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THEORETICAL BACKGROUND OF THE CONCEPT OF "FINANCIAL MECHANISM"

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Abstract. *The article reviewed the main theoretical and methodological approaches to disclosure of what constitutes "financial mechanism". Synthesis and complement these approaches allowed the authors to create our own conceptual vision that category.*

Keywords: *financial mechanism, financial policy, lever, a tool, a method of management, financial relations.*

Financial relations represent the interaction of economic entities of different forms of ownership between themselves and public authorities. They are constantly diversifying, improving both at the micro- and macro-levels. The multidimensional nature of financial relations involves the use of a large number of elements of the financial mechanism. The essence of the concept of "financial mechanism" has been investigated in the article; an analysis of the formed methodological approaches has been carried out. This is due to the issue of its formation and functioning.

Taking into account the meaning of the terms "finance" and "mechanism", the category "financial mechanism" as a derivative, in view of the refinements of economic science, has been considered. It should be noted that the concept of financial mechanism is quite widespread. In the general context, it is defined as approaches to the organization of financial relations that are used by society to

provide favorable conditions for socio-economic development.

The financial mechanism is the most dynamic part of financial policy. Its transformation is related to the fulfillment of certain tactical tasks, and therefore it quickly responds to all the peculiarities of current circumstances in the economic, political and social areas. Financial relations are organized by economic entities in different ways - depending on the specifics of their activity.

Generalizations of the study offer grounds to define the financial mechanism as a system of organization of financial relations by combining the following elements:

- financial methods - means of influence of financial relations on the economic process;
- financial leverages - the way of operating of a financial method;
- legal support - legislative acts, decrees, orders and other legal documents of governing bodies;

- regulatory support - instructions; methodical recommendations, standards, indicators, tariffs, etc.

The above elements are integral to the whole, however, they function independently.

The conclusions indicate that the financial mechanism is a set of ways of

organizing financial relations that are used in society to achieve the goals of socio-economic development.

An important area of further research is the justification of the criteria for the functioning of the financial mechanism, taking into account the balance of interests of participants in financial relations.

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