# FINANCIAL INCLUSION AS A DOMINANT FACTOR IN THE COUNTRY'S ECONOMIC GROWTH

**Maryna Demianchuk**
*PhD (of Economics), Associate Professor of Department of Finance, Banking and Insurance*
*Odessa I.I. Mechnikov National University*
**Liudmyla Sergiyenko**
*PhD (of Economics), Associate Professor*
*Odessa Trade and Economic Institute of Kyiv National University of Trade and Economics*
**Olena Boiko**
*Doctor of Economic Sciences, Professor of the Department of Management,*
*Private Higher Education Institution «International European University»,*
*Kyiv, Ukraine*

Financial inclusion or financial inclusion is equal access and use of financial products and services that are affordable, meet the needs of households and enterprises, are accessible to all segments of the company, regardless of income and place of residence, and are provided to all representatives of the financial sector responsibly and environmentally for participants in the process [1-5]. The formation of sustainable financial inclusion is considered in modern conditions in three planes: 1) the availability of financial services - the ability of the user to really use the service through contact with a financial intermediary; 2) financial literacy - the ability of the consumer to make an informed choice of service, fully understanding the benefits and risks of using it; 3) protection of user rights - a guarantee of safe, predictable and high-quality service provision, is provided by a third party.

Financial inclusion can be defined as the process of promoting affordable, timely and full access to a wide range of financial products and services, spreading their use among all sectors of society through the introduction of existing and innovative approaches, including financial awareness and education, with the aim of promoting both financial well-being and economic and social inclusion. That is why financial inclusion is considered as the dominant of economic growth and an important factor in social equality in the modern world [6-9]. Increasing the level of financial inclusion is very important for all participants in the financial system of the country, namely: for regulators and the state as a whole, since it attracts all segments of the population to the economic system, as a result, it contributes to the growth of the economy through mobilization of people's savings, investment in the development of the state economy, diversification financial system; for financial service providers, as it increases the number of consumers of financial services; for consumers, since they can use modern financial services more efficiently and more conveniently, thereby increasing personal well-being. Financial inclusion helps increase and stabilize incomes, manage assets efficiently, and reduce vulnerability to economic crises [1].

Raising the level of financial inclusion drives GDP growth and foreign investment. It should also be noted that the more actively the population of the country uses financial services, the higher the level of well-being of their citizens and the quality of their life. A striking example is the Scandinavian countries - Denmark, Sweden, Norway, which are consistently leading in the ratings of the richest and happiest countries in Europe. The level of financial inclusion (inclusion of all segments of the population in the financial system) in these states reaches 100%. The same indicator in the Netherlands and almost the same (98%) - in Austria and the UK.

Financial services are widely available to people in Eastern Europe. More than 80% of the population in the Czech Republic and Belarus has a bank account. In Hungary, this figure is slightly lower - 75%. In Ukraine, as of 2017, 37% of Ukrainian were outside the financial system, that is, they did not have any bank account. These indicators are not the best, but we can observe that progress is gradually taking place, along with which measures are being taken to increase financial inclusion in Ukraine, as well as a discussion of this issue with international experts to make the most optimal and balanced decisions on the future development strategy of Ukraine in this direction [10-15].

The discussion of the inclusion of the population in the financial system was first brought to the all-Ukrainian level in 2018. Experts, participants in the financial system and the NBU discussed the issue of financial inclusion in Ukraine and improving the availability of financial services at the first Finclusion UA Financial Inclusion Forum, organized by Mactercard and the National Bank of Ukraine in June 2018.

The issue of financial inclusion is extremely important in many ways. According to an international study by Lund University Research, an increase in the level of financial inclusion by 10% contributes to an increase in the country's GDP by an average of 0.3%. For Ukraine, this is more than 9 billion UAH.

It should be noted that increasing financial inclusion has a positive effect on the economy as a whole and on the life of each citizen. Financial inclusion contributes to an increase in foreign investment, an increase in tourist flows, ensures the growth of private entrepreneurship, small and medium-sized businesses, and also reduces corruption.

One of the factors that impede the development of financial services in Ukraine is the high share of economic shadowing. Representatives of the “gray” sector do not need bank accounts; they work exclusively with cash. According to the Ministry of Economic Development and Trade, the level of shadow economy in Ukraine following the results of 2018 amounted to 31%. But analysts also call more impressive figures - up to 40-50%. Along with a high share of the shadow economy, the reasons for the low level of financial inclusion in Ukraine: distrust of the financial system, insufficient financial literacy of the population, low level of well-being of citizens and unpreparedness for new experience. To improve the value of the financial inclusion indicator, it is necessary to introduce new types of financial services in Ukraine to expand access to existing ones, in particular, integrating financial services into the urban infrastructure, for example, transport, social projects.

Raising the level of financial inclusion in Ukraine is one of the strategic goals of the NBU. Back in mid-2016, the regulator announced his intention to build a “cashless economy” in Ukraine - a cashless economy. That is, the NBU wants Ukrainians to gradually abandon cash in favor of cashless payments. The results of this strategy are obvious: in the first quarter of 2019, the number of active payment cards in Ukraine increased by 2% - up to 36.8 million. compared to the first quarter of 2018. The total number of transactions using payment cards reached 3900 million units, and their volume exceeded 2877 billion UAH. These indicators compared with 2017 increased by 26.7% and 35.4%, respectively [2].

On June 12, 2019, the second international “Forum on Financial Inclusion. Nobody Overboard” was held, which brought together more than 300 representatives of government bodies, banks, payment systems, business, experts and educators from 12 countries: Australia, Great Britain, India, Kenya, Germany, Norway, Poland, Romania, USA, Turkey, France, Jamaica.

The organizers of the Forum were the National Bank of Ukraine, the USAID project "Transformation of the financial sector" and Mastercard and Visa. The issues discussed at this forum were devoted to the consideration of financial literacy as an effective mechanism for removing barriers to financial inclusion, consideration of key measures to accelerate the inclusion of citizens deprived of adequate financial services (residents of remote regions, old people, etc.), as well based on international experience of effective practices to increase financial inclusion as a common path for the state and business to accelerate economic growth [3; 18-29].

The active phase of the implementation of the financial inclusion strategy in Ukraine has been planned since 2020. The National Bank identifies five key strategy priority decisions [16-17]:

1) a change in the financial culture of society, that is, an increase in the level of knowledge, skills and attitude necessary to ensure responsible financial behavior and increase Ukrainian financial inclusion. The components of a financial culture are a set of such cultures as insurance, savings, entrepreneurship, investing, tax, credit, retirement, credit histories and the like;

2) financial literacy and the European worldview of Ukrainians - citizens must share European values and be prepared to live according to European standards, form their own budget, be responsible in their financial decisions, engage in long-term financial planning, save, control their financial accounts, prudently use loans and manage debts;

3) youth as a driver of change. Young people aged 10 to 24 years (Generation Z and Alpha Generation) are the main target audience. Only young people can act as agents of change who will teach their friends, parents, grandparents the financial knowledge and skills that citizens need in order to make informed decisions and be responsible for their financial behavior;

4) the formation of a single communication platform, which under a single brand will bring together all interested parties and events, will become recognizable and will help build trust;

5) the creation of an educational and information center - a center for financial education and communications according to the mandate and functions of the National Bank, which will combine: a visitor center, a money museum, a youth education center, and a teacher competency center.

So, to summarize all of the above, we can conclude that financial inclusion is the creation of conditions for attracting all segments of the population and business to use various financial services that are accessible by infrastructure and price, officially regulated and meet the needs of the population in order to stimulate the country's economic growth and reduce social inequality in society. Financial inclusion as an instrument of influence on the development of the financial services market creates opportunities for inclusive economic growth and increase the overall well-being of the country and its citizens.

Today, it is not enough for the state and business to simply create technical conditions for using financial products and services, that is, to provide citizens with access to the financial system. It is important to study the real needs of the consumer (the demand side) and focus efforts on their satisfaction. The use of advanced financial technologies should become fashionable. To start using financial products, the consumer not only understands the practical benefits, but also feels and enjoys using them. Financial inclusion and financial literacy are inextricable. Without financial literacy, a person cannot fully use the potential of financial services. Another important aspect, which is confirmed by cases from around the world, is that financial inclusion is impossible without a partnership between the state and business, only in partnership can you scale results and achieve sustainable development.

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