

A ROLE AND FEATURES OF FUNCTIONING OF FINANCES OF HOUSEKEEPING ARE IN MARKET ECONOMY

Statement of the problem. The Development of market relations in the domestic economy and the need to enhance the processes of economic growth necessitates the involvement of additional investment resources. An important source of investment in market economies, along with the financial resources of the state, entities, international financial institutions are financial savings of households. Understanding the mechanism and functioning of households finance will create favorable conditions for state financial policy effective measures to transfer savings from unorganized form (passive savings) into organized form (active savings). This, in turn, will increase the amount of investment resources in the national economy and ensure the revitalization of the economic growth.

Analysis of recent research and publications. Many domestic and foreign scientists researched the problem of households funds functioning/. The most essential developments in this field belong to: MA Abramov, L. Alexandrov [1], VV Vitlinskiy, ON Guy [2], VV Gluhov [3, 4, 5], VV Ivanov, VV Kovalev [9], MA Mosesyan [6], VM Fedosov, S. Yuri, L. Alekseienco, VG Dem'yanyshyn [8] and others. Although there exist a great number of publications on household finance problems, now there are no sound scientific developments that reflect the role and peculiarities of households finance functioning in the nowadays domestic economy.

Problem. The aim of the article is to determine the nature, purpose, role and peculiarities of households finance functioning in the national economy at the period of market relations development. To achieve this goal such problems were solved in this article: modern scientific views on the definition of the nature, objectives, roles and the functioning of households finance, their critical evaluation was held, the practice of financial relationships of households in Ukraine was investigated.

The statement of the main material of the study. The term "household" became a scientific one quite recently and this could be connected with the fact that during the command economy the economic role of this public institution was leveled. With the development of market economy, the scientific community recognized the value of all households for economic and social development and started doing research of this socio-economic phenomenon. This is particularly due to the fact that the role of household finance in countries with developed market economies in terms of their investment potential can be compared with government and corporate investments in the real economy and on some other estimates - with the volume of gross domestic product. For example, in Japan, households savings are estimated about 245% of gross domestic product in the U.S. - 300%, France - 135% [3].

Active savings, which are used in investment activities, provide an opportunity to increase economic growth synergistic effect not only of the state and businesses, but households too. For active households savings we can refer public funds on bank deposits, placing money in securities, participation in private pension insurance.

Passive savings have a significant positive effect on the national economy, as they represent investments in different kinds of luxury goods (jewelry, antiques), the funds allocated in the foreign exchange value with their subsequent home storage, investments in real estate, etc. Thus, passive savings do not create favorable conditions for country economic development. However, these savings cause slowing economic growth and missed opportunities for the country in whole. In the post-crisis period and under conditions of financial risks which accompany it, passive savings are the widest spread within population as such savings can keep the purchasing power of **household financial resources**, reduce financial risk and ensure households members confidence in the future. So, in the post-crisis conditions public passive savings, but by no means government ones, may be the only **right** form of financial investments.

The objective of government financial policy should be to stimulate just active savings for the sake of the country economy prosperity.

However, the role of households finance to ensure the economic development of our country today is the minimum which could be linked to the mentality of the population of Ukraine, which had been long formed under the influence of Soviet ideology and the prevalence of state ownership over private one.

Strengthening the impact of market-based economic relations on the livelihoods of households increased the necessity of constructing optimal financial relations between members not only of household but also of the family, which is stipulated by the necessity to finance common costs. The participation of the individual in the household and family makes actual the study of personal finance due to the need to develop financial resources to meet not only personal needs, but also to finance the costs associated with participation in the household [4].

Prevailing economic interest in the relationship established within household is caused by personal financial dependence of the household members:

- Who have not yet entered the labor market, and thus are not able to form a personal budget,

- Who have lost work capacity, so, especially in domestic realities, can not form a personal budget to meet all personal needs at minimum level.

Households finance perform the distribution of money income, and in some cases, incomes received in kind, **in the midst of housekeeping ensures??** fulfillment of their basic social task - **to ensure the continuity of the process of reproduction of labor power as a determining factor of production** [8].

Finance households are financial relations arising between household participants and external parties by reason of formation and use of financial resources general funds (insurance fund to maintain adequate level of consumption when circumstances change, the fund for considerable expenditures in future, funds of financial resources for further investment, etc.) that have different purposes.

Taking into account characteristics of households functioning, their social role and importance in the economic system of the state the primary goal of their operation may be determined as a reasonable development and optimal use of financial resources to meet common to all households members goals and objectives.

Several key characteristics affect the level of implementation of mentioned above goal and objectives: the number and age of household members, their income level, social status, mentality, education level, needs development and structure, etc. Integrated assessment of given parameters forms a composite index of household well-being - its financial status.

As during is household life cycle its financial status may change it is urgent for its members not only current financial budget planning, but also the formation of long-term financial plans which take into account possible fluctuations in income of individual household members (individual, family) and therefore changes in welfare level.

The financial relations of citizens include their monetary relations with all contractors [1].

So, planning requires all kinds of financial relationships which household and its individual members enter in the course of life, namely, the financial relationship between:

- individual members within the household;
- between households and budgets of different levels;
- between households and legal entities;
- between households and financial and credit institutions, etc.

At financial crisis and post-crisis period the functioning of household finance take place in difficult environment conditions. The main impact on the households financial relationships is informational uncertainty about the real situation in the economy of the country, the difficulty to predict the development of macroeconomic processes and possible economic risks, etc.

Nowadays households financial relationships are complex and with the development of market economy they tend to further complications, which in turn increases the importance of **planning development and use of its financial resources**.

The degree of participation of each member in the household budgeting is individual and may be stipulated by the degree of kinship and the **level of individuals in the financing of the common costs**.

All the complexity of constructing optimal financial relationships between members of a household is stipulated by the fact that this sector of society life is the least regulated by the state. The members of the household make a joint decision (usually based on consensus) about the necessity and method of formation of funds, their size and earmarking, the time they should be used [9].

Strictly regulated are only certain aspects of the financial relationship between household members which, in particular, are fixed by rules of the Family Code of Ukraine [7]:

- the right of one spouse to be supported;
- the right to be supported after divorce;
- the right of wife to be supported at the period of pregnancy and in case of staying with a child;
- the right of man to be supported if he stays with a child;
- the right for support of the spouse with whom the disabled child lives;
- mutual spouse participating in the costs for treatment;
- the right to be supported of man and woman who are not married;

Research of financial relations between household members practice allowed to conclude that in the budgeting household it should be taken into consideration that a household can be represented as one family, which determines its own financial policies, budget forming sources and ways of using it. So, in this case the household will be identical to the family and household finance family finance. In some cases a household may be represented by one person and person's finance is identical to household finance.

The amount of income necessary to generate the full financing of the household is fully dependant on its members needs which can be met in the form of wealth and package of services. Financial resources acquired by individual members of the household may be for some time owned by an individual, but with time are spent on meeting the needs of all household members.

In determining the amount of income a household income received should be counted not only in cash but also in a natural form. Of course, income in kind can not be the investment resources and directed to the development of the national economy. This type of income replaces cash income, and this helps to increase

the release of savings and investment resources in the national economy.

Reconciliation of economic interests of all members of the household is an important task to operate finance. Due to finance households can reallocate the amount of total income among its members, and change the proportion of income distributed between all household members. The decision about the share of income shared to each household member is authorized by all members and approved usually collectively by consensus. This ensures balanced development in all spheres of functioning of a household as a whole.

Thus, the formation of the general budget of the household may have various forms of financial relationships between all its members [5].

Households financial relations lead to the formation of two major **funds of their financial resources**:

- *consumption fund* - designed to meet the current needs of each individual member of the household, such as the purchase of food, utilities, transportation, purchase of industrial production, etc.;
- *savings fund* - designated to cover substantial financial costs in the future (tuition, purchasing a car or house, the cost of holidays and leaves, etc.) and forming household capital to have profits in future.

During crisis and post-crisis period, the distribution of financial resources between funds of households varies considerably. Households try primarily to finance their current needs, and therefore the proportion of the financial resources allocated to the fund of savings is reduced. the amount of investment resources is reduced too.

The other matters which cause the reduction of active savings and investment activity may be [6]:

- reduction in nominal and real incomes;
- reduction of share of income directed to savings;
- psychological tendency to passive forms of savings;
- increasing investment instruments profitability demands;
- shortening of investment terms;
- sufficiently low financial literacy within population;
- lack of awareness about the existing ways of investing, etc.

When budgeting it should be aware that during crisis households are trying to increase revenues in all ways, which is connected with spending increase during crisis while qualitative characteristics of consumption are saved. In order to increase the amount of primary income household members take measures to diversify sources of income, to engage all members in foreign economic relations, they also try to increase the amount of revenue from existing sources of its formation, and to expand the list of funds sources. Relevant for households of countries which are in the post-crisis period is forming income in kind.

The main factors that currently have a strong impact on the finance of households in Ukraine functioning are:

- transitive nature of economic relations in Ukraine, which enhances the role of income received by household members from business, financial and real estate transactions and is accompanied by the emergence of active layer of individuals - owners of capital who should play an important role in the formation of investment capital in our country. However, the instability of the overall political and macroeconomic situation leads to an outflow of domestic private investment capital to countries with stable economic conditions. In Ukraine the formation of funds of financial resources of households is strongly dependent upon external factors due to strong dependence of our economy on the performance of export-oriented industries, on investment resources from foreign investors and on the world market of energy resources;
- high level of dollarization of the national economy, which in turn causes high proportion of **foreign** currency in savings, income and expenses of the population. Propensity for widespread use of foreign currency is caused by distrust of economic policy and the long significant inflation period in our country's history. Furthermore, dollarization of passive savings is caused by instability of cash income of households financial funds and inflation expectations of the population;
- a significant role in Ukraine households income forming shadow income received in the form of salaries and business profits still have. The reason for this is the lack of governmental control of households incomes and their members spendings. Shadow wage income population primarily direct to finance current expenditures of households and larger in size shadow business profits are legalized abroad and make an investment framework for the development of overseas economies.

Findings from the study. In conclusion we can say that households in the financial sector primarily perform the function of allocating financial resources, which actually belong to them. In a market economy even at the level of households, families and individuals important financial decisions are made. Thus, all households are increasingly acquire the qualities of entity.

Finance of households play an important role in social reproduction, which is to provide financial resources for continuity of reproduction of labor power and create the foundations for the investment development of the national economy.

In a market economy household members constantly make decisions about managing their financial resources, namely income and use of funds in terms of time and volume and taking into account the various

options of using them and choosing the best options at a definite stage of the household life cycle. These household activities are determined in particular by the fact that incomes and expenditures of funds are separated in time, there is a potential risk of low efficiency of spending and thus lower utility from making certain financial decisions.

Financial relations of households with other macroeconomic subjects in most cases remain outside of normative legal regulation by which the State could directly affect financial processes. The methods of fiscal regulation still remain indirect instruments of state regulation in the sphere of households financial relations.

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Annotation

Tarasyuk M.V. A ROLE AND FEATURES OF FUNCTIONING OF FINANCES OF HOUSEKEEPING ARE IN MARKET ECONOMY

Purpose. The aim is to define the essence of household finances, goals, roles and functioning of household finances in the national economy in terms of market relations.

Methodology of the study. The subject of the work is the economic relations that arise regarding the formation and use of the financial resources of households. The work was the study of modern scientific views on the definition of the nature and function of household finances, carrying out their critical evaluation, study the practice of organizing the financial relations of households in Ukraine.

Results. Determined by the nature and role of household finances justified in the economic development of the country, are defined by their characteristics. An author's approach to the definition of household finances, justified purpose of their operation. The content of active and passive household savings and their features. Disclosed the content of the main types of financial relationships households. The features of the formation of household income and the principles of their distribution among all members of the household. Justified by the main provisions of the order of the planning and implementation of various kinds of household expenditure to meet the general and the individual needs of its members. Are the key principles and some of the requirements that should be considered in the formation of the household budget.

Scientific novelty. The role of the household finances in a market economy post-crisis period.

The practical significance. The results can be used for organizing and carrying out research in the field of household finances, the formation of state policy for regulating financial relations households.

Keywords. household finances, household income, household spending, active and passive savings, household budget, the fund consumption, savings fund.