

**FETDE 2020**  
**International Conference on Finance, Entrepreneurship and Technologies in**  
**Digital Economy**

**ASSESSING THE POPULATION PROPENSITY TO CONSUME**  
**AND SAVE IN RUSSIA**

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**Abstract**

The article presents the results of research on the quality and relevance of financial services, as well as the financial portfolio of clients. The object of the study is the population of the Russian Federation, which are consumers of investment banking products. The article gives a characteristic of the banking services market in the structure of the consumer market, which develops within the framework of the general laws of the market economy, but at the same time has a number of specific features related to meeting the needs of the individual and the growth of its financial capabilities. The bank's retail services and consumer lending services have been analyzed. It is emphasized that these services expand the boundaries of the consumer market, allow receiving the services of medical, educational institutions, transport and communications services of a completely new, higher quality. It is shown that a weak level of investment activity affects the formation of the financial and resource base of the investment process. This leads to difficulties in forming the resource base of commercial banks, increasing the dependence of the domestic stock market on foreign capital, and the lack of sustainable long-term sources of financing for the Russian economy. On the basis of the study some practical recommendations regarding the population's propensity to consume, save and use have been formulated.

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*Keywords:* Financial service, quality of financial services, demand for financial services, assessment of financial services, financial behavior, consumer behavior, savings behavior



## 1. Introduction

The relevance of the topic lies in the fact that modern trends in the development of financial markets, the development of socio-economic development programs in the country in the long run determined the need for research on the functioning of the financial services market, its impact on the financial stability of commercial structures. Financial services set in motion the financial resources necessary for the normal functioning of reproduction processes. In this regard, the search for new approaches to managing financial flows in the context of the integration of financial structures, involving a wide circle of economic entities and the population in the free savings turnover is an important national economic task. In the course of changes in the society and economy, there is a need to develop new approaches to the development strategy of the financial services market. The role of financial institutions providing services for organizing the movement of financial resources is growing. Own infrastructure elements providing financial services were formed, which influenced on the country's economy, striving to create a competitive market of financial services and investment products in the markets of other countries.

Financial behavior can be defined as any human behavior that is related to money management. Many financial education programs seek to increase savings and reduce debt, which are the result of positive financial behavior. Domestic economic behavior is one of the key factors affecting the country's economic development. The interconnected consumer and savings behavior of households affects domestic and foreign demand for goods and services, determines the level of investment demand, provides the banking system with financial resources through deposits and stimulates business activity (Angulo-Ruiz & Pergelova, 2015).

Households appear to be one of the main business entities whose behavior is influenced by both objective and subjective factors. Objective factors include disposable income, inflation and employment, the pension system and the level of development of the banking sector. Subjective factors will include mentality, religious, family, cultural traditions and customs.

Socio-economic categories of finance essence, including investment, are considered by us as an investment of certain values that appear in various areas of the economic activity of society when achieving a social and economic effect. Investment behavior is a symbiosis of the consumer and the intermediary, which is expressed by the organization that provides financial services. The consumer is presented in the form of practical actions of individuals and legal entities and the state, with the aim of making a profit.

## 2. Objects and methods of research

The theoretical basis of the research was a comparative analysis of domestic and foreign scientific practices characterizing the assessment of the quality of the population's demand for consumption and saving in Russia and the Central Federal District in the context of the formation of the Russian savings and consumer space. The methodological base was made by the methods of system and factor analysis, grouping method, analytical method, content analysis, online questionnaire survey, in-depth interview (Polanyi, 2002).

### 3. Results and discussion

Consumer, savings and investment behavior of households is closely interlinked. Household savings are part of household disposable income that remains after consumption. Thus, a high share of consumption expenditures in disposable income leads to a low share of savings, and vice versa. Given the long-term consumption and savings, in fact, the savings should be “deferred” consumption or future periods. Such an approach to savings and consumption is contained in the concept of I. Fisher's intertemporal choice (Zotova & Davydenko, 2012). The main trends in the saving behavior of households in Russia are associated with a decrease in the share of savings in disposable income. For most countries, social capital tends to decrease due to the transition to a new type of household, so the socio-economic policy of the Russian authorities should be aimed at improving their economic activity.

A perspective way to solve the problem can be the savings of the population as one of the possible significant sources of investment resources for effective restructuring and recovery of the domestic economy.

In our study, the general population is the community of all adult residents (aged from 18 and older) living in the Central Federal District of the Russian Federation, the following regions: Belgorod Region, Bryansk Region, Vladimir Region. Voronezh region, Ivanovo region, Kaluga region, Kostroma region, Kursk region, Lipetsk region, Moscow region, Oryol region, Ryazan region, Smolensk region, Tambov region, Tver region, Tula region, Yaroslavl region, Moscow. The study was conducted from December 2018 to May 2019.

The study used a probabilistic method of sampling, a method of collecting information - an online panel.

Priority was given to respondents from the Central Federal District; in this study, the percentage of men is 48%, the percentage of women is 52%. The age categories that were affected to a greater extent - 23-25, 26-35, 36-45, 46-55, 56-65, 65 and older.

More than half of the respondents have higher education (48%), and also work as managers at enterprises and specialists, some of them are employees, pensioners and workers.

Those who are single/not married and those who are married are 57% and 43% respectively. The financial situation of almost half of the respondents allows for the purchase of clothing and food, but the purchase of household appliances and furniture is difficult (48%).

Among respondents, bank deposits (57%), real estate (29%), foreign currency (24%) and the currency of the Russian Federation, stored at home in the form of banknotes (24%), are very popular. Precious metals (10%), savings insurance (5%) and voluntary pension insurance (5%) are less attractive. Respondents do not use metal accounts and securities for a given period of time as forms of savings. 33% do not have savings and accumulation at the moment (FOM: Products and goods: savings items, 2019).

The forms of savings that respondents would like to use primarily in the future are bank deposits (67%), real estate (33%), securities (14%) and the currency of the Russian Federation, stored at home in cash (14%). The forms of savings that people want to use to a lesser extent are precious metals (10%), foreign currency (10%), metal accounts (5%), as well as voluntary pension insurance (5%). It should be

noted that no one noted the option of savings insurance, and some are not going to make savings and accumulation (24%) (Romir: "Free money" grew one and a half times, 2019).

At the moment, a significant part of the respondents spend about 20,000 rubles (19%) and 30,000 rubles (14%) for savings. Some people send only 1,000 rubles (10%) or 10,000 (10%), there are also respondents who save about 40,000 rubles (5%) and save on the residual basis (5%). The percentage of people who do not make savings is 38%.

A significant part of the respondents is ready to continue to direct about 20,000 rubles (10%) and 30,000 rubles (14%) for savings. Some are willing to send 500 rubles (5%), 1000 rubles (5%), 10,000 (5%) or 15,000 (5%), there are also respondents who want to save about 30,000-40000 rubles (5%) and 40,000-45,000 rubles (5%) and save on the residual basis (5%). The percentage of people who are not going to make savings is 43% (GfK: Consumer Mood Index in Russia, 2018).

It is worth noting that one of the main goals of the respondents for the achievement of which they make savings is unforeseen situations (67%) and for the purchase of expensive items whose value exceeds the available amount of cash available at the moment (43%). Also, 14% make savings for the sake of savings, and 10% make them to maintain the usual standard of living, for the need to fulfill certain obligations in the future and because of the rapid growth of income with a continuing level of needs, 5% make savings, while increasing income over expenses. 38% do not make savings and accumulation. Also, the purpose of the respondents is not to make savings that serve to generate income. (GfK: Russian Consumer 2018-2019, 2019).

The most useful forms of saving and accumulation for the purpose of saving respondents consider bank deposits (62%) and real estate (57%). Next comes the foreign currency (33%) and the currency of the Russian Federation, stored at home in cash (24%), also the respondents find it difficult to evaluate or consider the following forms for saving purposes as less useful - metal accounts, savings insurance, voluntary pension insurance, valuable paper, precious metals (VTsIOM, Consumer Confidence Index, 2017).

Most believe that financial institutions have a convenient location for them, you can easily resolve issues online through an application or Internet banking, have a convenient work schedule, and a significant part are satisfied with the quality of the services they provide, half of those surveyed agree that banks provide a clear and understandable information about the products and services provided, as well as easy to find and compare with offers from other banks. The statement about the range of financial services caused a slight dissonance among the respondents, since a significant part found it difficult to answer (Angulo-Ruiz & Pergelova, 2015).

The economic behavior of households is formed under the influence of a complex system of interrelated factors that are affected by the macroeconomic situation and world conditions. As the economic system of each country develops historically, the trend in the economic behavior of households reflects the specifics of development, national characteristics of the formation and functioning of the country in close connection with its integration into the global economy.

In countries with a stable market economy, investment-saving behavior of the population plays a special role, since savings are a valuable resource for economic development, an internal source of lending to the economy, the basis of the potential for domestic investment, which is a source of free cash that is

resistant to fluctuations in the global capital market. In Russia, the mechanisms that would allow the effective implementation of these processes have not been finalized, not to mention the incentives that encourage the population to make their choice in favor of saving and subsequent investment, rather than consuming durable goods (Rozmainsky, 2003; VTsIOM, Consumer Plan-2019, 2019).

A problematic situation arose between financial institutions, with an insufficiently perfect and optimally organized mechanism for the provision of financial services, leading to complications in increasing the level of investment and savings activity of the population. In addition, difficulties arise in the formation of the resource base of commercial banks, the intensification of dependence on the capital of foreign partners and the lack of long-term sources financed by the country's economy. In the course of this, the percentage of illiteracy and ignorance of the population in obtaining financial services increases. As a result, there is a weak level of investment and savings behavior, expressed by passive storage of funds “under the pillow or in a glass jar”, limiting the investment potential of savings and dulling the working capital mechanisms in the country.

#### **4. Conclusion**

Based on the research data, practical recommendations regarding the population's propensity to consume, save and use were formulated:

- expand and constantly improve the range of services and products offered to customers that meet market trends (VTsIOM, Consumer Plan-2019, 2019);
- develop marketing activities, increase recognition and accessibility of the Bank's brand for various target audiences in all market segments in which the Bank is represented;
- attract highly qualified specialists to successfully implement the Bank's strategy;
- increase the financial literacy of the population, starting with secondary specialized educational institutions.

The banking behavior of the Russian is now very different from what it was, say, in the pre-crisis period. Many banks have closed or merged to increase the resource base. People prefer popular national banks that enjoy wide brand recognition due to their huge marketing budgets (Tversky & Kahneman, 1991).

A bank in any region may be the closest financial institution, and it may have the best rates for your deposit accounts, but if your competitors are in the top positions in Google and Yandex search results, then you miss new customers, and their popularity also says about demand.

Local SEO (search engine optimization) is the key to maximizing the visibility and transparency of offers and systems on the Internet for each branch. Many elements play a role in creating an integrated local SEO strategy, but here are some important strategies you can use to attract your potential customers:

Using these local SEO strategies will also increase the likelihood that potential customers will be able to find you through Google search queries and business review sites. After your visitor has visited your site or visited one of your affiliates, it's time to present an attractive offer for a new service.

This strategy is usually useful to increase your visibility and transparency of your system and offers on the Internet for a local audience, and will bring long-term results.

In 2019, it became the norm for potential customers to contact the search engine to research a product or service before they make a decision. Even most people who decide to open a bank account first collect

information on the Internet. Through the use of strategies such as pay-per-click advertising (PPC), using tools such as Google Ads, even regional banks will be able to overtake their popular competitors and occupy a prominent position on the first pages of search results. Paid search campaigns are so effective that they can target a specific audience according to the exact phrases they search on Google. This is achieved using targeted keyword groups, specific advertising content, geo-targeting, and many other options.

Platforms for social networks offer powerful targeting tools that allow you to deliver highly focused advertising to a specific audience, taking into account its interests and lifestyle. Combine this with the full understanding of your audience, and you can create ads on social networks that attract highly qualified traffic to your site. For example, advertising can be delivered to business owners or to managers of a certain age group within 15 kilometers of your bank's location.

Consequently, the phased implementation of the above strategies will help to significantly improve the situation with a lack of financial resources to increase investment activity and encourage citizens to invest their savings, rather than store them in "jars with cereals".

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