

2. Hofstede Insights. Tanzania. Retrieved from <https://www.hofstede-insights.com/country/tanzania/>

3. Hofstede Insights. Ukraine. Retrieved from <https://www.hofstede-insights.com/country/ukraine/>

4. World Bank Group. (2018). Doing Business 2018. Economy Profile. Tanzania. Retrieved from <http://www.doingbusiness.org/~media/wbg/doingbusiness/documents/profiles/country/tza.pdf>

5. World Bank Group. (2018). Doing Business 2018. Economy Profile. Ukraine. Retrieved from <http://arabic.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/UKR.pdf>

Novak Anastasiia

Student of Master's Degree Course

Group 505

Kyiv National Economic University Named after Vadym Hetman

FINANCIAL LITERACY IN UKRAINE

Abstract. The article consists of the main findings of research on financial literacy in Ukraine and their brief analysis. Cultural roots of financial literacy are highlighted.

Key words: financial literacy, loans and deposits, inflation, financial system, financial products, financial culture.

Анотація. У статті викладено основні фактори аналізу фінансової грамотності українців. Особливу увагу приділено культурним аспектам ставлення українців до заощаджень.

Ключові слова: фінансова грамотність, кредити та депозити, інфляція, фінансова система, фінансові продукти, фінансова культура.

Introduction. The importance of financial literacy cannot be underestimated, as it influences the life of people in terms of knowing how to wisely handle their money. When a person is wise with his money, he finds the means to invest logically and, hence, improve the level of ones living in the years to come.

Overall, there are several main reasons, which influence the level of financial literacy of a given person. Mainly two family-related roots are important, which are general family background and parental teaching on financial behavior. From a policy perspective, these roots of financial literacy are difficult to target, if possible at all. Therefore, they can only be «inherited» from someone.

In contrast, the traditional dimension of public intervention, education at school, is much less important in terms of influencing the financial literacy of people. Interestingly, good education that improves numeracy is helpful but this is almost self-evident, whereas specific economics education at school is less important for the degree of financial literacy. In addition, it is scientifically proven, that early experiences with money have a significantly positive influence on financial literacy. Finally, financial literacy may also be rooted in personality traits as we find that more risk tolerance is positively related to it.

As we move to the description of financial literacy of Ukrainian people, it is safe to

say, that the majority of Ukrainians has short-term orientation in terms of addressing their financial issues. This means, that they are more inclined towards spending money once they earn them on a monthly basis, but only few think about investing in the future. For Ukrainians instantaneous results are of bigger importance, than income in decades to come. That is why the financial orientation of Ukrainian people is short-term, which in turn means, that financial literacy is the virtue of selected individuals in our country.

Ukrainian financial markets are underdeveloped. It is no exaggeration to say that the banking sector is the financial sector, since the 87 existing banks account for almost 96% of total financial sector assets. The lack of a diversified non-bank financial institutions sector limits the savings options for most Ukrainians to cash, bank deposits, and real estate. Thus, it is not surprising that the general population is not especially knowledgeable or interested in more sophisticated financial products (stocks, bonds, investment funds, etc.) because they do not use them.

Apart from that, the lack of financial awareness and consumer protection in Ukraine goes hand-in-hand with individual indebtedness (Chart 1).

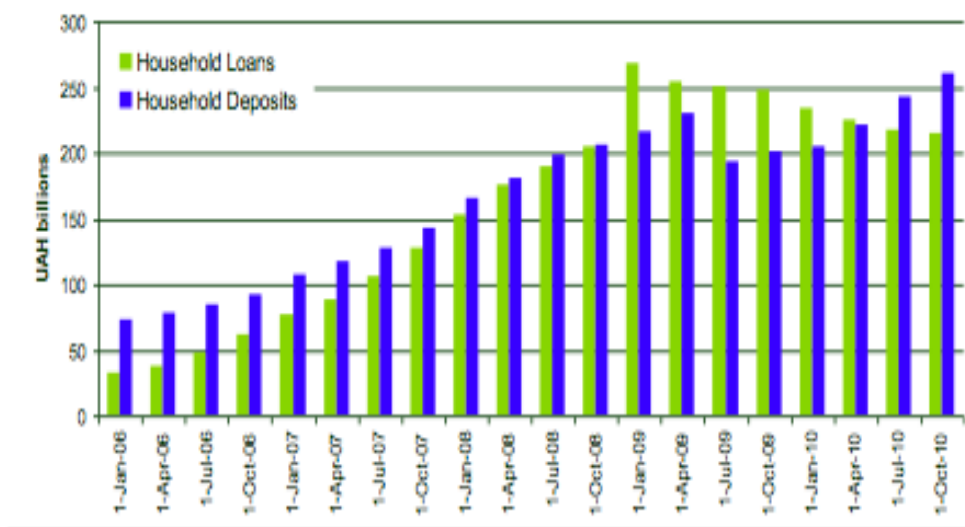


Chart 1. Household Loans and Deposits in Ukrainian Banks

In 2008, household debt in Ukraine stood at around 30% of GDP, notably higher than the debt levels of neighboring countries such as Poland, Russia, Romania, and Belarus. Not surprisingly, Ukrainians exhibit very low levels of trust in financial institutions. In a 2015 survey of public opinion on pension reform, only 15% of respondents trusted private banks, followed by 11% for insurance companies, 6% for investment funds, and 5% for non-state pension funds.

The portrait of the Ukrainian financial services consumer that emerges from the national survey is not encouraging (albeit one which is highly comparable to neighboring countries). The average Ukrainian is not very knowledgeable about finance, is a user mainly of simple bank services, is largely unaware of his/her consumer rights, and is distrustful of financial institutions. Over 60% of the respondents consider themselves to be financially literate (good to excellent skills, 22%; satisfactory skills, 41%). However, only 22% of respondents could give at least five correct answers to

seven simple mathematical questions necessary to be able to manage one's finances. More than half (51%) of those surveyed answered three or fewer questions correctly.

There is very weak trust in the Ukrainian financial sector. Ukrainians use a very limited array of financial services, with the leading categories being public utility payments, bank account/plastic card, and ATM transactions. About 13% of Ukrainians are savers. Of consumers who do not save, 14% gave a lack of trust in financial institutions as the reason (interestingly, the comparable figure for Russia was 9%). Approximately 7% of Ukrainians have life insurance, but 21% say that they do not purchase insurance because they do not believe the insurance company will pay the claim in case of death (again, the corresponding figures for Russia are 11% and 21%, respectively).

As one would expect in a country with underdeveloped financial markets, Ukrainians are not very interested in news about the financial sector. The three «financial» issues the population follows most are changes in the inflation rate (20%), changes in pension benefits (10%), and changes in the property market (10%). However, only 43% of respondents actually read financial news, and when it comes to making a financial decision, they usually turn to their friends and relatives for advice.

Financial service coverage in Ukraine is low, especially when compared to European countries. The survey data indicates that 39% of Ukrainians do not have a bank account and most of the population uses only basic financial services.

As Chart 2 shows, the most commonly used financial services are the payment of utility bills through a bank (78%), use of a bank account and a plastic card (61%), making payments through payment system terminals (38%), and currency exchange (31%). About 30% of respondents are indebted (have taken out a loan), and about 20% use money transfer services. The fact that only 11% of people have bank savings deposits suggests that Ukrainians may not have much income to save. However, it is also possibly an indicator of unfamiliarity with the financial system generally, or perhaps a low level of confidence in financial service providers.

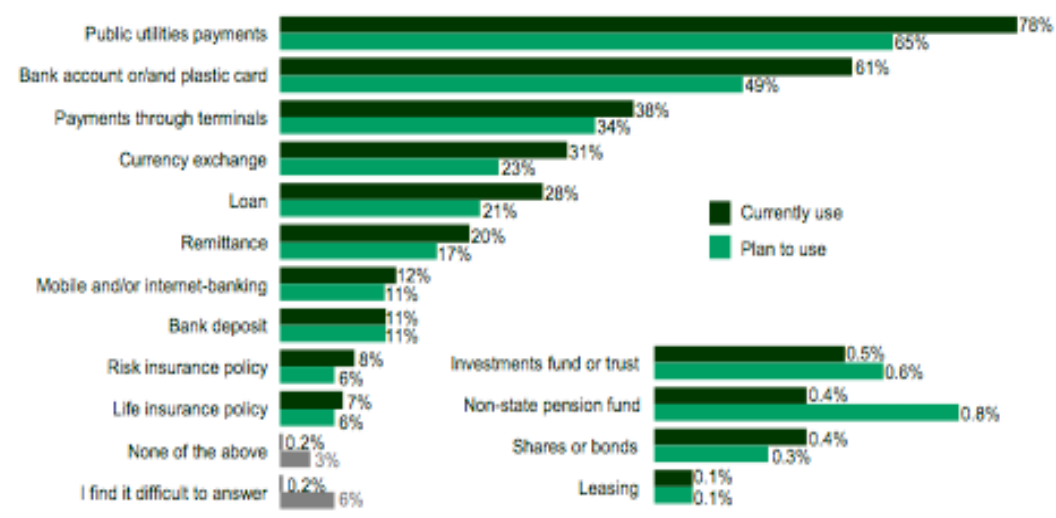


Chart 2. Financial services, which Ukrainians use

Ukrainians essentially do not use so-called investment services. Fewer than 2% of respondents own shares, bonds, or investments in NPFs and investment funds.

The survey asked respondents about their expected use of financial services over the next two years. The results suggest that there will be a decline in the use of financial services, even from the present, modest level. The demand for such bank services as the payment of utility bills through a bank is expected to decline by over 13%), and for a bank account/plastic card by about 12%. There will also be a decrease in demand for currency exchanges and loans, by about 7% each. All these numbers are above the statistical margin of error and therefore are worrisome. The only two categories where there might be an increase in use are advanced financial products such as investments into pension funds and investment companies.

According to chart 3, 29% of respondents would like additional information on a consumer loan, 16% on a bank savings account, 14% on a bank plastic card, and 13% on a current bank account. The survey revealed there is interest among respondents in learning more about such financial services as non-state pension funds — 15% of all respondents, and 20% among people aged 40 to 65 would like to get information on NPFs. Another 13% is interested in details on the use of a mortgage loan and insurance policies. Nevertheless 23% of respondents are not interested in receiving any information on financial services, with older people (aged 45 to 60) being the least interested — 28% of older people are not interested in any financial services.

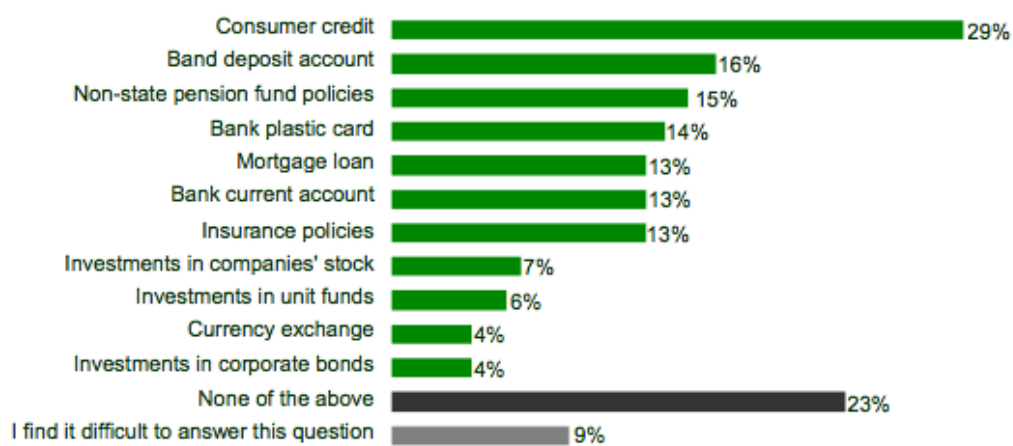


Chart 3. Financial services, toward which Ukrainians express their interest

This lack of interest in financial services can be attributed to a variety of possible reasons, such as lack of income to make investments, a lack of confidence in the financial system generally, or simple lack of understanding of use of financial services. Approximately one third of the country's population is outside of the formal financial system — they have no deposit accounts, no loans, and their only link to banks is perhaps a debit card that they obtained through their employer for payment of salary.

One of the research findings on financial literacy from cross-national studies is that most consumers overestimate their ability to understand finance. Typically more than 50% of the respondents in surveys rate their own financial skills as satisfactory to excellent, but the reality is different. When asked, for example, relatively simple math questions about interest rates or inflation, most respondents do poorly. Accordingly, a

gap exists between the development of more complex financial products and the ability of the consumer to understand them (Chart 4).

Ukrainians have mastered plastic cards as a financial product, and this is only to be expected, given their active use nationwide. However, even in the case of this question, 26% of respondents confused credit and debit cards, and 35% gave no answer to the question. The lowest number of correct answers was in response to questions about types of insurance. This is not surprising, given the low market penetration of these services in Ukraine. A surprise was an extremely low level of knowledge of the term «franchise», given the fact that mandatory civil liability insurance for car owners was introduced in Ukraine years ago, and «franchise» is the core term for this financial product.

An absolute majority of Ukrainians have no idea what to do and whom to engage to assist in dispute resolution with a financial company. Only one of five respondents (20%) answered that it depends on the type of the financial service. This compares with 22% of respondents who answered, «I do not know». The most trusted institutions appear to be courts of law (31%) and the Ombudsman (24%).

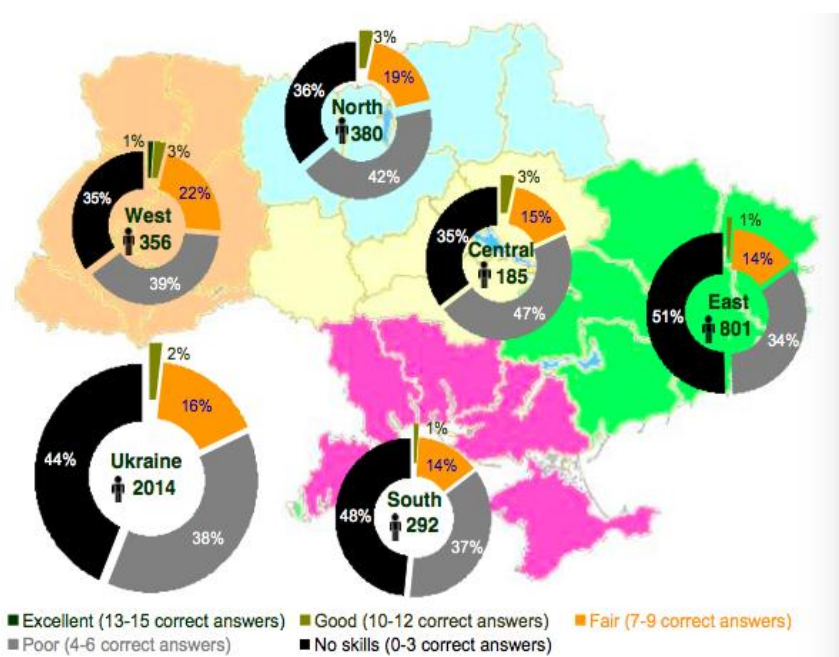


Chart 4. Questions on financial awareness

Apart from that, the majority of Ukrainians assess their financial situation to be dire (58% of respondents), they do not know, how to handle loans, therefore only 21% of Ukrainians trust themselves to apply for a loan/consumer loan. Forty nine percent of people keep their saving in cash, which means, that they do not trust in Ukrainian financial system or simply do not know, how to handle it. Therefore, financial literacy of Ukrainians can be assessed as weak and to this contribute number of reasons:

- Financial system of Ukraine is not as developed as in most European countries
- Financial literacy is not taught to Ukrainians, only people with financial/economic background know, how to handle their money in sophisticated way
- Financial protection system in Ukraine weak

- Economic system is also recovering from the repercussions of recent political upheaval that is why it is too early to say that a solid background for financial safety has been developed in Ukraine.

Overall, it will take some time to stabilize the economic system of Ukraine and only then, the talks about financial literacy of Ukrainians could be raised. As of now, too many people are primarily concerned with their income just to maintain their level of life that is why financial literacy is not the focal point of their attention.

References

1. Financial literacy and awareness in Ukraine: main facts and findings http://www.gofintechua.info/wp-content/uploads/2018/02/finlit_survey_6dec2015_en.pdf
2. Financial literacy in Ukraine: determinants and implications for saving behavior <http://www.kse.org.ua/uploads/file/library/MAThesis2011/KHARCHENKO.pdf>
3. Roots of financial literacy https://www.econstor.eu/bitstream/10419/100550/1/VfS_2014_pid_359.pdf
4. Hofstede G., (1991). Cultures and Organizations: Software of Mind. London: McGraw Hill.

Sydoryshyna Y.

Pauller Matsatsa

Students of Master's Degree Course

Kyiv National Economic University Named after Vadym Hetman

UKRAINIAN AND ZIMBABWEAN BUSINESS CULTURES IN THE PERSPECTIVE OF HOFSTEDÉ'S 6-D MODEL

Abstract. This paper explores the culture of Zimbabwe, compared to Ukrainian culture with the help of Hofstede's 6-D Model.

Key words: 6-D Model, individualism, collectivism, power distance, masculinity, femininity, uncertainty avoidance, indulgence, long-term orientation, basic etiquette, business do's and taboos, verbal and non-verbal communication, business culture, trade and economic cooperation.

Анотація. Об'єктом дослідження є культури Зімбабве та України, які порівнюються через призму 6-D моделі Хофстеде.

Ключові слова: 6-D модель, індивідуалізм, колективізм, дистанція влади, маскулінність, фемінність, уникнення невизначеності, довгострокова орієнтація, основний етикет, вербальне та невербальне спілкування, ділова культура, торгово-економічне співробітництво.

Introduction. Zimbabwe is a country in southern Africa, bordering South Africa, Mozambique, Zambia and Botswana. It is mostly populated by the Shona people, the majority of whom are Christian. However, the country also has a great diversity of languages, communities, beliefs and customs. The dominant culture of Zimbabwe has significantly changed from its traditional form under the influence of British colonisation, technology and contemporary social pressures. However, most Zimbabweans maintain deep respect for and connection to their ancestors and heritage, despite urban migration and globalization [1].