



For Immediate Release

## Survey Reveals Ukrainians Lack Knowledge of Finance, Consumer Rights

*Simferopol, Ukraine (December 16, 2010)*

The average Ukrainian lacks knowledge about finance, uses only basic financial services, is largely unaware of his/her consumer rights, and has very weak trust in the financial sector. This is the portrait that emerges from the first national financial literacy and consumer rights survey carried out by the United States Agency for International Development (USAID). Leading Crimean journalists, bankers, NGO representatives attended a forum to discuss the survey results.

**“This survey is very interesting and useful to financial market regulators,”** said Chief of the Autonomous Republic of Crimea Regional Office of the Security and Stock Market State Commission Kostiantyn Vasyliiev in his remarks to presentation participants. In the opinion of this representative of the financial regulator, lack of public awareness of financial instruments is one of the reasons, why most people in the Southern region still keep their savings in cash.

USAID/Ukraine commissioned the national financial literacy and consumer protection survey as the first step towards developing a national program in Ukraine for financial education and consumer protection. **“By composing a detailed picture of the Ukrainian financial services consumer, this baseline data will help evaluate needs and priorities, develop a comprehensive strategy, and take effective action in the field”**, said Robert Bond, Chief of Party of the USAID FINREP Project.

Key findings of the survey include:

- Financial services coverage in Ukraine is low. Thirty-nine percent of Ukrainians do not have a bank account.
- Most of the population uses only simple financial services. The most frequently used financial services include: the payment of utility bills through a bank (78 percent); use of a bank account and a plastic card (61 percent); payments through payment system terminals (38 percent); and currency exchange (31 percent).
- Only 11 percent have bank savings deposits, and 28 percent have loans.
- Fewer than 2 percent own shares, bonds, or investments in Non-State Pension Funds and investment funds.
- More than 60 percent of the respondents consider themselves to be financially literate. However, less than a quarter of those surveyed could correctly answer five out of seven questions necessary to be able to manage one’s finances.
- Many Ukrainians are struggling financially. About 56 percent of respondents assessed their family financial situation as satisfactory, with 32 percent stating that it was ‘bad’ or ‘very bad.’
- After all monthly expenditures, just 14 percent of respondents had money available for savings at the end of the month. However, this money (savings) is mainly in cash (49 percent), rather than invested.
- The average Ukrainian is averse to debt. Most Ukrainians rely solely on themselves and not on borrowing. Seventy-seven percent of respondents said that they have no debt and just 19 percent acknowledged indebtedness.

The survey also found that one in every four consumers has experienced problems in their interactions with a financial institution. Of those who reported a bad experience with financial services the most common problem involved bank deposits (29 percent) and consumer loans (28 percent). Twenty-three percent had a problem using a bank credit card. Almost half of respondents (44 percent) believe that if a financial dispute arises, it will be resolved in favor of a financial institution. Less than 20 percent of respondents believe that the dispute will be resolved amicably, and only 17 percent believe that they will be able to make their case and get a resolution in their favor. According to the survey results, an absolute majority of Ukrainians have no idea how to approach resolving a dispute with a financial company. Twenty-two (22) percent of respondents answered “I do not know” when asked who they would turn to for assistance in case of a dispute. The most trusted institutions appear to be courts of law (31 percent). State regulators were mentioned by only one in 10 respondents (NBU – 11 percent, the State Consumer Standards Committee – 11 percent, and the Financial Services Regulator – 8 percent).

Kostiantyn Vasyliiev believes that effective actions should be taken to raise financial awareness of financial service consumers both at the national and regional levels. **“The objective of the Securities Commission is not only to regulate the market but to actively facilitate its rapid development. By improving financial literacy, we promote market development and encourage individuals to invest in the economy,”** pointed out Kostiantyn Vasyliiev. In his opinion, training and explanations will help improve confidence in financial institutions and encourage people’s interest in the stock market. **“We must raise the domestic long-term investor,”** he summarized.

The survey was conducted by the Ukrainian survey research company *InMind* in September and October 2010. Two thousand fourteen (2,014) users of financial services aged 20 to 60, from across all regions of Ukraine and Kyiv, were polled. A total of 64 questions were asked in face-to-face interviews, with the average interview lasting 30 minutes. Many of the questions were taken directly from similar financial literacy surveys conducted by the World Bank in nearby countries such as Russia and Azerbaijan. As part of the survey, information was collected on social-demographic characteristics to permit analysis of significant differences based on gender, age, region, and education, utilizing the data of the State Statistics Committee of Ukraine.

Internet link to the survey: [http://finrep.kiev.ua/download/finlit\\_survey\\_6dec2010\\_ua.pdf](http://finrep.kiev.ua/download/finlit_survey_6dec2010_ua.pdf)

For more information about USAID’s Financial Sector Development Project and its activities, contact the project’s Communications team at: +38 (044) 379-1375 or visit [www.finrep.kiev.ua](http://www.finrep.kiev.ua).

*The American people, through the U.S. Agency for International Development (USAID), have provided economic and humanitarian assistance worldwide for nearly 50 years. In Ukraine, USAID’s assistance focuses on three areas: Health and Social Transition, Economic Growth and Democracy and Governance. Since 1992, USAID has provided \$1.7 billion worth of technical and humanitarian assistance to Ukraine. For additional information about USAID programs in Ukraine, please call USAID’s Development Outreach and Communications Office at: +38 (044) 492-7101 or visit: <http://ukraine.usaid.gov>.*