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**Anatoliy Sydorчук**

*Ternopil National Economic University*

## **THE ROLE OF HOUSEHOLDS IN THE FINANCIAL SYSTEM**

Financial relations in Ukraine do not involve households in identifying a family or community of persons that we may consider to be a family, which is more appropriate to the entomological meaning of the word. They would be the subject of financial relations if, in accordance with current legislation or the established practice of GDP distribution in Ukraine, the family or members of the family was subject to taxation or enjoyed tax benefits, or the wages of a person were dependent on whether or not a single person was in residence, married, whether or not she has children, how many children, etc. Given that there are no such conditions for distribution in Ukraine and we cannot make a prediction or they are possible at all in the future, the term «household finances» appears somewhat artificial in the existence of our financial system. Based on the established practice, the term – «individuals' finances», «population finances» or «personal finances» would be legitimate [1]. At the same time, we would like to point out that in Western financial science, the term «household finance» is often used and its existence is conditioned by the practice when the family itself is the subject who participates in the process of distribution and redistribution of the product produced in the country [2, p. 76; 3]. Given the fact that this practice, according to the author should take place in Ukraine, we will use the term «household finance» in the present.

The existence of a household as a subject of financial relations is characterized by the following features:

– Today it directly participates in the process of social production and, as a consequence, participates in the process of distributing the product produced in the country as its participant (receives financial resources at the stage of distribution);

– Participated in social production in the past and today enjoys certain preferences that affect the process of distribution of the manufactured product (receives financial resources at the stage of redistribution);

– Will participate in social production in the future and today enjoys certain preferences that affect the process of distribution of the manufactured product (receives financial resources at the stage of redistribution).

Thus, it is the participation or non-participation of the household in the relations of distribution or redistribution of gross domestic product (in some cases of national wealth) in the past, today or in the future and will determine the existence or non-existence of household in the financial system.

The functioning of household finances within such a financial system should be characterized by the following features:

1) All spheres of the financial system are located on one horizontal level, which means the equality of all subjects of financial relations in the process of distribution and redistribution of GDP or national income among themselves. This equality is legal on the one hand and economic on the other. Legal, since neither entity, can and should not be «above» the other. Failure to comply with the requirement (as it was in the USSR) when the state stood above other entities, leads to the existence of the so-called «cost economy» and as a consequence – the impossibility of having such a financial system at all (the collapse of the USSR). Economic equality is that the population participates in distributive relations as an active participant in GDP creation.

Each of the spheres characterizes the individual aspects of the country's financial system. In particular, household finances are the efficiency of its construction. Based on the view that the main purpose of financial relations in society is to provide all financial relations entities with the financial resources necessary for their normal functioning – precisely in the specified area by comparing the size of financial resources received by households with the norms of their provision (for example, the established size the living wage, the poverty line, etc.), we can answer the question of whether the financial system in society is effectively or ineffectively built.

It is the opportunity to assess the effectiveness of the country's financial system in general through the sphere of household finances and determine their important role in the course of financial relations in society.

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