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## **INNOVATIVE ASPECTS OF FORMING AN INCLUSIVE ENVIRONMENT IN THE FIELD OF INSURANCE**

### **Innowacyjne aspekty kształtowania środowiska sprzyjającego włączeniu społecznemu w dziedzinie ubezpieczeń**

#### **Abstract**

*The article is devoted to the problems of creating conditions for the implementation of inclusion in the field of insurance and the role of innovation in this process. It has been proved that the creation of an inclusive environment in the field of insurance involves removing existing barriers and obstacles to obtaining insurance protection for potential consumers of insurance services, creating conditions for their inclusion in insurance relations, changing the value system of insurance market and increasing insurance culture. The importance of introducing innovations and digital technologies for the process of building an inclusive environment in the insurance market has been proved. An assessment of current trends and indicators of inclusive development of the insurance market of Ukraine was made, which revealed their lag in comparison with economically developed countries, as well as showed the positive trends of technological innovation and informatization in the insurance business. It is argued that building an effective inclusive insurance market environment and accelerating financial integration are closely linked to the level of digital and financial literacy, awareness of potential consumers of insurance products about the possibilities of the insurance industry and their understanding of the practical benefits of insurance. It is proved that the need to increase the level of inclusive development of the insurance market of Ukraine necessitates the joint efforts of financial market participants - by studying and meeting the real needs of consumers, strengthening the responsibility of insurance companies and other financial institutions to customers for failure to fulfill their obligations. authorities - by pursuing a consistent public policy in this area.*

**Keywords:** insurance, financial inclusion, inclusive environment, insurance inclusiveness, insurance innovations, digitalization in insurance.

#### **Streszczenie:**

*Artykuł poświęcony jest problematyce tworzenia warunków do realizacji inkluzji w obszarze ubezpieczeń oraz roli innowacji w tym procesie. Udowodniono, że tworzenie inkluzyjnego środowiska w obszarze ubezpieczeń wiąże się z usuwaniem istniejących barier i przeszkód w uzyskaniu ochrony ubezpieczeniowej dla potencjalnych konsumentów usług ubezpieczeniowych, tworzeniem warunków do włączenia ich w relacje ubezpieczeniowe, zmianą systemu wartości rynku ubezpieczeniowego oraz wzrostem kultury ubezpieczeniowej. Udowodniono znaczenie wprowadzania innowacji i technologii cyfrowych dla procesu budowania inkluzyjnego środowiska na rynku ubezpieczeniowym. Oceniono aktualne trendy i wskaźniki inkluzyjnego rozwoju rynku ubezpieczeniowego*

*Ukrainy, które ujawniły ich opóźnienie w porównaniu z krajami rozwiniętymi gospodarczo, a także pokazały pozytywne trendy innowacji technologicznych i procesu informatyzacji w branży ubezpieczeniowej. Stwierdzono, że budowanie efektywnego integracyjnego środowiska rynku ubezpieczeń i przyspieszanie integracji finansowej są ściśle powiązane z poziomem wiedzy cyfrowej i finansowej, świadomością potencjalnych konsumentów co do produktów ubezpieczeniowych (w temacie możliwości branży ubezpieczeniowej oraz ich zrozumienia praktycznych korzyści płynących z ubezpieczeń). Udowodniono, że istnieje potrzeba zwiększenia poziomu inkluzywnego rozwoju rynku ubezpieczeniowego w Ukrainie, co wymaga wspólnych wysiłków uczestników rynku finansowego – poprzez badanie i zaspokajanie rzeczywistych potrzeb konsumentów, wzmacnianie odpowiedzialności firm ubezpieczeniowych i innych instytucji finansowych wobec klientów w obliczu niewywiązywanie się władz z obowiązków w tym zakresie – poprzez prowadzenie konsekwentnej polityki publicznej.*

**Słowa kluczowe:** ubezpieczenia, inkluzja finansowa, środowisko inkluzywne, inkluzja ubezpieczeniowa, innowacje ubezpieczeniowe, cyfryzacja w ubezpieczeniach.

## Introduction

A distinctive feature of modern highly developed society is the formation of an inclusive environment in all spheres of human life. An inclusive environment provides free access to the benefits of civilization, and inclusion is rightly seen as an effective tool for achieving sustainable economic growth.

A systematic approach to the process of forming and developing an inclusive space includes, among other things, financial inclusion. The United Nations and the World Bank define financial inclusion as the access of individuals and legal entities to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way<sup>1</sup>. Financial inclusion has been identified as an enabler for 7 of the 17 Sustainable Development Goals<sup>2</sup>. The need to ensure the quality and dynamics of economic growth of the Ukrainian economy necessitates the formation of an inclusive environment in the financial system as a whole and in each of its components.

The inclusive orientation of the financial market development puts new demands on the insurance sector as well. Creating an inclusive environment in the field of insurance involves removing existing barriers and obstacles for potential consumers of insurance services, creating conditions for their inclusion in insurance relations, and changing the value system of insurance market participants and increasing the level of insurance culture. The implementation of

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<sup>1</sup> *Financial Inclusion*; <https://www.worldbank.org/en/topic/financialinclusion/overview#1> (date of application: 10.05.2022).

<sup>2</sup> *Take Action for the Sustainable Development Goals*; <https://www.un.org/sustainabledevelopment/sustainable-development-goals/> (date of application: 10.05.2022).

the tasks is based mainly on scientific and technological progress, improving the material and cultural level of all segments of the population and the innovative nature of management work. Science, innovation and new technologies are designed to accelerate the formation of an inclusive environment in the insurance market and contribute to the improvement of qualitative and quantitative economic and social indicators of social development.

The issue of creating conditions for the implementation of inclusion has been and remains the subject of theoretical research and applied developments and recommendations. In research, the concepts of inclusion and the environment in which it should be implemented are considered mainly in pedagogical, social and psychological paradigms. At the same time, in recent years, more and more attention has been paid to the study of the place and role of inclusion in the financial system.

Financial inclusion, according to A. Atkinson and F. Messy, refers to the process of promoting affordable, timely and adequate access to a wide range of regulated financial products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial well-being as well as economic and social inclusion<sup>3</sup>.

A. Demircug-Kunt, L. Klapper and D. Singer argue that Financial inclusion means that adults have access to and can effectively use a range of appropriate financial services. Such services must be provided responsibly and safely to the consumer and sustainably to the provider in a well regulated environment. The authors provide an overview of financial inclusion around the world and highlight its benefits, as well as how these benefits can contribute to inclusive growth and the economy<sup>4</sup>.

Scientific and practical approaches to defining the concept and place of financial inclusion in the system of factors of socio-economic development, clarifying reserves and barriers to expanding financial inclusion in Ukraine were covered in the work of K. V. Anufrieva and A. I. Shklyar<sup>5</sup>. Problems of financial inclusion in Ukrainian society and developed in the scientific work of

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<sup>3</sup> Atkinson A., Messy F., *Promoting Financial Inclusion through Financial Education: OECD/INFE Evidence, Policies and Practice*, "OECD Working Papers on Finance, Insurance and Private Pensions", 2013, 34, OECD Publishing; <http://dx.doi.org/10.1787/5k3xz6m88smp-en> (date of application 01.04.2022).

<sup>4</sup> Demircug-Kunt A., Klapper L., Singer D., *Financial Inclusion and Inclusive Growth A Review of Recent Empirical Evidence*, Policy Research Working Paper 8040. The World Bank. 2017. April. 27 p.; <https://openknowledge.worldbank.org/bitstream/handle/10986/26479/WPS8040.pdf?sequence=1&isAllowed=y> (date of application 09.05.2022).

<sup>5</sup> Anufrieva K. V., Shklyar A. I., *Financial inclusion as a factor for socio-economic development, "Ukrainian society"*, 2019, 3(70), p. 59-77; <https://doi.org/10.15407/socium2019.03.059>.

Zakharchenko N. V.<sup>6</sup> The author substantiates the relevance and basic idea of financial inclusion, finds out the reasons for its current low level, reveals the main components of financial inclusion and the criteria for shaping the financial behavior of consumers.

A separate area of research is the study of the specifics of the formation of an inclusive environment in various spheres of human life. In particular, the scientific work of M. O. Andreeva is devoted to the conceptualization of the concept of “inclusive environment” and its study in terms of building a society of equal opportunities<sup>7</sup>. The author characterizes the current trends of building an inclusive environment in Ukrainian society in the context of European integration and argues that in a society of equal opportunities “inclusive environment can be considered a natural environment”<sup>8</sup>. An inclusive environment, according to D. Palatnaya, is “a human environment that provides conditions for the inclusion of all persons, taking into account their diversity, in the spheres of society by removing any barriers”<sup>9</sup>.

Despite the growing interest of researchers in studying the processes of inclusive development and ensuring the inclusiveness of various spheres of human life, the issue of conceptual foundations and theoretical and methodological approaches to ensure the inclusion of the insurance market still remains unexplored.

The purpose of the article is to summarize the features of the formation of an inclusive environment in the insurance sector and justify the role of innovation in ensuring its development.

### **Own research**

Inclusion as a state of inclusion implies a person's interest in certain activities and processes, his active participation in these processes, as well as the effectiveness of these actions. Depending on the circumstances, a person's involvement in activities and involvement in processes, in response to what is happening in a particular environment, may have different degrees of intensity. In view of this, the inclusive environment of the financial sector in general means a set of conditions that promote the involvement of the general public in

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<sup>6</sup> Zakharchenko N., *Financial inclusion to increase the well-being of the population and state economic growth*. “Finance of Ukraine”, 2020, 6, p. 105-116; <https://doi.org/10.33763/finukr2020.06.105>.

<sup>7</sup> Andreeva M. O., *The clarification of the concept “inclusive environment” in the context of the development of equal opportunities’ society in Ukraine*, “Imidzh suchasnoho pedahoha”, 2017, 6, p. 47-50; [http://nbuv.gov.ua/UJRN/isp\\_2017\\_6\\_13](http://nbuv.gov.ua/UJRN/isp_2017_6_13).

<sup>8</sup> *Ibidem*, p. 50.

<sup>9</sup> Palatna D., *Inclusive environment: developing integrated definition*, “The Bulletin of Taras Shevchenko National University of Kyiv”, Social work, 2019, 1, p. 22; <https://doi.org/10.17721/2616-7786.2019/5-1/4>.

the financial services market through their accessibility to retail consumers and the satisfaction of individual interests. Such an environment creates interest in potential consumers and encourages them to actively use financial products, as well as provides a basis for understanding the benefits of such actions. N. V. Zakharchenko describes an inclusive financial system as one in which people do not live outside it, but in it, thanks to awareness, availability of certain knowledge and skills, and their active use<sup>10</sup>.

In our opinion, the inclusiveness of the insurance sector is determined by the ability to insure all categories of potential policyholders against risks through insurance protection mechanisms, as well as the ability of participants in insurance relations to benefit from insurance<sup>11</sup>. At the same time, financial inclusion in the insurance sector is an indicator of the availability of insurance services for the population, as well as the demand for insurance products as a tool to minimize risks and ensure insurance protection.

The role of innovation is extremely important in creating conditions for the development of inclusion in the insurance market and increasing the level of financial inclusion in the insurance sector. This direction of development of the insurance market of Ukraine is defined by researchers as one of perspective. After all, modern Ukrainian society is becoming increasingly dependent on continuous and inevitable innovation progress as the dominant mode of development, and the ability to innovate is a kind of indicator of the effectiveness of modern social systems at different levels, which allows to survive and develop competition<sup>12</sup>.

Note that until recently, insurance was one of those segments of the financial market, which was characterized by a tendency to traditional ways of doing business and the slow pace of implementation of technological innovations and the process of informatization. However, current challenges and trends have significantly affected the innovative development of the insurance industry. Today's trends point to the high innovation activity of the insurance business and the awareness of insurance market participants of the priority of innovation and digital transformation. The proliferation of digital devices for personal and business use, as well as the expansion of digital technologies are

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<sup>10</sup> Zakharchenko N., *Financial inclusion to increase the well-being of the population and state economic growth*, "Finance of Ukraine", 2020, 6, p. 108; <https://doi.org/10.33763/finukr2020.06.105>.

<sup>11</sup> Chvertko L. A., Problems of ensuring the inclusiveness of insurance in today's challenges, "Financial and credit mechanism of economic and social development", Kropyvnytskyi, 2021, p. 126; <https://dspace.udpu.edu.ua/handle/123456789/14544>.

<sup>12</sup> Klimova G. P., *Formation of a national innovation system is a strategic priority for the development of Ukrainian society*, "The Bulletin of Yaroslav Mudryi National Law University", Series: Philosophy, philosophies of law, political science, sociology, 2018, 4 (39), p. 20; <https://doi.org/10.21564/2075-7190.39.151140>.



changing the patterns of consumer behavior in the insurance market. Consumers are increasingly moving to online interaction and expect any service to be available digitally. In particular, during the restrictive measures imposed by the government to curb the spread of the disease during the COVID-19 pandemic, the reorientation of insurers to remote electronic formats became especially important and significantly increased<sup>13</sup>. Currently, the online insurance system used by insurers as an alternative to face-to-face meetings with potential customers covers a range of technologies, including: insurance calculator, online payment for insurance, ordering and purchasing insurance online, online consultation, video consultation and other.

The widespread introduction of e-commerce in insurance has a positive impact on the development of a modern inclusive environment in this area. The variety of digital insurance products facilitates consumer access to them due to the lack of need to visit financial institutions. At the same time, research shows that this causes some isolation of people who are reluctant to use digital technologies – such categories of consumers mostly include the elderly and villagers<sup>14</sup>.

To ensure the financial inclusion of these and other categories of people, there is an urgent need to promote digital awareness in the country and master the digital skills of people of different ages, regardless of the type of settlement where they live. This will help to develop an effective inclusive environment and accelerate financial integration by enabling the use of and benefit from digital information, products and services on an equal and equitable basis. Effective inclusion, as opposed to expanding the customer base only for profit and economies of scale, is related to equal opportunities for all segments of the population, age, gender, wealth, education, professional prestige, etc., support for vulnerable groups and increase social welfare.

The problem of digital and financial inclusion of villagers still remains relevant not only for Ukraine but also for other countries. According to the International Telecommunication Union, people in cities around the world are twice as likely to use the Internet as in rural areas<sup>15</sup>. Studies show, the COVID-19 pandemic “has exacerbated existing digital divides between and within

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<sup>13</sup> Chvertko L., Korniienko T., Vinnytska O., *Digitalization of insurance business as an effective risk management lever*, “Sciences of Europe”, 2022, № 89. vol. 1, p. 7-11; <https://www.europe-science.com/wp-content/uploads/2022/03/Sciences-of-Europe-No-89-2022.pdf>.

<sup>14</sup> *Financial literacy, financial inclusion and financial well-being in Ukraine in 2021. Report on the results of the study*, USAID Project; [http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine\\_2021\\_Financial-Literacy-Survey-Report\\_UA.pdf](http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine_2021_Financial-Literacy-Survey-Report_UA.pdf) (date of application: 01.04.2022).

<sup>15</sup> *Measuring digital development: Facts and figures 2021*; <https://www.itu.int/en/ITU-D/Statistics/Documents/facts/FactsFigures2021.pdf> (date of application: 04.05.2022).

countries related to age, disability, gender, geography and socioeconomic status. According to experts, with many essential services pushed online, there is a real and present danger that those without broadband Internet access could be left ever further behind”<sup>16</sup>. Efforts by governments and international organizations are working to address gaps in Internet connectivity and access. It should be noted that the task of expanding access to information via the Internet in all territorial communities of Ukraine, regardless of geographical location, is defined in the State Strategy for Regional Development for 2021-2027<sup>17</sup>. In particular, the need to ensure uninterrupted access to high-speed Internet of all settlements and ensure coverage of all rural areas with fixed broadband Internet access, declared in operational objective 1 “Stimulation of economic development centers (agglomerations, cities)” and operational objective 4 “Infrastructure development Transformation of Regions” (strategic goal I “Formation of a united state in social, humanitarian, economic, ecological, security and spatial dimensions”).

Digital literacy training should be combined with financial literacy training. After all, the effectiveness of the process of creating an effective inclusive environment in the insurance sector of the financial market is closely related to the level of awareness of potential consumers of insurance services about the possibilities of the insurance industry and their understanding of the practical benefits of insurance. Currently, the level of financial literacy of the country's population in the field of insurance is unsatisfactory. The general index of financial literacy of Ukraine in 2021, calculated according to the OECD methodology, is 12.3 points (or 58% of its maximum value – 21 points)<sup>18</sup>.

The lack or lack of skills in managing the risks associated with personal savings and other risks that lead to losses and require significant financial resources to cover them is evidenced by the low level of coverage of the population of Ukraine in insurance services. In particular, in terms of insurance density, which is determined by the calculation of insurance premiums per capita, Ukraine ranks last in the world rankings: in 2018 the country ranked 73rd in risk insurance, and life insurance – 82nd out of 88 countries. In recent years, the values of these indicators remain low and at the end of 2020 amounted to 31.5 dollars. USD per person under Non-life insurance contracts and 4.5 USD.

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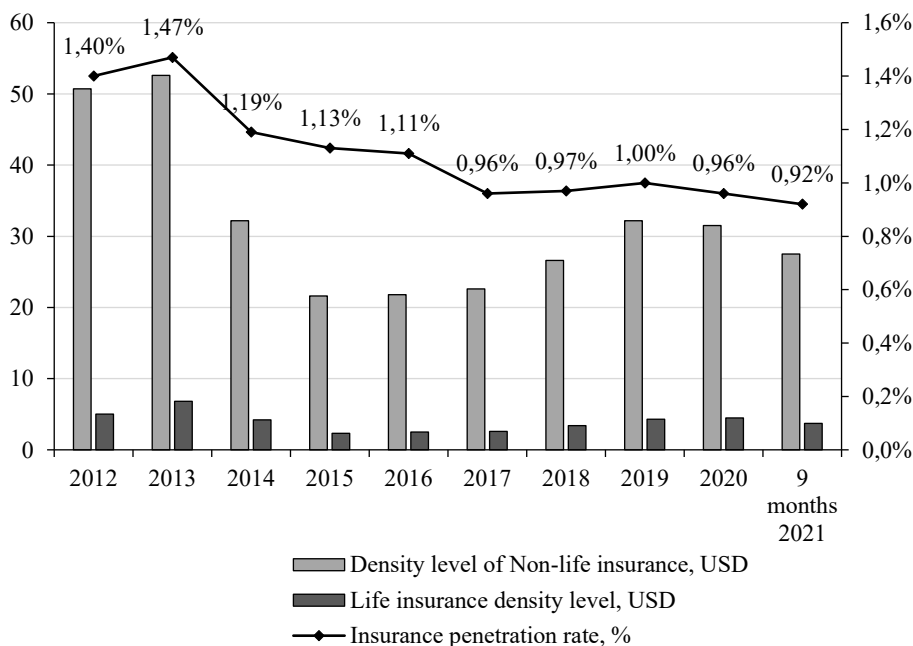
<sup>16</sup> *Digital inclusion of all*; <https://www.itu.int/en/mediacentre/backgrounders/Pages/digital-inclusion-of-all.aspx> (date of application: 11.05.2022).

<sup>17</sup> *State Strategy for Regional Development for 2021-2027*: approved by the resolution of the Cabinet of Ministers of Ukraine of August 5, 2020; <https://zakon.rada.gov.ua/laws/show/695-2020-п#n11> (date of application: 21.05.2022).

<sup>18</sup> *Financial literacy, financial inclusion and financial well-being in Ukraine in 2021. Report on the results of the study*, USAID Project; [http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine\\_2021\\_Financial-Literacy-Survey-Report\\_UA.pdf](http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine_2021_Financial-Literacy-Survey-Report_UA.pdf) (date of application: 01.04.2022).

US per person under Life Insurance (Fig. 1). The level of insurance penetration into the country's economy is too low: over the last decade, the volume of net insurance payments in the country's GDP structure averaged slightly more than 1.0%, while the values of similar European and global averages are 5.0% and 6.1% respectively<sup>19</sup>. In the dynamics for the years of the analyzed period (2012–2021), the indicator of insurance penetration into the economy is characterized by a clear downward trend.

**Fig. 1. Dynamics of indicators of penetration and density of insurance in Ukraine\***



\*Source: developed by the authors according to the data <sup>20</sup>

<sup>19</sup> *Future regulation of the insurance market in Ukraine: White Book*, 2020; [https://bank.gov.ua/admin\\_uploads/article/White\\_paper\\_insurance\\_2020.pdf?v=4](https://bank.gov.ua/admin_uploads/article/White_paper_insurance_2020.pdf?v=4) (date of application: 12.05.2022).

<sup>20</sup> *GDP of Ukraine*; <https://index.minfin.com.ua/ua/economy/gdp/> (date of application: 15.04.2022).

*Performance indicators of insurance companies*; <https://bank.gov.ua/ua/statistic/supervision-statist#6> (date of application: 15.04.2022).

*People*; [http://ukrstat.gov.ua/operativ/operativ2007/ds/nas\\_rik/nas\\_u/nas\\_rik\\_u.html](http://ukrstat.gov.ua/operativ/operativ2007/ds/nas_rik/nas_u/nas_rik_u.html) (date of application: 15.04.2022).

*Official exchange rate of hryvnia against foreign currencies*; <https://bank.gov.ua/ua/markets/exchangerate-chart> (date of application: 15.04.2022).

Insufficient public knowledge and general information about the rights and responsibilities of consumers of insurance products leads to a reluctance to use the latter as a tool to protect, preserve savings and improve welfare. The results of a survey conducted within the USAID “Financial Sector Transformation Project” show that only 9% of respondents indicated that they or their family members use insurance services, while in the Organization for Economic Cooperation and Development member countries 40% use insurance services<sup>21</sup>. It should be noted that often such subjective consumer sentiments are formed due to distrust of financial institutions and the system in general, which, from the point of view of K. V. Gruber, is a key prerequisite for inclusion in financial relations<sup>22</sup>.

Improving the level of financial literacy of the population of Ukraine requires efforts on the part of both financial market participants and public authorities, primarily through a consistent state policy in this area. Coordination of actions of state bodies, local self-government, educational institutions, public and private organizations involved in various initiatives and innovations in the field of financial education and financial institutions will help create favorable conditions for strengthening public confidence in the insurance sector, increasing insurance revenues and using financial potential insurers as powerful institutional investors in the economy of Ukraine. It is important to note that strengthening the responsibility of insurance companies and other financial institutions to customers for non-compliance with their obligations, integrity to consumers, in particular when disclosing information about financial services, will be a solid foundation for increasing confidence in the financial sector. The need to increase the financial literacy of the population has been identified as one of the strategic goals of the development of the financial sector of Ukraine, the achievement of which is aimed at ensuring financial inclusion<sup>23</sup>. Using financial information, applying financial knowledge in practice, usually means better money management, achieving financial goals and avoiding stress related to financial problems; thus, ultimately, financial literacy improves financial well-being.

Inclusive financial technologies, which use creative approaches to serve new customers, play an important role in expanding the access of vulnerable

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<sup>21</sup> *Financial literacy, financial inclusion and financial well-being in Ukraine in 2021. Report on the results of the study*, USAID Project; [http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine\\_2021\\_Financial-Literacy-Survey-Report\\_UA.pdf](http://www.fst-ua.info/wp-content/uploads/2021/10/Ukraine_2021_Financial-Literacy-Survey-Report_UA.pdf) (date of application: 01.04.2022).

<sup>22</sup> Gruber K., *Access to financial services for individuals as a component of financial inclusion: evolution and estimation in domestic conditions*, “History of economics and economic thought of Ukraine”, 2020, 53, p. 421; <https://doi.org/10.15407/ingedu2020.53.407>.

<sup>23</sup> *Strategy for the development of the financial sector of Ukraine until 2025*; <https://bank.gov.ua/ua/about/develop-strategy> (date of application: 01.05.2022).

groups to financial services, including through digital insurance platforms that offer micro-coverage<sup>24</sup>. Note that microinsurance, according to scientists, is a unique combination of innovation in both underwriting policy and in the policy of finding alternative sales channels<sup>25</sup>. The positive experience of its use confirms the effectiveness of this tool (for example, this is stated in the publication of M. El-Zoghbi and L. Michaels<sup>26</sup>). Fintech-based digital financial services reduce costs by maximizing scale, increase the speed, security and transparency of transactions, and provide more tailored financial services that serve the poor. Widespread introduction of microinsurance is extremely important for Ukraine. This type of insurance protection organization can serve as a means of overcoming distrust in traditional insurance and alienation from insurance of entrepreneurs and the poor, and become a means of improving their insurance culture<sup>27</sup>.

Technology solutions and the availability of the Internet allow us to expand access to a variety of low-cost insurance products. The most popular technological solutions currently used in insurance include: big data, artificial intelligence and machine learning (20%), insurance based on time of use (“pay when you drive”) (13%), telematics (13%), insurance for IoT-spheres (Internet of Things) (12%), robot advisors and chatbots (10%), blockchain (4%), etc.<sup>28</sup>.

The need to create the most comfortable conditions for customers of insurance companies at all stages – from concluding a contract and paying payments to payments and renewal of contracts – requires insurers to further digitize business processes. However, the introduction of digital technologies largely depends on the success in solving problems that hinder the digital trends of the Ukrainian economy as a whole. In particular, experts of the Ukrainian Institute of the Future<sup>29</sup> highlighted a number of institutional, infrastructural, ecosystem and governmental problems of transformation of the Ukrainian economy into digital, which require a radical solution (Fig. 2).

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<sup>24</sup> *Inclusive Fintech 50: Driving Innovation in an Era of Uncertainty*, 2021, December; [https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2021/12/Fintechs-Driving-Recovery-in-a-Digital-Era\\_WEB.pdf](https://content.centerforfinancialinclusion.org/wp-content/uploads/sites/2/2021/12/Fintechs-Driving-Recovery-in-a-Digital-Era_WEB.pdf) (date of application: 15.05.2022).

<sup>25</sup> Baranova O. V., *Discourse issues of micro insurance in Ukraine*, “Finance, accounting and audit”, 2018, 2 (32), p. 43; <https://ir.kneu.edu.ua/handle/2010/34003>.

<sup>26</sup> El-Zoghbi M., Michaels L., *Platforms, Livelihoods, and Inclusive Finance*, Apr 6, 2022; <https://www.centerforfinancialinclusion.org/platforms-livelihoods-and-inclusive-finance> (date of application: 26.05.2022).

<sup>27</sup> Shirinian L., Shirinian A., *Microinsurance in Ukraine: to be or not to be?*, monograph, Cherkasy, 2012, p. 16.

<sup>28</sup> *Technologies: Telematics, BigData, IoT, Artificial Intelligence*; <https://forinsurer.com/theme/77> (date of application: 14.05.2022).

<sup>29</sup> *Ukraine 2030E is a country with a developed digital economy*; <https://strategy.uifu-ture.org/kraina-z-rozvinutoyu-cifrovoyu-ekonomikoyu.html> (date of application: 14.05.2022).

**Fig. 2. Problems that hinder the development of digital trends in Ukraine and the transformation of the Ukrainian economy into digital \***

<b>Institutional</b>	<ul style="list-style-type: none"><li>• Low involvement of government agencies in the implementation of the Concept of Digital Economy and Society.</li><li>• Inconsistency of relevant legislation with global challenges and opportunities.</li><li>• Inconsistency of national, regional, sectoral strategies and development programs with digital opportunities.</li></ul>
<b>Infrastructural</b>	<ul style="list-style-type: none"><li>• Low level of coverage of the country's digital infrastructure.</li><li>• Lack of separate digital infrastructures.</li><li>• Unequal access of citizens to digital technologies and new opportunities.</li></ul>
<b>Ecosystem</b>	<ul style="list-style-type: none"><li>• Weak state policy on incentives for the development of innovative economy.</li><li>• Immature investment capital market.</li><li>• Outdated education system, lack of focus on STEM education, soft skills and entrepreneurial skills, imperfect models of technology transfer.</li><li>• Shortage of qualified personnel for the full development of the digital economy.</li></ul>

\*Source: formed by the authors based on the materials of the Ukrainian Institute of the Future<sup>30</sup>

The future success of the insurance industry towards increasing the level of inclusive development and creating a modern inclusive environment will depend on the available opportunities of insurers and other participants in the insurance market, their willingness to invest and willingness to maintain relationships with customers. Accelerated demand for online transactions and the entry into the consumer insurance market of non-traditional players, encourages insurers to focus on innovative use of their competitiveness. Generating rational ideas and ensuring the maximum pace of their implementation is a source of competitive advantage for insurance companies. Globalization and modern communication technologies create opportunities for the existence and development of successful innovative enterprises and clusters, even despite the gen-

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<sup>30</sup> Ibidem

eral technological backwardness, low purchasing power of consumers and territorial remoteness, through inclusion in international value chains<sup>31</sup>. This will have a positive impact on the development of the vast majority of economic sectors, including insurance.

At the same time, it seems reasonable to think that in order to increase the level of financial inclusion of the state and the insurance business, it is not enough to simply create technical conditions for the use of insurance products and services. It is important to study the real needs of the consumer and focus on meeting them. After all, the main motive for financial inclusion is to ensure free access of all adult members of society to financial services that are personalized according to the needs of each.

## **Conclusions**

Thus, an inclusive environment in the financial sector is a set of conditions that promote the involvement of broad sections of the population in the financial services market through their accessibility to retail consumers and the satisfaction of individual interests. Such an environment creates interest in potential consumers and encourages them to actively use financial products, promotes awareness of the benefits of such activity.

The inclusion of insurance and the environment in which it should be implemented is determined by the ability to insure all categories of potential policyholders against risks through insurance protection mechanisms, as well as the ability of participants in insurance relations to benefit from insurance.

Creating an inclusive environment in the field of insurance involves removing existing barriers and obstacles to obtaining insurance protection for potential consumers of insurance services, creating conditions for their inclusion in insurance relations, and changing the value system of insurance market participants and increasing the level of insurance culture. The implementation of the tasks is based mainly on scientific and technological progress, improving the material and cultural level of all segments of the population and the innovative nature of management work. Science, innovation and new technologies are designed to accelerate the formation of an inclusive environment in the insurance market and contribute to the improvement of qualitative and quantitative economic and social indicators of social development.

Building an effective inclusive insurance market environment and accelerating financial integration are closely linked to the level of digital and financial literacy, awareness of potential consumers of insurance products about the

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<sup>31</sup> *Strategy for the development of innovation in the period up to 2030*;  
<https://zakon.rada.gov.ua/laws/show/526-2019-p#n12> (date of application: 16.05.2022).

possibilities of the insurance industry and their understanding of the practical benefits of insurance. Currently, the indicators of the development of the insurance market of Ukraine indicate that these characteristics are unsatisfactory. Overcoming them requires efforts both on the part of financial market participants, by studying and meeting the real needs of consumers, strengthening the responsibility of insurance companies and other financial institutions to customers for failure to fulfill their obligations and public authorities - primarily through consistent public policy sphere.

Only the consolidation of actions of state bodies, local self-government, educational institutions, public and private organizations will ensure the future success of the insurance industry on the way to increasing the level of inclusive development and the formation of a modern inclusive environment.

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