



BURGAS FREE UNIVERSITY
the new idea in education

EASTERN EUROPEAN STUDIES: ECONOMICS, EDUCATION AND LAW

Proceedings of the International Scientific Conference

Volume I

*The Conference is co-organized by Odesa Institute of Trade and Economics of
Kyiv National University of Trade and Economics, (Odesa, Ukraine)*

Included in ACADEMIA.EDU

Editors: Prof. Dr. Galina Kurteva, Assoc. Prof. Dr. Viktor Koval

June 7-8, 2018

Burgas, BULGARIA

UDC 330+340+378

JEL Classification: E10, I20, K10

Recommended for publication by the Scientific Council of Burgas Free University (18.07.2018)

CHAIR OF CONFERENCE PROGRAMME COMMITTEE:

Petko Chobanov – President of Burgas Free University.

CO-CHAIR OF CONFERENCE PROGRAMME COMMITTEE:

Yaroslav Kvach – Doctor of Economics, Professor, Director, Odessa Trade and Economic Institute of Kyiv National University of Trade and Economics, Ukraine.

CONFERENCE PROGRAMME COMMITTEE:

Galina Kurteva – PhD, Professor, Burgas Free University, Bulgaria.

Atanas Luizov – PhD, Associate Professor, Burgas Free University, Bulgaria.

Radostina Ivanova – PhD, Associate Professor, Burgas Free University, Bulgaria.

Slavka Dimitrova-Simeonova – PhD, Associate Professor, Burgas Free University, Bulgaria.

Pepa Miteva – PhD, Associate Professor, Burgas Free University, Bulgaria.

Diana Popova – PhD, Associate Professor, Burgas Free University, Bulgaria.

CONFERENCE SCIENTIFIC COMMITTEE:

Viktor Koval – Doctor of Economics, Associate Professor, Odesa Institute of Trade and Economics of Kyiv National University of Trade and Economics, Ukraine.

Olha Slobodianiuk – Doctor of Economics, Associate Professor, Odessa Institute of Trade and Economics of Kyiv National University of Trade and Economics, Ukraine.

Antoaneta Alipieva – Doctor of Philology, Professor, University of Belgrade, Serbia.

Vassil Kondov – Doctor of Philology, Associate Professor, Taraclia State University, Moldova.

Olga Stukalenko – Doctor of Science of Law, Odessa I.I. Mechnikov National University, Ukraine.

Elena Nalbantova – Doctor of Philology, Professor, University of Veliko Turnovo St. Cyril and St. Methodius, Bulgaria.

Júlia Ondrová – PhD, Associate Professor, Matej Bel University, Slovakia.

ISBN 978-619-7125-43-6

Publishing House FLAT Ltd-Burgas, Bulgaria

EASTERN EUROPEAN STUDIES: ECONOMICS, EDUCATION AND LAW:

Proceedings of the International Scientific Conference. Volume I, June 7-8, 2018. Burgas: Publishing House FLAT Ltd-Burgas, 2018, p. 286. ISBN: 978-619-7125-43-6.

Publisher: Publishing House FLAT Ltd-Burgas, Bulgaria.

ISBN 978-619-7125-43-6

*Authors are responsible for the content and accuracy.
The proceedings have not been amended or proofread.*

Published under the terms of
the Creative Commons CC BY-NC 4.0 License

© Burgas Free University, 2018
© Authors, 2018

CONTENTS

SECTION 1. STRATEGY AND POLICY OF TRADE AND ECONOMIC EAST-EUROPEAN COOPERATION

| | |
|--|----|
| Bublyk M. I., Medvid R. V. <i>Development of export and import activities in Ukraine in the conditions of Euro integration.....</i> | 1 |
| Burlay T.V. <i>Risks of the socio-economic divergency of Ukraine and the EU.....</i> | 5 |
| Chuiko M.M. <i>Perspective directions to improve the efficiency of promotion functional food products to the East European market.....</i> | 9 |
| Domanova O. V. <i>Problems of trading-ekonomicheskoy commonwealth in light industry sphere.....</i> | 12 |
| Ikonnikova N.V. <i>European energy market and perspectives of Ukraine.....</i> | 15 |
| Kurteva Galina <i>Assessment of employees' satisfaction with their career status in the organization..</i> | 18 |
| Luizov A. <i>Brand touchpoints – some measurement issues.....</i> | 24 |
| Yorgova Y.T. <i>Human capital as prerequisite for the competitiveness of the outsourcing industry – the Bulgarian experience.....</i> | 27 |
| Sabotinova Diana <i>Gender equality and assertiveness of women in Bulgarian business.....</i> | 30 |

SECTION 2. MODERNIZATION OF THE ECONOMY AND PROSPECTS OF DEVELOPMENT OF THE FINANCIAL SYSTEM OF THE COUNTRY

| | |
|--|----|
| Akimova L. M. <i>Components of state management of economic safety of the state.....</i> | 40 |
| Aksyuk Ya. A. <i>The main problems of adaptation of agromarketing to the current processes of the agroproduction market globalization.....</i> | 44 |
| Babyii O.N., Tymchenko K.S. <i>Modern methods of the competitiveness assessment of the wine-based enterprise...</i> | 47 |

| | |
|--|-----|
| Bashinska M.I., Balan K.V., Vdovichenko I.O. | |
| <i>Current problems and prospects of the military policy of Ukraine</i> | 50 |
| Berezina L. M., Bahan N.V. | |
| <i>Problems and prospects of financing agrarian enterprises</i> | 54 |
| Bolshakova Ye.L. | |
| <i>Features of development of meat and meat products market in Ukraine during crisis phenomena</i> | 57 |
| Borysova L.E., Baboy K.Y. | |
| <i>Domestic financial policy in the conditions of globalization</i> | 60 |
| Borysova L.E., Shevchenko M.G. | |
| <i>Development of public credit</i> | 63 |
| Brychko M.M., Riepin D. A. | |
| <i>Financial ombudsman in Ukraine: enhancing trust in the financial services</i> | 66 |
| Bukhtiarova A.H., Hamalii I.O. | |
| <i>Corruption in public finance of Ukraine</i> | 70 |
| Golovkova L. S., Zolkina O. V. | |
| <i>Institutional influence on competitiveness of human capital</i> | 73 |
| Hotsuliak V. D., Savalyuk I.A., Stoyanova T.N. | |
| <i>Development of the financial system of Ukraine in globalization</i> | 76 |
| Kazak O.O. | |
| <i>Current paradigm of investment activity in Ukraine</i> | 79 |
| Khlopiak S. V. | |
| <i>Digital information systems in the field of museum tourism</i> | 82 |
| Kobchenko M. Yu. | |
| <i>The definition of the model of perspective agricultural land use</i> | 86 |
| Kolesnyk I.A., Cherkasov A.V. | |
| <i>Private transferrals of labor migrants in the national economy</i> | 89 |
| Kolomiets V. N. | |
| <i>Grounds for human capital accounts in international financial reporting standards</i> | 92 |
| Korchmar O. D., Baadzhi Ju. S., Bodnar N. V. | |
| <i>Problems of modernization of the financial system of Ukraine</i> | 95 |
| Koval V. V. | |
| <i>Investment and capitalization of assets in the management of economic development</i> | 98 |
| Kramskyi S.O., Petrenko A.O. | |
| <i>Capacity development for effective human capital management projects</i> | 101 |

FINANCIAL OMBUDSMAN IN UKRAINE: ENHANCING TRUST IN THE FINANCIAL SERVICES

Brychko M.M.,

*Candidate of Economic Sciences, Senior Lecturer,
Department of Finance, Banking and Insurance*

Riepin D. A.,

*Applicant of educational degree Bachelor of Law,
Sumy State University
Sumy, Ukraine*

ФІНАНСОВИЙ ОМБУДСМЕН В УКРАЇНІ: ПІДВИЩЕННЯ ДОВІРИ ДО ФІНАНСОВИХ ПОСЛУГ

Бричко М.М.,

*к.е.н., старший викладач,
кафедра фінансів, банківської справи і страхування*

Рєпін Д. А.,

*здобувач освітнього ступеня бакалавр права,
Сумський державний університет
м. Суми, Україна*

The relevance of the research in the field of development of enforcement mechanisms for the protection of consumer rights in the market of financial services is attributable to the dynamic market evolution and growth, accompanied by an increasing number of financial services consumers, diversity and complexity of financial products and instruments, as well as general globalization processes. Creation, development, and use of sophisticated financial instruments and banking products not always influence in a positive way consumer trust due to the difficulties in understanding the essence and contractual stipulations of financial transactions. Consumers of financial services, usually, have limited cognitive abilities due to the absence of sufficient information and knowledge. Therefore, they are unable to assess the level of risks and their future financial obligations.

One of the key pillars of the sustainable financial market development is trust and confidence of financial services consumers. Formation and strengthening of a

sufficient level of trust and confidence requires the financial sector regulation that are expected to afford effective protection to the persons concerned, financial stability and solvency, achieve adequate standards of quality and behavior on the market, enshrines the right of consumers to receive full, timely compensatory payments, and to resolve disputes between consumers of financial services and financial institutions.

The financial crisis has provoked serious problems in the Ukrainian financial sector, such as an increase in the number of disputes between financial institutions, depositors, borrowers, debt burden increases. The search for alternatives to address these issues has led to the active use of such rigid tools as the attraction of collectors, the ever-increasing number of lawsuits on debt collection, which are quite expensive and long-lasting. However, the best solution to these problems could be an establishment of financial ombudsman institution. The Financial Ombudsman is the body for pre-trial disputes arising between financial institutions and consumers of financial services. According to Part 1 of Art. 22 of the Law of Ukraine «On the protection of customer rights» the protection of consumer rights is carried out by a court [1]. However, such a mechanism for resolving disputes is not effective in Ukraine, as according to a survey conducted by the sociological service, about 80% of the surveyed respondents expressed distrust to the judicial system [2]. This level of distrust is the lowest among all state institutions and shows that it is impossible to resolve the above-mentioned disputes through a court.

In world practice, the institution of financial ombudsman is used to improve the level of trust to financial institutions through regulation and pre-trial settlement of disputes and conflicts between financial institutions and clients over a long period of time. The most widespread cases of the need for financial ombudsman assistance are the following: non-return of deposits by banks and their related interest on them, the change in the rules for the provision of loans, without the consent of all interested parties, or unjustified increase in the interest rates on credits, and etc. In Europe, we can distinguish two main models of financial ombudsmen, a comparative analysis of which is given in Table 1.

Each of the alternative mechanisms for resolving disputes in the field of financial services has its advantages and disadvantages. Thus, the advantages of the German model are as follows: the founder / form of ownership and terms for consideration of cases. The founder of the institution of the financial ombudsman in Ukraine should be a non-governmental institution in order to ensure the independence

of such authority from the state, which will provide a significant advantage, in the form of more objective and fair decisions.

Table 1.

Description of European models of financial ombudsman

| № | Features | Model | |
|----|--|--|---|
| | | German | British |
| 1 | Founder | non-government institution (Deutsche Bank) | state, as the overseer of financial institutions |
| 2 | Form of ownership | private | public |
| 3 | Method for resolving disputes between consumers and financial institutions | conciliation | conciliation |
| 4 | Right of complaint to the financial ombudsman | have only individuals | have both individuals and legal entities |
| 5 | Cost of services | free-of-charge | free-of-charge |
| 6 | Terms for the consideration of cases | 2 months | 6 months |
| 7 | Obligations of implementation the decisions | only members of Deutsche Bank | all banks |
| 8 | Organizational structure | one financial ombudsman | a network of financial ombudsmen |
| 9 | Source of funding | contributions from banks that are members of Deutsche Bank | contributions from participants in financial services |
| 10 | The amount of the complaint | up to €5 000 | up to €114 000 |

However, the right of complaint must have both individuals and legal persons. This is an advantage of the British model of the financial ombudsman and provides an increase in trust at the individual and institutional levels. From the organizational point of view, the construction of a network of financial ombudsmen will provide a quick solution to complaints and will be closer to consumers of financial services. Obligations of implementation the decisions must be binding on all banks. To this end, state regulation is needed in the area of implementation of the decisions of the financial ombudsman. This function can be taken by the National Bank of Ukraine, which, as a result of non-compliance with the decisions of the financial ombudsman, will deprive such financial institutions of licenses for the exercise of their activities.

The advantages of both models are method for resolving disputes in the form of conciliation and free-of-charge provision of services. Quite controversial questions

remain about the methods of financing the financial ombudsman and the maximum amount of complaint in Ukraine. In order to enhance trust in the decisions of the financial ombudsman and ensure the independence of his work, it is necessary to attract funding from the side of international organizations. Funding and representatives from management bodies of the EBRD, IFC, EC or World Bank will ensure transparency and independence of the newly established financial ombudsman.

In Ukraine, there are bodies that perform some functions of the financial ombudsman. Therefore, when establishing a financial ombudsman institution, it is necessary to avoid or minimize duplication of functions in the field of protection of financial services consumers in order to achieve a synergistic effect from their activities. This will lead to the liquidation of structural units of the National bank of Ukraine, the State Fiscal Service, the National Commission for Financial Services, the Fund for the Guaranteeing of Individual Deposits. An additional advantage of liquidation the duplicate powers is saving of the state budget in a difficult macroeconomic situation in Ukraine. Thus, creation of financial ombudsman will provide an opportunity to restore consumer trust and confidence to the financial services market, reduce the burden on the judiciary, and etc.

References:

1. Про захист прав споживачів : закон України від 12.05.1991 № 1023-XII [Електронний ресурс]. — Режим доступу: <http://zakon2.rada.gov.ua/laws/show/1023-12>.
2. Ставлення громадян України до суспільних інститутів, електоральні орієнтації // Центр Разумкова. – 2017. [Електронний ресурс]. – Режим доступу: <http://razumkov.org.ua/uploads/socio/Press0417.pdf>.