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# THE ESSENCE AND FEATURES OF PUBLIC ADMINISTRATION IN THE SPHERE OF FINANCES OF UKRAINE

# СУТНІСТЬ ТА ОСОБЛИВОСТІ ПУБЛІЧНОГО УПРАВЛІННЯ У СФЕРІ ФІНАНСІВ УКРАЇНИ

***Abstract. Introduction.*** *The article is devoted to the study of public financial management in Ukraine as a key element of state policy, ensuring economic stability, social justice, and transparency in the use of budgetary resources. The main challenges in the field include low process transparency, weak decentralization, and insufficient levels of digitalization, which require analysis and the implementation of new approaches.* ***Purpose.*** *The purpose of this work is to identify the characteristics of public financial management, analyze the factors affecting its effectiveness, and outline promising directions for reform to enhance the transparency and efficiency of the financial system.* ***Methods.*** *General scientific methods of analysis, synthesis, comparison, and a systematic approach to evaluating the regulatory framework were used.* ***Results.*** *Key issues in financial management were identified, including low transparency of the budget process, limited financial autonomy of regions, bureaucratization of processes, and weak integration of digital technologies. Proposals were made to modernize budgetary mechanisms by introducing digital technologies such as artificial intelligence, blockchain, and ERP systems to optimize inter-budgetary relations and strengthen public oversight.* ***Conclusion.*** *It is highlighted that effective financial management requires an innovative approach, including technological modernization, improved transparency, rational use of resources, and active public participation. The proposed measures will contribute to sustainable economic development and long-term financial stability.*

***Keywords:*** *public governance, finance, transparency, digital technologies, financial stability.*

***Анотація.*** *Стаття присвячена дослідженню публічного управління у сфері фінансів України, яке є ключовим елементом державної політики, що забезпечує стійкість економічної системи, соціальну справедливість і прозорість використання бюджетних ресурсів. Проблеми цієї сфери, включаючи недостатню прозорість, слабку децентралізацію та низький рівень цифровізації, потребують системного аналізу та пропонування нових підходів. Метою роботи є визначення сутності та особливостей публічного управління у сфері фінансів, аналіз чинників, які впливають на його ефективність, та окреслення перспективних напрямів реформування для підвищення результативності й прозорості фінансової системи. Дослідження спрямоване на виявлення ключових інституційних бар'єрів, що стримують модернізацію фінансової політики, та формування рекомендацій для їх подолання. Застосовано загальнонаукові методи аналізу, синтезу, порівняння та узагальнення, що дозволило розкрити різноманітні аспекти управління фінансами, а також методи системного підходу до оцінки чинної нормативно-правової бази. Проаналізовано інституційні, правові та економічні аспекти управління фінансами України. Виявлено основні недоліки, такі як недостатня прозорість використання бюджетних коштів, низька фінансова автономія регіонів, бюрократизація процесів та обмежена інтеграція цифрових технологій. Запропоновано напрямки вдосконалення, зокрема модернізацію бюджетного процесу, використання сучасних цифрових технологій (штучний інтелект, блокчейн, ERP-системи), оптимізацію міжбюджетних відносин та посилення громадського моніторингу. Ефективне публічне управління у сфері фінансів вимагає комплексного підходу, який поєднує інноваційні технології, підвищення прозорості, раціональне використання ресурсів і активну участь громадянського суспільства. Запропоновані заходи сприятимуть забезпеченню стійкого економічного розвитку України в умовах сучасних викликів і створенню основ для довготривалої фінансової стабільності.*

***Ключові слова:*** *публічне управління, фінанси, прозорість, цифрові технології, фінансова стабільність.*

**Statement of the problem.** Public governance in the financial sector is a fundamental element of state functioning, ensuring the stability of the financial system, socio-economic development, and the implementation of strategic policy objectives. However, in Ukraine, this sector is characterized by several pressing issues that hinder its effectiveness. The main challenges include a lack of transparency and accountability in budgetary expenditures, an imbalance between centralized and decentralized financial management, and weak adoption of digital technologies and automation tools. Additionally, there is a problem of insufficient financial autonomy for local authorities, which remain dependent on grants and subsidies, as well as the absence of a systematic approach to strategic financial planning. All of this is further complicated by bureaucratization of processes and a low level of public oversight, raising concerns about the efficiency of state financial resource management. Amid global challenges and internal instability, the need for modernization of public financial governance has become critical, as this sector is a key factor in maintaining economic stability, social justice, and public trust in the government.

**Analysis of recent research and publications.** The issues related to the study of the essence, characteristics, and prospects of public governance in Ukraine's financial sector have been examined by the following domestic experts: Voronova L.K. [1], Monaienko A.O. [2], Blishchuk K. [3], Lytvyn O.P. [4], Pakholiak U. [5], Klimova S.M. [6], Sholkova T.B. [7], Kovalchuk S.V. [8], Nosan N., Martinovych V. [9], Shura N.O. [10], Ostapchuk V.O. [11], Sahachko Yu.M., Hutorova O.O. [12].

**The purpose of the article** is to reveal the essence and characteristics of public governance in Ukraine's financial sector, with a focus on key aspects influencing its effectiveness. This includes an analysis of institutional, legal, and economic factors shaping the country's financial system, as well as identifying shortcomings in existing governance mechanisms. Based on this, the goal is to determine promising directions for improving the state's financial policy, aimed at ensuring transparency, rational resource allocation, and enhancing the efficiency of the financial system.

**Research methods.** General scientific methods of analysis, synthesis, comparison, and generalization were applied, which made it possible to reveal various aspects of financial management, as well as systemic approaches to evaluating the current regulatory framework.

**Presentation of the main research material.** Public governance in the financial sector is a key instrument of state policy, ensuring economic system stability, efficient resource utilization, and the achievement of the country's strategic goals. This sector plays a decisive role in shaping macroeconomic stability, promoting social justice, and developing national infrastructure. At the same time, modern conditions characterized by global economic challenges, increasing geopolitical tensions, and internal structural issues demand a reassessment of traditional approaches to financial management. In Ukraine, as in many other countries, the rational use of public finances remains at the center of social and political attention. However, the existing management system faces numerous problems, including a lack of transparency, uneven resource distribution, weak integration of digital technologies, and bureaucratic inertia. Amid these challenges, the search for new governance solutions and tools becomes particularly important. These should be aimed at optimizing the budgetary process, strengthening intergovernmental financial relations, decentralizing finance, and engaging the public in financial processes.

Let us consider the definitions of scientific approaches to the concepts of "financial management" and "financial activity" in public governance by domestic experts (see Table 1).

As seen from the data in Table 1, the analysis of the proposed definitions of public finance management

Table 1

**Definitions of scientific approaches to the concepts of "financial management" and "financial activity" in public governance by domestic experts**

| № | Author | Definition |
|---|---|---|
| 1 | Voronova L.K. | The financial activity of the state, based on legal norms, is a systematic process of managing public centralized and decentralized funds necessary for fulfilling the tasks and functions assigned by the Constitution of Ukraine to the state, local self-government bodies, and other public entities authorized by the state [1, p. 21]. In financial law, this activity is considered a special type of state activity, as it is carried out by all three branches of government – legislative, executive, and judicial – within their respective competencies. The financial activity of the state is primarily aimed at the creation, distribution, and utilization of monetary funds owned by the state. |
| 2 | Monaienko A.O. | The distinctive features of the state's financial activity include its interdisciplinary nature, its relevance to all branches and spheres of public administration, and its implementation by representative and executive bodies of power. It falls under the jurisdiction of state and local self-government bodies [2, p. 169]. |
| 3 | Blishchuk K. | Public finance management should be understood as a type of relationship within the state's economic system, carried out by a specialized apparatus using specific methods and techniques within the existing regulatory and legal framework [3, p. 120]. |
| 4 | Lytvyn O.P. | "Local finance management" as a financial-legal category is defined as "...a legally regulated, structured influence of authoritative subjects of financial legal relations on other subjects in the process of drafting, reviewing, approving, executing, monitoring, and reporting on local budgets and other local financial funds, financial plans, and programs" [4, p. 3]. Financial management is an objective phenomenon that arises with the emergence of a financial system. "The need for managing resource formation and the distribution and redistribution of GDP is an objective phenomenon, while the forms and methods of financial relations reflect the established internal structure of the financial system". |
| 5 | Pakholiak U. | Public finance management is the process of planning, organizing, controlling, and analyzing the state's financial resources to ensure their effective use and achieve socio-economic goals [5]. |
| 6 | Klimova S.M. | "Public finance management is primarily an integral part of economic management. It is carried out by a specialized apparatus using specific techniques and methods" [6, p. 84]. |
| 7 | Sholkova T.B. | Public finance management is a method of financial activity of the state, characterized as "the adoption of regulatory legal acts by authorized financial activity bodies of the state to direct and coordinate the movement of monetary funds and other financial resources, manage the functioning of centralized and decentralized financial funds, and exercise control to ensure efficiency in achieving specific goals in the sphere of public financial activity for the maximum satisfaction of public interest" [7, p. 148]. |
| 8 | Kovalchuk S.V., Forkun. I.V. | They equate the concept of financial management with the financial mechanism, believing that the financial mechanism is "a system of financial management designed to organize the interaction of financial relations and monetary funds to ensure their effective influence on the final production results. This system is established by the state in accordance with economic laws through legislative and regulatory acts and is used by enterprises, taking into account their specific characteristics and objectives" [8, p. 130]. |

*Source: formed on the basis of data [1–8]* reveals significant differences in the authors' approaches, their methodological basis, and areas of emphasis. Voronova L.K. [1] places a key emphasis on the legal nature of the process, highlighting that public finance management is not just a technical tool but also a form of executing state functions as defined by the Constitution. Her approach underscores the connection between financial activity and the organization of centralized and decentralized funds, clearly indicating its systematic and regulatory foundation. Meanwhile, Monaienko A.O. [2] offers a broader, interdisciplinary perspective, viewing public finance management as a process that integrates all areas of public administration, covering both central and local government bodies. Thus, his definition expands Voronova's perspective by adding an element of interdisciplinarity. Blishchuk K. [3] focuses on the economic nature of public finance management, defining it as a type of relationship within the economic system, implemented through a specialized apparatus and regulatory framework. This approach highlights the technological component of management – the methods and techniques ensuring its execution. Compared to the previous definitions, this introduces a new dimension, where financial management is not only a state-legal activity but also a part of the economic mechanism. In this context, Lytvyn O.P. [4], by offering a definition of local finance management, refines this approach by adding the specificity of the local level. Her emphasis on the processes of drafting, reviewing, approving, and reporting details the mechanisms of management that ensure the functioning of local budgets and funds. Pakholiak U. [5] emphasizes public finance management as a process aimed at achieving socio-economic goals. The distinction in her perspective lies in the strong emphasis on efficiency and the effective use of financial resources, integrating the management aspect with performance outcomes. This goal-oriented focus serves as an important addition to the legal and economic interpretations of other authors. Klimova S.M. [6] defines public finance management as part of economic management, emphasizing specific methods and techniques that distinguish it. Her approach complements Blishchuk's by reinforcing the focus on the technological aspect of management while providing less detail on its regulatory foundation. Sholkova T.B. [7] places public finance management within the sphere of the state's financial activity, concentrating on regulatory acts that direct and coordinate cash flows. Her emphasis on ensuring public interest adds a humanitarian dimension to previous definitions. At the same time, she complicates the definition by viewing management as a means of optimizing financial resource flows, aligning with Pakholiak's approach while specifying the mechanisms involved. Kovalchuk S. V. and Forkun I.V. [8] critique the equation of financial management with the financial mechanism, stressing that management is an influence, whereas the financial mechanism is merely a tool of that influence. This perspective adds theoretical clarity to the concept's structure and distinguishes the functional components of the process.

Thus, the analysis of definitions allows us to conclude that the authors, by complementing each other, form a multifaceted view of public finance management. Voronova establishes the legal foundation, Monaienko introduces an interdisciplinary aspect, Blishchuk and Klimova emphasize technological components, Lytvyn specifies the local level, Pakholiak introduces a goal-oriented perspective, while Sholkova and Kovalchuk detail the functional instruments and system elements. The combination of these approaches not only helps to understand the essence of public finance management but also reveals its multidimensional nature as a legal, economic, social, and administrative phenomenon.

The next step is to consider the legislative acts regulating public administration in the field of finance in Ukraine (see Table 2).

According to the data in Table 2, the analysis of Ukraine's current regulatory framework in the field of public finance reveals its functional complexity and multidimensional nature while also highlighting key weaknesses that limit its strategic effectiveness. The central issue remains the imbalance between centralized financial control and the need for financial autonomy at the local level. The Budget Code establishes the foundation for intergovernmental fiscal relations, but its regulations show insufficient adaptability to crisis situations and a weak mechanism for encouraging financial independence of regions. The Tax Code, aimed at replenishing budgets, simultaneously exacerbates imbalances due to a high tax burden and uneven distribution of fiscal pressure, which undermines equal conditions for business development. Institutional mechanisms such as the Treasury and the Accounting Chamber provide centralized control over financial flows, but their effectiveness is constrained by technological inertia, slow response to violations, and a low level of professional specialization. Legislation in the areas of public procurement and anti-corruption has shown partial success due to the implementation of electronic systems. However, systemic shortcomings such as complex procedures for small businesses, the potential for manipulation in tender documentation, and the low level of accountability for corruption significantly undermine trust in these mechanisms.

Overall, Ukraine's financial system stands at a crossroads between institutional modernization and structural barriers. A lack of flexibility, an imbalance between centralization and decentralization, and limitations in adopting innovative approaches create risks for financial stability and economic resilience. Overcoming these challenges requires not only technical reforms but also a fundamental rethinking of financial management concepts, where the key principle should be a balance between transparency, autonomy, and efficiency.

Let us examine the key aspects and principles of public administration in Ukraine's financial sector (see Fig. 1).

As seen from the data in Fig. 1, the presented principles and aspects of public administration in Ukraine's financial sector reflect a strategic focus on building a stable, inclusive financial system that not only meets contemporary challenges but also integrates into the global economic space. Revenue generation and fund allocation, as key aspects, present a dual challenge: on the one hand, ensuring sufficient funding for state and social needs, and on the other, minimizing pressure on the economy and citizens. This requires a delicate balance between tax burden, spending efficiency, and accessibility of social programs. Control and transparency serve as fundamental mechanisms ensuring government accountability to both citizens and the international community. However, their effectiveness largely depends on the implementation of

Table 2

**Legislative acts regulating public administration in the field of finance of Ukraine**

| № | Name of the act | Essence | Features | Disadvantages |
|---|---|---|---|---|
| 1 | Budget Code of Ukraine | Defines the principles of budget formation, execution, monitoring, and reporting for state and local budgets. | Regulates interbudgetary transfers and provides for financial control at all levels | Gaps in the regulation of financial autonomy of local budgets, insufficient flexibility in crisis conditions. |
| 2 | Tax Code of Ukraine | Establishes types of taxes, their rates, calculation procedures, payment, control mechanisms, and liability for violations of tax legislation. | Aims to simplify tax administration and ensure the replenishment of budgets at all levels. | High tax burden, uneven tax pressure across different industries. |
| 3 | Law of Ukraine “On the State Treasury” | Regulates the functions of the Treasury in terms of cash execution of the budget, financial management, and control over the use of budget funds. | Establishes a centralized system for controlling the state's financial operations. | Slow implementation of electronic systems, complications in financing during emergencies. |
| 4 | Law of Ukraine “On Public Procurement” | Establishes procedures and principles of transparency, competitiveness, and efficiency in public procurement. | Mandates the use of the Prozorro electronic system to ensure transparency in the procurement process. | Complex procedures for small businesses, potential for manipulation through tender documentation. |
| 5 | Law of Ukraine “On Prevention of Corruption” | Regulates the legal framework for preventing, detecting, and combating corruption in public administration, particularly in the financial sector. | Introduces an electronic declaration system for public officials. | Low effectiveness of anti-corruption measures, insufficient accountability. |
| 6 | Law of Ukraine “On Local Self-Government in Ukraine” | Defines the powers of local authorities in financial matters, including the formation of local budgets and management of financial resources. | Facilitates the decentralization of financial resources. | Insufficient financial resources at the local level, dependence on subsidies and grants. |
| 7 | Law of Ukraine “On the Accounting Chamber” | Regulates the activities of the Accounting Chamber as an institution conducting audits of public finances. | Ensures independent oversight of the use of budget funds. | Limited responsiveness to financial violations. |
| 8 | Law of Ukraine “On the Basic Principles of State Financial Control” | Defines mechanisms for inspections and audits of entities using budget funds. | Grants the State Audit Service the authority for control and inspections. | Inadequate staff training, limited technical resources. |

*Source: formed on the basis of data [8–12]*

effective monitoring tools that avoid declarative measures and guarantee real accountability. The legal framework adds stability but, at the same time, excessive rigidity may slow down adaptation to dynamic changes. In this context, decentralization emerges as a progressive tool allowing local communities to manage resources more effectively, but it also demands a high level of administrative competence at the local level.

Additionally, the principles of sustainability and international integration emphasize Ukraine’s ambition to implement advanced financial practices, comply with the standards of international organizations such as the IMF and OECD, and create a flexible system capable of responding to external challenges. All of this requires a comprehensive approach, where financial discipline is combined with deep social responsibility, and strategic decisions are supported by flexible implementation mechanisms.

Thus, this not only defines the fundamental principles of financial management but also offers a direction for their improvement in the context of modern economic and social realities.

Examining the goals, objectives, and shortcomings of public administration in Ukraine’s financial sector reveals that its goals reflect an ambitious and comprehensive financial policy concept. This includes macroeconomic stability, support for entrepreneurship, infrastructure development, social protection, and integration into the global financial system. However, existing shortcomings—such as corruption, bureaucracy, weak digitalization, and a low level of financial decentralization—effectively hinder the fulfillment of these objectives, creating systemic inefficiency at all levels of governance.

Despite efforts to optimize budget expenditures, ensure the financial stability of communities, and implement e-governance, actual performance remains far below the potential dictated by the country’s resources and capabilities. The low level of cooperation between government agencies indicates a lack of a comprehensive approach to financial policy implementation, leading to uneven resource distribution among regions and increasing local communities’ dependence on subsidies. This not only deepens socio-economic disparities but also creates risks of financial insolvency during crises. Additionally, identified issues such as bureaucratization of processes and insufficient transparency in financial operations undermine public and investor trust, which is critically important for attracting capital to strategic sectors. The absence of long-term planning and flexibility in the budget process deprives the system of the ability to respond promptly to external economic challenges, which, in an era of global instability, is a serious drawback. While the integration of digital technologies is declared a priority, it remains weak and fragmented, significantly reducing the potential for effective financial management and oversight.

At the same time, the low qualification of personnel, combined with a weak level of financial literacy among

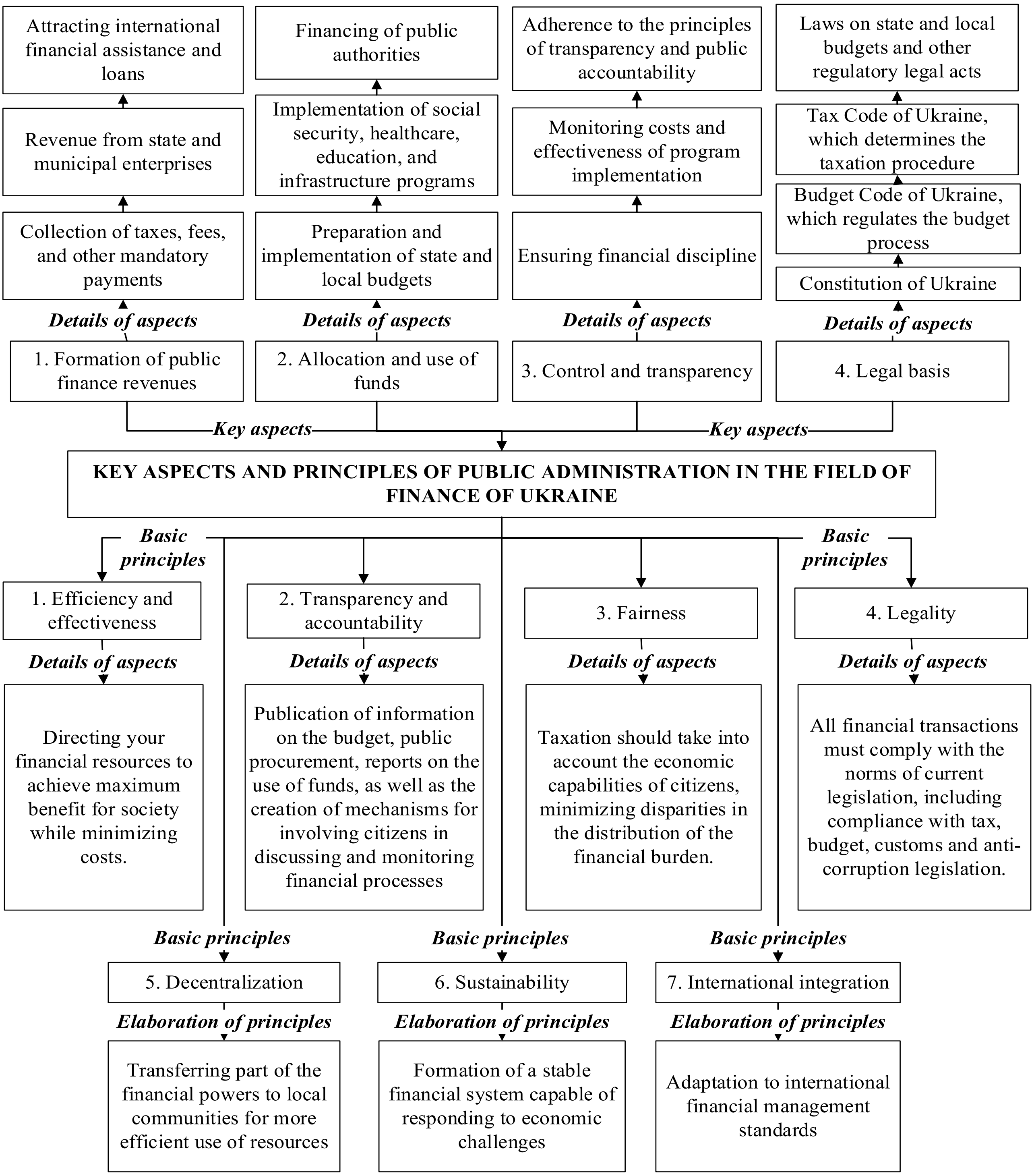


**Figure 1. Key Aspects and Principles of Public Administration in the Field of Finance of Ukraine**

*Source: formed on the basis of data [8–12]*

the population, creates additional obstacles to effective governance, turning even well-designed policies into formal instruments that fail to deliver the expected results. This situation is exacerbated by the limited public influence on the budget process, which not only reduces transparency but also deprives authorities of valuable feedback needed to address real citizen needs.

Let us establish the structure of responsible individuals in the organization of public financial management in Ukraine (see Table 3).

According to the data in Table 3, the structure of public financial management in Ukraine is a complex and multi-level system operating under constant political, economic, and social challenges. Despite the clearly defined functions and powers of key institutions, the system exhibits fragmentation, weak coordination, and a lack of innovative approaches. The Verkhovna Rada of Ukraine, as the central legislative body in financial management, is often influenced by political dynamics, which slows down decision-making and undermines the strategic coherence of

Table 3

**The structure of responsible individuals in the organization of public financial management in Ukraine**

| № | Element | Essence and functioning | Identified deficiencies |
|---|---|---|---|
| 1 | Verkhovna Rada of Ukraine (Legislative Power) | The Verkhovna Rada approves the state's key financial documents, including the State Budget of Ukraine, tax policy, laws on interbudgetary relations, and other regulatory acts governing public finance. | The Verkhovna Rada shapes the strategic legislative framework, but its decisions are often delayed due to political conflicts, affecting the budgetary process. |
| 2 | Cabinet of Ministers of Ukraine (Executive Power) | The Cabinet of Ministers organizes the execution of the state budget, coordinates the work of ministries, formulates budgetary policy, and oversees the implementation of financial programs. | Effectiveness depends on coordination between ministries, but there is often a lack of a swift response to economic challenges. |
| 3 | Ministry of Finance of Ukraine | The main body responsible for developing and implementing state financial policy ensures budget execution, monitors financial flows, shapes tax policy, and manages public debt. | The Ministry is a central link; however, its functions are sometimes duplicated by other bodies, complicating coordination. |
| 4 | Accounting Chamber of Ukraine | An independent parliamentary oversight body that audits the efficiency of budget funds utilization, evaluates budget execution, and conducts audits of state programs. | The oversight body has significant potential, but its recommendations are not always considered by executive authorities. |
| 5 | State Treasury Service of Ukraine | Organizes the execution of budgets at all levels, performs financial transactions, and maintains accounting records of budget funds. | There is technical obsolescence in some processes and a lack of integration with other management systems. |
| 6 | State Tax Service of Ukraine | Ensures budget revenues through the administration of taxes, duties, and other mandatory payments. | The Tax Service has significantly improved its operations after the reform, but there are still issues regarding the simplification of procedures for taxpayers. |
| 7 | Local Authorities | Includes regional, city, town, and village councils, which form and approve local budgets and allocate resources at the local level. | Local budgets often rely on subsidies and grants, limiting their financial autonomy. |
| 8 | National Bank of Ukraine (NBU) | Regulates monetary policy, ensures the stability of the national currency, and influences financial markets. The NBU also participates in financing state programs through refinancing mechanisms. | The high independence of the NBU is an advantage, but coordination with the Cabinet of Ministers needs improvement. |
| 9 | Anti-Corruption Bodies | Detects and investigates corruption-related financial crimes. | The activities of anti-corruption bodies help reduce corruption risks, but their impact is limited due to the low number of investigations that reach court. |
| 10 | Civil Society and Media | Actively monitor budget execution, financial transparency, and help uncover financial abuses. | Civil society has the potential to influence government decisions but is often restricted by formal mechanisms. |

*Source: formed on the basis of data [8–12]*

financial regulation. This imbalance is particularly evident in interbudgetary relations and long-term budget planning. The Cabinet of Ministers, as the main executive body, faces challenges in inter-agency cooperation and timely responses to external economic threats. The state administration still lacks an effective coordination mechanism that would integrate horizontal policy coordination with vertical accountability of government agencies. The Ministry of Finance, while playing a crucial role in managing public finances, often operates under overlapping functions with other entities and lacks sufficient tools to adapt to dynamic macroeconomic changes. The Accounting Chamber, despite its independent status, has limited influence on enforcing accountability and addressing financial violations. Strengthening its oversight functions and integrating audit findings into the decision-making system is necessary. At the local level, budget dependence on subsidies and grants indicates that the decentralization process remains incomplete. While local communities have formally received greater financial authority, their real autonomy remains restricted. Furthermore, the current financial resource allocation model does not fully consider regional characteristics, leading to inequality in access to funding and widening social disparities. Similarly, the State Treasury Service and State Tax Service have partially modernized their functions, but deeper integration of digital technologies could significantly improve financial process administration and cost reduction. The National Bank of Ukraine (NBU), despite its high level of autonomy, requires better coordination with the Cabinet of Ministers in developing macroeconomic strategies. The absence of systematic dialogue between these institutions creates risks for financial market stability and overall monetary policy.

An additional challenge is the low implementation rate of recommendations from anti-corruption bodies, which still face bureaucratic barriers and resource constraints. Civil society and the media, despite their significant potential, primarily operate through reactive oversight mechanisms. Institutionalizing public monitoring could be a key factor in enhancing transparency and government accountability.

Thus, although Ukraine's public financial management system has the fundamental elements necessary for financial stability, its effectiveness is hindered by systemic weaknesses, ranging from political dependence to technological and organizational inertia. A strategic revision of institutional interactions, the expansion of anti-corruption tools, and the implementation of innovative management technologies are essential to transform Ukraine's financial system into a more resilient, transparent, and development-oriented mechanism.

After examining the shortcomings and key threats to public financial management in Ukraine, we will develop future application of modern digital transformation tools in Ukraine's public financial management (see Fig. 2).

As shown in Fig. 2, the proposed recommendations highlight the need to rethink Ukraine's public financial management system through the integration of modern digital technologies. These technologies will not only drive process modernization but also reshape the logic of public governance, enabling a shift from traditional administration to a strategic approach based on data analysis, transparency, and results orientation.

The implementation of artificial intelligence, blockchain, ERP systems, and cloud platforms enhances resource management efficiency while reducing the risks of human error and corruption. Reforming interbudgetary relations through automation and geospatial algorithms ensures objective assessment of regional needs and minimizes imbalances. For effective decision-making, it is crucial to combine technological advancements with the institutional capacity of the state. Optimizing the budget process through economic stress testing, medium-term planning, and cloud platforms improves decision-making speed and ensures financial stability. Predictive analysis based on machine learning allows for scenario modeling and budget optimization. KPI metrics and public monitoring increase government accountability and align governance with societal outcomes. The success of reforms depends on the willingness of government officials and the public to embrace change. Integration into the global financial system through harmonization of standards and adherence to international recommendations unlocks new funding opportunities and strengthens compliance with global trends. Social orientation remains


**Figure 2. Application of Modern Digital Transformation Tools in Ukraine's Public Financial Management**

*Source: developed by the author independently* an important element of reforms: targeted assistance, digital support platforms, and participatory budgeting will help build trust between the state and society. Thus, the digital transformation of financial management in Ukraine requires comprehensive modernization aimed at transparency, efficiency, and accountability. Overall success primarily depends on combining modern technologies, institutional changes, and active citizen participation, ensuring the sustainable development of local communities and the country as a whole.

**Conclusions.** In summary, public financial management in Ukraine is a crucial element of state policy aimed at ensuring economic stability, efficient resource utilization, and the achievement of strategic goals. However, this sector faces numerous challenges, including insufficient transparency, bureaucratization, weak decentralization of finances, a low level of digitalization, and limited financial autonomy of local authorities. The analysis of scientific approaches to financial management has revealed its multifaceted nature, encompassing legal, economic, social, and administrative aspects. To enhance the effectiveness of financial management, comprehensive reforms are necessary, including the modernization of the budgetary process, integration of modern technologies such as artificial intelligence and blockchain, and active participation of civil society. Special attention should be given to strengthening institutional mechanisms, reducing corruption risks, and harmonizing national financial policy with international standards. The successful implementation of these measures will improve the transparency and efficiency of financial resource management and ensure the country's sustainable development in the face of global challenges.

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