

## Ukraine

### Banks increasingly winning Ukrainians' favour

**In 2007, Ukrainians began to take a more positive view of banks and their services. Over H2'07, the percentage of respondents who believed it was not the ideal time to deposit their savings in a bank fell (to 33%, from 39% in H1'07). At the same time, we have seen an increase in the percentage of Ukrainians believing that now is a good time to deposit money in a bank or to take out a bank loan. In addition, more people now state a preference for bank loans over loans from friends. These results come from a regular survey of the personal banking services market, performed by GfK Ukraine over 2007.**

In H2'07, one-third of respondents voiced the opinion that the present is not a good time, or even a very bad time, to deposit money in banks. However, compared to H1'07 the percentage of such "pessimists" has dwindled substantially, by almost 6%. Indeed, Ukrainians displayed a more positive attitude towards banks, resulting in a 4.5 p.p. increase in the number – to nearly 21% of respondents – who regard the present time as a good or very good time to make bank deposits. Another 30% were unable to decide whether or not conditions were conducive to bank savings deposits at the time.

Respondents were also asked to give their opinions as to whether or not it is a good idea to take out bank loans at the present time. One-third of the respondents (32%) could not decide whether or not now is a good or bad time to borrow money from a bank. When we compare the results with those of H1'07, we see that the percentage of respondents answering "good" or "very good" increased by almost 4 p.p., up to 26.5%, surpassing the percentage of Ukrainians with a more negative attitude towards acquiring bank loans at present. Moreover, the number of "pessimists" shrank by 5% to 26%, down from the H1'07 result of 31%.

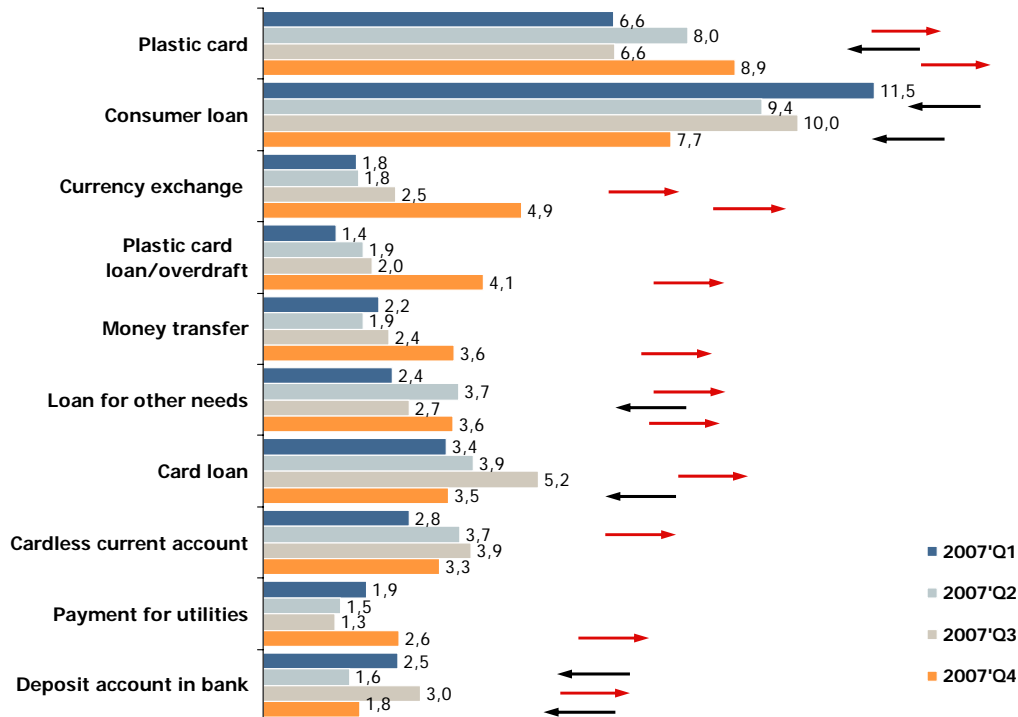
*"In general, Ukrainians have begun to feel better about their financial footing in H2'07, as compared to H1'07", comments GfK Ukraine Senior Researcher Iryna Ippolitova. "Despite a high rate of inflation, H2'07 saw a 4 p.p. decline in the number of people who described their family incomes as below-average, while the number of those who believe their family incomes to be average showed a similar increase. This is a strictly subjective feeling, unrelated to real incomes. This improved financial self-assessment on the part of Ukrainians encourages a more optimistic view of banking services".*

More than half of Ukrainians (54%) still have no opportunity to save, as they spend everything they earn. However, this number has dropped by 6 p.p. compared to the indicator for H1'07. Only 11% of the population make savings deposits every or almost every month.

If the need for one arises, 12% of respondents prefer loans from the bank. While 43% stated they would rather borrow from friends or relatives, this is a 3.5 p.p. decrease from the H1'07 result.

**Chart 1. Intentions of using services**

% of all respondents; N (2007'Q1) =2000, N (2007'Q2) =3000, N (2007'Q3) =3000, N (2007'Q4) =3000



As for the security considerations associated with using the services of banks and other financial institutions, 21% of respondents believe that these are totally safe. Almost the same number of Ukrainians (22%) said they do not trust banks and resort to them as little as possible. However, this latter figure shows a 5 p.p. drop, as compared to the H1' 07 results.

**Reference information**

The goal of the new Financial Market Data Service Research, launched by GfK Ukraine in February 2007, is to obtain regular and timely information on the status of the banking, insurance and telecommunication services markets of for individual clients.

The banking services market is reviewed with the help of the single licensed methodology FMDS (Financial Market Data Service) Personal. This methodology is employed by all GfK Group companies in Central and Eastern Europe.

We drew our conclusions based on population survey data from the last 11 months of 2007 (February through December).

The monthly sample is 1000 respondents. The sample is representative of the population of Ukraine over 16, by gender, age, region of residence and size of settlement. The survey was carried out using the F2F method.

In 2003-2006, GfK Ukraine conducted regular research on the personal banking services market. As part of this research, members of the population aged 18 and over and living in big cities (50K+ population) were interviewed.



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