Fintech as a fence for the shock and fuel for the recovery? Lessons from the war. (UUT23)

Timing: 29 March 2023- 30 August 2023

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1. The purpose of the project and subjects of the investigation

The main aim **of this project is to identify whether economic welfare driven by economic or geopolitical developments with a particular focus on households' trends, financial institutions, and financial markets operations may be influenced by FinTech.**

The object of research **is economic processes related to the peculiarities of analysing the use of fintech by households in times of war.**

THE FIRST RESEARCH DIRECTION

Study of the specifics of fintech use at the household level, that involves assessing the use of banking technologies and other fintech tools in the pre-war/during the war period in regions directly affected by the war and those that were not, however, comparable.

THE SECOND RESEARCH DIRECTION

To study the impact of the war on the traditional banking sector and to identify the likelihood of a vacuum that could arise in the financial and banking sectors as a result of the military conflict.

2. Tasks of the project

1. FinTech adoption at a household level.

- Collection of survey data regarding citizens from the three regions: Odessa, Mykolayiv and Kherson (region or city), as they were recently affected or are being affected by the war.

- Data would include displaced/non-displaced citizens, their degrees of access to fintech (before/after the war), occupation, income sources and demographic information.

- The empirical analysis will be based on the use of banking systems and fintech compared to the same technologies in 2022 and 2021 in war-affected and non-affected but comparable regions.

2. Research of processes on the traditional banking sector and stock-market.

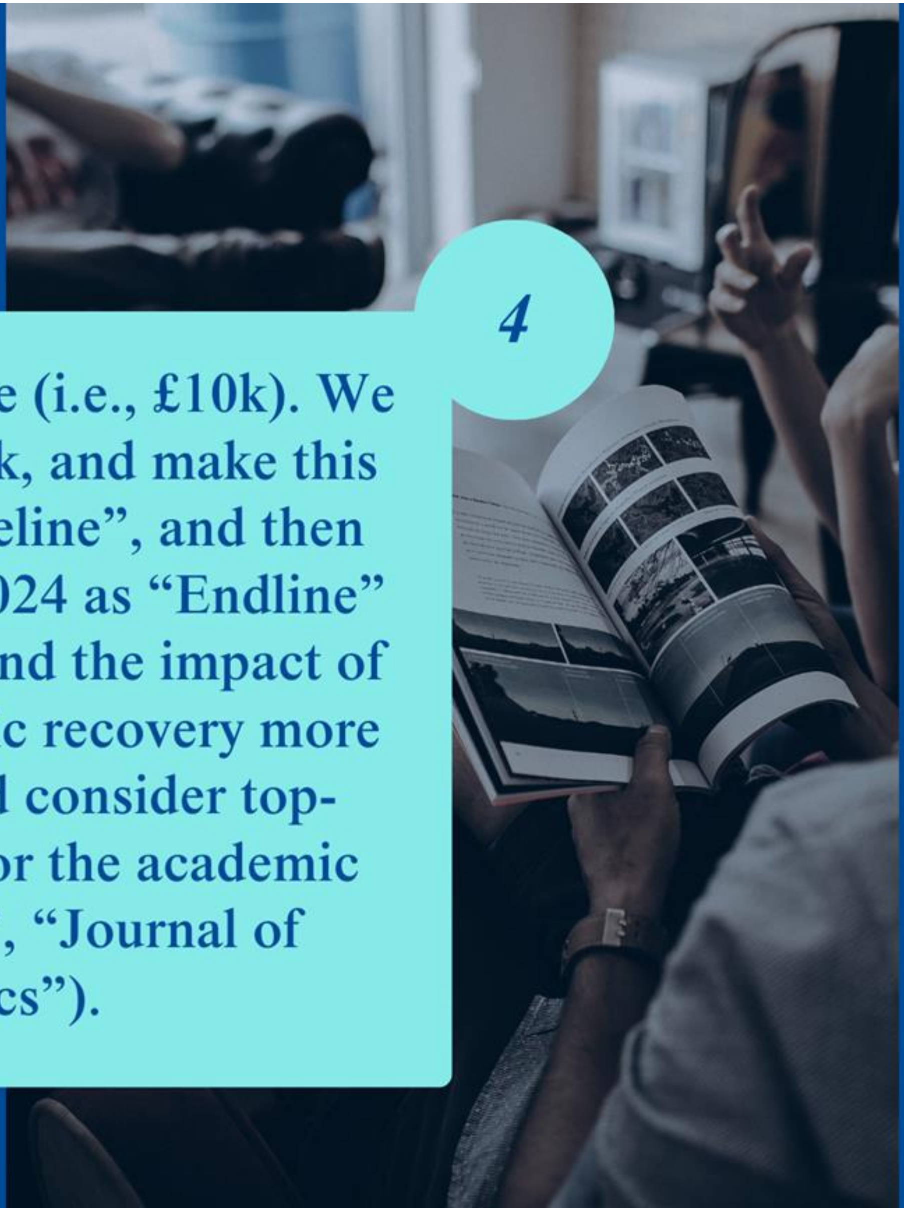
This project attempts to identify whether economic welfare driven by economic or geopolitical developments with a particular focus on households' trends, financial institutions, and financial markets operations may be influenced by fintech.

3. Waiting for project results

1. An array of data collected on the basis of the developed questionnaire based on scientific field research (together with Partners from the UK); Collection of first-hand data during the "randomized control trial (RCT)" fieldwork. This would be using 2 focus groups from 3 regions in Ukraine (minimum 100 respondents in each group).

2. Preparation of one to two policy brieves of the development of "embedded banking financial technologies" (DIGITAL Fintech).

3. Preparation of the scientific article to one academic Journal (ABS 4* or 3*, such as the “Regional Studies”; “World Development”).



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If further funding awarded in future (i.e., £10k). We would go deeper into the fieldwork, and make this first-period of project as the "baseline", and then make the period of Sep2023-Sep2024 as "Endline" to make the RCT more arguable and the impact of Fintech on the Ukraine's economic recovery more insightful. In this case, we would consider top-journal in the field as the target for the academic output (i.e., "Research Policy", "Journal of Development Economics").

4. Road map of the project

Stages of the project

1	2	3	4	5
March-April	**April-May**	**June-July**	**July**	**August**
Preliminary stage of the research. Formation of a theoretical basis for the study.	Investigation of financial technologies influence on the country's economic development, analysis of financial literacy of the population.	Conducting a survey to determine the impact of the war on the financial behaviour of the population.	Preparation of an analytical research on Development of "embedded banking financial technologies" (DIGITAL Fintech).	Preparation of the final report. Preparation of a scientific article for publication.

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Project Stages	March	April	May	June	July	August
I. Preliminary	Literature review. Design of questionnaire.					
II. Planning		Approval of questionnaire.				
			Formation of the Ukrainian-English version of questionnaire. Mock test.			
III. Execution			Preparation of academic paper, participation in scientific conferences.			
				Questionnaire survey.		
				Formation and processing of the survey data. Preparation of academic paper.		
IV. Analysis					Formation of analytical reports.	
V. Completion						Final report. Co-publishing with UK-partners.

5. Obtained project results

Planned results were obtained:

- Positive conclusions and permissions for data collection have been received from the Portsmouth University's Ethics Committee and the Ethics and Conflict Management Commission of Odesa Polytechnic National University.
- Questionnaires for collecting analytical data for the project have been distributed. A survey of 225 respondents was conducted, of which 220 individuals (women, men) consented to the processing of personal data that present more than 8 regions of Ukraine.
- The survey was conducted across two focus groups: respondents with IDP (Internally Displaced Persons) status or those temporarily outside of Ukraine, and respondents without IDP status from regions of Ukraine affected by war. The latter predominantly reside in the Odessa region (49 respondents or 22.3% of the total surveyed), Kherson region (33 respondents or 15.0% of the total surveyed), and Mykolaiv region (40 respondents or 18.2% of the total surveyed).
- The analysis of respondent structure based on the presence of IDP (Internally Displaced Persons) status indicates that 44.40% of those surveyed were temporarily relocated from occupied territories; 8.60% are temporarily residing outside of Ukraine with confirmed refugee or temporary protection status; and 53% of respondents permanently live in the considered regions without having IDP status. Thus, it can be stated that the key idea of comparing two groups of respondents of equal size based on the IDP status criterion was achieved during the field research carried out for the grant project *(processing is ongoing).*
- Analytical report in English and Ukrainian for placement on the website of ECONOMIC SCIENTIFIC PORTAL of Odesa Polytechnic National University: https://economics.net.ua/analytics. *(«Development of "embedded banking financial technologies" (DIGITAL FinTech)»/ «Розвиток "вбудованих банківських фінансових технологій" (DIGITAL FinTech)»)*
- Analytical report in Ukrainian for placement on the website of ECONOMIC SCIENTIFIC PORTAL of Odesa Polytechnic National University: https://economics.net.ua/analytics. *(«Analysis of the survey results of the use of financial technologies by Ukrainians before and during the war in Ukraine»)*
- Presentations at four international scientific conferences (https://economics.net.ua/en/conferences).
- Publication of three scientific articles in a specialized journal CES Working Papers (https://ceswp.uaic.ro/) *(accepted for publication);* publications in a professional journal (category B) (https://economics.net.ua/en/journal) (*accepted for publication*); publication in an academic journal (ABS 4* or 3*, such as “Regional Studies”; “World Development”) *(in progress).*

Additional results:

- The course “Fundamentals of Financial Literacy of Citizen” was introduced in the educational process (360 students, 2023-2024 educational year).
- A video presentation was prepared for recording the video course "Basics of financial literacy and investment" in cooperation with the Technical University of Brandenburg as a part of the approved tasks of the grant application.

Obtained project results

Developed Ukrainian-English version of the questionnaire that is focused on measuring of a level of financial literacy	3 Academic papers 4 Conference proceedings	225 questionnaires were collected that are structured on 2 focus groups
New course “Fundamentals of Financial Literacy of Citizen” has been already integrated to the educational process. It was chosen by 360 students in 2023-2024 educational year.	Two analytical researches	More than 8 regions were covered by the survey

Analysis of the peculiarities of Ukrainians' use of financial technologies before and during the war in Ukraine.

Instrument: Google Forms. Format: online survey https://docs.google.com/forms/d/e/1FAIpQLScRyO--WHiEFr9Kh23LTDu114gJWhhLMnSMqrMjrFciPj3gmA/viewform Respondents: 225 individuals from regions affected by the war.

Grouping of results	Analysis of Financial Literacy and Financial Behaviour of Respondents: Some Conclusions and Indicators
1. General Aspects of the Survey: Description of Respondent Profile	Women (82.3% of respondents). Respondents aged 40 to 49 years (30%). Education: second higher education or postgraduate/doctoral studies – 37.3%, complete higher education – 29.1%. Results are grouped into two categories: Group 1 - respondents with IDP (Internally Displaced Person) status or those temporarily outside of Ukraine; Group 2 - respondents without IDP status from regions of Ukraine affected by war.
2. Analysis of Forms of State/Charitable Aid	Assistance in the form of food package/hygiene kits/lunch subscriptions/drinking water/household kits was received by 44.5% of respondents. Financial aid was used by 36.8% of respondents (81 individuals), with 63 of them belonging to group 1. State or charitable assistance from organizations was not used by 90 respondents or 40.9% of those surveyed, with 19 individuals in group 1. Medicines and medical services were obtained by 8.6% of respondents. Emotional support, psychological assistance/ Protection from manifestations of discrimination and/or stigmatization were provided to 5% of respondents. Temporary housing was provided to 10 respondents from focus group 1.
3. Assessment of the respondents' financial situation	19.1% of respondents do not have a financial goal; however, more than half of them are eager to enhance their financial knowledge and improve their financial management skills. 55% of respondents have a moderate level of proficiency with using savings and investment tools. The financial status of 30.5% of respondents has worsened, leading to a loss of their primary income source and the inability to receive earnings from passive investments. 26.4% of respondents have forsaken savings for investments.

Grouping of results	Analysis of Financial Literacy and Financial Behaviour of Respondents: Some Conclusions and Indicators
4. Analysis of Respondents' Income and Expenditures	44% of respondents receive only their primary income, with 24.5% earning incomes ranging from 10,000 to 16,000 UAH, both before and during the military conflict. Only 4.5% of the surveyed individuals rely solely on passive income sources, according to the survey results. The financial situation has worsened among the least affluent citizens, and financial stress has increased among all respondent groups during the war.
5. Financial Planning/ Savings /Goals	Citizens' financial cautiousness has increased during the military conflict. A prolonged stability in some aspects of financial planning and a positive trend in the use of FinTech among households have been identified. There is a strong culture of cash savings, with bank deposits being actively used. The level of trust in financial intermediaries is average. 40.5% of respondents are unable to save money during the war as 100% of their income goes towards current consumption.
6. Use of financial technologies	The demand for long-term financial services has decreased during the war. 60% of respondents use the financial service of transferring money from card to card. 50% of respondents choose a financial institution based on the positive experience of relatives and close ones. 38.6% of respondents identified security and confidentiality issues as the main drawback of using FinTech services for households.

Acknowledgment:

This project was made possible through the UK-Ukraine R&I twinning grants scheme (https://www.twinningukraine.com/), funded by Research England with the support of Universities UK International and UK Research and Innovation.

The project is coordinated by the Foundation of the President of Ukraine for Education, Science and Sports (https://presidentfund.gov.ua).

Thank you very much for your attention!

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