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**PROSPECTS FOR THE DEVELOPMENT OF
FINANCE IN THE CONDITIONS OF
EUROPEAN INTEGRATION OF UKRAINE**

Monograph

Estonia, Tallin
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**P.34: PROSPECTS FOR THE DEVELOPMENT OF FINANCE IN THE
CONDITIONS OF EUROPEAN INTEGRATION OF UKRAINE**

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P.34 **Prospects for the development of finance in the conditions of European integration
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The monograph is dedicated to the consideration of the problems of the development of the financial market of Ukraine that are relevant in the context of European integration. Very important issues of today, which are highlighted in the monograph, are the restoration of budgetary stability and debt security of Ukraine in the post-war period, improvement of monetary and budgetary policy aimed at macroeconomic stabilization in the country. The authors emphasize the tools that can ensure anti-crisis regulation of the banking system, financial business management. The monograph examines the issues of ensuring the economic security of the construction industry, directions for improving the accounting policy in the field of business as a whole, and improving the quality of audits.

These and other aspects of the current problems and priority directions of the development of the financial market are devoted to the monograph of the team of authors who carry out up to date researches within the scientific school of the National University "Poltava Polytechnic named after Yury Kondratyuk".

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INTRODUCTION

Ukraine chose the path of European integration and became a candidate for membership of the European Union. This made it necessary to adjust the national economy and social sphere to the European standards. The financial market is an active participant in European integration processes, especially during the period of reboot of the national economy. First of all, the subjects of the financial market are the state, business, citizens, that all are economic agents who enter into financial relations as regulators or objects of regulation, investors or consumers of investment resources.

The war unleashed by Russian Federation in Ukraine leads to significant destruction in all sectors of the national economy. Reconstruction will require significant financial resources, which will be attracted from various sources. At the same time, the financial market of Ukraine will certainly become one of the most important elements of the reconstruction of the national economy, business and social sector.

Ukrainian citizens will also be involved in investment processes, but for this they should know the basics of investment mathematics, financial technologies, and financial literacy. In addition, financial institutions are reluctant to invest in the agricultural and industrial sectors of the economy. The cost of credit resources is too high, and the level of business profitability does not pay off the resources involved. In this context, the subjects of the financial services market, in particular banks and insurance companies, should introduce the principles of social responsibility of financial business to society in corporate governance.

Very important issues of today, which are highlighted in the monograph, are the restoration of budgetary stability and debt security of Ukraine in the post-war period, improvement of monetary and budgetary policy aimed at macroeconomic stabilization in the country.

The authors emphasize the tools that can ensure anti-crisis regulation of the banking system, financial business management, since banks play an important role in the activation of investment processes during the reconstruction period.

In addition, it is necessary to develop business in the production sector of the economy. The monograph examines the issues of ensuring the economic security of the construction industry, directions for improving the accounting policy in the field of business as a whole, and improving the quality of audits. This should ensure quick adaptation of Ukrainian business to international accounting and certification standards.

These and other aspects of the current problems and priority directions of the development of the financial market are devoted to the monograph of the team of authors who carry out up to date researches within the scientific school of the National University "Yuri Kondratyuk Poltava Polytechnic". The founder of this school is the rector of the university, doctor of economic sciences, professor, honored worker of education of Ukraine - Volodymyr Onyshchenko. The author's team is grateful to Volodymyr Onyshchenko, who is a scientific director and consultant for most of the participants of this publication. He formed an active position, perseverance and purposefulness in the scientists when choosing topical issues and qualitatively performing of scientific researches.

The materials of the monograph are presented in the author's edition, which reflects the position of the authors regarding the outline of the problem and the determination of ways to solve it.

The team of authors expresses their gratitude to the reviewers of the monograph manuscript for their wishes, as well as to the foreign partners of the Department of Finance, Banking and Taxation, who contributed to its publication.

CHAPTER 1. CURRENT PROBLEMS OF THE DEVELOPMENT OF THE FINANCIAL MARKETS OF UKRAINE

CURRENT LINES OF FINANCIAL TECHNOLOGIES' DEVELOPMENT IN THE CONDITIONS OF THE EUROPEAN INTEGRATION OF UKRAINE

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Since Ukraine is a candidate for the EU, it is necessary to adjust the national economy and social sphere to European standards. However, the war unleashed by Russia in Ukraine leads to significant destruction in all sectors of the national economy. Reconstruction will require significant financial resources. The amount of damages from the destruction is increasing every day and, according to preliminary calculations, at least 1 trillion dollars will be needed to restore Ukraine after the war with Russia [1].

Aware of the need for rapid recovery of the economy and the social sector, the government is forming a Plan for the Reconstruction of the National Economy of Ukraine. During this period, the military-industrial complex, the energy sector, the construction of housing and social infrastructure facilities, and industry will develop quite actively. Other branches of the national economy will be restored.

The Marshall Plan is being developed to restore the destroyed national economy of Ukraine, since it will be extremely difficult to rebuild without investment support from the countries of the world, without counting on voluntary reparations from the Russian Federation.

At the same time, the main financial investors can become the USA, EU countries, Great Britain, the Baltic countries and other countries of the world, which are not indifferent to ensuring the democratic foundations of independence. The sources of financing for the reconstruction of the national economy of Ukraine should include the following:

- Financial receipts from countries participating in the implementation of the Reconstruction Plan of Ukraine;
- Reparations of the Russian Federation;
- Financial investments of international funds;
- Arrival of strategic investors ready to invest in industry and agriculture to the Ukrainian commodity markets;
- Proceeds from the sale of frozen assets of citizens of the aggressor country;
- Issue of international bonds by Ukraine;
- Ukraine's issuance of domestic loan bonds for reconstruction;
- Citizens' contributions through volunteer and charitable organizations;
- fundraising on international crowdfunding platforms;
- Other sources.

Ukrainians will also be involved in investment processes, but for this, they should master the basics of investment mathematics, financial technologies, and financial literacy. Problems of financial literacy of Ukrainians existed even in pre-war times, so these issues are relevant.

In addition, financial institutions are reluctant to invest in the agricultural and industrial sectors of the economy. The cost of credit resources is too high, and the level of business profitability does not pay off the resources involved.

In view of the relevance of these problems, it is necessary to consider the factors that influence the increase in investment activity of the financial and credit system of the national economy, have a positive effect on the state of the national ecosystem during the period of reconstruction of Ukraine and accession to the EU.

Many Ukrainian scientists pay attention to these questions. Yes, E.S. Osadchy considers the economic essence of financial and credit institutions, their place in the market of financial services [2]. O. I. Baranovskyi defines the ways of ensuring the safety of money circulation, the currency market and inflationary safety, the directions of compliance with budget security, the factors of forming a safe level of state borrowing, the possibilities of increasing the degree of investment security [3]. Barilyuk M.R., Zhovtanetska Y.V. focus in their research on the financial security of banking institutions [4, 5]. S. Vyazovy and I. Pasichnyk investigate the risks for banking activities associated with the development of the Fintech industry. N. B. Demchyshak and R. P. Gudyma [6], O. Filatova study the formation of the fintech industry in Ukraine and the world based on the use of blockchain and artificial intelligence technologies [7]. M. Yatsenko, A. Bondarenko consider the issue of the development of the sector financial services using modern financial technologies [8], and Z. Rudenko investigates the impact of the development of financial technologies on the banking market in Ukraine [9].

The level of financial literacy of agents of market economic relations, in particular, the population, has an important influence on the state of the economy. The issue of financial literacy was considered in their scientific research by the following foreign scientists: A. Lusardi, O. Mitchell, V. Courteau [10, 11], who studied the formation of financial literacy in developed countries. Agarwal, S., Driscoll, J., Gabe, H., Leibson, D. [12] examined learning in the credit card market. Allgood, S., Walstad, W.B. [13] studied the influence of theoretical and practical financial knowledge on attitudes toward credit cards; Bernheim, B.D., Garrett, D.M., Mackey, D.M. highlight the issue of the long-term effect of financial education [14]; Hastings J.S, Madrian B.K, Skimmihorn W.L. determined the mutual influence of financial literacy, financial education and economic results [15].

Among Ukrainian scientists, the issue of financial literacy and awareness is considered by R. Bond, O. Kutsenko, N. Lozytska, T. Kizima [16, 17], A. Klymchuk, D. Radzishavska examine the state of financial literacy in Ukraine and determine the need to increase it [18, 19]. L. Ptashchenko and A. Shabardina highlight the foreign experience of ensuring the financial literacy of the population and outline the ways to increase it in Ukraine, taking into account world developments in this area [20]. O. Blyskavka and A. Zelentsova established the dependence of the development of the national economy on the financial literacy of the population [21].

Despite the multi-faceted research directions of scientists related to the problems of financial literacy and financial technologies in the ecosystem of Ukraine, threats to national security, the need to intensify investments in the destroyed national economy and social infrastructure, new scientific research is the needed. It is necessary to pay attention to the issue of the introduction of information innovations in the financial market and the priority directions of ensuring investment processes in the post-war period of reconstruction of Ukraine. It is also necessary to take measures aimed at increasing financial literacy and investment activity of agents of the national economy, reducing the level of the shadow economy.

An important place in solving many problems in the national economy of Ukraine, minimizing the depth of these problems, is the occupied by the state strategy for the development of the financial market. In the strategy implementation roadmap, considerable attention is the paid to the financial services segment, the dominant participants of which are banking institutions and insurance companies.

In financial relations, the participants of the economic system interact when carrying out various financial transactions. In particular, banking activities are often combined with the activities of insurance companies – banks can provide their clients with services related to insurance and reinsurance of investments. Pension funds interact with insurance companies, investment funds, etc.

Ensuring financial stability requires the coordinated work of all financial market participants: the National Bank and other regulators, banks, non-bank financial institutions, as well as effective support of state authorities.

The strategy for the development of the financial sector of Ukraine defines a number of managed priorities of the National Bank's activities. Their observance is necessary for the creation of an effective and stable financial and economic system. Among them are:

- achieving low and stable inflation, ensuring the stability of the banking system, restoring lending and currency liberalization;
- adaptive regulation of the financial sector, creating conditions for the development of new financial instruments and business models that meet the requirements of the dynamic environment in Ukraine and the world;
- Integration with the EU by bringing the national regulatory framework into compliance with international standards;
- Transformation of the National Bank with the aim of forming a modern central bank on its basis.

In order to properly perform its functions, the National Bank must interact effectively with all groups of participants in the financial economic system, taking into account their needs and interests. Considering this, the strategic goals of the National Bank are aimed at meeting the needs of participants in the financial system. One of the important prerequisites for their achievement is the high institutional capacity of the central bank.

Today's war in Ukraine, the state of crisis in all sectors of the national economy require adequate measures aimed at ensuring the recovery, economic stability and security of the national economy and its most important segments. In this context, it will be necessary to review and supplement the Strategy for the Development of the Financial Sector of Ukraine until 2025, which before the war was successfully implemented by such financial regulators - the National Bank of Ukraine, the National Securities and Stock Market Commission, the Ministry of Finance of Ukraine, and the Individual Deposit Guarantee Fund [22]. Conceptually, the Strategy for the Development of the Financial Sector of Ukraine until 2025 is shown in fig. 1.

The strategy is evolutionary and flexible. For example, in 2021, it was updated and approved by the decision of the Board of the National Bank of Ukraine dated March 18, 2021 No. 97-rsh.

The strategic direction of innovative development of the financial sector of Ukraine envisages the following:

- Ensuring the development of the FinTech market, digital technologies and regulatory platforms
 - ensuring the development of digital technologies, computer design, big data analysis, block chain, automation, robotics and the use of artificial intelligence;

- studying the possibility of issuing the digital currency of the central bank e-hryvnia;
- ensuring the strengthening of cyber security;
- Ensuring the development of SupTech&RegTech
- stimulating the implementation of innovative technologies in compliance;
- Introduction of innovative data exchange tools between the NBU, other state institutions and financial market participants;
- promoting the use of the latest IT technologies by regulators;
- Improvement of information disclosure based on electronic reporting standards;
- Development of the digital economy
- Expansion of market participants' access to public registers;
- Development of the BankID remote identification system of the NBU and online services of financial services;
- Introduction of a system of remote conclusion of transactions in the spheres of accumulative pension provision and joint investment;
- Development and use of cloud technologies, development of IT infrastructure;
- The spread of the use of paperless technologies [22].



Fig. 1. Strategy for the development of the financial sector of Ukraine until 2025

It is worth noting that financial technologies (FinTech) as a scientific term is a relatively new concept, and recently these technologies began to develop not only in the banking sector and acquired the characteristics of a separate industry. In the field of financial technologies, radical

changes are taking place at the current stage, associated with increasing the level of digitalization, openness and orientation towards the consumer and his personal needs. At the same time, the importance of FinTech in the world is quite significant, since the global implementation of financial technologies grows by 15-20% annually [23].

In a broad sense, "financial technologies" are any technologies aimed at improving and automating the provision of financial services. Their main task is to make it easier for large companies, business representatives and end users of services to work with their own finances, in particular in terms of management, increasing the efficiency of use and attracting capital, based on the use of specialized software. FinTech is innovative technologies used by financial institutions, state administration bodies, trade organizations to meet the needs of consumers of financial, administrative services and goods in the context of the development of the consumer economy [24]. That is, initially FinTech was perceived to a greater extent as internal developments and technological processes in a specific financial institution, mainly for its own needs, to which consumers of financial services did not have direct access. In recent years, it has become the basis for all online transactions, including money transfers, lending, paying utility bills, and more. At the same time, the role of innovative technologies in increasing the efficiency of the provision of financial services, which in terms of quality should meet the demands of consumers, has increased. These trends also affected the domestic FinTech market, which actually just started to develop.

Thus, in the pre-war period in Ukraine, the process of digitization was quite active in all spheres of social relations. It is worth noting that the term "digitalization" is used to denote the digital transformation of society and the economy. It envisages the transition from the industrial era and analog technologies to the era of knowledge and creativity, formed and implemented on the basis of digital technologies and innovations in digital business.

Digitalization is taking place most actively in the financial sector of the national economy. The National Bank of Ukraine approved the FinTech Development Strategy in Ukraine until 2025 – a systematic plan for creating a full-fledged FinTech ecosystem in Ukraine with innovative financial services and accessible digital services. This strategy is based on the key directions set by the Strategy for the Development of the Financial Sector of Ukraine until 2025, and its priority tasks are the development of innovations, Cashless economy, and increasing the financial literacy of consumers and businesses. In particular, this document structures and details the trends and directions of development of financial innovations for the next five years [25].

The following are the key effective elements of the Strategy:

- Development and implementation of the concept of a full-fledged regulatory "sandbox" for rapid testing of innovative projects;
- increasing the level of financial awareness and accessibility (inclusion) of the population and business;
- Launch of an academic base with a focus on open banking.

In our opinion, the implementation of the main ideas laid down in the considered strategies should have a positive effect not only on the financial market and its participants, but also on increasing the level of financial literacy and awareness of the population and business, on the state of the national ecosystem as a whole.

The further development of the fintech-market in Ukraine will be facilitated by the continued harmonization of the legal field of Ukraine in accordance with the Association Agreement with the European Union in matters of implementing the norms of the PSD2 European directive into national legislation. This will have a positive effect on increasing the level of economic competition in the

market of financial services and will ensure the innovative development of this market. To this end, it is necessary to develop uniform standards of ARI, authentication and security, ensure the availability of SEP 24/7, form the legal framework of OpenBanking with phased implementation of PSD2, introduce standards for the transfer of information on accounts (transactions, balances, etc.).

In the future, it is necessary to introduce the international standard ISO 20022, which will allow creating a single standard for the exchange of financial messages from electronic payments and securities, which will ensure the functional compatibility of the national payment system with international ones thanks to the application of clear and universally accepted standards. ISO 20022 is an international standard prepared by Technical Committee ISO TC68 Financial Services, which consists of several parts and describes a common platform for developing messages [26]. The use of this standard will help improve the level of customer service and automate payments, make the domestic capital market more accessible to foreign investors.

A positive factor in the formation of a full-fledged fintech-ecosystem, which will correspond to the world level of the financial sector, is the development of Cashless economy. Non-cash payments are actively implemented by developed countries and should increase the stability of the economy and the transparency of economic relations in the country. For example, the share of non-cash payments in Switzerland is 83%, in the USA – 76%, in the Netherlands, non-cash payments account for 73% of the retail circulation of goods and services, and in Estonia, Belgium, Luxembourg and Finland – almost 70% [27]. In Ukraine, the share of non-cash payments is 55%.

Experts analyze how cashless affects the level of the shadow economy, GDP and economic security of Ukraine. The strategy for the development of the financial sector by 2025 provided for a decrease in the level of the shadow economy to 20%. After all, according to experts, the level of the shadow economy depends directly on the level of cash payments in the country, since shadow schemes are most often carried out in cash. The more developed cashless, the fewer opportunities for uncontrollable activities of unscrupulous participants in economic relations. For example, the lowest level of the shadow economy in those countries where cashless payments are most developed, in particular, in Switzerland – 7.24%, in the USA - 8.3%, in Japan – 10.4%. In Ukraine, according to official data, the level of the shadow economy in 2015 was 42.9% of GDP, in 2019 – 27%, in 2020 – 30% of GDP [28]. A high level of the shadow economy has a negative impact on budget revenues, increases the budget deficit, and uncontrolled "dirty" money can be used to finance terrorism, which poses a threat to state security.

Experts are sure that an increase in cashless by 5% within five years can ensure that up to 10% of Ukraine's economy is brought out of the shadows. A study conducted by one of the world leaders in the consulting company EY (Ernst&Young) made it possible to reach the following conclusions: if card payments at terminals are increased by 1% of GDP, the passive shadow economy of the country (when the initiator of cash is the seller) will decrease by an average of 0.037% . For Ukraine, this means additional UAH 2 billion to the budget [29].

There is a debate among experts regarding the correctness of applying the terminology cashless to cashless transactions in Ukrainian practice. Some believe that for tax officials, non-cash payments by bankcard are the considered "cash" transactions and thus must be the carried out through the registrars of settlement transactions (PRO) with the printing of a fiscal check [30].

If the payment is made using a bank payment card without using cash, then it is non-cash. Such an operation is defined as a cashless payment. In this context, we are of the opinion regarding the inexpediency of such discussions, all the more so since conducting through the PRO does not concern all agents of the national economy.

It is worth noting that the war in Ukraine negatively affected the activation of cashless in the national economy and in the economies of many countries around the world. This is due to the increase in the demand for "live money" as a response of the population to the growing uncertainty in the period of war and economic crises. Thus, in Poland, the ratio of cash to GDP increased by 3.5 percentage points, and amounted to 13.8%, in the Czech Republic – by 1.4 percentage points – 12.6%, in Ukraine – by 2.6 percentage points – up to 13.3% [31].

The National Bank of Ukraine, together with other regulators in the financial market, are making efforts to achieve the strategic goals defined by the FinTech Development Strategy of Ukraine. Cashless payments should become convenient, accessible and protected from fraudsters. This is confirmed by the facts when it was necessary to pay pensions in cash in the territories occupied by the rashtists to those Ukrainians who do not have bank cards.

For example, from July 1, 2022, Ukrposhta stopped working in the occupied part of the Kherson region. And although 14 branches of JSC KB "Privatbank" worked in the region during this period, 70,000 pensioners of the Kherson region did not receive payments. After all, these people received payments through "Ukrposhta" in cash [40].

So, Cashless economy is the immediate future of Ukrainian society. After all, Cashless has a positive effect on the reduction of the level of the shadow economy, the activation of investment processes during the reconstruction period, the growth of GDP, the state of economic security of the financial sector and the economy of the state, and promotes the development of technologies and financial inclusion. Cashless payments are convenient for businesses and the public. The convenience effect contributes to the rapid development of mobile banking. Most young people prefer online payments. The priority task aimed at accelerating the implementation of cashless is to increase the level of financial literacy and awareness of the population.

From the point of view of the economy as a whole, the insufficient level of knowledge in the field of financial services indicates a low degree of involvement of broad segments of the population in the consumption of these services, and therefore limits the level and quality of savings and investments, which determine the potential for economic growth.

The basis of the problem lies in the nature of financial services (products) and the markets in which these services (products) are provided. Research by scientists, devoted to the problem of information on financial markets, revealed a number of factors that determine the need to increase the financial literacy of the population (Fig. 2).

These factors lead to a high level of unevenness of information in the markets of financial services (products), as well as limited opportunities for consumers of financial services (products) to adapt to changing market characteristics. A low level of financial literacy leads to negative consequences for consumers of financial services, the state, the private sector and the ecosystem as a whole.

The importance of issues of low level of financial literacy of the population has especially increased in recent years, when problems related to the current crisis have become actualized: the growth of personal debts of the population, the lack of effective savings, the inability of citizens to protect their own well-being, etc. The war exacerbated these problems and caused the emergence of new, larger-scale ones. That is why it is necessary to increase attention to the development of financial technologies and the problems of increasing the financial literacy of the population.

Today, in many countries, one of the most important and significant elements of the general state economic and social policy is increasing the financial literacy of the population. Interest in the topic of personal finance planning and financial literacy is connected with the fact that even in

countries where a modern system of economic education has been built; a significant number of citizens are poorly oriented in matters of personal finance.

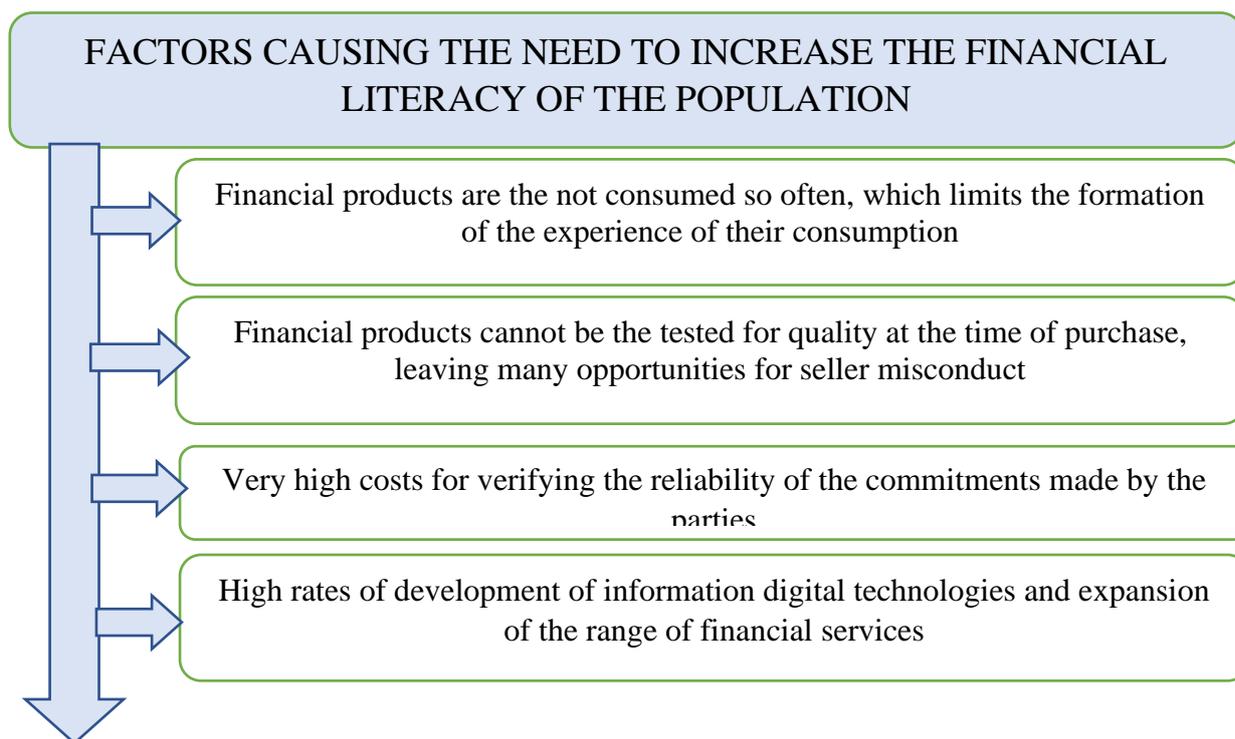


Fig. 2. The main factors determining the need to improve financial literacy

The Organization for Economic Cooperation and Development (OECD) defines financial literacy as "a set of knowledge, abilities, skills, attitudes and behavior of a person, necessary for making important financial decisions and for achieving personal financial well-being" [31]. Today, according to the World Bank, more than 70 countries have approved or prepared for consideration a financial literacy strategy [32].

We conducted an analysis and review of foreign financial literacy programs using the examples of Australia, Great Britain, the United States, and China.

The Australian government launched a national financial literacy program in 2004. It included the establishment of the Financial Literacy Fund (since 2005). The Foundation created an educational website "Understanding Money". The National Financial Literacy Strategy has been developed, the main theses of which are:

- Education through schools and other institutions of society;
- Provision of accurate and independent information;
- defining the boundaries of education and developing additional innovative solutions for implementing ideas of financial well-being and changing the behavior of citizens regarding financial transactions;
- partnership of many sectors, including support of financial literacy programs by private companies, promotion of better achievements in this area [33].

In Great Britain, a special organization – the Money Advice Service (Money Advice Service) has been operating since 2011 [34]. It was organized by the Consumer Financial Education Body (CFEB). This service provides free consulting services to citizens that help them make sound financial decisions. The service is independent, its actions are aimed at supporting both youth and

adults. The main goal is to ensure public understanding of financial processes within the country and abroad. The priority directions in this area are:

- help to young parents;
- Work in schools and other educational institutions (for example, training organized by the group on financial education of young people - Personal Finance Education Group, PFEG);
- Development of online products to improve financial literacy;
- providing advice on the use of money [35].

Great Britain is traditionally considered a country with developed philanthropy, so the public sector of financial literacy is quite large here.

Regarding the United States of America, we note that the country has significant experience in the field of increasing the financial literacy of the population. In 2002, the United States Treasury established the Office of Financial Institutions (OFI), a government agency. The Financial Literacy and Education Commission (FLEC) was organized jointly with the US Congress. In 2006, the National Strategy for Financial Literacy was developed. In the United States, there is the following vector of measures to ensure financial literacy:

- Emphasis on an individual approach;
- Creation of telephone lines for financial issues;
- instilling financial skills in children in schools [36].

The USA has achieved quite significant results: financial literacy in the country is at a high level. Here, children can receive a bank card at the age of 10, in most states the circulation of cash is reduced to a minimum, and the population is highly integrated into the financial sphere of society. In the United States, it is also customary to arrange financial centers in universities, where students can obtain information necessary for financial transactions both during their studies and after graduation.

The Brazilian government relies on public programs in this area, with a special focus on youth work. At the state level, there is currently a National Strategy for Improving the Quality of Financial Education (Estrategia Nacional de Educação Financeira, ENEF). It was developed by a working group, which included representatives of state authorities (committee for regulation of financial markets, ministries of education, finance, justice, social protection), as well as employees of the country's largest banks and credit organizations [37]. During the development of the ENEF program, the authors took into account that about 82% of Brazilian citizens did not know the exact interest on their loans, and 87% had no savings or little savings. Therefore, the goal of the state has become wider involvement of the population in the activities of financial markets and increasing financial literacy of all segments of the population. The peculiarity of this program is that it covers a large part of society, and not only a certain category of citizens. For example, ENEF includes measures to increase the financial literacy of schoolchildren. They include:

- Teacher training based on materials and curricula developed by the Central Bank of Brazil;
- Development of textbooks and multimedia programs on this topic for different age categories of students.

In China, as in Brazil, the great role of the state in the process of raising the level of financial culture of the population is recognized. However, the People's Republic of China currently lacks a single state program aimed at improving citizens' financial literacy. It is possible to note only the efforts of individual authorities in this field. These include the development of the Program for Improving Financial Literacy among Students (CIEFR). This program was jointly prepared by the Ministry of Education and the Ministry of Finance of China. Its purpose is to spread information

among schoolchildren and students about the possibility of obtaining educational loans, as well as help those students who have difficulties with paying off educational loans.

Let's summarize the results of the analysis (Fig. 3).

The results of the research of many scientists and specialists indicate that the level of financial literacy of the population is quite low in Ukraine. Even in pre-war times, about 15% of the population did not have the opportunity to make investments at all due to insufficient financial resources. In addition, people do not want to cooperate with the financial system in Ukraine, because they do not trust it. Due to the peculiarities of the historical experience in Ukraine and the activities of many fraudsters in the financial sphere (financial pyramids, intermediaries, funds, banks, etc.) during the transformation period, this problem is very acute. At the same time, the financial market is actively developing, new instruments, forms and types of financial products are emerging. However, on the part of consumers, the demand for these services is quite low, the population does not know how to effectively use financial instruments due to the lack of necessary knowledge and skills. The markets of insurance, mortgage lending, investment and pension savings are almost not developing.

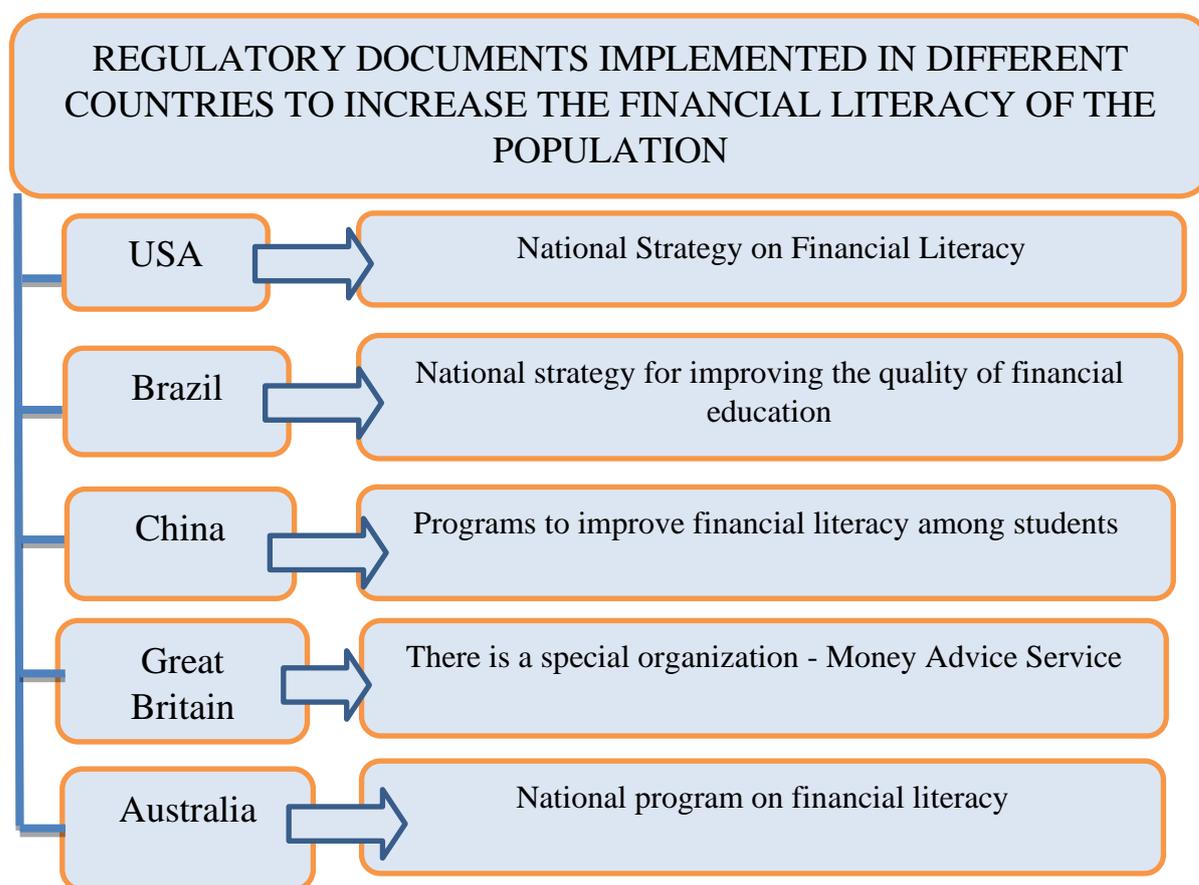


Fig. 3. State regulatory support for raising the level of financial literacy in various countries

As a rule, population savings are made with the help of bank deposits, and consumer lending grows due to the increase of unsecured loans [38].

During the 30 years of the existence of market relations in Ukraine, no one systematically engaged in the financial education of the population, which independently acquired certain knowledge through its own mistakes and losses from unscrupulous banks and other financial institutions, unsuccessful investments, etc.

We conducted a survey of citizens regarding their awareness of money management issues and established the following. 113 people of different age categories took part in the survey – from 14 to 69. Among them, 16% were men, 84% were women.

Almost 64% of the respondents answered that they are not satisfied with the level of income, more than 73% of the respondents make large purchases at the expense of saved money, only 23.9% use digital technologies (phone application). More than 73% of respondents do not plan their family budget. Only 36% of respondents are willing to invest in the bank. Only 23% of respondents gave a positive answer to the question of whether it is practiced in the family to save money by making a deposit. Almost 86% of respondents do not invest in securities [39]. More than half of the respondents believe that the basics of financial literacy should be taught by parents and trained specialists within the framework of state programs to increase the level of financial literacy. The conducted survey confirmed the need to intensify measures to increase the level of financial literacy of Ukrainians. This issue becomes especially relevant during the period of active development of financial technologies.

At the state level, some measures to improve financial literacy are carried out in Ukraine, but they are not of a mass nature. Thus, one of the priorities of the National Bank of Ukraine is financial inclusion, which is inextricably linked to financial literacy. As part of the cooperation between the Center for Corporate Social Responsibility and higher educational institutions of Ukraine, the Project on "Financial Literacy of Students" was implemented. The project was implemented for three years (2015-2018). Its goal was to increase the level of financial literacy of students, thanks to the introduction of the elective discipline "Financial Literacy" for first-year students of non-economic specialties and to increase the competence of teachers in the methodology of teaching financial literacy.

In recent years, the National Bank regularly conducts measures aimed at improving the financial literacy of Ukrainians. In particular, these are events within the Global Money Week. Educational lectures and seminars are held, for example, within the framework of information days of the National Bank of Ukraine "Economic Express" in the regions of Ukraine.

The National Bank of Ukraine has developed a vision of the Strategy for the Development of the Financial Sector of Ukraine until 2025 and directions for the development of financial literacy. One of the strategic goals of the Strategy is to increase the availability and level of use of financial services [22].

Important directions for achieving this goal are summarized in Figure 4.

Measures to increase the availability and level of use of financial services provide for the activation of FinTech development, which confirms the need to increase the level of financial literacy of Ukrainians.

The following measures must be taken:

- actively use personally oriented technologies for teaching financial literacy, taking into account the age categories of citizens;
- organize courses for specialists who will teach financial literacy;
- continuity of financial education should be ensured, starting with preschool education, school, university, for the economically active population and pensioners;
- create telephone lines and Internet channels for providing consultations on financial issues;
- using the experience of Australia, it is expedient to create visual sites to improve the financial literacy of children, youth, adults and courses based on universities and local public organizations.

INCREASING THE AVAILABILITY AND LEVEL OF USE OF FINANCIAL SERVICES

Stimulating the development of payment infrastructure for non-cash operations, including in rural areas and remote areas

- At the legislative level, contribute to the approval of regulatory requirements for business entities (including state institutions and communal enterprises) to ensure the possibility of non-cash payments for goods or services
- Reduce the limit of cash payments and improve the system of control over them
- To develop at the legislative level expanded opportunities for using corporate cards
- Contribute to reducing the share of cash circulation in favor of non-cash circulation

Creation of conditions for the development of remote channels for the sale of financial services, including the opening of accounts remotely

- Implement new models of remote client identification and verification
- Provide a mechanism for financial institutions to access customer identification data in state registers
- Introduce the transfer of digital documents to financial institutions for the purpose of remote identification and verification of clients

Ensuring transparency of information regarding financial services and products

- Develop and implement requirements to ensure transparency of information provided to consumers of financial services in various segments of the financial market
- Introduce information disclosure standards regarding the main terms of financial products: lending, insurance, savings, payment and investment services
- Implement requirements for the transparency and comprehensibility of advertising financial services for the consumer
- Initiate the possibility of implementation by subjects providing non-state pension provision of personal accounts with protected access to receive information about the state of their individual pension accounts remotely using the Internet

Fig. 4. Priority measures to increase the availability and level of use of financial services in the period of rapid development of FinTech

At the same time, educational activity should be systematic and in the long term, foresee the continuity of the process, and training should be based on innovative game technologies and training's. Financial literacy training should focus not only on acquiring skills to effectively cooperate with banking institutions, but also on insurance, managing money in everyday life, effective non-state pension savings, investing in securities, etc.

Today, Ukraine has chosen the path of active digitization in all areas of public relations. It is worth noting that the term "digitalization" is used to denote the digital transformation of society and the economy. It foresees the transition from the industrial era and analog technologies to the era of knowledge and creativity, which are formed and implemented on the basis of digital technologies and innovations in digital business [22].

So, it is an undeniable fact that the spread and use of financial technologies affects all strata of Ukrainian society. The conducted research confirmed the low level of financial literacy and awareness of the population. Rapid development of mobile banking, activation of the use of non-cash payments will contribute to revitalization of investment processes, transparency of financial flows. Increasing the level of financial literacy of Ukrainians will contribute to the formation of trust in financial intermediaries, the improvement of the well-being of ordinary citizens, the formation of new views on non-state pension provision and insurance services. All this will lead to economic growth in the national economy. The priority task, which is aimed at intensifying measures to increase the level of financial literacy and awareness of the population, is the formation of proposals for the development of programs to increase financial literacy for various target audiences.

Summarizing, we note that in the pre-war period, the National Bank of Ukraine, together with other regulators in the financial market, made efforts to achieve the goals defined in the Strategy for the Development of the Financial Sector of Ukraine until 2025 and the Strategy for the Development of FinTech of Ukraine. In our opinion, the implementation of the main ideas embedded in the considered strategies should be revised. Attention should be paid to the need to intensify the involvement of credit institutions in the financial services market in the investment processes of the recovery of the national economy in the post-war period.

It was determined that the further development of the FinTech market in Ukraine will be facilitated by the continued harmonization of the legal field of Ukraine in accordance with the Association Agreement with the European Union in matters of implementing the norms of the PSD2 European directive into national legislation. This will have a positive effect on increasing the level of economic competition in the market of financial services and will ensure the innovative development of this market. To this end, it is necessary to develop uniform standards of ARI, authentication and security, to ensure the availability of SEP 24/7, to form the legal framework of OpenBanking with the gradual implementation of PSD2, to introduce standards for the transmission of information on accounts (transactions, balances, etc.). It is necessary to introduce the international standard ISO 20022, which will allow creating a single standard for the exchange of financial messages from electronic payments and securities, which will ensure the functional compatibility of the national payment system with international ones thanks to the application of clear and generally accepted standards in the world. The use of this standard will help improve the level of customer service and automate payments, make the domestic capital market more accessible to foreign investors.

It is argued that Cashless economy is the immediate future of Ukrainian society. After all, cashless payments will not only contribute to reducing the level of shadowing of the economy, but

also activate investment processes and become convenient for economic agents and non-residents. The convenience effect contributes to the rapid development of mobile banking. Cashless has a positive effect on reducing the level of the shadow economy, GDP growth, the state of economic security of the financial sector and the economy of the state, promotes the development of technologies and financial inclusion. Most young people prefer online payments. The priority task aimed at accelerating the implementation of cashless is to increase the level of financial literacy and awareness of the population.

Summarizing, we note that in the pre-war period, the National Bank of Ukraine, together with other regulators in the financial market, made efforts to achieve the goals defined in the Strategy for the Development of the Financial Sector of Ukraine until 2025 and the Strategy for the Development of FinTech of Ukraine. In our opinion, the implementation of the main ideas embedded in the considered strategies should be revised. Attention should be paid to the need to intensify the involvement of credit institutions in the financial services market in the investment processes of the recovery of the national economy in the post-war period.

The results of the research of many scientists and specialists indicate that the level of financial literacy of the population is quite low in Ukraine. About 15% of Ukrainians do not have the opportunity to make investments due to insufficient financial resources and mistrust of financial institutions and intermediaries. In recent years, the volume of services offered on the financial market has grown several times, but the level of financial literacy of consumers has not radically changed.

The directions of increasing the level of financial literacy of Ukrainians in the conditions of the rapid development of FinTech have been determined.

In particular, the following measures should be taken:

- actively use personally oriented technologies for teaching financial literacy, taking into account the age categories of citizens;
- educational activity should be systematic and in the long term, foresee the continuity of the process;
- educational activities should be based on innovative game technologies, trainings;
- courses for financial literacy specialists should be organized, continuity of financial education for all segments of the population should be ensured;
- financial literacy training should focus not only on acquiring the skills to effectively cooperate with banking institutions, but also on insurance, managing money in household and everyday life, effective non-state pension savings, investing in securities, etc.;
- create telephone lines and Internet channels for providing consultations on financial issues;
- using the experience of Australia, it is expedient to create visual sites to improve the financial literacy of children, youth, adults and courses based on universities and local public organizations.

The spread and use of financial technologies concerns all strata of Ukrainian society.

Rapid development of mobile banking, activation of the use of non-cash payments will contribute to revitalization of investment processes, transparency of financial flows. Increasing the level of financial literacy of Ukrainians will contribute to the formation of trust in financial intermediaries, the improvement of the well-being of ordinary citizens, the formation of new views on non-state pension provision and insurance services. Increasing the activity of citizens as investors will be one of the important incentives for economic growth in the national economy.

In the complex, all the listed measures will contribute to the development of the national ecosystem based on FinTech and the activation of investment processes. The author's proposals are

of practical importance, as they will allow to systematically consider the priority areas of development of the subjects of the national ecosystem in the conditions of FinTech development. The implementation of world experience in programs to increase the level of financial literacy and awareness of Ukrainians will be an effective tool for increasing the well-being of Ukrainians and activating investment processes in the national economy of Ukraine. All this will bring Ukraine's financial services market closer to European standards.

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