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THE DETINIZATION OF FINANCIAL RESOURCES AND THE DE-OFFSHORING OF CAPITAL IN THE STRUCTURE OF THE STATE'S FINANCIAL SECURITY

Abstract. This article examines current issues relating to ensuring the financial security of the state in the context of the growing scale of the shadow economy and the offshoring of capital. It is argued that in the current context of global and domestic crises, particularly the pandemic and military aggression, these processes significantly affect the stability of the financial system, limiting the state's resource capacity and complicating the implementation of effective budgetary and macro-financial policies. The aim of the article is to substantiate the role of withdrawing financial resources from the shadow economy and delocalising capital as interrelated components of the state's financial security architecture, as well as to identify the main mechanisms through which they influence its stability. The methodological basis of the study comprises general scientific and specialised methods of inquiry, in particular: the systems approach – to substantiate the place of de-shadowing and de-offshorisation within the architecture of financial security; methods of analysis and synthesis – to investigate the causes and consequences of the shadowing of the economy; comparative analysis – to assess the dynamics of the shadow sector; the structural-logical method – to identify the key channels through which capital offshoring influences the state's financial system. The study demonstrates that the shadow economy acts as a systemic factor destabilising financial security, generating a range of interrelated threats, including corruption, the laundering of illicit proceeds, financial fraud and the offshoring of capital. It has been established that offshoring has a multi-faceted impact on the financial system through a reduction in tax revenues, distortion of investment processes and an exacerbation of macro-financial imbalances. The dynamics of the shadow economy in Ukraine are analysed, and its growth in the context of crisis-driven transformations is substantiated. It is demonstrated that de-shadowing and de-offshorisation should be regarded as interrelated instruments aimed at enhancing the transparency of financial flows and strengthening the state's financial stability. It has been demonstrated that effective financial security for the state is only possible through the implementation of a comprehensive policy aimed at reducing the shadow economy and limiting capital offshorisation. It has been demonstrated that integrating these processes into a single system for managing financial flows will contribute to enhancing the effectiveness of state regulation, strengthening fiscal capacity and creating the conditions for sustainable economic development.

Keywords: national financial security; shadow economy; capital flight; financial flows; macro-financial stability.

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ДЕТІНІЗАЦІЯ ФІНАНСОВИХ РЕСУРСІВ І ДЕОФШОРИЗАЦІЯ КАПІТАЛУ В АРХІТЕКТУРІ ФІНАНСОВОЇ БЕЗПЕКИ ДЕРЖАВИ

Анотація. У статті досліджено актуальні проблеми забезпечення фінансової безпеки держави в умовах зростання масштабів тіньової економіки та офшоризації капіталу. Обґрунтовано, що в сучасних умовах глобальних і внутрішніх криз, зокрема пандемії та воєнної агресії, зазначені процеси суттєво впливають на стійкість фінансової системи, обмежуючи ресурсні можливості держави та ускладнюючи реалізацію ефективної бюджетної та макрофінансової політики. Метою статті є обґрунтування ролі виведення фінансових ресурсів із тіньової економіки та делокалізації капіталу як взаємопов'язаних складових архітектури фінансової безпеки держави, а також визначення основних механізмів, через які вони впливають на її стабільність. Методологічною основою дослідження є загальнонаукові та спеціальні методи пізнання, зокрема: системний підхід – для обґрунтування місця детінізації та деофшоризації в архітектурі фінансової безпеки; методи аналізу та синтезу – для дослідження причин і наслідків тінізації економіки; порівняльний аналіз – для оцінювання динаміки тіньового сектору; структурно-логічний метод – для визначення ключових каналів впливу офшоризації капіталу на фінансову систему держави. У дослідженні доведено, що тіньова економіка виступає системним фактором дестабілізації фінансової безпеки, який генерує комплекс взаємопов'язаних загроз, включаючи корупцію, легалізацію незаконних доходів, фінансове шахрайство та офшоризацію капіталу. Встановлено, що офшоризація має багатовекторний вплив на фінансову систему через скорочення податкових надходжень, спотворення інвестиційних процесів та посилення макрофінансових дисбалансів. Проаналізовано динаміку тінізації економіки України та обґрунтовано її зростання в умовах кризових трансформацій. Цін-



ність дослідження полягає в обґрунтуванні взаємозв'язку детінізації фінансових ресурсів і деофшоризації капіталу як ключових елементів забезпечення фінансової безпеки держави та формуванні комплексного підходу до управління фінансовими потоками. Висновки. Обґрунтовано, що ефективно забезпечення фінансової безпеки держави можливе лише за умови реалізації комплексної політики, спрямованої на зниження рівня тінізації економіки та обмеження офшоризації капіталу. Доведено, що інтеграція цих процесів у єдину систему управління фінансовими потоками сприятиме підвищенню ефективності державного регулювання, зміцненню фіскальної спроможності та формуванню передумов для стійкого економічного розвитку.

Ключові слова: фінансова безпека держави; тіньова економіка; офшоризація капіталу; фінансові потоки; макрофінансова стабільність.

Introduction. In the current context of the national economy, the issue of ensuring the state's financial security has become particularly pressing, due to the growing influence of both internal and external destabilising factors. Recent years have been characterised in Ukraine by profound crisis-driven transformations caused by the COVID-19 pandemic and full-scale military aggression, which have significantly complicated the processes of generating, allocating and utilising financial resources. In such conditions, problems relating to the decline in the state's fiscal capacity, the disruption of macro-financial equilibrium and growing dependence on external sources of funding are becoming more acute.

At the same time, the proliferation of shadow financial flows and the offshoring of capital remain a significant challenge to the state's financial security. The widespread use of schemes to divert financial resources out of the national economy leads to a reduction in the tax base, a decline in the effectiveness of budgetary policy, and a weakening of controls over capital movements [11]. Under martial law, such processes take on critical importance, as they limit the state's ability to finance defence needs, social obligations and economic recovery.

Despite the considerable academic interest in issues of financial security, the shadow economy and capital offshoring, contemporary research has not devoted sufficient attention to their comprehensive examination within the framework of a unified architecture of state financial security. In particular, the theoretical and applied aspects of integrating the processes of de-shadowing financial resources and de-offshoring capital as interrelated instruments for strengthening the state's financial stability require further substantiation.

Thus, the relevance of this study stems from the need to develop a holistic approach to the de-shadowing and de-offshoring of financial resources as key components of ensuring the state's financial security in the face of contemporary economic challenges.

Literature review. The issue of bringing financial resources out of the shadows and ensuring the state's financial security occupies a significant place in contemporary economic research, driven by the growing scale of the shadow economy and the increasing complexity of capital flows in the context of globalisation. In the academic literature, de-shadowing is increasingly viewed not merely as a tool for legalising economic activity, but as a component of the system for strengthening the state's financial security.

In particular, O. Vlasjuk [2] defines the de-shadowing of the economy as one of the key areas for ensuring the financial component of economic security. The researcher emphasises the need to establish long-term strategic guidelines for combating shadow economy processes, stressing that their transnational nature makes it impossible to achieve significant results in the short term. This approach is particularly relevant in the context of capital deoffshoring, which also requires

systematic and coordinated action at national and international levels.

Z. Varnaliy [1] has made a significant contribution to the study of the nature, structure and mechanisms of the shadow sector, justifying the need for a comprehensive approach to de-shadowing processes, taking into account institutional, economic and behavioural factors. His academic work forms the theoretical basis for understanding the causes of the shadow economy and identifying effective ways to curb it.

The findings of empirical studies conducted by M. Blihar, L. Savchenko and others [9] indicate a direct link between the growth of the informal economy and a deterioration in macroeconomic stability, manifested in a slowdown in economic growth and difficulties in socio-economic development. At the same time, the authors demonstrate that the implementation of measures to combat the shadow economy has a positive impact on the effectiveness of state policy in the field of combating the legalisation (laundering) of proceeds of crime, thereby reinforcing their significance within the financial security framework.

In the context of institutional support for de-shadowing processes, the studies by Ivashova L.M., Shevchenko N.I. and Vinogradova N.L. [4] are significant, as they emphasise the need to harmonise anti-corruption policy with European standards and to strengthen the state's institutional capacity to combat shadow economy phenomena. This is of key importance for the formation of an effective financial security architecture in the context of European integration processes.

Podmazko O.M. [7], in turn, emphasises that achieving a tangible macroeconomic impact from reducing the shadow economy is only possible provided that a consistent and long-term government policy aimed at legalising economic activity is implemented. This approach is consistent with the concept of capital de-offshoring as a component of systemic changes in the financial sector.

At the same time, an analysis of academic sources indicates that, despite significant achievements in the field of research into the shadow economy and financial security, the issue of comprehensively combining the processes of de-shadowing financial resources and de-offshoring capital within a single framework of the state's financial security remains insufficiently explored. This necessitates further research aimed at developing a holistic approach to managing financial flows and minimising their shadow and off-shore redistribution.

Methodology. The aim of this article is to justify the role of the de-shadowing of financial resources and the delocalisation of capital as interrelated components of a state's financial security and to identify the key mechanisms through which they influence its stability.

The methodological basis of the study comprises general scientific and specialised methods of inquiry, in particular: the systems approach – to substantiate the place of de-shadowing and de-offshoring within the architecture

of financial security; methods of analysis and synthesis – to investigate the causes and consequences of the shadowing of the economy; comparative analysis – to assess the dynamics of the shadow sector; the structural-logical method – to identify the key channels through which capital offshoring influences the state's financial system.

The main part. The development of an effective national financial security system requires the timely identification, assessment and neutralisation of threats capable of destabilising the functioning of the financial system [12]. In this context, the identification of structural risks that emerge at an early stage and have the potential to develop into systemic imbalances is of particular importance. One of the key challenges in this area is the significant level of shadow economy activity, which acts not only as a threat in its own right but also as a catalyst for the emergence and intensification of other destructive phenomena in the financial sector.

The shadow economy, as a complex socio-economic phenomenon, should be viewed not merely as a deviation from formal economic norms, but as an institutionally determined mechanism arising from an imbalance between the needs of economic actors and the possibilities for satisfying those needs within the formal economy [1, 3]. For households, this manifests itself in the desire for stable income and employment, whilst for the business sector, it manifests itself in attempts to reduce costs, overcome administrative barriers and enhance competitiveness. The lack of effective institutional alternatives encourages the shift of some economic activity into the informal sector, which complicates the monitoring of financial flows and weakens the state's regulatory influence.

Within the framework of the state's financial security, the shadow economy takes on particular significance as a domi-

nant destructive factor that undermines the effectiveness of the budgetary and tax system and limits the state's resource capacity [10]. The growth in the share of value added generated outside the formal economy directly affects tax revenue, creates a deficit in financial resources and increases dependence on external sources of funding [8].

One of the most dangerous forms of the shadow economy is the offshoring of capital, which has become systemic in the context of the globalisation of financial markets. Its impact on the state's financial security manifests itself through several key channels. Firstly, there is a significant narrowing of the tax base due to the artificial transfer of profits to jurisdictions with preferential tax regimes, leading to a shortfall in budget revenue and an increased debt burden. Secondly, the investment environment is distorted by the use of 'round-tripping' mechanisms, whereby capital transferred abroad returns in the form of foreign investment, creating the illusion of investment activity and creating unequal conditions for domestic investors. Thirdly, capital outflows negatively affect macro-financial stability, in particular through pressure on the exchange rate, the balance of payments and a reduction in the effectiveness of monetary policy [13]. Furthermore, the lack of transparency in offshore structures facilitates the laundering of illicit proceeds, the concealment of beneficial ownership and the spread of corrupt practices (Tabl. 1).

Assessing the scale of the shadow economy in Ukraine is complicated by the limited availability of official statistical data, particularly under martial law. At the same time, the findings of independent analytical studies provide a general picture of the dynamics of this phenomenon (Fig. 1).

Table 1

Channels of capital offshoring impact

Channel	Mechanism	Consequences
Fiscal	Profit shifting	Loss of tax revenues
Investment	Round-tripping	Distorted investment climate
Macro-financial	Capital outflow	Exchange rate instability
Institutional	Lack of transparency	Corruption, money laundering

Source: generated by the author

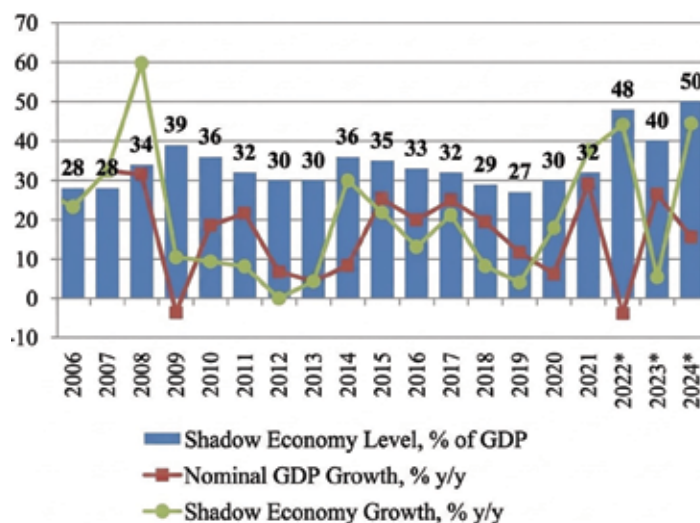


Figure 1. Trends in the shadow economy in Ukraine, 2013–2024, %*

Note: * – unofficial data

Source: compiled by the author based on [6]

As shown in the data presented in Figure 1, the size of Ukraine's shadow economy prior to the full-scale invasion fluctuated at around one-third of gross domestic product. However, in 2022, this figure rose sharply to 40–50%, driven by a simultaneous decline in official production volumes, disruptions to supply chains and increased uncertainty in the economic environment.

This trend indicates an intensification of informal economic processes as an adaptive response by businesses and the public to the crisis conditions. At the same time, the growth in the share of the shadow economy significantly complicates the implementation of fiscal policy, reduces the effectiveness of state regulation and increases the risks of losing control over financial flows. This, in turn, creates the conditions for the further spread of capital offshoring and the deepening of threats to the state's financial security.

The growing urgency of addressing the issue of financial transparency stems not only from the need to enhance financial security, but also from the need to ensure the economy's resilience to external and internal shocks. The formation of a parallel shadow financial sector creates a favourable environment for the spread of corruption, illegal financial transactions and the criminalisation of economic relations [4]. Under such conditions, the effectiveness of traditional instruments of state regulation, in particular fiscal and monetary policy, is significantly reduced, which limits the state's ability to influence macroeconomic processes.

A distinctive feature of the shadow economy's functioning is the formation of a self-sustaining mechanism for its reproduction. An increase in the level of shadow economy activity leads to a higher tax burden on the formal sector, which, in turn, encourages further migration of economic entities into the 'shadow' [7]. This situation creates a vicious circle, which can only be broken through the implementation of a comprehensive state policy aimed at reducing incentives for informal activity and increasing trust in state institutions.

The spread of the shadow economy also creates the conditions for the emergence of a range of associated threats to the state's financial security. Key among these are corruption, which undermines the effectiveness of public administration; the laundering of proceeds of crime; the financing of terrorist activities; the offshoring of capital; and various forms of financial fraud, including cybercrime [5]. The combined impact of these factors leads to the deterioration of financial institutions, a reduction in the transparency of economic processes, and a deterioration of the investment climate.

These threats become particularly critical during periods of profound socio-economic upheaval, particularly during armed conflicts. In such conditions, the shadow economy not only hinders the functioning of the formal sector but also

creates additional risks to national security, notably through the financing of illegal activities and the undermining of the state's defence capabilities. As noted in academic research, the proliferation of shadow financial flows during wartime exacerbates the threat of military-economic offences and significantly limits the state's ability to manage financial resources effectively [2].

In summary, it can be argued that the formalisation of financial resources and the de-offshoring of capital should be viewed as interrelated components of a single system for ensuring the state's financial security. Their implementation requires a comprehensive approach that combines the improvement of the institutional environment, increased transparency of financial flows, the optimisation of tax policy and tighter control over capital movements. Only under such conditions is it possible to establish a stable financial system capable of effectively countering contemporary challenges and ensuring long-term economic development.

Conclusions. The study has established that the formalisation of financial resources and the de-offshoring of capital are not isolated areas of state policy, but rather interrelated elements of a unified system for ensuring the state's financial security. It has been demonstrated that the shadow economy acts as a dominant destructive factor, which not only reduces the effectiveness of the budgetary and tax system but also creates the conditions for the development of other threats, in particular corruption, the laundering of criminal proceeds, financial fraud and the offshoring of capital.

It is argued that capital offshoring has a systemic impact on the state's financial security through the erosion of the tax base, the distortion of the investment environment and the destabilisation of macro-financial indicators. It has been established that under martial law, these processes become critical, increasing the risks of losing control over financial flows and limiting the state's ability to finance key socio-economic and defence needs.

It has been demonstrated that the growth in the shadow economy during times of crisis is adaptive in nature; however, it simultaneously creates a vicious circle in which the intensification of shadow economic processes drives an increase in the tax burden on the formal sector, which, in turn, contributes to the further informalisation of economic activity.

A synthesis of the research findings has substantiated the need for a comprehensive approach to de-shadowing and de-offshoring, which entails improving the institutional environment, enhancing the transparency of financial flows, optimising tax policy and strengthening controls over capital movements. Only through the synergy of these measures is it possible to establish a resilient financial system capable of effectively countering contemporary challenges and ensuring the long-term development of the state.

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