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Collection of Studies
of the International Scientific and Practical Conference
(March 22–23, 2021)

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For scientists, scientists, students, graduate students, representatives of business and public organizations and higher education institutions and a wide range of readers.

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In the current conditions of economic and political crisis in Ukraine, the issue of ensuring financial security at various levels of the economic system comes to the fore from the finances of individual households to national finances. Analyzing the practical experience of developed countries, it can be argued that one of the main drivers of financial security may be the implementation of the principles of financial inclusion, which is to expand access of ordinary citizens, businesses to financial products and services, regardless of consumer status, age, activity or place of residence.

Financial inclusion, accompanied by confidence in the financial and credit system by individuals and businesses, stimulates the direction of savings in the investment sphere, helps to reduce the shadow economy, increases the financial stability of economic entities, and as a consequence increases government revenues and financial security. The globalization of the economy, including financial globalization, has intensified the analysis of the issue of financial inclusion of society at the local and global levels.

Analysis and research of the content, essence, principles and features of inclusive economic development and opportunities to achieve it in countries with different levels of socio-economic development are at the center of scientific research of many countries and international institutions, including the Organization for Economic Cooperation and Development (OECD), United Nations Development Programme (UNDP), European Commission, International Monetary Fund (IMF), World Economic Forum (WEF), World Bank, International Center for Inclusive Growth Policy.

The term "inclusion" was first used in the 1970s in the United States, but then only social inclusion was singled out (the process of increasing the participation of all citizens in society through access to opportunities and fair distribution of labor results), but over time, the concept has become widespread in the economic space.

At present, neither scientific nor governmental circles have paid due attention to the study of the essence of the concept of "inclusive growth". Analyzing the various sources and scientific interpretations of "inclusive growth", it is appropriate to conclude that the breadth of the essential features of this concept allows us to consider it in two aspects - as economic growth, which guarantees a favorable environment for all without exception, thereby reducing poverty and inequality, as well as the process of involving a larger population in order to benefit each sector of the economy.

Inclusive growth is a concept that provides equitable opportunities and equity for economic participants, accompanied by the benefits of each sector of the economy and different segments of society. That approach extends traditional models of economic growth and includes a focus on equality of health, human capital, the environment, social protection and food security as global security factors in a broad sense.

The concept of inclusive development implies that each economic entity is important, unique, valuable to society and has the opportunity to meet their needs. Inclusive economic growth is a prerequisite for the development of society, so it is a multifactorial and multilevel process, because it is based on the economy of maximum employment and interaction of all actors.

According to the World Bank data [3], more than 100 countries have or have already developed a national strategy for financial inclusion. Unfortunately, the level of financial inclusion in Ukraine remains quite low. A project of the World Economic Forum's System Initiative on the Future of Economic Progress, which is well-known as the Inclusive Development Index (IDI) that is aimed to measure how countries perform on eleven dimensions of economic progress in addition to GDP only confirm an underdevelopment of financial inclusion in Ukraine. Ukraine, ranked 49th out of 74 possible, is the only European country with a declining inclusion index. Its inclusiveness has decreased by 6.8% in 5 years [4].

An opportunity for future development of the financial inclusion process in our country is greatly depends on the global crises of health COVID-19 pandemic caused by coronavirus. The COVID-19 pandemic has a significant impact on the development of all areas and financial sector was not an exception and was affected perhaps the most.

The level of financial inclusion and tendency of the pandemic influence can be determine using the key indicator of financial inclusion - the presence of a bank account in the adult population. According to the World Bank [3], at present the high level of financial inclusion of the population has already been reached by certain countries, including Denmark, Sweden, Norway, the Netherlands and Australia. According to the World Bank, the share of the population of Ukraine over the age of 15 who has an account with a financial institution in 2017 was 63%. Currently, this situation is positive, compared to 2011, when this figure was - 41%, but still lags behind the world average (69%). And this, of course, is an indicator for future developing of financial services in Ukraine.

The ability of all participants of financial processes to have convenient and secure access to all financial products and services is the main criterion of financial inclusion. Ukraine is not inferior to the United States in the number of banking and post offices, and is ahead of Poland in the distribution of ATMs in terms of population, but lags far behind these countries in terms of banking coverage due to low Internet penetration and mobile banking services.

The growth of non-cash transactions is possible only if the infrastructure is sufficiently branched to make card payments.

According to the National Bank of Ukraine [2], the share of non-cash transactions in the country in the total volume of transactions using payment cards increased from 25 percent in 2014 to about 50 percent at the end of 2019. From the beginning of 2018, the network of trade payment terminals (POS terminals) grew by 13.6%. About 79% of the country’s network of trade terminals allow contactless payments. In 2020, due to the COVID-19 pandemic, Internet banking is growing, and about 60 percent of the country's population already has access to financial products and services through a digital identification system.

However, the quality of digital financial services in Ukraine needs to be further improved.

Financial stability is also closely linked to the level of financial literacy. Understanding the capabilities of financial products by the population allows markets to operate more successfully and profitably and reduces threats to the stability of the entire system, because bad financial decisions do not become catastrophic.

An analysis of a study conducted by the International Partnership for Financial Stability Project and InMind [1] suggests that the level of financial awareness of the population in Ukraine is quite inadequate. In addition, self-assessment of financial literacy, assessed by testing, is significantly overestimated. Ukrainians do not feel comfortable using financial services or interacting with financial institutions, but they do not try to take action to learn more. It is obvious that Ukrainians are only interested in financial topics that are personally important to them.

The study emphasizes the low financial awareness of Ukrainians, which limits them in the correct assessment of their financial capabilities and needs. This situation does not contribute to the spread of credit services of financial intermediaries, and investment opportunities of households are mainly reduced to the placement of deposits in banks. For the vast majority of Ukrainians, the use of financial services leads to the payment of utility bills and the use of bank payment cards.

The results of the study also confirm the fact that the place of residence, settlement and region significantly affects the level of coverage of financial services. It is clear that in rural areas and in small settlements, which are far from the possibility of modern financial services, there is a more negative attitude towards financial services.

The biggest determinant of financial behavior, inclusion and literacy in Ukraine is the age and property status of respondents. Not surprisingly, young people and Ukrainians aged 34-45 are now more responsive to changes in the financial sector related to the introduction of innovative financial services and products, while the older generation (aged 45-60) and people older people trust financial institutions and their innovations less, almost completely avoiding inclusion in the newest financial sphere.

The level of education and well-being is also an influential indicator of financial inclusion, as respondents with higher education, on average, use all financial services without exception, and especially currency exchange.

According to the study, we can identify the following factors that hinder the development of financial inclusion in countries and Ukraine, in particular: not high level of infrastructure development, which prevents safe and unimpeded access of all groups to financial products and services; ignorance of the population in the financial sphere; reducing the number of professionals with a high level of qualification in the labor market; difficulties in doing business and corruption in the state; great toning of the economy, which blocks the direction of national income to economic development; improper environmental situation; a significant share of the population at risk.

Thus, while Ukraine is trying to take a number of important steps to increase financial inclusive growth and development, there are still many open issues and weaknesses that all financial sector participants need to focus their attention on in order for Ukraine to have a place in a number of countries with sufficient inclusive economic development.

The government must actively work in its political and legislative activities in the segment of the financial system.

According to the Strategy for the Development of the Ukrainian Financial Sector until 2025, one of the priorities of the National Bank of Ukraine for the next five years is to increase financial inclusion. Among the urgent tasks are to increase the availability of financial services and increase their level of use, strengthen consumer protection, and improve the financial literacy of the general population. All this will contribute to the sustainable and inclusive development of Ukraine's economy and increase the welfare of its citizens.

However, at present there is a problem of cash in the shadow economy. Non-cash payments are the driver that can stimulate economic development, because cash payments are actually a shadow economy, and non-cash payments are something that can fill the budget in the future and be an incentive for business to develop, because there is an understanding of where money goes flows as they go, as controlled; the population has an understanding of how to manage their flows, there is a greater tendency to save.

To achieve the appropriate level of financial inclusion in current conditions, Ukraine can use the principles of innovative financial inclusion developed by the Organization for Economic Cooperation and Development (OECD), which include a set of practical recommendations for the whole world. The principles do not constitute a harsh interpretation of actions, but rather provide advice for maintaining financial stability and protecting consumers in the country.

Therefore, we will form approaches to improve access to financial services and resources, as well as to ensure active financial inclusion in Ukraine:

- creating the necessary regulatory environment to ensure access to accounts;
- expansion of access points to financial services;
- stimulating scale and viability through large government programs, such as social contributions to customer accounts;
- focusing on the development of financial literacy among certain social groups: low-income populations, vulnerable groups, rural population;
- encouraging the use of financial services;
- development of educational activities in the field of financial services;
- providing a system for protecting the rights of financial sector clients;
- ensuring legal protection of clients and the financial system;
- creation of new financial institutions, development of new products and technologies used to cover virgin or inexperienced markets.

The implementation of the above areas in the future should lead to the successful spread of financial inclusion in the country. It is worth noting that there is no single template solution that would suit all countries without exception. Currently, more than 100 countries implement various financial literacy programs, based on the needs of the population and the economy, existing resources and strategic goals of the state. An adequate level of financial inclusion in Ukraine develops the competitiveness of the state and contributes to the full satisfaction of the needs of the population, because in the future it is the high standard of living of society that will ensure a developed financial system.

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