

## FUNCTIONS OF FINANCIAL SYSTEM

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**Abstract:** Finance and financial system, like any economic category, are designed to mediate the achievement of certain economic or social processes, which can not be achieved by other means or other means, which means their social mission. Thus, by integrating financial relations in the financial system may be accepted all their functions and their performance reflected their role involvement.

**Keywords:** financial system, finance company, microeconomic, distribution function, control function.

Therefore, the ability to mediate, in optimal conditions, making direct influence of certain processes and other economic and social processes, that is the way of their achievement and social development, and outlines the financial system functions overlap with functions of money, namely: mediator of exchange values, means of measuring value, means of preservation of value. Likewise, the most popular form of money is currency, standard of value, payment instrument (to trade) and the hoarding of value. Although the functions of money are made by different authors either as a single instrument transactions, the standard of value, book value or as an intermediary of exchange, measure of value, value backup tool, etc. liquidity par excellence, they are manifested in financial system defined by the set of relations in the sense money-range finances.

Therefore, the financial system performs a series of general functions that return and finances in general and many specific functions assigned to financial categories or components characteristic of the financial system.

Enterprise is the basic finances of the entire financial system, as most money funds that are formed at different levels, from revenues created by businesses.

Coincides financial system functions as a way of expression and content, with specific functions finance company. Finance company include those "economic relations take the form of cash and which appears objectively manifested in the business, in connection with the formation and distribution of funds necessary for the production process in order to obtain maximum profit to satisfy social needs of employees and training financial funds to the state.

Be drawn from the literature, most often, the functions assigned to finances and financial system: distribution function and control function, each having the capacity to mediate distribution business processes and achieve business results of financial control.

Distribution function would include a different approach, two components, namely: the establishment and use of resources. At the microeconomic level, the scope of the financial system in the context of business finance, distribution function is influenced by the forms of ownership, autonomy of enterprise development strategies, management etc., which leads to the formation, growth and distribution of funds, expenditures and payments on all activities in general.

However, distribution function can be addressed within the financial system, resulted in "capital formation, allocation and use them to achieve the purpose company", or another approach that expresses "those relationships, which form specific funds and enterprise funds participation in the establishment of local or national community, according to subordination, importance and financial rules established by the financial authority."

In essence, the direct expression of the manifestation of this function is the creation, allocation and use of its capital, that the funds, assuming development of financial flows - input and output and money from these funds. The financial system provides the company in relation to this function, the appropriate framework for the collection of initial capital from various sources, circulation and distribution of the destinations, use, and their reconstruction, change the

proportions of funds by withholding financial resources that evolve from self-financing capacity and attracting external resources, including distribution of stimulating financial results.

In addition, provides a series of connections in the financial markets, specific financial system that the content of independent cash flows that characterize them, is detached from the natural fit - material not constitute distribution processes. Distribution function of the financial system, unlike other functions, namely the control, comprising only a small part of its specific processes and relations that is only those in the field of distribution, other spheres of manifestation specific broad sense - circulation (exchange), production and consumption - is excluded and is considering the creation, distribution and use of financial funds, specific financial system approach.

Acquisition and economic asset growth implies the existence of adequate financial sources of funding. Funds, whether own or borrowed, and are found growing in assets, passing through different stages of economic circuit, being recovered, if the business is profitable, with a cash surplus.

Consequently, the distribution function expresses the initial capital formation and those for expansion and meet other obligations of the company, the latter being considered two forms of capital generated by surplus cash determined on account of effective work.

In conclusion, the distribution function is reflected in:

- establishment of equity and borrowed;
- allocation and use of appropriate capital and operating needs of the investment cycle;
- training and profit sharing;
- repayment of loans and payment of various obligations of the enterprise;
- training and use a variety of funds to meet their needs of the enterprise.

Distribution function of finance, namely the financial system, aimed at all financial flows, the entry or exit of funds determined by the movements taking place in the heritage society. Control function is another function of the system considered finances resulting from the exercise of control through money intercession visible signs of financial relations that make up the financial system.

Need to control the progress of economic and social processes arising from the specific conditions are given various assets, including concern for ensuring accuracy of facts in all areas and creation of favorable conditions to obtain maximum positive results in all activities.

Financial management of funds involved, and other resource management requires more accurate records, monitoring the formation and use of financial resources, including the principles of management and regulation of financial activity. As a function of finance, but also the financial system, the control function is considered to have an objective character, in that the objective manifestation creates financial events for the execution of financial control. Because the audit work is performed by persons who meet the legal framework created financial control attributions, print it and a subjective component. The exercise of control is, therefore, the people belonging to specialized financial institutions belonging to the financial system.

Exercise financial control plan requires the existence of objective, in support of his relations involving the use of money, which are part of the financial system as a set of financial relationships. Normally financial control, as an expression control function, there is money in the operations and relations on the creation and distribution of financial resources, which configures the distribution function and the financial system (in all its meanings) is designed to provide favorable premises operational elements needed to carry out effective financial control.

Control function of business finance in two main aspects: ascertaining and a fair one, interacting organic, causing firms to take corrective action to prevent and eliminate the negative aspects of work.

Scope of event control function, while exercising based on distribution, size is larger, extending to other socio-economic processes in inter-relationships with financial. It's that financial control through the exercise of this function includes the whole process of social reproduction, not only distribution but also the sphere of production, circulation and consumption, as in each of these processes are done consuming or generating financial resources. Thus, financial control is exercised over the production, because in this area to create goods that are subject to exchange and consumption and value added distribution subject.

Control is achieved through various economic and financial leverage (cost, price, profit, taxes, loans, etc..) And can be structured in terms of the timing of development: preventive, ongoing and postoperative.

The activity aims to control and verify the activities of the undertaking of all time until the time of supply of products and services. Such financial control is exercised on production, because in these areas, subject to exchange and consumption and value added distribution subject.

Exchange phase, the financial control is exercised by specialized financial institutions verify that products are made goods, if the value of social utility and demonstrates its use commodity price determined by market mechanism

covering the costs of production and circulation, including a profit. In this phase, financial control aimed also the speed with which goods move from producer to consumer to prevent or reduce financial blockage. Any stagnation of finished goods in warehouses of the manufacturer or the company delayed the time to achieve recovery of the amounts advanced and value-added and financial blockade is a profoundly negative phenomenon to be combated and financial system design and operation.

In terms of specific functions within the financial system, detach private finance company, which, according to some authors, are essential components of it, because they are formed by most of the funds in the economy.

In the main form of control is undertaking financial control (self) which is, in fact, control of management.

In the companies, the control function is performed by certain persons or chief accountant, auditors of management committees or other bodies auditing organization qualified by statutes and by some outside specialized and authorized for this purpose.

A firm can be checked by banks, in some cases, especially in relation to:

- the volume of credits required, destination and guarantee their timely interest payments and repayment of borrowed resources;
- degree of solvency, liquidity and profitability, to grant loans;
- respecting the settlements, forms and payment instruments.

However, the company is controlled by some central and local financial bodies that analyzes and verifies the applicability of economic and financial laws. Such bodies shall, on the setting and timely payment of taxes and other obligations of the enterprise to the state, compliance with the preparation of balance sheets and income statement, the application of prices and tariffs.

In conclusion, the main objective is to organize and control the efficient operation of the organization and respect the legal framework.

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