national currency unit – i.e. the main currency in circulation in the country, the exchange rate regime, the gold and foreign exchange reserve of Ukraine, maintaining order according to international settlements, managing the currency system market and currency circulation conditions in the country. The organization of the national currency system is based on these elements, so an imbalance in one element leads to a deterioration of the entire currency system.

State investment policy is a set of measures, strategies and programs designed to stimulate investment activity, promote economic development and support the investment climate in the country. The main components of this policy determine the strategic directions of development, attractiveness of the investment environment, mechanisms for encouraging investors and stimulating innovation.

The state investment policy aims to create conditions for attracting both domestic and foreign investments. This may include reforms in the tax and financial systems, simplification of bureaucratic procedures for business, creation of special investment zones or stimulation of innovation through scientific and technical development.

Such a policy is aimed at increasing the country's competitiveness, developing industry, stimulating infrastructure projects, supporting small and medium-sized enterprises, which in turn contributes to the creation of new jobs and the overall economic growth of the country.

In order to assess the influence of the organization of the national currency system on the investment climate in Ukraine, it is necessary to understand the scope, problems and number of investments in Ukraine. To do this, we suggest analyzing the graph in Fig. 2 on receiving direct investments by Ukraine [4-6].

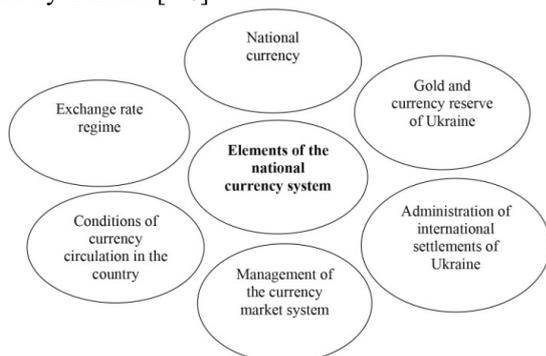


Fig. 1. Elements of the national currency system (formed by the authors)

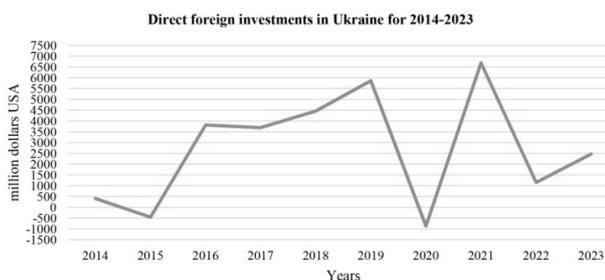


Fig. 2. Direct foreign investments for 2014-2023 (formed by the authors by [6])

Fig. 2 clearly shows in which years the number of direct foreign investments decreased, and it is also clear that in 2015 and 2020 direct current investments amounted to -458 million dollars. USA and -868 million dollars. USA respectively. In the first case, the negative indicator is related to Russia's military invasion of Eastern Ukraine and the occupation of most of Ukraine's profitable enterprises located in the Luhansk and Donetsk regions. I.e. the political and economic situation in our country pushed investors away. In 2020, the negative indicator was affected by the COVID-19 pandemic around the world, when countries tried to keep their economies in a more or less stable state. Because of this, investments stopped for a while, and in 2021 reached record positions for the analyzed period of 2014-2023, receiving 6,687 million dollars. US direct foreign investment [6].

The investment climate in Ukraine has a number of problems that inhibit the development of investment activity, reduce the number of potentially possible investments, and although the political situation has drawn the world's attention to Ukraine, on the other hand, the course of investment has changed from light and chemical industry, from capital investments to heavy industry and defense industrial complex of Ukraine.

Improvement of the investment climate in Ukraine can be achieved through several key ways [7, 8]:

- *improvement of legislation and legal environment in Ukraine.* Creation of transparent, stable and attractive investment conditions by improving legislation on investment protection, simplifying business registration procedures, reducing bureaucratic barriers and implementing transparent rules of the game for all market participants;
- *stimulation of investments through financial mechanisms.* Development of financial instruments, such as investment funds, legalization of start-ups, solving issues regarding the availability of financing for small and medium-sized enterprises;
- *fighting corruption and ensuring legal stability.* Implementation of the anti-corruption reform program, strengthening of the rule of law, creation of independent supervisory bodies to prevent corruption and dishonest practices;
- *creation of a competitive business environment.* Development of competitive markets, support and encouragement of innovations and the latest technologies contributing to the creation of advantages for investors;
- *infrastructural reforms.* Development and modernization of transport, energy and other infrastructure sectors, which stimulates economic development and attracts investments.

The currency system of Ukraine is able to influence the improvement of the situation with investment activities. Management of the exchange rate regime is able to more or less stabilize the economic problem, because the issue of liquidity and constant exchange rates complicates international relations from the point of view of fulfilling the terms of payment of contracts. Management of the foreign exchange market system and keeping order according to Ukraine's international settlements should be carried out in a clean way, without the possibility of corruption. The first thing that needs to be done is to make the passage of goods at the customs of Ukraine «clean». Getting rid of corruption is a long and difficult process, but it is necessary to start measures to overcome it, otherwise it will not be possible to increase investment attraction [9-12].

CONCLUSION

The influence of the organization of the national currency system on the investment climate in Ukraine was studied, considering various aspects, such as the stability of the national currency, macroeconomic policy, regulation of the foreign exchange market and other factors that influence the decisions of investors.

Effective organization of the national currency system is important for creating a favorable investment climate in the country. High stability of the national currency, transparency of financial processes and adequate regulation of

money circulation contribute to the attraction of investments, which, in turn, contribute to economic growth and development. Thanks to the correct organization of the currency system, it is possible to reduce risks for investors, which makes the country more attractive for foreign and domestic investments. Therefore, the issue of improving and modern management of the national currency system in Ukraine is of strategic importance for maintaining sustainable economic growth and ensuring the country's competitiveness on the international market.

References

1. National Bank of Ukraine. Official online representation. URL: <https://bank.gov.ua/doccatalog/document?id=29318281> [in Ukrainian].
2. How to survive a business in war conditions: expert advice. URL: <https://klymenko-time.com/uk/novosti/kak-vyzhit-biznesu-v-usloviyah-voynny-sovetyekspertov/> [in Ukrainian].
3. Vasylichuk I.P., Sokolov A.O. Business investments in sustainable development: best practices of domestic companies. *Investments: practice and experience*. 2021. №1. pp. 46-52. [in Ukrainian].
4. Development of the enterprise in the conditions of an unstable external environment: management, implementation and prospects: monograph / ed. Doctor of Economics, Prof. M.V. Sharko. Kherson, 2019. 306 p. [in Ukrainian].
5. Shevchenko O.V. Investment activity of regions of Ukraine: impact on economic growth Strategic priorities. *Scientific and analytical quarterly collection*. 2019. №1. pp. 175-181. [in Ukrainian].
6. Official website of the Ministry of Finance. URL: <https://index.minfin.com.ua/ua/economy/fdi/%5d/>
7. The investment climate in Ukraine has deteriorated. 2019. URL: <https://www.rbc.ua/ukr/news/investitsionnyy-klimat-ukraine-uhudshilsya1562068811.html> [in Ukrainian].
8. Franchuk T. Ways of attracting foreign investments to the economy of Ukraine. *Securities Market*. 2017. № 10. pp. 47-53. [in Ukrainian].
9. Ivanonkiv O.O. State policy regarding investment activities in Ukraine and prospects for direct foreign investment. *Actual problems of the economy*. 2017. №. 11. pp. 12-17. [in Ukrainian].
10. Kazakova N.A., Dobroskok A.K. International Investments of Ukraine. Problems and prospects of their formation. *Herald of V. N. Karazin KhNU*. 2020. pp. 135-136. [in Ukrainian].
11. Chynyska I. I., Makarenko O. Ya. Foreign investments in the economy of Ukraine: current state and ways to improve the investment climate. *Collection of scientific works of the State Fiscal Service University of Ukraine*. 2019. №. 1. pp. 12-14. [in Ukrainian].
12. Filippova S.V., Voloshchuk L.O., Kovtunenکو K.V., Kovtunenکو Y.V. Formation of a strategy of security-oriented management of innovation and investment climate of the region. *Innovation and investment climate of the Ukrainian Black Sea region: state and security-oriented development / ed. M.M. Merkulov*: col. monograph. Riga, 2019. pp. 132-163. URL: <https://oldiplus.ua/downloads/451.pdf> [in Ukrainian].

Список використаних джерел

1. Національний Банк України. Офіційне Інтернет-представництво. URL: <https://bank.gov.ua/doccatalog/document?id=29318281>
2. Як вижити бізнесу в умовах війни: поради експертів. URL: <https://klymenko-time.com/uk/novosti/kak-vyzhit-biznesu-v-usloviyah-voynny-sovetyekspertov/>
3. Васильчук І.П., Соколов А.О. Інвестиції бізнесу у сталий розвиток: кращі практики вітчизняних компаній. *Інвестиції: практика та досвід*. 2021. №1. С. 46-52.
4. Розвиток підприємства в умовах нестабільного зовнішнього середовища: управління, реалізація та перспективи: монографія / за заг. ред. д.е.н., проф. М.В. Шарко. Херсон, 2019. 306 с.
5. Шевченко О.В. Інвестиційна активність регіонів України: вплив на економічне зростання. *Стратегічні пріоритети. Науково-аналітичний щоквартальний збірник*. 2019. №1. С. 175-181.
6. Офіційний сайт Мінфін. URL: <https://index.minfin.com.ua/ua/economy/fdi/%5d/>
7. Інвестиційний клімат в Україні погіршився. 2019. URL: <https://www.rbc.ua/ukr/news/investitsionnyy-klimat-ukraine-uhudshilsya1562068811.html>
8. Франчук Т. Шляхи залучення іноземних інвестицій в економіку України. *Ринок цінних паперів*. 2017. № 10. С. 47-53.
9. Іваноньків О.О. Політика держави щодо інвестиційної діяльності в Україні та перспективи прямого іноземного інвестування. *Актуальні проблеми економіки*. 2017. № 11 С. 12-17.
10. Казакова Н.А., Доброскок А.К. Міжнародні інвестиції України. Проблеми та перспективи їх утворення. *Вісник ХНУ імені В. Н. Каразіна*. 2020. С. 135-136.
11. Чуницька І.І., Макаренко О.Я. Іноземні інвестиції в економіку України: сучасний стан та шляхи покращення інвестиційного клімату. *Збірник наукових праць Університету державної фіскальної служби України*. 2019. № 1. С. 12-14.
12. Філіппова С.В., Волощук Л.О., Ковтуненко К.В., Ковтуненко Ю.В. Формування стратегії безпекоорієнтованого управління інноваційно-інвестиційним кліматом регіону. *Інноваційно-інвестиційний клімат Українського Причорномір'я: стан і безпекоорієнтований розвиток*: кол. монографія / за ред. М.М. Меркулова. Рига, 2019. С. 132-163. URL: <https://oldiplus.ua/downloads/451.pdf>

Наталія Олександрівна ПАР'ЄВА

к.е.н., доцент, Національний університет "Одеська політехніка"

ORCID: <https://orcid.org/0000-0002-9979-7376>

e-mail: n.a.pareva@op.edu.ua

Олександра Олександрівна ПАР'ЄВА

к.е.н., доцент, Національний університет "Одеська політехніка"

ORCID: <https://orcid.org/0000-0002-8700-4033>

e-mail: a.a.pareva@op.edu.ua

ВПЛИВ ОРГАНІЗАЦІЇ НАЦІОНАЛЬНОЇ ВАЛЮТНОЇ СИСТЕМИ НА ІНВЕСТИЦІЙНИЙ КЛІМАТ В УКРАЇНІ

У статті досліджено важливі аспекти впливу організації національної валютної системи на інвестиційний клімат в Україні. Розглянуто функції національної валютної системи, серед яких контроль за міжнародними розрахунками, управління валютним ринком, участь у міжнародних відносинах та забезпечення сприятливих умов для економічного розвитку. Особливу увагу приділено впливу організації валютної системи на інвестиційний клімат шляхом аналізу різних проблем, таких як корупція, нестабільність економічної та політичної ситуації, відсутність гарантій тощо. Запропоновано рекомендації із покращення інвестиційного клімату в Україні, зокрема шляхом удосконалення законодавства, боротьбу з корупцією, створення конкурентного бізнес-середовища та інші заходи. Аналіз графіків прямих іноземних інвестицій інформує про динаміку інвестиційного процесу в Україні та підкреслює важливість вирішення проблем для залучення нових інвестицій. Висновки статті свідчать про необхідність вжиття комплексних заходів для покращення інвестиційного клімату та підвищення конкурентоспроможності України на міжнародному ринку.

Ключові слова: валютна система, інвестиційний клімат, інвестиції, нестабільне середовище