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ROLE OF FINANCIAL LITERACY IN THE DEVELOPMENT OF PENSION SYSTEM OF UKRAINE

Financial literacy enables citizens to be educated in various economic issues and manage their material well-being. Conversely, the lack of basic financial knowledge and skills limits the ability of people to make the right decisions to ensure their well-being.

Lack of awareness and mistrust of citizens to financial markets, lack of understanding of contractual relations, and basic fundamentals of finance also hamper the development of entrepreneurship and small businesses. Sustainable development of the economy depends not only on the introduction of more efficient production and financial technologies, but also on how much people can use them.

The modern market economy involves a widespread public participation in investment, insurance and mortgage schemes that help solve the issue of pension accumulation, social and health insurance, education and housing. Increasing and rational use of savings provides a higher level of economic and social stability and at the same time creates the foundations for the stability of the financial system and macroeconomic equilibrium.

Active saving behavior of the population, the use of accumulation and insurance instruments provides a fairly high level of financial literacy, which allows citizens to actively interact with financial institutions, widely use products of the banking and insurance sectors, pension insurance systems.

The development of financial literacy is an important direction for strengthening the middle class, saving behavior of the population as a basis for macroeconomic stability and the development of the modern financial sector.

In the long-term, the place of financial literacy of the population is determined by the increasing importance of individual financial decisions in ensuring personal well-being at all stages of the life cycle - in obtaining education, creating a family, giving birth to children, providing housing for the dwelling, changing the sphere of activity and the termination of employment, retirement etc. [1].

In our opinion, one of the main problems of the implementation of pension reform in Ukraine is the low level of financial literacy of the population and the lack of trust in financial institutions. In our society there is a dominant belief that responsible for the decent provision of welfare of citizens in old age is predominantly a state. This situation has remained unchanged over recent years, which adversely affects the development of a multi-level pension insurance system in Ukraine.

A rather high level of reliance on state pension provision is observed in conditions of low trust of people in public administration. This confirms the failure of the society to adopt rules of conduct that are in line with market principles. In accordance with the established rules of conduct, the overwhelming majority of the population (76%) expects a state pension to be the main source of income after retirement. At the same time, 41% of the respondents claim that they will not have enough income after retirement, while 29% consider that they are unlikely to have such a source, and only 5% are hoping for a proper level of income [2]. Thus, we can say that in our country there are no effective institutions that would encourage people to effectively provide material resources in an incapacitated period. It is clear that to a large extent this situation is caused by the difficult material situation of a large part of the working population. However, the unresolved issue of the significant removal of the public from the task of providing its own material resources at the appropriate level creates significant obstacles to the development of state pension insurance in Ukraine.

According to the Agency for International Development (USAID) research, it can be concluded that in Ukraine most citizens do not have sufficient information on changes in the pension system; among the population there is strong resistance to raising the retirement age; People are poorly informed about the activities of private financial institutions - non-state pension funds, which play an important role in the gradual introduction of the accumulation level of the pension system [2].

The low level of financial literacy in Ukraine is due to the lack of training of children in schools on the basics of financial literacy, inadequate provision of reliable information on all participants in the financial market, limited access to financial advisory services [3]. In our opinion, the method of improving financial literacy of citizens is the introduction of a system for informing the population about the state and prospects of development of both state and non-state pension provision. Such a program should be implemented in close cooperation with private sector financial institutions, which need to take certain

steps to strengthen public confidence in their activities and educate citizens about the opportunities for savings and investing temporarily free funds and obtaining higher returns after retirement. To education and information programs aimed at raising Ukrainians' awareness of the issue of pensions, it is necessary to engage in various kinds of international organizations that, by their own positive experience, will contribute to the growth of financial literacy of the Ukrainian population. Particularly such measures should be carried out for young people, since they will be the main participants in pension insurance in the future and it is the pension reform oriented on them. Therefore, as far as they are financially literate, they will be able to ensure their old age.

At the current stage, it would be advisable to adopt at the state level a program of raising the level of financial literacy of the population of Ukraine and awareness of consumers of financial services that would determine the main tasks and functions of its participants, and also contributed to the dynamic development of non-state pension provision, which in the future will reduce the burden on accumulative level of the pension system.

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