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**THE ROLE OF FINANCIAL LITERACY OF THE POPULATION IN THE ESTABLISHMENT AND DEVELOPMENT OF FINANCIAL RELATIONS**

*Abstract. The use of financial information, the use of financial knowledge are necessary elements of any human activity. Financial literacy helps to understand key financial concepts and use them to make decisions about income, expenses and savings, to choose the right financial instruments, to plan current and future budgets, to raise funds for future purposes, and so on.*

*Key words: financial literacy, innovative development of financial relations, financial education of citizens.*

At the present stage of development of human society, the problem of increasing the financial literacy of the population is acute. It is urgent to ensure the stability of the financial sector, inform consumers (individuals and legal entities, individuals) and increase their responsibility. The financial aspect applies to almost all spheres of modern society. Financial literacy enables citizens to manage their own material well-being. Lack of basic financial knowledge and skills limits people's ability to make the right decisions to ensure their well-being. International organizations have argued that consumer financial education is the basis for supporting the proper functioning of capital markets and the economy as a whole. This issue is relevant in countries that have moved from central planning to a market economy.

The rapid spread of financial relations in all spheres of human life, attracting a wider range of private investors to the financial market, the presence of a number of investment risks when investing in various financial projects require a comprehensive and effective system of protecting the rights and interests of private investors in Ukraine. In this context, the urgent problem is the formation of new economic culture and economic thinking, which provide primarily the appropriate level of financial literacy of the population, which is extremely important in today's global economic space.

In the developed countries of the world, the government has long recognized the importance of financial education of citizens for economic development, social protection and social security, and the establishment of democratic principles of governance. Financial literacy of the population not only strengthens the self-awareness of citizens, helps to reveal the creative potential of the individual, but also helps people to effectively protect their rights, thus raising the standard of living. In most countries, economic education of the adult population is seen as a productive investment in development and one of the important tools to ensure a decent old age and stability in society "[1, p. 59].

Insufficient level of financial literacy of the population leads to inefficient management of own funds, reduces the soundness of financial decisions, reduces economic activity of the population, threatening the financial security of households in particular and the stability of the national financial system in general. After all, in the field of household finance, the main contradiction is between limited financial resources and virtually unlimited needs of members of such households, which often provokes a situation where household members, not having a sufficient level of financial literacy and financial education, resort to unreasonable (often impulsive) borrowing. large debts of these households to financial sector institutions.

In the current conditions, the literacy of the population is an important feature of modern society and largely determines the quality of life of its citizens, providing them with access to better education, work and services. This is especially true of financial literacy and financial culture, as financial relations have become an integral part of modern life [2, p. 119]. Therefore, it is not surprising that literacy involves (along with professional and functional knowledge and skills) possession of a wide range of economic and especially financial concepts and categories.

The process of improving the financial literacy of the population, which began in various countries in the form of separate initiatives of public and private organizations aimed at assisting citizens in managing personal money and information about financial services, has gradually evolved to national programs and strategies. as well as supranational initiatives of the European Union, the World Bank, the Organization for Economic Cooperation and Development and other international structures.

The low level of financial literacy of the population of Ukraine is due to reasons related to both subjective and objective principles.

First, the lack of established traditions of teaching citizens the basics of financial literacy, due to the past historical development of the state, when for decades the country not only had no financial market, but also ideology aimed at eradicating commodity-money relations due to "transition to communism".

Secondly, inadequate provision of potential market participants with the necessary quality and the most objective financial information. Undoubtedly, the success of households in adapting to unstable market conditions and the ability to increase financial literacy depend to a large extent on the ability to access financial information. In modern conditions, it is quite large-scale, difficult to understand for the average citizen and requires in-depth understanding and detailed analysis.

Third, the lack of an established institution of financial advisers. In developed countries, financial advisor, financial advisor, financial planning specialist is one of the most prestigious professions. Such specialists advise on investment decisions and form personal investment portfolios, optimize income and expenditure budgets, manage debts, consolidate loans, if necessary, minimize financial risks, optimize tax payments, control insurance and savings accounts, participate in making wills and more.

Fourth, the extremely low demand for financial knowledge by the majority of the population, lack of understanding of their practical role at all stages of the life cycle. In our opinion, this is the main obstacle that makes it difficult to solve the problems of improving the financial literacy of Ukrainians. As a rule, ordinary citizens are not sufficiently aware of the need to expand their knowledge in this area, because they do not see ways to apply the acquired financial skills [3, p. 94]. This indicates a weak motivational component of financial knowledge.

Thus, the basis of the process of acquiring financial knowledge and the formation of an appropriate level of financial literacy should be a change in worldviews and behavior of the population on the nature of money and personal finance. It is necessary to overcome as soon as possible this openly illiterate attitude of most Ukrainians to their own money and unpredictable financial future and to form in them a philosophy of self-confidence, so that everyone can achieve financial independence and maintain it throughout life.

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