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AREAS OF PUBLIC POLICY IN SUPPORTING THE FORMATION AND THE USE OF FINANCIAL RESOURCES OF HOUSEHOLDS

The full development of each individual household depends on the adequacy of its financial resources because the attraction households to active financial cooperation leads to greater independence concerning the formation and use of their own resources.

Functioning of the households of Ukraine in the market economy is exposed to the effects and experience of the planned economy system, which results in a certain transformational status of households of Ukraine: functioning in the "new" terms for "old habits". These prices reflect in the structure of income of households with a clear prevalence of social benefits and low incomes from entrepreneurial activity. The existence of the latter is a reflection of market relations and a shining example of their implementation. The situation is compounded by the inability of the state at the expense of existing funding sources to provide households with a high level of social security in those volumes that are proclaimed and enshrined in legislation. The

situation is also complicated by the economic activity of households in founding and conducting the business activities.

The urgent need to solve social problems and create conditions for the development and functioning of households necessitate a revision of the state policy on development cooperation with households, which should focus on:

- delegation the authority in the field of social security to the actual services consumer – to households. This approach, in contrast to current practice, will give the opportunity to reduce the burden on the social component of the budget and to increase the responsibility of households to their own welfare;

- the separation of the roles of the state as regulator and guarantor of the rights of participants and as a subject of economic relations, which operates on the market, carries out the purchase of goods and services that is the state is involved in the purchase /sale process as a competent participant. This approach will enable a more efficient allocation of public funds with the aim of obtaining the maximum benefits from their use;

- promote the effective implementation belonging to the household resources, namely the use of their own resources by household with maximum efficiency. The role of the state should focus on creating conditions for such implementation and the formation of relationships mutually beneficial partnership that will promote: a) the growth of interest in the conduct of their own business as one of the destinations for the household concerning the disposal of available resources; b) the increased activity of households regarding their own investment decisions given more freedom and independence.

Ultimately, public policy should focus on the emerging middle class of the Ukrainian society as the key to improving the stability in the state and promote maximum involvement of all belonging to the household resources to effective use at each stage of the functioning of the household in accordance with of its functions in the economy: as the resource provider or services consumer. In accordance with features of the household and the components of the household budget (income,

expenses and savings) state support policy formation and use of financial resources should be implemented in the following areas:

- 1) increasing of income through the use of resources owned by a household;
- 2) intensification the investment activity of households;
- 3) the formation of consumer demand.

Increasing household income levels should occur in the direction of increasing the proportion of revenues from resources owned by a household, namely: ability to work, saved capital, in contrast to the existing practice of welfare provision through the receiving of transfer payments.

The implementation of their ability to work by the household can happen in two ways: an employee either a self-employed person. Acquisition of the status of self-employed person, in addition to ability to work, enables the realization of entrepreneurial ability. Activation of the employment of workable household members, as the direction of public policy of supporting the formation and use of financial resources of households, is associated with the background creation for the involving of the labor resources to active use.

The development of global trends in the interaction between actors in the market economy to stimulate employment shows the change of priorities in the role of the state: from passive social welfare policies to active steps in employment through any assistance in job search and retraining of workers in accordance with the needs of the market, forming a layer of private entrepreneurs and "small business subjects".

The experience of modern development strategies in foreign countries shows that employment is considered as "the best protection against poverty". The attention of the European economic community focused on the settlement of the interests of the population regarding to the children education and labor activity, namely promoting return-to-work mothers after birth [1, p. 234-235]. Positive foreign experience is the basis for developing the measures to enhance the working-age population of Ukraine to labor activity.

In Ukraine kindergartens covered slightly more than 50 percent of children of the appropriate age. In urban areas the provision of pre-schools is low and insufficient [2, S. 432].

The lack of appropriate infrastructure does not allow attracting employment of able-bodied citizens, and does not create preconditions for the population to increase birthrate.

With the purpose of implementation of this direction of public policy and taking into account the interests of all suppliers of this interaction, it is necessary, at the legislative level, to allow the inclusion of a part of expenses for payment of services of preschool children's institutions, to reduce taxable income subject to taxation. The implementation of such payments should occur directly from the bank accounts of the subject of taxation in the accounts of institutions that provide related services. Such activities will provide:

- interest of employers in the engagement of parents with children through the possibility of reducing the tax burden on the payroll (paid amounts are not included into the income of the employee), or through the costs increasing when the taxable profit is determined. The possibility of reducing the taxable profit on these costs must be widely applied by the subjects of the simplified system of taxation in part included in the single tax either as a component of cost reducing taxable profit;
- improving the material base of institutions, due to price adjustments for services that will stimulate an increase in both the quantity and quality of services and increase the number of relevant institutions;
- activation of the return of the working-age "young" parents of maternity leave for the presence of incentives reducing household expenditure on education of children, even in a partial increase in the cost.

Significant potential labour resources are formed by the migrant workers working abroad. The basis for the development of measures to encourage the return of migrant workers in Ukraine should be based on the approach taking into account peculiarities of the regions in which an outflow of the labour force abroad is noticed. At this stage, sustained negative growth rate of external migration is observed in the

Zakarpatska region, however, indicated problem is typical for the entire Western part of Ukraine [2, p. 432].

The provision of state support on the possibility of implementing the ability to work and the creation of appropriate conditions in the region should be the incentive for migrants returning.

A promising direction of development for the Western regions of Ukraine, taking into account the unique natural conditions of the region, is the development of such types of tourism as ecotourism and health tourism. The orientation of the green tourism to use the services of private estates creates the potential for small business development in the region and provides the inhabitants of the named territory by revenue opportunities.

In order to boost the development of green tourism, to facilitate the establishment and running their own business by members of the household, to create conditions for migrants returning to Ukraine it is needed:

a) introduce a system of preferences for physical persons who are willing to provide services identified as "green tourism" by developing a system benefits:

- payment of the charges associated with the organization of this activity;
- providing long-term lease with option to buy land with the fixation target;

b) expand the powers of the Ukrainian State Fund for the support of farms on the provision of return assistance on the development of opportunities for lending to entrepreneurs who have expressed a desire to provide services of green tourism. A mechanism for providing loans, developed and implemented in the Carpathian region in the framework of the TACIS project of the European Union "Support of local development and tourism in the Carpathian region" should be taken as the core of the implementation. Under the terms of the project 2/3 of the funds are provided as a long-term loan, remain – in the form of grant aid. The distribution of this experience on the whole territory of Ukraine will intensify the development of green tourism in such kinds as agro-tourism to areas in the Eastern regions of Ukraine;

C) reduce the minimum threshold of employment for able-bodied person, who was abroad for some time and after returning has started its own businesses. Receiving the minimum pension will be possible only when retirement age is reached. Implementation of these measures will enable employees to establish a base of future state pension above the minimum wage.

An important part of improving the income level of households is the formation of high quality human capital. The development of household members to improve their professional knowledge will contribute to improving their competitiveness on the labour market, which, in turn, acts as a catalyst for increasing of salaries levels, as prerequisites to improving the financial condition of households.

Public policy of the member countries of the EU in the field of employment is focused primarily on attracting working age population to the labour market, together with the promotion of the need for regular and systematic updating of knowledge and training. The formation of the "cult of knowledge" should be reflected in national policy in the field of formation of the middle class society in Ukraine. Education and further accumulation of skills in the majority of cases are associated with the process of formation and development of human capital of each individual. Human capital development is closely connected directly with the processes of self-realization of households in the labor market.

The implementation of household investment potential requires formation of separate directions of the state policy on ensuring adequate conditions for the implementation of investment opportunities of households, institutional protection of investment interests of households. Important components of the process of involvement of households in investment operations are a well-developed network of financial intermediaries and the system of guaranteeing the economic interests of investors.

Because of the low level of financial literacy of households and quite dynamic market changes it is advisable to delegate the effective management of financial resources to maximize the return from investment operations to the authorized representatives, whom financial advisors may be. The formation of the institute of

financial consultants, as the direction of public policy, identifies the need for a legislative framework for the functioning and formation of system-level validation specialist training in this category through the introduction of licensing of their activities. With the aim of stimulating the development of financial advisory services, the position of financial consultant with the appropriate consolidation of responsibilities for the development of investment portfolios for individuals that receive income above a certain state annual threshold of income must be entered. This limitation as for income is due to the need of investment operations fulfillment while not worsening the living conditions of household members.

The formation of the system of guaranteeing the economic interests of private investors is to create a Fund of individuals' savings deposits guarantee in non-bank financial institutions, such as insurance companies with life insurance, private Pension Funds, Credit unions, etc. The functioning mechanism of the Fund of individuals' savings deposits guarantee should be the basis of the operation of the Fund.

The main objectives of the Fund of individuals' savings deposits guarantee in non-bank financial institutions is to ensure the functioning of the guarantee system of the cumulative contributions of individuals and inform the National Commission for regulation of financial services market of violation of payment discipline. The Fund is accountable to the Cabinet of Ministers of Ukraine and the National Commission for regulation of financial services market of Ukraine.

The creation of the Fund of individuals' savings deposits guarantee in non-bank financial institutions will help:

- transparency of the financial services market and to decrease the number of unstable financial institutions;
- to develop a comprehensive investor protection for banking and parabanking systems;
- to increase confidence to financial institutions in connection with the existence of reserved funds for guaranteeing deposits.

The importance of consumer for economic development demand necessitates regular improvement of state policy in shaping conditions for the successful implementation of consumer demand. Expanding the range of services used by household members, particularly with respect to enhancing the role of the Internet when purchasing goods and services, market development, financial services and so on, requires adjustment of the existing mechanisms of protection of rights of consumers and formation the system of protection of personal data, payment transactions and other.

To implement the state policy to promote the formation and use of financial resources by households as consumers of goods and services such measures should be done:

- to regulate the work of the online stores at the legislative level by the adoption of the law "On electronic commerce". The formation of the legislative base will increase the liability of the sellers regarding the quality of services provided and will provide the specifics of e-commerce in the implementation of this type of purchases;

- implementing body of Executive power on protection of consumers rights of financial services. In accordance with the main objectives of the "Strategy of reforming the system of consumer protection in the financial services markets for 2012-2017", enshrined in the resolution of the Cabinet of Ministers of Ukraine provides for the improvement of the institutional framework for the protection of the consumers' rights of financial services [4]. Immediate institution of this system should be the State inspection for protection of consumers' rights of financial services (SIPCFS). The main objectives SIPCFS are :

- consideration of petitions and complaints of individuals and legal entities on the provision of financial services;

- legal assistance to financial services consumers for the protection of their rights;

— to find out the violations of the rights of financial services consumers and report about identified facts the authority institution exercising the state regulation in financial services markets;

— supervising the quality of players in the financial services market and distribute their information about financial services.

A necessary component of reforming of this area of financial market infrastructure should be including the violations of the consumers' rights of financial services into the reasons list of applying financial sanctions to financial market participants.

Development of a comprehensive state policy supporting the formation and use of financial resources of households will ensure the regulation of the interaction households with counterparties, which is the basis of the maximum avoidance of losses and protect the interests of each party to the interaction.

The implementation of the directions of the state policy is associated with the formation of households like full participants in the financial relations and should take into account the interaction with households' contractors.

The presence of interaction between the household and contractors in the state model for comprehensive regulation and public provision will increase the efficiency of formation and use of financial resources of households and will become the base-point to encourage participation of households in the economic cycle.

In general the public provision of financial interaction between households with contractors as a part of the implementation of the proposed measures of the state support policy formation and use of households financial resources has the following components: participants (households, government, other counterparties financial relations); objects (factors of production); the tools and methods of influence (minimum wages, tax rates, targeted subsidies and incentives to industries and business entities, provision rates, depreciation rates, the discount rate of the NBU).

The governing bodies and the executive function in providing financial interaction of households with contractors. Directions of state policy to promote the formation and use of financial resources of households include the following

activities: development of pre-school and after-school childcare institutions; development of an action programme for the return of migrant workers in Ukraine; creation a system of regional indicators of the subsistence minimum; development a system of basic financial education of household members; the establishment the Institute of financial consultants; forming systems guarantee the economic interests of the investors of households; the extension the spheres of influence of the state bodies on protection of consumers' rights; to stimulate demand for domestically produced goods.

Depending on the intensity of development of market relations and the cooperation of the participants, the content of each of the proposed elements of the system may change in accordance with the directions of economic development and corresponding changes in laws and regulations. However, in any case, the system of implementation of the state policy should equally take into account each of the areas of interaction households with contractors regarding the formation and use of financial resources.

Implementation of a comprehensive state policy support for the formation and use of financial resources of the households will enable effective communication of households with counterparties. In its turn it will positively affect the welfare of households, increase domestic investment resources and consumer demand, and will provide the capacity development of the state economy generally.

Improving the process of formation and use of financial resources of households, as a three-vector direction of the state development, economic entities and households, will create the financial stability of the household, income and effective use of financial resources of the household as an independent and full-fledged participants of economic relations.

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