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UDC 330.341.2

JEL Classification: G00, M31

DOI: <http://doi.org/10.34025/2310-8185-2019-1.73.13>

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**INSTITUTIONAL CHANGES IN THE FINANCIAL SECTOR OF UKRAINE
AS THE BASIC TERMS OF CURRENT TRENDS DEVELOPMENT OF
FINANCIAL MARKETING**

Summary

Marketing as a theory and practice of financial business is actively integrated into the system of financial markets management. Institutional changes in the financial sector are a factor that actively influences the possibilities of financial marketing, and therefore the analysis of interdependence, interdependence of institutional transformations of the financial market and new possibilities of financial marketing in all spheres of its penetration is essential for a general economic model that will determine the future of Ukraine.

The features of financial marketing are the properties of the product, processes and institutions of the financial market, distinguishing the task, the information base and marketing tools in the financial sector. The financial institutions of Ukraine in the marketing plan provide clients with a rather narrow range of financial services, a significant part of which has an unsatisfactory level of quality, legal rights and interests of consumers of these services are not sufficiently protected. The development of the financial sector is hampered by the low

capitalization of financial institutions. The system of regulation and supervision should support the stability of the financial sector, which is an essential condition for financial institutions to realize their marketing benefits in business activities. New financial technologies (FinTech) and regulatory technologies (RegTech) provide new opportunities both for the development of financial intermediation and for regulators. It is necessary to improve the normative and legal framework for the functioning of the financial sector and its development strategy in terms of taking into account the growth trends in the FinTech sector in Ukraine and the rapid increase in the number of FinTech start-ups and the expansion of FinTech to the non-banking sector. It is necessary to form the appropriate institutional support for the creation of a marketing system for financial services based on banking institutions, to identify the features of behavioral stereotypes and consumer preferences of users of financial services in order to reconcile the interests of financial market actors based on a client-centric business model.

Keywords: financial markets, financial sector, financial institutions, institutional change, financial technologies (FinTech), regulatory technologies (RegTech), internet platforms, business models, FinTech market.

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**ІНСТИТУЦІОНАЛЬНІ ЗМІНИ ФІНАНСОВОГО СЕКТОРУ УКРАЇНИ
ЯК БАЗОВІ УМОВИ РОЗВИТКУ СУЧАСНИХ ТЕНДЕНЦІЙ
ФІНАНСОВОГО МАРКЕТИНГУ**

Анотація

Маркетинг як теорія і практика фінансового бізнесу активно інтегрується в систему управління фінансовими ринками. Інституціональні зміни у фінансовому секторі є чинником, який активно впливає на можливості фінансового маркетингу, а тому аналіз взаємозалежності, взаємообумовленості інституціональних трансформацій фінансового ринку та нових можливостей фінансового маркетингу в усіх сферах його проникнення є суттєво важливим для загальної економічної моделі, яка визначатиме майбутнє України.

Особливості фінансового маркетингу – властивості продукту, процесів та інститутів фінансового ринку, що відрізняють завдання, інформаційну базу та інструментарій маркетингу у фінансовій сфері. Фінансові установи України в маркетинговому плані надають клієнтам досить вузький спектр фінансових послуг, значна частка яких має незадовільний рівень якості, законні права та інтереси споживачів цих послуг недостатньо захищені. Розвиток фінансового сектору гальмується низькою капіталізацією фінансових установ. Система регулювання і нагляду повинна підтримувати стабільність фінансового сектору яка є

важливою умовою для фінансових установ в реалізації ними маркетингових переваг у бізнесовій діяльності.

Нові фінансові технології (FinTech) та регуляторні технології (RegTech) дають нові можливості як для розвитку фінансового посередництва, так і для регуляторів. Необхідно вдосконалити нормативно правове забезпечення функціонування фінансового сектору та стратегію його розвитку в частині врахування тенденцій зростання в Україні FinTech сектору та швидкого збільшення кількості FinTech стартапів, поширення FinTech на сектор небанківських установ. Необхідно сформувати відповідне інституціональне забезпечення можливостей створення маркетингової системи фінансових послуг на базі банківських установ, визначити особливості поведінкових стереотипів та споживчих переваг користувачів фінансових послуг, щоб узгодити інтереси суб'єктів фінансових ринків на базі клієнтоцентричної моделі ведення бізнесу.

Ключові слова: фінансовий маркетинг, фінансовий сектор, фінансові інститути, інституціональні зміни, фінансові технології (FinTech), регуляторні технології (RegTech), інтернет-платформи, бізнес-моделі, ринок FinTech.

Introduction. Modern financial development trends, such as financialisation, digital diffusion, virtualization of financial resources, and the development of financial innovation cause and determine the need for institutional changes in the financial sector. The fourth industrial revolution gives rise to several key consequences for all areas, including financial ones: consumer expectations and behavior change, data quality improves and asset productivity increases, new partnerships are formed as companies become aware of new forms of cooperation, operational models are transformed into digital models.

In these conditions, for Ukraine, which integrates into the European and world economy, the formation of a competitive financial market, which should be considered as part of the overall economic model, which determines the future of the country becomes a priority task. The basis of the management of the financial market should be based on the basic doctrine of marketing as a doctrine of financial business. The main features of the marketing doctrine are: increasing the use of marketing innovations in various financial business sectors, focusing on competition, globalization of the marketing concept, obtaining financial business marketing opportunities and means of confronting threats, focusing financial business on competitive strategies and growth strategies.

Institutional changes in the financial sector are a factor that actively influences financial marketing opportunities. The financial marketing environment's factor is of particular significance in the financial market, since it defines the limits of disclosure of financial information, regulates various procedures in the field of financial management, etc.

Literature Review shows that there is no significant scientific basis for ensuring the institutional transformation of the financial market with the use of a marketing approach. This situation is caused by insufficient understanding of the essence of financial marketing as an economic category, as well as insufficient use of financial marketing mechanisms in practice, which determines the low level of effectiveness of strategic planning of financial marketing by financial actors and limits the dynamic development of the financial sector of the Ukrainian economy.

Different aspects of the financial sector development of the economy from the marketing point of view were investigated by: M. Bakhanova, V. Golub, L. Danchenok, E. Denisova, O. Deineka, O. Dyma, S. Yegorova, O. Zhavoronkova, M. Markova, E. Ochendzan, I. Peshkova, L. Romanenko, N. Rebrova, E. Shamkhalova, L. Shakhovska, O. Yuldasheva and others. In particular, in the works of domestic scholars and professional sources of information, financial marketing is considered as a systematic approach to managing the processes of realization of financial assets and their accumulation by the institutions of the financial sector of the economy. Some specialists in a broad sense define financial marketing as a component of financial policy that provides the choice of financial instruments and methods of their use, which correspond to its specific conditions and objectives, and in the narrow sense - as a combination of methods of creating demand and promoting a financial instrument in a particular segment of the financial market.

Similar interpretations of financial marketing have been broadly embraced in the real development of the financial market infrastructure, but are not sufficiently implemented in the business practice of financial institutions as a sphere of financial marketing penetration.

The purpose of the study is to generalize and develop existing scientific approaches to interdependence, interdependence of institutional changes in the financial sector of Ukraine and new opportunities of financial marketing in all spheres of its penetration.

Results and Discussion. At present, financial marketing is one of the fast developing forms of marketing. Marketing research in the field of finance covers the marketing process from the search for new ideas and types of financial assets to their end-user use. In this case, marketing research covers all types of financial activity and penetration of financial marketing: financial assets; investors ("investors-buyers", "investors-sellers"); financial markets; places (points) of realization; advertising, etc.

The concept of financial marketing is based on the knowledge of the demand for financial assets, the knowledge of the laws on which the financial market develops. The field of financial marketing is the financial market, where one and the same entity can act as a seller of financial assets and as a buyer of these assets. Therefore, conditionally distinguish between two types of subjects of financial marketing: "investor-seller", "investor-buyer". The activities of financial marketing are aimed at creating new financial assets and new financial markets, as well as expanding and retaining their market share. From this depends the volume of "investor-seller" activity, the volume of proceeds from the sale of financial assets, the level of profitability, the rate of return on invested capital [11]. Thus, financial marketing should be considered as a systematic approach of "investors-sellers" to the management of the implementation of financial assets and the systematic approach of "investors-buyers" to managing the accumulation of financial assets.

Features of financial marketing are the properties of the product, process and financial market institutions that distinguish the task, information base and marketing tools in the financial sector from traditional marketing in the real estate market: the subject of redistribution is money; product is a financial service; the process is the transformation of various financial assets into money and vice versa; institutional specialization of market participants by types of financial services (specialized institute); price (value) of financial services and profit directly from the financial institution; competition for money; strategies for attracting and investing the attracted assets of an asset in order to receive profits and meet the obligations of final creditors - owners of savings; the risk of loss from non-fulfillment of the financial service and liabilities accepted.

Functions of financial marketing is a set of types of marketing research that is conducted to determine: opportunities for realization or accumulation of financial assets; the most attractive subjects who are interested in attracting money; features of demand for financial assets; diverse investment intentions and interests of financial market participants and real sector entities regarding the use of financial assets; nature of the life cycle of financial assets [3].

The financial institutions of Ukraine in the marketing discourse provide a rather narrow range of financial services to their clients, a significant proportion of which has an unsatisfactory level of quality, the legal rights and interests of consumers of these services are not sufficiently protected. The existing legal framework and the imperfection of supervision do not provide effective counteraction to manipulating prices and illegal use of insider

information. Uncertainty about the ways and limits of self-regulation, on the one hand, leads to undue interference of the state in market processes, and, on the other hand, does not allow to connect to the effective development of the financial market intellectual and organizational resources of professional associations of its participants, to apply a wider marketing toolkit.

The development of the financial sector is hampered by the low capitalization of financial institutions. The weakness of banking institutions and financial companies is a serious barrier to providing the real sector of the domestic economy with long-term financial resources, and insufficient capitalization of insurance companies makes it impossible to insure large-scale risks, in particular in the energy, environmental and financial spheres, hamper the development of agrarian and health insurance, and limit their marketing opportunities. Investment opportunities of financial institutions are limited by the deficit of attractive long-term placement of financial instruments. Underdevelopment of joint investment markets, life insurance, non-state pension system and trust management does not allow full savings of households in the investment process [7].

The system of regulation and supervision is essential for licensed activities in the financial sector, it must be fully capable of maintaining the stability of the financial sector, sufficient level of competition, preventing the use of financial institutions in shadow and illegal schemes. The regulatory policy of the financial sector should be aimed at avoiding and reducing losses in the event of emergence of risk situations, ensuring the ability of financial institutions on their own, without the support of public finances, to eliminate financial difficulties, that is, to ensure financial stability.

Financial stability is a prerequisite for macroeconomic stabilization and ensuring the normal conditions of economic agents' economic activity, marketing their benefits in business activities. For Ukraine, ensuring financial stability in the current environment is one of the highest priorities. The institutional, technological, technical, legal and functional complication of business in the financial sector requires the improvement and elimination of gaps in the regulatory framework, the creation of a system for protecting the rights of consumers of financial services, in accordance with international requirements and recommendations, and implementing national measures to improve financial literacy of households. In addition, in the process of reforming the regulatory system, it is necessary to take into account the opportunities offered by new financial technologies for the development of

financial intermediation, as well as for regulators themselves. This is an important effect that is not fully taken into account in the strategies of reforming the economy and the financial system [5].

The impetus for the development of the FinTech sector has changed the European regulatory framework - the Revised Directive on Payment Services (PSD2) directives, which obliges banks to open their software to a trusted third party if the consumer gives his consent [15]. In practice, this means that on-line platforms in such cases can use personal banking data, creating new financial products and services.

Separate direction of the use of financial technologies is the emergence of specialized regulatory and supervisory technologies - RegTech. RegTech technologies help financial institutions comply with regulatory requirements by providing data verification and protection, automation of reporting. Supervisory technologies are RegTech's technologies for regulatory agencies in the financial sector, they allow automating and optimizing administrative and operational procedures, digitizing data and working tools, and improving data analytics. Technological changes are forcing regulators to revise their supervisory approach in order to avoid lagging behind those who they oversee; they have to rethink their approach to the creation and implementation of regulatory frameworks guided by the current technological revolution, and regulation must be flexible, innovative, and common. It is also necessary to expand macro-prudential policies to non-bank financial institutions and to provide more systematic supervision of non-bank markets [13].

Ukraine does not stand aside processes of development and use of financial technologies. Financial technology greatly expands the possibilities of creating new financial products and providing financial services, contributing to the increasing complexity and, at the same time, the flexibility of the system. It creates opportunities for reducing transaction costs, but also the possibility of increasing the risk and the problem of maintaining the confidentiality of transactions.

The development of new technologies leads to the formation of the so-called sharing economy - the economy of the exchange of free resources and collective consumption. The basic principle of a sharing economy is to ascertain as closely and conveniently as possible the private demand with a private offer. The sharing economy is a concept of exchange and consumption in which owners turn to online sites to capitalize on a part of their own property that is not in use, and consumers are more likely to lease what they need in private individuals than they buy or lease from companies [12]. This

perspective concept, which has received its new interpretations in the context of accelerated globalization, inefficient distribution of resources, growing inequality and poverty.

The development of a sharing economy leads to fundamental changes in the financial sector and the use of new business models by financial institutions. The growth of global investment in the FinTech sector in recent years confirms this trend. From 2013, the volume of investments in the FinTech sector is growing at a significant pace, in 2015-2017 the increase was more than 50% annually. The impetus for the development of the FinTech sector has changed the European regulatory framework, namely the directive on payment services (PSD2) directive, as discussed above. In practice, this means that on-line platforms in such cases can use personal banking data, creating new financial products and services.

Financial technology, or Finteh, is not a new term, but only in recent years, this activity has begun to emerge from the banking world and gain the characteristics of a separate industry. According to the latest reported reports, as of mid-2018, investment in the Finteh industry exceeded \$ 8.4 billion.

So what is Fintech? In its broadest definition, this is exactly what it seems: technologies used in the financial services sector, which are mainly used by financial institutions themselves. But more and more Fintech represents technologies that fundamentally change traditional financial services, including mobile payments, remittances, loans, fundraising and asset management. Companies involved in the industry, can be divided into two groups:

- startups providing technical solutions for existing financial companies;
- startups that work directly with consumers of financial services [6].

According to the LTP MEDICI database, there are more than 10,000 FinTech companies registered in various fields today. Of course, most of them are far from full realization on the market. However, many already have a solid capitalization and a portfolio of clients. Recently, in the world of FinTech, there were subcategories such as: management of accounts and assets; lending; processing of payments, financial assets and securities; mobile payments and money transfer services; protection of digital personality and cyber security; education and small business financing; robotic consultants; distributed registers and blockade; unbanking; insurance technologies and others. We should not forget about more general categories, such as cloud technologies, Internet of things, artificial intelligence, machine learning, biometrics and others, which are also reflected in the activities of FinTech-companies [10].

In Ukraine, depending on the classification of FinTech companies, the most actively developing areas of payments and currencies, there are also platforms that begin to develop (P2P, P2V, Crowdfunding). The system of sharing lending is already implemented in the Privat24 system, where depositors provide a loan service to their borrowers. At the same time, the depositor, who provides his funds for a loan, gets 5% more on his deposit contribution. That is, the system of sharing money in the banking system has already started. Banks need to finally accept the fact that their business model today is an "open protocol" that is available for use by other players in the market. A natural step in this situation is the interaction with FinTech to form a competitive edge in the quality of client experience and a range of services. Processes automation and the application of new technologies should lead to a decrease in unit costs, and hence to more attractive rates on loans and deposits, lower transaction costs and new, innovative ways to make money on client services [8].

Banks traditionally dictate the rules and force the consumer to follow them, while the new FinTech companies have the readiness and ability to recognize the needs of the consumer of financial services and are trying to meet them. Without a constant change in line with the latest FinTech trends, existing financial institutions are doomed to losing to new players in the financial market. Financial services in the virtual space are turning into their key tool. Separation of traditional channels and the Internet dies, as it is important to serve the customer where he will spend more time. Reducing the margin of banking business forces banks to cut costs and close branches. The only tools for maintaining quality of service are remote channels. The cheapest one is online banking services and mobile banking. Bank becomes not only a financial institution, but also a platform for interaction [8].

It can be argued that the future of service organizations, as banks will change under the influence of customers, and financially competent customers will force banks to change. If financial institutions have historically been making money services, then the industry that first learns to better serve others is winning. Competition for a secured client and a reliable borrower is growing, they are the most demanding customers who appreciate their time, are ready to pay for speed and convenience. In order to attract and retain such customers, you need to be able to offer a quality and technological service. And this applies first of all to remote maintenance channels.

Further development of financial technologies can potentially affect insurance, payment, investment, capital, deposits and lending. Already

InsurTech (insurance technologies) has ceased to be just a part of FinTech and has been allocated in an independent direction.

InsurTech is a FinTech segment that provides tools and mechanisms for solving existing problems and implementing new insurance opportunities. Social and technological trends that shift customer expectations and expectations are a source of opportunity for insurers who versed in technology. Those market participants who make decisions and adapt their proposals for changing the requirements of the client will be able to maintain their position in the market. InsurTech has a key impact on the responses to the challenges of reconciling the new offerings of insurance companies with the volatility of the needs and expectations of service users. Technological solutions in insurance provide an opportunity to identify new needs and expectations of consumers and develop relevant product proposals, develop a business with complex operational capabilities; provide new approaches to risk prevention and loss forecasting, interactions, and trust building; contribute through the introduction of a new insurance policy to expand the insurance market and increase the number of insured [14].

Among the emerging trends, the following can be singled out:

1. Gradual rejection of physical interfaces in favor of voice control and visual authentication.
2. The use of virtual reality technologies.
3. Output of the level of computing power to a completely new level (possibly use of quantum computing).

To date, such technologies are not available to the average client, but their appearance and distribution are already possible in the near future. And yet, the main obstacles to the development of the FinTech are not technology. The financial sphere remains rather conservative, primarily because of the high riskiness of operations carried out inside it: the loss of funds will be much greater for a client of a financial company than, for example, the loss of an account in some other service. As a consequence, the financial industry remains one of the most regulated in the regulatory framework.

Often, financial technology initiatives face the need to obtain licenses and special permits, often innovative approaches violate instructions for certain transactions, violate the principles of verification and identification. Nevertheless, progress still finds a bypass and moves forward.

It is very important for state regulation of financial activity to predict and evaluate trends in the development of technologies, reacting to their

occurrence by an adequate change in legal acts. Progress does not require stimulation from the state, it is content with what it can give the market.

Conclusions. The use of financial technologies affects both the structure, activity, the supply of financial institutions, and the behavior of consumers. Financial technologies quickly change the habits and expectations of consumers of financial services. Consumers are accustomed to have access to all the necessary information at any time and anywhere, expect the same level of service from large and small companies, want to have access to all functions through the mobile application of an international bank and local credit organization, hope to use credit payment tools at any retail point. All these examples of service democratization lead to the formation of new behavioral settings, namely, informal institutions.

Directions of further researches. In order for the FinTech companies to evolve, it is necessary to determine which legislative changes the industry needs, first and foremost, it concerns financial solutions that will stimulate the financing of small and medium-sized businesses, such as platforms for crowdfunding, crowdinvesting and equal lending. Thus, it is possible to identify the main directions of institutional changes in financial systems that are taking place in the world and in Ukraine and which will have a significant impact on the financial marketing system:

- changes in legal and regulatory framework for the development of financial sector and the functioning of non-financial companies that provide financial services;
- development of specialized infrastructure (Internet platforms);
- introduction of new business models for the provision of financial services (sharing economy) and the functioning of financial services;
- decentralization of the financial services provision network;
- the distribution of financial services to the sector of non-banking institutions.

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УДК 336.1:352

JEL Classification:H61,H72

DOI: <http://doi.org/10.34025/2310-8185-2019-1.73.14>

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ГЕНДЕРНИЙ АСПЕКТ ПЛАНУВАННЯ БЮДЖЕТНИХ ПРОГРАМ НА МІСЦЕВОМУ РІВНІ

Анотація

Стаття присвячена дослідженню методології гендерного бюджетного аналізу програм, які фінансуються з місцевих бюджетів. Інтеграція гендерно-орієнтованого бюджетування у систему управління бюджетними ресурсами має за мету підвищити дієвість та прозорість бюджетних видатків, що створить однакові можливості для всіх членів громади та сприятиме прискоренню її економічного зростання. Проведений гендерний бюджетний моніторинг програм у галузі фізичної культури і спорту виокремив наявні гендерні розриви у механізмі фінансування спортивної роботи в регіоні. Деталізація гендерних критеріїв бюджетної