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CLARIFYING THE MEANING OF THE TERM “HOUSEHOLDS FINANCE” IN THE CONTEXT OF THE SUBJECT “FINANCE”

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Summary. The article investigates the nature of households finance and their role in the financial system of the country. Systems of external financial relations of household with other entities of household economy and systems of internal redistribution of relations are represented. The basic functions and principles of the organization of household finances are characterized. Components that form a general understanding of the household finances are identified.

Key words: *household, family, household finance, household finance functions, principles of organization of household finance, family finances, personal finances.*

Household is an institutional component of country economic system. Until recently in Ukraine the household as an economic entity was not in the field of scientific interests of researchers.

System of National Accounts determines household as individuals in country's economy, they can consist of a single person or group of people (not necessarily family) united by a common budget.

The term “household” is often identified with the concept of “family”, but it is not quite correct.

The term “household” describes not only the family but also the economic and financial relations within the group of people bound by certain obligations established legally or contractually. The concept of household is more appropriate for financial science.

We can define the following features of the household as an economic entity of a market economy:

- Possession of certain resources;
- Autonomy in economic decision-making;
- Maximum needs satisfaction.

Household finances are organized on the basis of following principles:

1. Principle of full independence.
2. Financial self-sufficiency in the reproduction

process.

3. Financial planning of household budgets.
4. Division of financial resources on equity and borrowed funds.
5. Differentiation of main and investment activity.
6. Principle of material interest.
7. Internal financial discipline.
8. Formation of reserve funds.

Socio-economic nature of household finances is manifested in connection with their functions: 1) formation of resources; 2) distribution; 3) playback; 4) regulation; 5) investment; 6) consolidation; 7) control.

Specificity of household finances is that this area of financial relations is in the least degree regulated by the state. Households make their own decisions about their own sources of income, necessity and ways to generate funds, their size and use.

Under modern conditions the state has almost no direct impact on the financial solutions of households. The state can only indirectly affect these relationships, using various methods of tax and budget (fiscal) policy.

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