

**ECONOMIC AND SOCIAL DEVELOPMENT  
OF UKRAINE IN XXI CENTURY:  
NATIONAL VISION AND  
GLOBALIZATION CHALLENGES**

**Collection of scientific articles**

**ECONOMIC AND SOCIAL DEVELOPMENT OF UKRAINE  
IN XXI CENTURY: NATIONAL VISION  
AND GLOBALIZATION CHALLENGES**

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## CONTENT

### WORLD ECONOMY IN THE XXI CENTURY: TRANSFORMATION GEOPOLITICAL INTERESTS, GEO-ECONOMIC STRATEGY AND PROBLEMS OF SUPRANATIONAL REGULATION

|  |    |
|--|----|
| <b>I. DEMIANCZUK</b> THE FEATURES OF CYCLIC DEVELOPMENT IN UKRAINE ECONOMY THROUGH THE CONTEXT OF THE INEVITABILITY OF CRISIS PHENOMENA..... | 6  |
| <b>G. DUGINETS</b> FORMATION OF INTERNATIONAL PRODUCTION NETWORKS ON THE BASIS OF VERTICAL INTEGRATION .....                                 | 9  |
| <b>O. KLISCHUK</b> THEORETICAL CONCEPT OF FOREIGN EXCHANGE TARGETING: SWITCHING BETWEEN MONETARY RULE OR DISCRETION.....                     | 11 |
| <b>O. KOPYLOVA</b> STOCK MARKET TRADE NETWORKS: STRUCTURE PRINCIPLES UNDER THE TERMS OF GLOBALIZATION.....                                   | 13 |
| <b>Y. KORGUNYK</b> INPUT OF INTERNATIONALISED HIGHER EDUCATION TO ECONOMIC GROWTH.....   | 15 |
| <b>N. KRASCHUK, O. LUTSYSHYN</b> ARCHITECTURE INSTITUTIONNELLE DE L'ESPACE GEOFINANCIER.....   | 17 |
| <b>Y. MELNYK, N. BOLKVAZDE</b> THE ADVANTAGES AND DRAWBACKS OF SWAG INVESTMENTS FOR PORTFOLIO DIVERSIFICATION .....                          | 21 |
| <b>A. PANDAS</b> TERRITORIAL DEVELOPMENT OF SETTLEMENTS IN THE AREA OF INFLUENCE OF A BIG CITY .....   | 23 |
| <b>A. PŁACHCIAK</b> THE VALUE OF THE BRITISH "THE THIRD ROAD" .....  | 25 |
| <b>I. ZVARYCH</b> PROBLEMS AND PROSPECTS OF GLOBAL CIRCULAR INITIATIVES IN UKRAINE .....   | 27 |
| <b>R. ZVARYCH</b> ALTERNATIVE COMPONENT OF GLOBALIZATION .....   | 28 |

### FORMATION OF EFFECTIVE MODEL MANAGEMENT OF ENTERPRISES

|   |    |
|---|----|
| <b>N. BABOVAL</b> THEORETICAL ASPECTS OF THE PROCESS OF PROVIDING QUALITY EDUCATIONAL SERVICES UKRAINE HIGH SCHOOL .....                            | 32 |
| <b>O.V. BORYSIK</b> OPTIMIZATION CRITERION IN TECHNOLOGIES OF PERSONNEL MANAGEMENT IN ENTERPRISES .....   | 34 |
| <b>V.H. DULYUK, I.A. LYAPANDRA</b> TENDENCIES OF BUSINESS DEVELOPEMENT IN IT FIELD.....   | 36 |
| <b>L.R. HALKO</b> IMPLEMENTING LEAN PRINCIPLES INTO PRICE POLICY OF THE COMPANY ...   | 38 |
| <b>M. Y. HORODETSKY</b> SPECIFICS OF ASSESSMENT OF AUTO TRANSPORT ENTERPRISES SERVICE COMPETITIVENESS .....   | 40 |
| <b>V. KARPENKO</b> MANAGEMENT OF COMPETITIVENESS OF PRODUCTS AT THE ENTERPRISE IN THE CONDITIONS OF GLOBAL CHALLENGES .....                         | 42 |
| <b>K.M. KHAUSTOVA H.V. HRYTSU</b> THE ROLE OF BUSINESS-PROCESSES REENGINEERING IN ADAPTIVE MANAGEMENT OF ENTERPRISES .....                          | 44 |
| <b>N. I. KOSTETSKA, YU. O. LITKOVETS</b> RISK COST MANAGEMENT IN UKRAINE'S FAT AND OIL INDUSTRY .....   | 46 |
| <b>V. KRUTSKO, I. PRODAN</b> PROSPECTS OF THE MICE TOURISM DEVELOPMENT IN UKRAINE .....   | 48 |
| <b>O. LEHKYY</b> ADAPTING THE LINEAR MODEL OF THE COMMUNICATION PROCESS IN MODERN MARKETING REALITIES.....  | 50 |
| <b>V. MATSKIV</b> THE FINANCIAL PROVISION OF THE ENTERPRISES .....  | 53 |
| <b>I. PRODAN, Y. RIZNYK</b> CUSTOMER-ORIENTED APPROACH AS A COMPETITIVE ADVANTAGE OF AN ENTERPRISE .....  | 55 |
| <b>M. PRUDZIENICA</b> SOCIAL ENTERPRISE – THE ESSENCE OF OPERATION, OPENNING AND FUNCTIONONG .....  | 58 |
| <b>T. ROI</b> IMPACT OF CULTURAL DIMENSIONS ON INCENTIVE SYSTEM.....  | 60 |
| <b>B.M. SAMORODOV, R.V. SEMENTSOV</b> BANK'S CLUSTERING: ANALYSIS OF THE EQUITY INDICATORS RELATIONSHIP BETWEEN ONE TERRITORIAL BANK'S MARKET ..... | 62 |
| <b>O.P. SAVYCH</b> BRAND MANAGEMENT ON THE CAR MARKET .....   | 65 |

|  |           |
|--|-----------|
| <b>I. V. SKREBETS CLASSIFICATION OF THE EXTERNAL ENVIRONMENT ISSUES AND THE ENTREPRENEUR'S REACTION TO THEM.....</b> | <b>67</b> |
| <b>A.ZIELIŃSKA, M. ZUG, A. GAŁKA THE ESSENCE OF LOGISTICS SERVICES.....</b>  | <b>70</b> |

**ROLE OF FINANCE TO ECONOMIC GROWTH: DETERMINATION FUNCTIONAL AND DEVELOPMENT MODEL**

|  |            |
|--|------------|
| <b>B. ADAMYK THE BANKING SYSTEM OF UKRAINE DURING CRISIS: BANKING REGULATION AND ITS EFFICIENCY .....</b>  | <b>72</b>  |
| <b>I. BONDARENKO CUSTOMS REGULATION OF AGRIBUSINESS UNDER CONDITIONS OF THE ASSOCIATION AGREEMENT BETWEEN THE EUROPEAN UNION AND UKRAINE .....</b>             | <b>74</b>  |
| <b>Y. I. CHAIKOVSKIY IMPROVEMENT OF FUNCTIONING OF THE BANKING SYSTEM OF UKRAINE TAKING INTO ACCOUNT OF THE EXPERIENCE OF POLAND.....</b>                      | <b>76</b>  |
| <b>O. V. DZYUBLYUK, V. Y. RUDAN INSIDER LENDING IN UKRAINE AS NATIONAL FEATURE OF DOMESTIC COMMERCIAL BANKS' BUSINESS MODELS .....</b>                         | <b>79</b>  |
| <b>A. M. IVANOVA THE FUNCTION OF LOCAL GOVERNMENTS IN ENSURING EFFECTIVE FISCAL CONSOLIDATION .....</b>  | <b>81</b>  |
| <b>B. KAMINSKYI, O. KAMINSKA ROLE OF ASSISTANCE AND INSURANCE COMPANIES.....</b>   | <b>83</b>  |
| <b>WHILE PROVIDING TRAVEL, HEALTH AND TRANSPORTATION SERVICES.....</b>   | <b>83</b>  |
| <b>O. M. KARAPETIAN ORGANIZATIONAL AND LEGAL DETERMINANTS SOVEREIGN FUND FINANCIAL RESERVE: INTERNATIONAL EXPERIENCE .....</b>                                 | <b>85</b>  |
| <b>M. S. KHOMYAK THE CONCEPT OF EXTENSION REGIONS' FISCAL SPACE IN UKRAINE .....</b>   | <b>87</b>  |
| <b>Y.M. KLAPKIV, O.Y. MELYKH CONSUMER'S CONDUCT IN THE INSURANCE MARKET IN EASTERN EUROPE .....</b>  | <b>89</b>  |
| <b>J. V. KOVAL ASSESSMENT OF KEY IMBALANCES IN THE PUBLIC SECTOR OF UKRAINE ...</b>  | <b>91</b>  |
| <b>AND WAYS OF OVERCOMING THEM .....</b>   | <b>91</b>  |
| <b>O. V. KOVAL, L. M. KLAPKIV ETHICS IN FINANCIAL ACTIVITIES IN UKRAINE.....</b>   | <b>93</b>  |
| <b>A. KRUSHYNSKA INDIVIDUALS INVESTMENT TAX ASPECTS IN UKRAINE ECONOMY .....</b>   | <b>95</b>  |
| <b>V. LUKHIAN LOSING MONEY .....</b>   | <b>97</b>  |
| <b>P.B. LUTSIV IPO WORLD DEVELOPMENT UNDER FINANCIAL GLOBALIZATION .....</b>   | <b>98</b>  |
| <b>T. MARSHALOK, S. GERCHAKIVSKIY HISTORY OF TAX SYSTEM FORMATION IN UKRAINE: ROAD TO SUCCESS OR PERIOD OF LOST OPPORTUNITIES?.....</b>                        | <b>100</b> |
| <b>V. MOROZ MANAGEMENT MECHANISM LAND RELATIONS IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT .....</b>  | <b>102</b> |
| <b>O.S. NOVOSOLOVA CONCEPTUAL ASPECTS OF FORMATION AND MONITORING OF FINANCIAL IMBALANCES.....</b>   | <b>104</b> |
| <b>A.O. PELEKHATYY, H.O. PATYTSKA FORMING OF LOCAL BUDGETS' REVENUES FROM TAXES IN UKRAINE UNDER THE CONDITIONS OF BUDGET AND TAXES DECENTRALIZATION .....</b> | <b>107</b> |
| <b>O.A. PLIUSKVIK THE REFORM OF LOCAL TAX PAYMENTS DURING THE EUROPEAN INTEGRATION PROCESSES IN UKRAINE ON THE BASIS OF THE POLISH EXPERIENCE .....</b>        | <b>110</b> |
| <b>V.V. PYSMENNYI, Y.Y. FEDUN THE IMPORTANCE OF FINANCIALLY LITERATE YOUTH IN THE CONTEXT OF STATE POLICY.....</b>   | <b>111</b> |
| <b>A. SELIUTINA MARKET CAPITALIZATION AS AN INDICATOR FOR THE LEVEL OF STOCK MARKET DEVELOPMENT: EVIDENCE FROM CEE COUNTRIES.....</b>                          | <b>113</b> |
| <b>A.M. SHEVCHUK ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT IN BANKING SYSTEM OF UKRAINE .....</b>  | <b>116</b> |
| <b>L.Z. SHUPA INSURANCE COMPENSATION TYPICAL FOR SICKNESS FUNDS AS-PROFIT ORGANIZATIONS .....</b>  | <b>118</b> |
| <b>V. SIDLIAR TAX CLIMATE OF UKRAINE: TRENDS AND CONTRADICTIONS CHANGES IN THE CONDITION OF GLOBALIZATION.....</b>   | <b>120</b> |
| <b>M.A. SLATVINSKA, L.A. VASYUTINSKA THE IMPACT OF TAX REFORM ON THE REAL SECTOR OF THE ECONOMY .....</b>  | <b>123</b> |
| <b>T. B. STECHYSHYN REALITY OF CURRENT MONETARY POLICY.....</b>  | <b>125</b> |
| <b>F.P. TKACHYK, I.A. HUTSUL, V.O. OSTAPCHUK FORMATION OF DEVELOPMENT PROSPECTS OF FISCAL SPACE IN UKRAINE.....</b>  | <b>127</b> |

|  |     |
|--|-----|
| <b>V.V. UHRYN, O.S. ZAKLEKTA-BERESTOVENKO</b> ACTIVITY OF FISCAL BODIES IN THE PART OF COUNTERACTION OF TAX OFFENSES ..... | 129 |
| <b>V.A. VALIGURA, L.P. AMBRYK</b> THEORETICAL ESSENCE OF FISCAL SPACE OF THE STATE.....                                    | 132 |
| <b>O.I. VATSLAVSKYI</b> BUDGET CONTROL DURING DRAFTING LOCAL BUDGETS .....   | 134 |

#### **THEORY OF INSTITUTIONALISM AND INSTITUTIONAL ECONOMIC DEVELOPMENT**

|  |     |
|--|-----|
| <b>H.R. BALYANT</b> FOREIGN PRACTICE OF BANKING REGULATION IN CRISIS .....   | 136 |
| <b>I.V. KORNIIEVA</b> FEATURES OF PRIVATIZATION REGULATION MECHANISMS IN CHINA .....   | 138 |
| <b>B. L. KOVALOV, S. M. FEDYNA, V. PAVLYKA</b> BIOSOCIAL ECONOMY AS A MECHANISM FOR THE SUSTAINABLE DEVELOPMENT IMPLEMENTATION ..... | 140 |
| <b>N. KRIUCHKOVA</b> TRANSACTION COSTS OF TAXATION IN UKRAINE ECONOMY: THEORETICAL AND APPLIED ASPECTS .....                         | 142 |
| <b>V.O. LYAHOVETS</b> ECONOMIC ASSESSMENT OF MODERN UKRAINIAN EXPORT AND IMPORT STATE IN BEEF MARKET .....                           | 145 |
| <b>I.I. TYNSKA</b> THE FLUCTUATION OF STATE ENTERPRENEURSHIP: THEORETICAL AND EMPIRICAL EVIDENCE .....                               | 146 |
| <b>O.B. VASYLCHYSHYN</b> PHILOSOPHY OF THE CREATION OF STATE BANKS AS DEVELOPMENT INSTITUTIONS .....                                 | 149 |

#### **INTERNATIONAL STANDARDS AND UNIFICATION PROBLEMS OF ACCOUNTING, ANALYSIS AND AUDIT**

|   |     |
|---|-----|
| <b>O. ADAMYK</b> AUDIT OF ACCOUNTING STAFF IN COMPUTER-BASED ENVIRONMENT .....  | 152 |
| <b>O. A. CHABANYUK, I.A. HUTSOL</b> INFLUENCE OF TRANSPARENCY ON INFORMATIVE VALUE OF INDEXES OF FINANCIAL STATEMENTS.....            | 154 |
| <b>BRENDAN F. DREW</b> ROOT CAUSES OF THE 2008 US HOUSING CRISIS .....  | 156 |
| <b>A. I. FARION</b> ORGANIZATIONAL BASICS OF ACCOUNTING IN HEALTHCARE SYSTEM ....   | 158 |
| <b>S. GALESHCHUK</b> SYSTEMIC ECONOMIC CHANGES IN THE AGE OF ARTIFICIAL INTELLIGENCE ADVANCEMENTS.....                                | 161 |
| <b>O. GANDZYK</b> METHODOLOGY OF FINANCIAL AND TAX REPORTING ANALYZING: THE WAYS OF IMPROVEMENT .....                                 | 163 |
| <b>S. RADYK</b> STRATEGIC MANAGERIAL ACCOUNTING IN AGRICULTURAL ENTERPRISES ....  | 167 |
| <b>I. SHCHYRBA, O. CHERESHNYUK</b> THE CONCEPT OF DEVELOPMENT OF AUDIT IN UKRAINE.....  | 169 |
| <b>N. ZNAK, Y. SUDYN</b> INTERNATIONAL EXPERIENCE OF ACCOUNTING FOR GOODWILL: COMPARATIVE ANALYSIS BETWEEN US GAAP, IFRS AND UAS..... | 171 |

#### **INNOVATION LEGAL SCIENCE IN THE EUROINTEGRATION SPACE**

|   |     |
|---|-----|
| <b>S. BANAKH, V. IVANIUK</b> ADMINISTRATIVE RESPONSIBILITY FOR INFRACTION OF FISCAL DISCIPLINE IN UKRAINE .....   | 173 |
| <b>A. N. HIRNYAK, A. O. LYPKA</b> SOCIAL RESPONSIBILITY OF COURTS AND INNOVATIVE FORMS OF PUBLIC CONTROL OVER THEIR ACTIVITY .....                        | 174 |
| <b>U. KORUTS</b> SOME ASPECTS OF THE JURISDICTION OF THE INTERNATIONAL CRIMINAL COURT AND RATIFICATION OF THE STATUTE .....                               | 176 |
| <b>M. Yu. KRAVCHUK</b> PROBLEMS IN THE PROCESS OF LEGAL APPROXIMATION IN UKRAINE OF THE REQUIREMENTS OF THE EUROPEAN CHARTER OF LOCAL SELF-GOVERNMENT ... | 178 |
| <b>Y.V. SHELIAZHENKO</b> PERSONAL AUTONOMY AS LEGAL BASIS OF GLOBAL AND UKRAINIAN PRAGMATIC NATIONALISM .....   | 179 |
| <b>V.M. SLOMA</b> THE NOTION OF SUBSIDIARY COMMITMENTS IN UKRAINE CIVIL LAW .....   | 182 |
| <b>H. STAKHYRA</b> PROBLEM OF LEGAL REGULATION FOR CONTRACT OF SUPPLYING DIGITAL CONTENT IN UKRAINE .....   | 184 |

The effectiveness of decentralisation in Ukraine should be considered in the context of local taxes, for example, taking into consideration property tax imposed at the local level in Poland, communes have the right to determine the rate of this tax. The object of taxation is land and houses, and the tax base-surface of the land. At the same time in Ukraine, property tax rates other than a land plot establishing on the local level. The tax base -is the total area of the object of the residential and nonresidential real estate. Rates are set up by the decision of communities.

Table 1

Dynamics of revenues from the local taxes in Ukraine during 2013-2017 years (bln. UAH)\*\*

| Indicators                            | 2013   | 2014   | 2015   | 2016    | 2017 * |
|---------------------------------------|--------|--------|--------|---------|--------|
| Tax revenues incl.:                   | 91,191 | 79,007 | 98,218 | 146,902 | 11,974 |
| Personal Income Tax                   | 64,586 | 55,845 | 54,921 | 78,971  | 6,507  |
| Property Tax                          | 0,045  | 0,086  | 16,011 | 24,989  | 1,977  |
| Transport Tax                         | -      | -      | 0,434  | 0,247   | 0,023  |
| Tourist tax                           | 0,042  | 0,024  | 0,037  | 0,054   | 0,004  |
| Unified tax                           | 6,641  | 7,038  | 10,975 | 17,167  | 2,185  |
| Excise                                | 1,359  | 0,159  | 7,685  | 11,628  | 1,155  |
| Environmental Tax                     | 1.535  | 1.192  | 1,586  | 3,368   | 0,049  |
| Fee for providing the admin. services | 0,868  | 0,681  | 1,597  | 2,105   | 0,177  |

\* figures from January 2017

\*\* Is developed by the author based on [3].

Having analysed the dynamics of local tax revenues in Ukraine, it is observed that in general tax revenues in 2014 decreased in comparison to 2013, although after the beginning of decentralisation reform, the situation changed, so from 2015 an increase in tax revenues to local budgets was demonstrated [4]. As for the dynamics of property tax after the innovations revenues to local budgets from this tax has grown and continue increase. From 2014, 60 % of revenues from personal income tax stayed in local budget and demonstrated upward tendency. Important for local budget revenues from excise and unified taxes have almost doubled. Transport tax after implementation annually provides an additional 300 million uah. for local budgets.

To conclude, the reform of decentralisation was one of the conditions in the European integration process and gave the solid boost to the countries development and increased the income at the local levels, so it is important to continue work in that direction and adopt the experience of European countries with a similar economy. Moreover, further scientific researchers should be directed toward the explanation of the effect of these reforms on the financial sustainability of communities and their future development with revenues from local taxes.

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### THE IMPORTANCE OF FINANCIALLY LITERATE YOUTH IN THE CONTEXT OF STATE POLICY

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**Abstract.** *The article presents the importance of a financially literate youth in the context of formation modern educational policy. The authors substantiate that teaching of financial literacy needs to be spread in most schools, including rural areas. To ensure understanding among youth about necessity of using financial products and services, improving knowledge in financial matters, we should provide high quality of financial literacy education.*

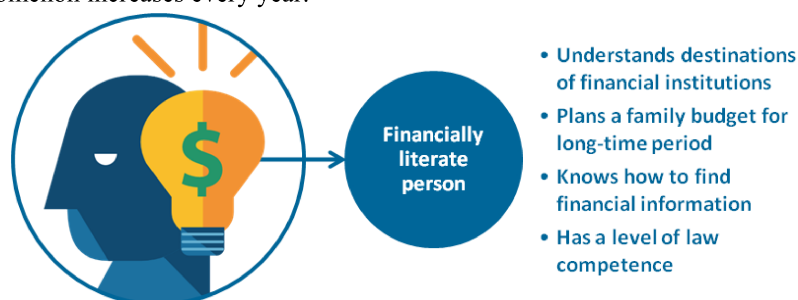
**Keywords:** *financial literacy; financial education; spreading financial literacy among youth.*

Newest financial products and services are emerging in the world almost every day. However our nationals, because of the poor financial competence, are not just poorly prepared to its usage but also do not wield simple skills of

planning family budget, filling out financial documents, assertion of own rights. Exactly financial literacy expresses individual's proficiency to dispose of funds with the minimum losses and the greatest benefits. By the way, financially literate people are protected from financial risks and, knowing the price of money, responsibly manage to their own finances.

There are different points of view to the question: what does it mean to be financially competent person? (Figure 1). Firstly, financially literate person always plans the budget for long-time period (for example buying car, children's educating, having vacation etc); secondly, financially literate person can find financial information on websites, in specialized magazines, using experts' consultations; thirdly, financially literate person properly signing contracts, filling out declarations and accounts; fourthly, financially literate person understands destination of financial institutions and uses financial products and services.

All in all, most Ukrainian experts confirm persuasively about unsatisfying level of financial literacy among Ukrainians. One of the reasons – is bad awareness on financial issues and absence of the skills how to use knowledge practically. Future graduates of economic universities are studied to approve circumspect solutions in the matter of managing personal finance. Unfortunately substantial part of society are out of rivalry, as they are faced with different occurrences of financial frauds, clerks improprieties at financial institutions, infraction of economic rights of citizens. By the way, this phenomenon increases every year.



**Figure 1. Features of financially literate person**

Ukrainians consider themselves as financially literate people, although a fifth of them cannot answer simple financial questions. They are not interested in observing news about financial sector (inflation, pensions and property prices). Thus, as a result of absence of essential financial skills and knowledge, the society is facing serious problems of disproportion and risks that influence the implementation of economic rights.

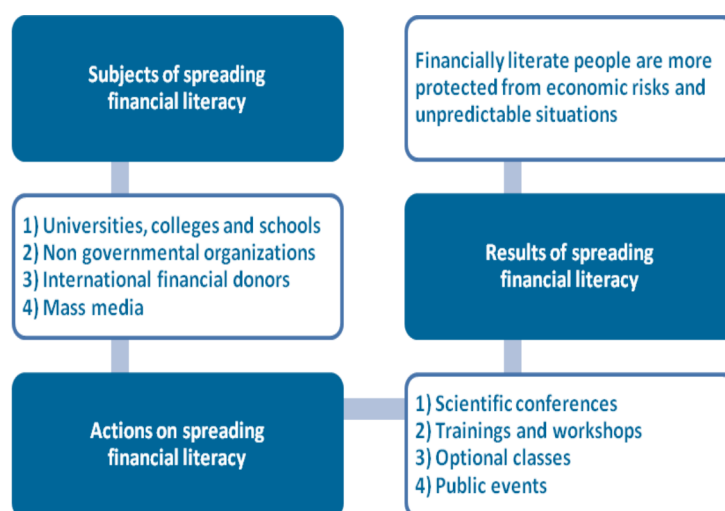
Unsatisfactory level of the financial literacy of our nationals has become especially acutely notable during last years. The majority of peoples have a weak conception of understanding the tendency of development of financial relations and their features in the financial system of the state, personal finance, taxation, banking, insurance and other areas. If no actions will be taken to solve this problem today, in future it will only become worth.

First reason of this is the absence of mandatory or optional classes in the basis of financial literacy in the studying process. Abroad, on the contrary, from a very young age children is taught how to efficiently control their own finances, skilfully use new financial products and services. A new project of rising of the level of financial literacy was started in Ukraine in 2012. State and local authorities, financial institutions, non governmental organizations and universities held these events. Their aim is to encourage youth to take suspended financial decisions, according to different life circumstances.

According to the order of the Ministry of Education and Science of Ukraine «About the expansion of foundations for realization of experimental project «Scientifically methodical principles of financial literacy implementation during educational process for 2012–2019 years» it is planned to implement studying of the financial literacy in educational process of 397 schools, from approximate 20000. These educational institutions represent less than 2% of all secondary schools. Government has to realize that without the increasing of the level of financial literacy among youth, it is impossible to provide financial stability and increasing of the welfare of people.

As a part of financial sector's development the program USAID/FINREP-II Ministry of Education and Science of Ukraine together with the National Bank of Ukraine implement experimental educational events to increase the level of financial literacy among Ukrainian youth. The basis of the program is course «Financial literacy». Despite certain positive changes in the direction of increasing the level of financial literacy of the youth, nowadays in Ukraine systematic approach to solve this problem is absent.

Although on the phase of implementation the program USAID/FINREP-II shows the ability to work in future and further efficiency in teaching the course of financial literacy. Nowadays the program needs to be spread in other schools, including in rural areas. As a result knowledge and skills in planning family budget for long-time period, understanding purpose of financial offices, avoiding risks in major banking services, finding financial information should be developed.



**Figure 2. Mechanism of spreading financial literacy among youth**

For spreading the financial literacy in schools it is needed to work at least in cooperation with economic universities, financial institutions, non governmental organizations and other institutions [1, p. 110] (Figure 2). Nowadays being financially literate is not only prestigious but much needed. Financially literate people are more protected from economic risks and unpredictable situations. They are responsible when talking about controlling of personal finance, able to increase welfare by dividing financial resources and planning future expenses.

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## MARKET CAPITALIZATION AS AN INDICATOR FOR THE LEVEL OF STOCK MARKET DEVELOPMENT: EVIDENCE FROM CEE COUNTRIES

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**Abstract.** *The article is devoted to the stock market development measurement. The author outlined the importance of local stock market development in countries with transition economies. The overview of stock market development in the countries of Central and Eastern Europe was given. After analyzing the methodology of the leading rating agencies, index providers and leading scientists' researches, an alternative way of measuring the level of the stock market development was suggested.*

**Key words:** *stock market, market capitalization, local stock market, transition economies, CEE countries*

The experience of developed countries shows that widespread use of the financial markets mechanisms, and especially capital markets, to intensify investment processes, allows implementing a comprehensive approach to sustainable economic development. Gurley, J. and Shaw, E. (1955) [1] claim that well-developed financial markets can accelerate capital accumulation, contributing to economic growth. This conclusion was supported by such scientists as Goldsmith (1969) [2], McKinnon (1973) [3] and Shaw (1973) [4], whose research set the stage for the liberalization of financial sector in many developing countries. Therefore, the priority for countries with transition economy is the local stock market development, macroeconomic function of which is effective transformation of temporarily free financial resources (savings) into investments.

During the last two decades, the economy of the post-socialist countries faced major structural changes due to beginning of the transition process from a command to market economy. Furthermore, the collapse of the socialist system has defined the pro-European direction for Central and Eastern European countries (CEECs). According to the OECD definition, CEECs are a group of countries comprising Albania, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia and the three Baltic countries - Estonia, Latvia and Lithuania. [5] (Due to the lack of data on Albania, this country was excluded from the study).

In 90s, just after the beginning of transition period, CEE countries have started an EU integration process, so in 1996 most of them received the EU credible candidate status. In 2004 eight CEE countries became full members of the European Union; Bulgaria and Romania joined in 2007; Croatia - in 2013. In 2014 Ukraine signed Association Agreement with the European Union.[6] Hence, it can be argued that the processes of transition and European integration coincided in time, ie CEE countries implemented transformation through the integration, which is a unique phenomenon in the global economy.