

Modern Russian Economy Face Challenges of Sound Financial Management Household

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Abstract

In spite of the fact that the terms "finance of households", "individual finance", "personal finance" rather often meet recently in scientific literature and statistical researches, their place and a role in a financial system of the country and life of the population are looked through still insufficiently accurately, vaguely and need specifications. Households in modern Russia direct a certain share of the gained income to the purposes of savings, but only in the presence of communications can perform with the financial market of saving of the population as a significant source of investments in which any state feels the need. In article conclusions are drawn that it is impossible to recognize the existing savings of the population of Russia as the full-fledged free resource capable to be directed to investment, owing to specific problems. Household wealth should rightly be recognized as the core of the co-temporary financial system of any State. In whose hands the size of the domestic market, the resource level in budget system, the rate of investment speeds, the standard of living of the population were established. This is related to individuals' incomes that make up 70% GDP in a developed market economy [15]. Part of meaningful measures as the developed economy is the excess of income over current consumption. In such a situation, the population can provide the bulk of investment through its savings. The increased technological explosion of way to established proportions of income distribution into change and savings, has a direct impact on both personal finances and personal financial assets.

Keywords: Savings of the population, household wealth, personal finance, population finance, management of the budget of households

I. INTRODUCTION

Only relatively recently, namely, since the late 1990s, in Russia began to exit publications on individual finance and household finances, in which the individual is researched

as an active participant and a unit of economic systems and processes.

It was only relatively recently, namely since the late 1990s, that publications on individual and household finance had begun to be published in Russia, which explored the individual as an asset participant and a constituent unit of economic systems and processes. Much of this owing to the observed economic transformations taking place in our country and the awareness of the increasing role of personal finance in Russia's economy.

In the late of the 20th century, there was a shift in the domestic economy in favor of the finance of the final consumption sector, which in scientific terms had become a neoclassical theory of finance, relying on implementing personal finance.

Banks and other financial market institutions in the modern economy were called upon to mobilize monetary income and savings of the population, as a consequence of which they turned into loan capital and other financial products. In shaping of investment resources in the banking sector, household savings are one of the significant and mass sources of long-term capital base.

II. METHODS

The methodology of the study is based on the application of classical scientific methods and techniques, namely: systematic consideration of the object and subject of the study, dialectical logic, analysis and synthesis, methods of grouping, comparison, generalization, which allows speaking about the complexity, integrity and reliability of the results of the study.

III. BASE MATERIAL

Demand for banking services from the population as a savings owner increases as production increases, it can be observed in Figure. 1.

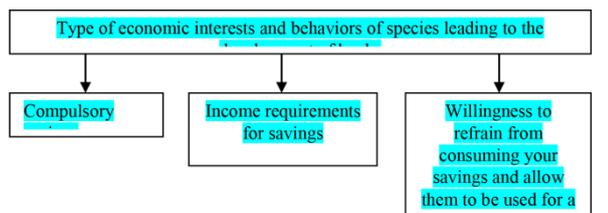


Fig. 1. Economic interests and models of individuals leading to the development of banks

During its brief history of modern banking business, Russian banking sector has gradually passed in its development stages from purely corporate to universal credit institutions, in whose activity retail tenant becomes essential [10; 16].

Research into new market segments has led most large and medium-sized banks to focus on private clients.

To date banks services are not limited to loans and deposit opening opportunities. In cooperation with the bank, you can earn money by investing in investment products. Almost all large banks provide services to preserve and increase the investment of client funds, as well as the opportunity to work on certain investment products. At the same time, the bank is dedicated to provide full information and support to the client (Kazan 2016).

Figure. 2 shows the main advantages of investing in banks.

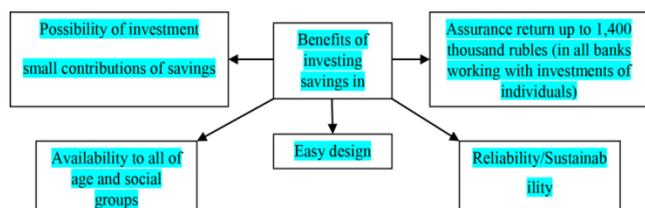


Fig. 2. Benefits of tinting savings in banks

Consider also banking products that offer modern and well-liked banks of Russia to their patrons . They are featured on picture 3.

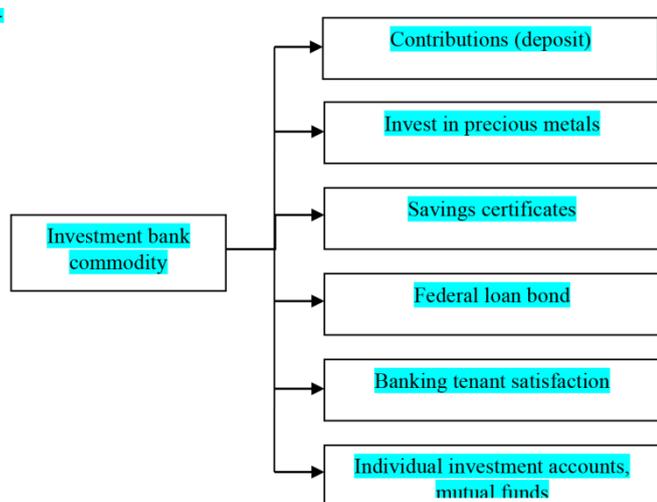


Figure. 3. Investment products of Russian Banks [2]

The most common investment products offered by banks to invest money was a bank deposit, Figure. 4.

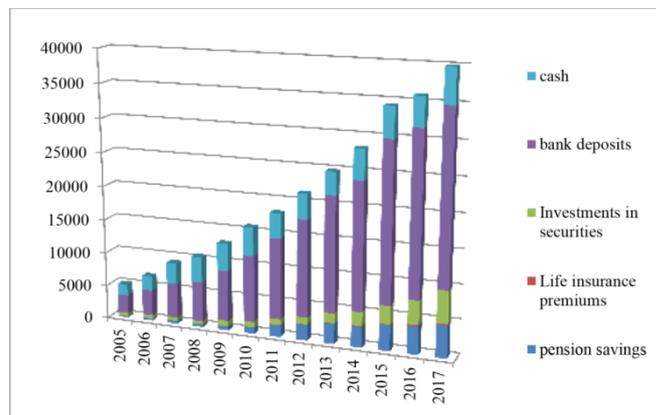


Figure. 4. Structure and momentum of financial investments of Russians, billion rubles

The features of the contributions to date should be considered:

a) All deposits in Russian banks are insured. However, it should be noted that the amount of insurance was limited. All deposits of individuals are insured in the amount of 1,400,000. For our country - it is considered a large amount. Therefore, such money is recommended to invest in a more stable, large bank with many years of experience and good standing [6; 3]. Generally, in such banks the interest rate is lower than in young commercial competitors, but the risk that money from the deposit will be lost or will not bring the expected profit is mitigated.

b) When choosing a bank for investments of own funds, we do not recommend to turn to where high interest rates are offered. This may reflect that the bank is in dire need of funds and attracts them in any way [4]. Still, if you decide on such a risk, limit the deposit to a shorter term (3-6 months).

c) The most suitable term for opening a deposit in a reliable bank is 1 year. Although perennial deposits are much more profitable, they are less protected. Nor are they always economically profitable. Every day banks offer better deposit terms, with interest. Therefore, it is more appropriate to put money for a shorter period in order to invest money again by opening a new account when a better deposit appears.

d) It is desirable to open a contribution with the capitalization of interest. Such deposits are much more profitable. After all, if interest is capitalized, the accrued amount is added to the body of the deposit. Thus, interest will be accrued on a larger amount next month.

In figure 4 we considered dynamics on deposits in large banks of Russia for 01.07.2018 in the relation to 01.07.2017 for this period gain by quantity of deposits is observed. This once again proves to us the popularity of this type of banking services in the population.

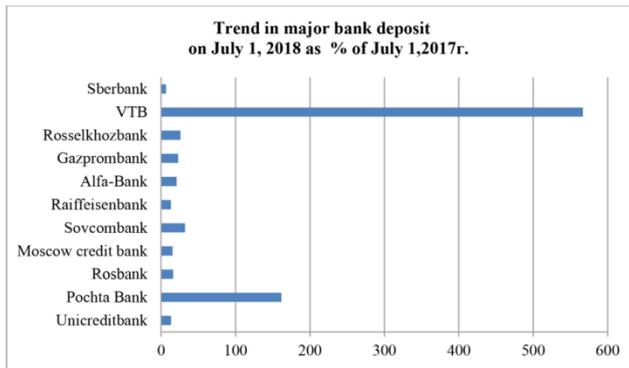


Figure. 4. Evolution of deposits in major banks

At the same time, it should be borne in mind that in modern Russia the economic process in the sphere of households had certain factors, in the sense that a significant proportion of the population had clear conditions for building-up tools, and the bulk of the free cash resources of the population continued to settle "on their hands" or was directed to the purchase of foreign funds [6; 7].

At implementation of investments of free monetary resources for the population the financial tools having such characteristics as reliability and profitability, but being on hands of Russians of saving at present have the paramount requirement it is infeasible to consider a full-fledged free resource which could be directed to investments, owing to rather small amount of savings and also the sated up certain mistrust of households to financial institutions [11].

Following by the concern that existed in modern Russia for the effective management of household finance should be highlighted:

1. Vulnerability of savings of the population. The perfect mechanism for security the interests of the population when investing in financial products can significantly increase savings activity. Over the past six years, licenses have been revoked from more than 400 banks, and today they remain in the Russian Federation less than 500. As a result, the Deposit Insurance Agency itself is already in a difficult position [14]. At present, the Deposit Insurance Agency guarantees the return of savings, but only within a certain amount.

The limit of the amount that the Deposit Insurance Agency can pay to each applicant, whether it is an IP or an ordinary depositor, is 1.4 million rubles.

2. The problem is not sufficiently reliable coverage in official statistics of data on existing monetary income of the population in Russia due to the manifestation of a number of factors, including: cash settlements; Mass tax evasion; Concealment of real wages [13].

3. Inability of the population to adequately interpret access information, existing information asymmetry. This is due to the continued low level of financial confidence in financial products, services and their characteristics [1]. The most serious relevance in this regard will be to increase the level of financial culture and investment literacy of Russian citizens.

4. The next problem comes from the very structure and framework of the investment services market. The obstacles are not only the inadequate infrastructure of the financial market, but also the very high "threshold of entry" into the market, the open product line offered to the population for saving investments [12; 9].

5. The inclusion of large segments of the population in investment was not possible because of the rather low livelihood of most Russians. The standard of living has grown significantly owing to the fall of the ruble and the sanctions imposed on Russia over the past few years.

IV. SUMMARY

Personal finance was the main link in the modern financial system. They mediate personal consumption and investment in the public and corporate sectors, thus creating conditions for their development. Personal finance played a role in the distributive and redistributive processes of the financial system, thus being an integral part of the State budget.

To date, citizens of our country have approached the importance of personal financial planning. But in general, the collection of Russian households is currently impossible to recognize as a free investment resource, due to specific activities.

V. CONCLUSIONS

The importance of personal savings as one of the determining factors for the development of Russia 's economy revealed a need for a slow solution to the issue of the formation of a unified national policy and a long-term regional investment strategy. The aim of that policy should be to enhance the investment opportunities of personal finance by ensuring an attractive investment climate in the regions and restoring confidence in banking organizations.

Through banking products and services, people could save, invest or invest in various investment products. Therefore, the involvement in the banking segment of the cash savings of the population, as well as the reduction of the part of them that should be in the hands of the population, are priorities for modern economic relations.

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