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**IMPLEMENTATION OF THE PROTECTION'S MECHANISM OF THE CONSUMER'S
RIGHTS OF FINANCIAL SERVICES IN THE INTEGRATION OF UKRAINE
INTO THE EUROPEAN UNION**

Integration of Ukraine into the European Union involves the harmonization of legislation and practices in the field of financial services according to European standards and norms. The national financial system and the market of financial services require an effective solution to special aspects of their functioning, among which to receive quality products and services, which is a mandatory, is separately highlighted. It has been established that the gradual integration of Ukraine into the EU introduces additional standards and requirements that contribute to the improvement of the consumer rights protection system, which will not only ensure safety for citizens, but also create a favorable climate for investments and development of the financial sector as a whole. It was determined that in modern conditions in Ukraine such a model of provision of services by banks and non-bank financial institutions has been formed, in which violations of consumer rights are quite often observed, namely: violations of charging of payments for the service; concealment of important information by a financial institution, etc. The mechanism would be able to make financial services more attractive and motivate citizens to use them more widely, has been proven. The main key aspects include harmonization of legislation; financial education; protection against deceptive practices; protection of personal data; consumer rights when canceling contracts; cooperation with international organizations, etc. The following are recognized as the main factors in the context of Ukraine's integration into the European Union: creation of a competitive financial market; increasing the trust of consumers of financial services; effective protection against financial fraud; promotion of financial literacy; compliance with EU standards and regulations. The dominant features of this mechanism have gained further development, including: information transparency; rights of consumers of financial services; dispute resolution mechanisms; supervision and regulation; education and information campaign.

Keywords: consumers; financial services; protection of rights; integration; European Union; information transparency; fraud; financial literacy; supervision and regulation.

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**ІМПЛЕМЕНТАЦІЯ МЕХАНІЗМУ ЗАХИСТУ ПРАВ СПОЖИВАЧІВ ФІНАНСОВИХ
ПОСЛУГ В УМОВАХ ІНТЕГРАЦІЇ УКРАЇНИ ДО ЄВРОПЕЙСЬКОГО СОЮЗУ**

В результаті написання статті встановлено, що захист прав споживачів фінансових послуг є важливим аспектом інтеграції України до Європейського Союзу, який передбачає гармонізацію законодавства та практик в галузі фінансових послуг за європейськими стандартами та нормами. Доведено, що формування та розвиток національної фінансової системи та ринку фінансових послуг, вимагають ефективного вирішення особливих аспектів їх функціонування, серед яких окремо виділяють систему захисту прав споживачів фінансових послуг на отримання ними якісних продуктів та послуг, що є обов'язковою умовою інтеграції України до ЄС. Встановлено, що поступова інтеграція України до ЄС вносить додаткові стандарти і вимоги, які сприяють вдосконаленню системи захисту прав споживачів, що не лише забезпечить безпеку для громадян, але й створить сприятливий клімат для інвестицій та розвитку фінансового сектору в цілому. Визначено, що в сучасних реаліях функціонує така система надання банками фінансових послуг, яка призводить до:

порушення нарахувань платежів за послугою; приховування важливої інформації з боку фінансової установи та ін. Доведено актуальність побудови такого ефективного механізму захисту прав споживачів фінансових послуг, який би зміг зробити фінансові послуги більш привабливішими і змотивувати громадян до ширшого їх використання. До основних ключових аспектів захисту прав споживачів фінансових послуг віднесено: гармонізацію законодавства; фінансову освіту; захист від обманливих практик; захист персональних даних; споживчі права при скасуванні договорів; співпраця з міжнародними організаціями та ін. Визначено головні цілі державного регулювання ринків фінансових послуг. Основними чинниками, що впливають на процес імплементації механізму захисту прав споживачів фінансових послуг в умовах інтеграції України до Європейського Союзу визнано такі: створення конкурентного фінансового ринку; підвищення довіри споживачів фінансових послуг; ефективний захист від фінансових шахрайств; сприяння фінансовій грамотності; відповідність стандартам і нормам ЄС. Набули подальшого розвитку домінанти механізму захисту прав споживачів фінансових послуг в умовах інтеграції України до ЄС, серед яких: інформаційна прозорість; права споживачів фінансових послуг; механізми вирішення спорів; нагляд і регулювання; освіта та інформаційна кампанія.

Ключові слова: споживачі; фінансові послуги; захист прав; інтеграція; Європейський Союз; інформаційна прозорість; шахрайство; фінансова грамотність; нагляд і регулювання.

Statement of the problem. Protection of the consumer's rights of financial services involves the harmonization of legislation and practices in the field of financial services with European standards and norms. The development, formation of the financial system and the market of financial services require an effective solution to special aspects of their functioning. In modern conditions, such a model of service provision by banks and non-banking financial institutions has been formed in Ukraine, in which violations of consumer rights are quite often observed (from violation of service charges – hidden fees and commissions, to concealment of important information, direct deception on the part of the financial institution).

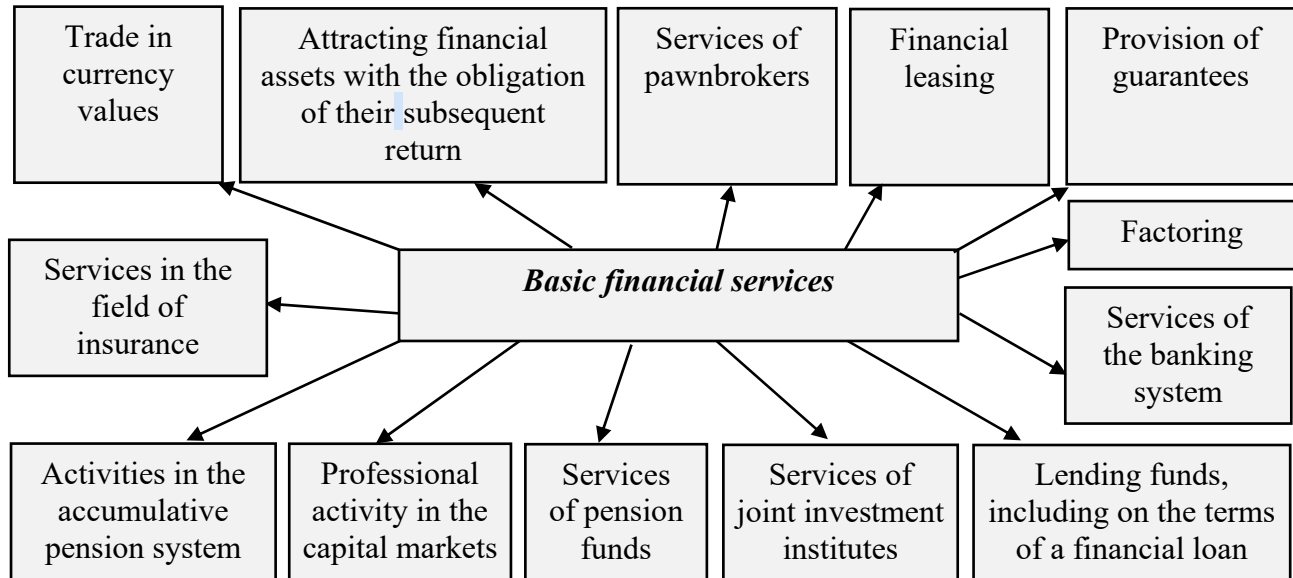
Analysis of recent publications on the problem. Among the main authors who studied this problem, the following should be noted: I. Avanesova, S. Biriuk, O. Dziun, N. Dobosh, O. Pozniakova, L. Kloba, N. Kyreieva, L. Kravchenko, B. Kryvolapov, V. Krylova, M. Nikonova, A. Krylova, T. Latkovska, V. Levchenko, O. Odynak, N. Holota, M. Patsera, N. Patsuriia, V. Rieznikova, S. Poliakh, K. Proskura, O. Radchenko, O. Slobodian, Ye. Smychok, V. Tkachova, O. Matsak, I. Chkan, O. Shevchuk, N. Mentukh and others.

The purpose of the scientific article is to establish the basic dominants in the process of implementation of the mechanism of protection of consumers receiving financial services through the prism of Ukraine's integration into the European Union.

The main results and their justification. The gradual integration of Ukraine into the EU introduces additional standards and requirements that contribute to the improvement of the consumer rights protection system, which will not only ensure safety for citizens, but also create a favorable climate for investment. According to the Law of Ukraine on financial services, they include the following (Fig. 1) [1-3].

Systemic regulation in the financial services industry is key to protecting consumer rights and ensuring the stability of the financial sector, where mistrust of financial institutions can arise for a variety of reasons, such as incompetence, misunderstanding or even abuse. Regulatory bodies must establish clear rules and standards for the activities of financial institutions, as well as ensure their compliance, which includes monitoring financial institutions, conducting audits, participating in dispute resolution and establishing compensation mechanisms for consumers in case of

violations. Additionally, an effective regulatory system can leading to improved services for consumers and helping to avoid financial crises and ensure economic stability [5–7].



Source: [4–6].

Fig. 1. Basic financial services on the market of Ukraine

Systemic regularity is important both for the protection of consumer rights and for ensuring trust in the financial sector, which in turn contributes to its sustainable development. Therefore, legal regulation in the field of finance is usually divided into two main components: consumer protection and prudential regulation. The first is aimed at protecting the interests of people who use financial services, in particular in the conditions of martial law. The second is focused on preserving the stability of financial institutions and the system as a whole. This important regulation not only ensures the reliability of financial institutions for their customers, but also helps avoid financial difficulties in the event of a military conflict. It also aims to prevent losses for less experienced investors and encourage reliable financial service providers. All of this demonstrates the importance of balancing consumer protection and financial stability, especially in the face of instability that may arise from war or other crisis situations [10–16]. The main key aspects include: harmonization of legislation; financial education; protection against deceptive practices; protection of personal data; consumer rights when canceling contracts; cooperation with international organizations, etc. (Table 1).

The following are generally recognized as the main factors affecting on this process:

- creation of a competitive financial market, where integration with the EU involves interaction with European financial institutions, namely ensuring effective protection of consumer rights, which stimulates competition between financial institutions and leads to improved quality of services and lower costs;

- increasing the trust of consumers of financial services involves the protection of consumer rights and gives confidence that financial services are provided honestly and in accordance with the law. This, in turn, contributes to increasing consumer trust in financial institutions and increasing their willingness to use banking and other financial services;

- effective protection against financial fraud – helps to avoid situations where consumers become victims of fraud or dishonest activity of financial institutions;

– promotion of financial literacy, which includes education and informing consumers about their rights and responsibilities. This contributes to the development of financial literacy, which is an important element of sustainable financial development;

– compliance with EU standards and regulations – integration into the EU involves compliance with European standards and regulations in the field of finance, where ensuring the effective protection of consumer rights is the main element of this process [16–20].

Table 1

Key aspects of protecting the rights of consumers of financial services at the national level

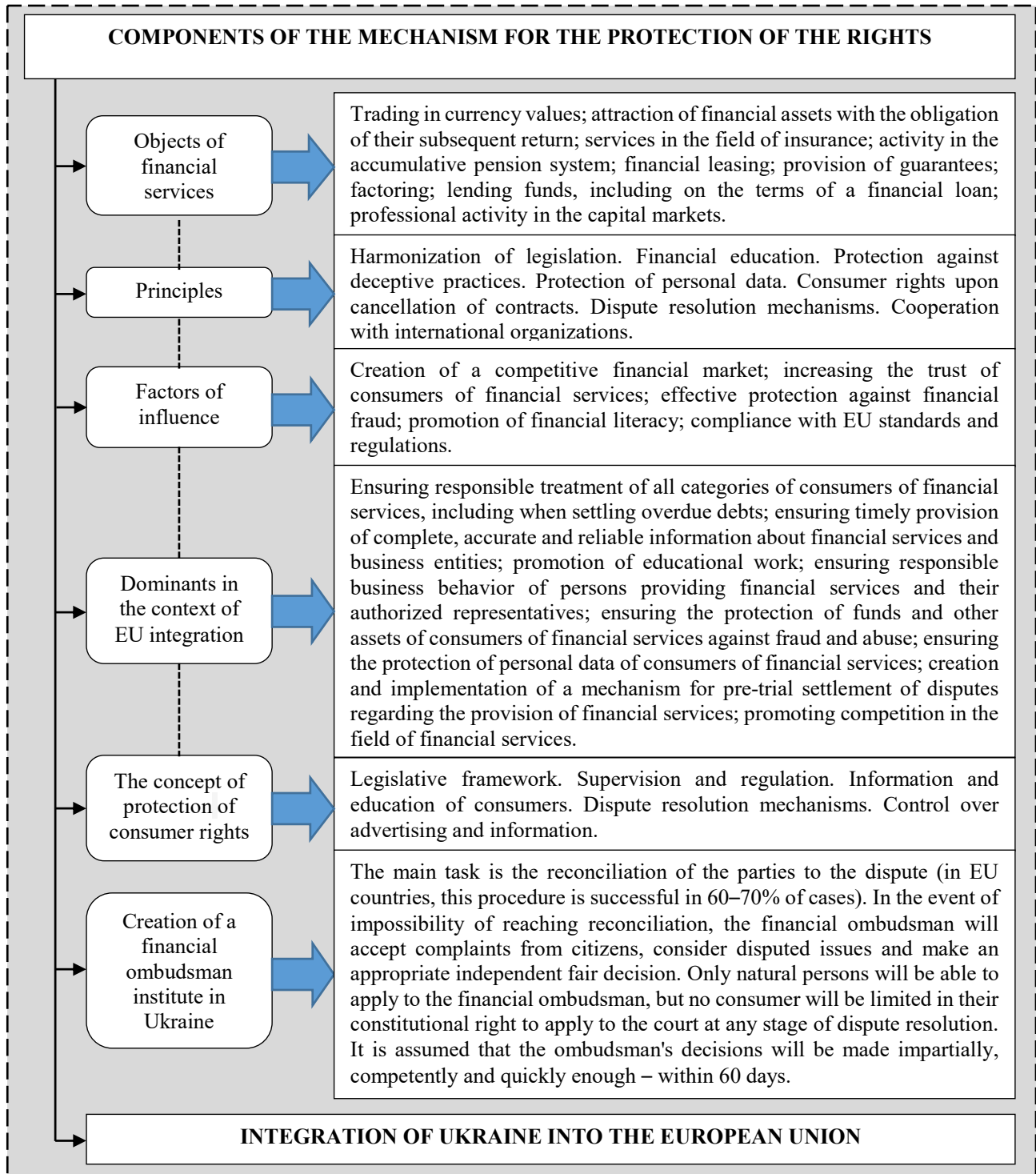
№	Sphere of influence	Essence and manifestation
1	Harmonization of legislation	Ukraine must amend its legislation to comply with EU directives and regulations related to financial services and consumer protection (standards of openness and transparency, requirements for informational discourse and prohibition of aggressive marketing).
2	Financial Education	Expanding financial education programs for consumers is an important aspect of protecting their rights, which can improve financial literacy and consumer understanding of the risks and opportunities associated with various financial products.
3	Protection against deceptive practices	Ukraine must implement an effective mechanism for responding to deceptive or dishonest practices of financial institutions and other market players (supervision, control and sanctions for violation of consumer rights).
4	Protection of personal data	Ukraine must ensure that financial institutions comply with data protection standards established in the EU, in particular, with the help of the General Data Protection Regulation.
5	Consumer rights when canceling contracts	Ukraine should have mechanisms to protect consumer rights when canceling financial contracts, in particular, determining the terms and procedures for cancellation.
6	Mechanisms for resolving disputes	It is important to create accessible and effective mechanisms for resolving disputes between consumers and financial institutions, including the possibility to appeal to independent arbitration bodies.
7	Development of the institution of the financial ombudsman	Provision of independent consideration of those consumer complaints about relations with financial service providers who were not satisfied with these providers. Dispute resolution through the institution of the financial ombudsman should be an effective tool for resolving conflict situations between consumers of financial services and financial institutions. For this purpose, the draft Law of Ukraine "On the establishment of a financial ombudsman" was submitted to the Verkhovna Rada of Ukraine for consideration.

Source: [4–8].

The protection of consumers in the context of EU integration is of great importance for the stability and development of the financial market in Ukraine, increasing the trust of citizens in financial institutions and is based on the following principles [17–19]:

- compliance with requirements for ethical behavior;
- promotion of educational work in order to ensure the awareness of consumers of financial services;

– promotion of competition in the field of providing financial services. Ukraine, like many other countries, is developing and implementing this mechanisms [15–20].



Source: [13–19; 21].

Fig. 2. A structurally logical scheme for building a mechanism for protecting the rights of consumers of financial services in the context of Ukraine's integration into the European Union

The main dominants of this mechanism are:

- information transparency – thanks to which financial institutions must provide clear and accessible information about their products and services, including terms of use, cost, and risks;
- rights of consumers of financial services – where the Government of the country must determine the specific rights of consumers of financial services, which may include the right to quality services, confidentiality of information, protection against fraud and unfair practices;
- dispute resolution mechanisms – effective dispute resolution mechanisms between consumers and financial institutions are being created, which may include alternative resolution methods that allow avoiding long and complex court processes;
- supervision and regulation – will help check the financial stability of institutions, monitor compliance with legislation and standards in accordance with EU rules and regulations;
- education and information campaign – will ensure an increase in financial literacy among consumers and provide access to information campaigns and educational resources that will help consumers of financial services better understand their rights and obligations.

These dominants contribute to the creation of an effective mechanism for the protection of consumer rights in the sphere of non-banking financial institutions in Ukraine, which contributes to the development of trust and stability in this sector in the direction of European integration (Fig. 2).

The mechanism with a focus on European rules and regulations is a systemic activity that includes: supervision of compliance by financial institutions with the provisions of European legislation on the protection of consumer rights; monitoring compliance with the voluntary Codes of Conduct of financial market participants; consumer awareness of consumer properties of financial services; resolution of disputes between providers and consumers of financial services [13–19; 21].

Conclusions. The world and European experience provides grounds for a clear understanding of this activity as systemic. The implementation of this mechanism creates trust among market participants and contributes to the sustainable development and effective functioning of the financial system. Also, the effectiveness of this mechanism is determined by the economic environment in which it functions. It has been proven that in stable economic conditions with a high level of income and stable financial results of enterprises (integration into the EU), the system of protecting the rights of consumers of financial services can be more effective and active.

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