УДК 336.6=111

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Finance as a field of study and an area of business

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Finance describes the management, creation and study of money, banking, credit, investments, assets and liabilities that make up financial systems, as well as the study of those financial instruments. Some people prefer to divide finance into three distinct categories: public finance, corporate finance and personal finance. There is also the recently emerging area of social finance.

Public finance includes tax systems, government expenditures, budget procedures, stabilization policy and instruments, debt issues and other government concerns. Corporate finance involves managing assets, liabilities, revenues and debt for a business. Personal finance defines all financial decisions and activities of an individual or household, including budgeting, insurance, mortgage planning, savings an d retirement planning [1].

Public Finance

The federal government helps prevent market failure by overseeing allocation of resources, distribution of income and stabilization of the economy. Regular funding for these programs is secured mostly through taxation. Borrowing from banks, insurance companies and other governments and earning dividends from its companies also help finance the federal government. State and local governments also receive grants and aid from the federal government. In addition, user charges from ports, airport services and other facilities; fines resulting from breaking laws; revenues from licenses and fees, such as for driving; and sales of government securities and bond issues are also sources of public finance [2].

All businesses which are tax resident in Belarus are liable for tax on profits derived from the sale of products, goods, services and other assets, plus other incomes, at 18% (since 2012).There are also local taxes of approximately 3%, creating an aggregate rate of profits tax of 26.3%. Foreign companies not registered for tax purposes in Belarus are subject to 12% with-holding tax.

Corporate Finance

Businesses obtain financing through a variety of means, ranging from equity investments to credit arrangements. A firm might take out a loan from a bank, or arrange for a line of credit. Acquiring and managing debt properly can help a company expand and ultimately become more profitable. Startups may receive capital from angel investors or venture capitalists in exchange for a percentage of ownership.

Personal Finance

Personal financial planning generally involves analyzing an individual's or a family's current financial position, predicting short-term and long-term needs and executing a plan to fulfill those need within individual financial constraints. Personal finance is a very personal activity that depends largely on one's earnings, living requirements and individual goals and desires.

Matters of personal finance include, but are not limited to, the purchasing of financial products for personal reasons, like credit cards, life, health and home insurance, mortgages and retirement products. Personal banking is also considered a part of personal finance, including checking and savings accounts.

Among the most important aspects of personal finance are:

Assessing your current financial status: expected cash flow, current savings, etc.

Buying insurance to protect yourself from risk and making sure your material standing is secure

Calculating and filing taxes

Savings and investments

Retirement planning

As a specialized field, personal finance is a fairly recent development, though forms of it have been taught in universities and schools as "home economics" or "consumer economics" since the early 20th century.

Social Finance

Social finance typically refers to investments made in social enterprises including charitable organizations and some cooperatives. Rather than an outright donation, these investments take the form of equity or debt financing, in which the investor seeks both a financial reward as well as a social gain.

Modern forms of social finance can also include some segments of microfinance, specifically loans to small business owners and entrepreneurs in less developed countries to enable their enterprises to grow. Lenders expect to earn a return on their loans, in addition to helping improve the individuals' standard of living and to benefiting the local society and economy.

References:

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