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SOME ASPECTS OF THE FUNCTIONING OF PERSONAL FINANCE IN THE MODERN BEHAVIORAL ECONOMIC SYSTEM

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Summary. The article substantiates the theoretical and methodological principles of the formation of personal finance as a fundamental category of modern financial thought. The paradigmatic transition from traditional analysis to the study of a new economic level of financial relations is investigated. A retrospective analysis of the evolution of financial theories is carried out, proving that the integration of behavioral and institutional approaches has made it possible to identify a person not as a passive bearer of a social role, but as an active subject of financial relations. The conceptual apparatus is systematized, the categories of "personal finance" and "household finance" are delimited on the basis of legal status and target orientation. Special attention is paid to the development of a hierarchical system of principles (constitutive and regulatory) that determine the viability of personal financial activity. The results of the study confirm that the development of personal finance is a prerequisite for the accumulation of human capital – a key marker of sustainable economic development of the state.

Keywords: personal finance, personal financial resources, human capital, constitutive principles, regulatory principles, behavioral economics.

Relevance of the issue. In the modern economic architecture, the study of personal finance is gaining strategic importance, transforming from an applied discipline into a fundamental area of economic research. The increasing volatility of global markets, the complexity of the architecture of financial instruments, and the progressive decline in the role of the state in social and pension systems delegate to the individual full responsibility for his own financial security.

The processes of financial liberalization and the wide availability of credit resources create conditions under which the economic stability of the state directly depends on the quality of financial decisions of individuals. However, for a long time, financial science focused on the macro- and meso-levels, ignoring the subjective will of the individual. Today it becomes obvious: the personalization of finances is not just a trend, but an objective process of transformation of the financial system, where a person becomes its primary link. This makes it urgent to rethink the theoretical basis and form a holistic scientific approach to the management of personal financial resources.

The purpose of the study is to systematize the theoretical and methodological foundations of the essence of personal finances, clarify their categorical apparatus, and systematize the hierarchical structure of the principles of their functioning in the modern economy.

Analysis of recent research and publications. The evolution of world economic thought demonstrates a consistent paradigmatic transformation: from the analysis of global macroeconomic aggregates to an in-depth study of the nanoeconomic level. In this modern architectonics, the financial system is viewed not through the prism of impersonal flows, but through the strategic weight of the individual as an active market subject, endowed with subjective will and the ability to autonomously manage resources. The personalization of finance is an objective process where a person becomes the primary link that determines the overall economic dynamics.

The modern concept of personal finance is formed at the intersection of fundamental theories that integrate mathematical apparatus and behavioral psychology [5–6]:

– J.M. Keynes: laid the foundation through the theory of absolute income (1942), identifying the psychological factors of consumption;

– G. Markowitz: developed modern portfolio theory (1952), introducing a mathematical model for optimizing risk and return;

– M. Friedman: substantiated the theory of permanent income (1957), which explains consumption smoothing strategies;

– F. Modigliani: formulated the life cycle model (1963), where personal financial activity is considered as a tool for redistributing resources over time;

– G. Becker: developed the theory of human capital (1964), defining an individual's finances as an investment resource for self-development;

– D. Kahneman and A. Tversky: proposed prospect theory (1979), proving that subjects systematically deviate from the axiomatics of rational utility theory;

– Z. Bodie and V. Sharpe: modernized approaches to investment management of individual capital market participants;

Domestic School (I. Lyuty, V. Bazylevich, O. Baranovsky, etc.): I. Lyuty investigates the problems of financial intermediation and monetary relations; V. Bazylevich focuses on institutional transformations and the environment of personal finance; O. Baranovsky considers these processes in the context of national financial security [1; 2; 3; 4].

The symbiosis of these approaches allows us to treat personal finances as a complex system, where the result is not just consumption, but the addition of human capital as a guarantee of sustainable development of the country [5–8].

Accurate identification of the subject of financial relations is a cornerstone of modern theory. In the scientific hierarchy, personal finance occupies the place of the primary link of the financial system.

There are definitions of the fundamental reasons for the separation of personal finances [5; 6; 7]:

1. Individual nature of income: Sources of income are personalized and depend on the personal abilities of the subject.

2. Personal decision-making: Financial behavior is driven by self-interest and will, which often do not coincide with the collective goals of the group.

3. Legal status: Unlike a household, only an individual has a legally established status that allows them to assume legal obligations and transact with the institutional environment in their own name.

Therefore, personal finance is an individual's monetary relations regarding the formation, distribution, and use of resources to finance life needs according to their own decisions [5–8].

The object of the relationship is personal financial resources . Based on the approach of some scientists, it is necessary to distinguish between the categories of «money» and «resources». Money becomes a financial resource only when it is put into motion through financial mechanisms (payment, savings, investment) [5–8].

In modern conditions, there is a transformation from the fund nature of finance (rigid targeted allocation of funds) to resource provision, where target funds are conditional and flexible in nature.

The classification of an individual's resources can be presented as follows [1–8].

I. Own resources (by form of participation of the entity):

1. Active income is income from work, entrepreneurship (self-employment), and the results of intellectual work.

2. Passive income is the result of investment activities: dividends, interest, rental payments, income from the sale of assets.

3. Free income – social transfers (pensions, scholarships), grants, inheritances, and gifts.

II. Attracted (borrowed) resources: Funds received on terms of repayment, maturity and

Table 1 – Comparative analysis of theoretical approaches to personalization of finances

Approach	Main emphasis	The role of the person (subject)
Behavioral finance	Psychological attitudes, cognitive biases, and risk perception characteristics.	An active subject considered in isolation from the external environment.
Institutional approach	A new economic level of relations; the influence of formal and informal norms on behavior.	An independent entity that is the primary element on which the entire financial system is built.

Source: formed by the authors based on [1–9] *payment (bank loans, loans from MFIs and individuals).*

In modern resource management practice, there is a transition from the static nature of trust funds to dynamic resource management. The structure of personal financial resources includes:

– Active income: results of labor, entrepreneurial and intellectual activities;

– Passive income: investment results (dividends, interest, rent);

– Free income: transfers (pensions, inheritance, grants);

– Resources raised: loan funds on terms of repayment and payment.

Having formed an understanding of the subject and its resource base, it is necessary to analyze the principles that determine the movement of this capital in an aggressive external environment.

Financial stability of an individual in conditions of volatility is determined by the synergy of external institutional factors and internal cognitive settings.

The principles of personal finance are fundamental provisions that are divided into constitutive (ontological foundations of existence) and regulative (instrumental principles of development).

The hierarchical structure by level of action is as follows:

1. Constitutive principles are interpreted as:

– General: unity and legitimacy, goal orientation, cyclicality;

– Special (of private finance): separation of ownership, private interest, economic independence;

– Individual (personal finance). Individuality: (the uniqueness of the subject and the subjective nature of his financial choice); vitality (the dependence of finances on the life cycle; the awareness that personal financial activity is finite and limited by the duration of a person's life); confidentiality (the secrecy of information about personal status as a taboo area of private life).

2. Regulatory principles:

– General: control (self-control), balance, formation of reserves;

– Special: responsibility, capitalization, self-financing;

– Single. Simplicity: (a tool for «economy of thinking», aimed at the clarity of products and minimizing efforts to achieve a fixed result); personal initiative (the need for active actions to adapt to the institutional environment); trust and confidence: (a fundamental factor in development. This is impersonal trust, based on the competence of the counterparty. A high level of trust critically reduces transaction costs (for monitoring and verification), stimulates the introduction of innovations and turns investments into long-term ones).

Also key aspects in this area are the interpretation of the following categories: personal financial activity is the process of implementing individual decisions regarding resource management. The main goal is to finance life needs. And a personal financial goal is a desired result of meeting needs, the achievement of which requires funds. Since the economy has a cyclical nature, the implementation of goals requires the subject to allocate resources over time. The formation of reserves and scenario planning at different stages of the life cycle (from education to retirement) ensures financial security and adaptability of the individual to exogenous shocks [5–8].

Summing up the study of the architecture of personal finance, it should be emphasized that the personalization of financial relations is an inevitable evolution, where a person becomes the demiurge of the economic space.

A set of strategic proposals may contain the following blocks (Fig. 1):

1. For public policy: Building an effective system of guaranteeing not only bank deposits, but also financial investments; technologicalization of capital markets; elimination of regulatory gaps in consumer protection.

2. For the financial sector: Implementation of personal consulting models based on understanding the risk profiles and cognitive characteristics of clients.

3. For individuals: Moving to a model of conscious accumulation and strategic planning, which is critical for self-preservation in turbulent times.

Table 2 – Factor analysis of the development of the personal finance system

External factors (institutional environment)	Internal factors (subjective characteristics)
Level of financial education and government programs	Financial literacy (knowledge and pragmatic skills)
Technological and cognitive simplicity of products	Financial independence in decision-making
Overall macro-financial stability of the economy	Level of individual disposable income
Effectiveness of consumer protection	Financial discipline and personal responsibility
Information transparency of financial institutions	Trust in market participants and instruments

Source: formed by the authors based on [1–8]

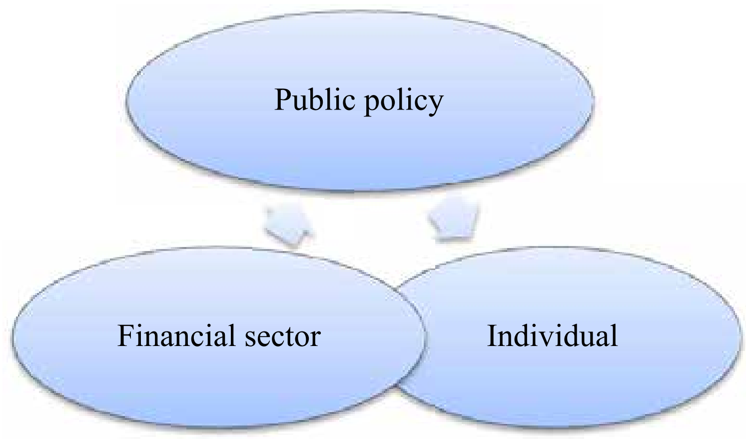

Figure 1 – Blocks of strategic proposals for personalization of financial relations

Source: formed by the authors based on [1–8]

Under conditions of uncertainty, subjects deviate from the axiomatics of rational utility theory, acting according to the model of prospect theory. The key element here is the asymmetric perception of gains and losses. A sound understanding of these psychological patterns dictates the need to develop algorithmic simulators and digital tools. Such services allow to level cognitive biases, transforming psychological reactions into conscious investment strategies [7].

The financial market of Ukraine is in a state of transformation, burdened by military risks and low financial literacy. A potential driver is the exit of personal finances from the "shadow circulation", which is a direct threat to national security [7].

Conclusions. The study confirms that the personalization of financial relations is an inevitable stage in the evolution of the economic system. The transition to a new economic level allows us to look at the individual not as a passive object of social care, but as an active subject of financial relations, possessing certain behavior.

The existing system of constitutive and regulatory principles creates a coherent theoretical basis for further scientific research. The key conclusion is that effective management of personal finances directly converts into the quality of human capital. It is the development of this capital that becomes the main vector of sustainable development of a modern state, transforming personal finances into the foundation of national economic stability.

Effective management of personal finances directly converts into the reproduction and quality of human capital, which is the foundation of national economic stability. Overcoming existing market distortions is possible only through the synergy of state will, professional consulting and personal responsibility of citizens. Personal finances today are not just private capital, but a strategic resource of national security and enrichment of the nation.

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ДЕЯКІ АСПЕКТИ ФУНКЦІОНУВАННЯ ПЕРСОНАЛЬНИХ ФІНАНСІВ У СУЧАСНІЙ ПОВЕДІНКОВІЙ ЕКОНОМІЧНІЙ СИСТЕМІ

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Анотація. У контексті сучасної фінансової архітектоніки виокремлення персональних фінансів як фундаментальної категорії є не просто термінологічною новацією, а стратегічною необхідністю для адекватного відображення економічних реалій. Перехід від традиційного аналізу, зосередженого переважно на корпоративному та державному секторах, до дослідження фінансових відносин на новому економічному рівні – рівні індивіда – дозволяє розкрити глибинні механізми формування капіталу в масштабах усієї системи. Теоретико-методологічне обґрунтування цієї категорії ґрунтується на визнанні автономії особистого фінансового простору як першоджерела економічної динаміки. Такий науковий зсув є критично важливим, оскільки він закладає фундамент для розуміння мікрооснов макроекономічної стабільності. Ця радикальна зміна підходів безпосередньо зумовлена тривалою історичною еволюцією фінансової думки, що поступово готувала ґрунт для визнання самоцінності фінансової діяльності особистості. У статті обґрунтовано теоретико-методологічні засади становлення персональних фінансів як фундаментальної категорії сучасної фінансової думки. Досліджено парадигмальний перехід від традиційного аналізу до вивчення нового економічного рівня фінансових відносин. Здійснено ретроспективний аналіз еволюції фінансових теорій, доводячи, що інтеграція поведінкових та інституційних підходів дозволила ідентифікувати людину не як пасивного носія соціальної ролі, а як активного суб'єкта фінансових відносин. Систематизовано понятійний апарат, проведено делімітацію категорій «персональні фінанси» та «фінанси домогосподарств» на основі правового статусу та цільової спрямованості. Особливу увагу приділено розробці ієрархічної системи принципів (конститутивних та регулятивних), що визначають життєздатність персональної фінансової діяльності. Результати дослідження підтверджують, що розвиток персональних фінансів є передумовою накопичення людського капіталу – ключового маркера сталого економічного розвитку держави.

Ключові слова: персональні фінанси, персональні фінансові ресурси, людський капітал, конститутивні принципи, регулятивні принципи, поведінкова економіка.

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