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THE IMPACT OF FINTECH ON FINANCIAL MARKET DISINTERMEDIATION

The development of the financial market is influenced by many factors, among which the development of modern financial technologies plays a significant role. It is fintech innovations that accelerate the change in traditional approaches to the provision of financial services, increasing their accessibility, efficiency and diversity through the widespread introduction of digital solutions and alternative digital products.

The virtualisation of digital technologies and significant progress in information and communication mechanisms have stimulated the emergence of new instruments in the global financial market. In particular, neobanking, cryptocurrencies, crowdfunding, mobile applications, automated trading control systems on stock and currency exchanges, and many other online services have not only contributed to the development of financial inclusion in Ukraine, but also ensured a paradigm shift in the functioning of traditional financial intermediation institutions.

Currently, the global trend towards disintermediation of the financial market poses a particular challenge for scholars and practitioners. The conducted etymological analysis allows us to distinguish the definition of the domestic scientist B. Stetsenko as the most complete interpretation [1, p. 112]. The author notes that disintermediation is the process of excluding financial intermediaries (brokers, banks) from transactions between borrowers and lenders or buyers and sellers in financial markets, which allows reducing costs for all participants by saving on commission payments and other fees. In turn, researcher Blahun I. I. notes that disintermediation is a consequence of the development of new information and financial technologies, as well as deregulation of financial markets [2].

A striking example of the financial market's move towards disintermediation is the loss of commercial banks' dominant role as financial intermediaries, which is occurring against the backdrop of revolutionary changes in the lending market through P2P (peer-to-peer) and P2B (peer-to-business) platforms. Unlike traditional banks, these platforms do not invest in loans or take deposits, but instead use the internet to connect borrowers and lenders directly, using algorithms and machine learning to rank loan applications and assess credit risks. In this way, the platform is only an agent between entities in the financial services market. This role eliminates the need to comply with banking legislation on provisioning, which reduces the cost of financial services for consumers.

In addition, fintech disintermediation is increasingly transforming the country's insurance market [3]. Technological innovations and digitalisation of processes in the insurance sector are an important element of the competitive advantage of insurance companies and serve to create new business models that better meet the needs and expectations of customers. In particular, automatic insurance contracting, risk assessment, loss reporting, real-time claims processing, digital loss forecasting, self-service and electronic payments are increasingly being carried out through chatbots, social media, mobile applications and AI-enabled programs.

Therefore, summarising the above material, we can identify the following pattern: fintech innovations not only contribute to the elimination of the institution of classical intermediation between financial relations, but also form the preconditions for reengineering business processes based on the principles of financial market disintermediation [4].

At the same time, it is worth noting that the assessment of the prospects for further abandonment of intermediaries in the financial sector has both positive and negative aspects for various financial market participants. On the one hand, simplifying the organisational chain and reducing bureaucratic obstacles in the provision of financial services are obviously beneficial for the broader consumer segment. This helps to increase financial inclusion in the country, scales up the coverage of different segments of the population with financial products, and ensures the development of financial literacy. In addition, disintermediation stimulates competition and innovation, as new market players create innovative products and services to attract customers.

Expected negative effects of disintermediation that could jeopardize further market progress include: increased risks of cybersecurity and manipulation in the financial sector as the number and variety of financial transactions increase. The loss of market positions by classical financial institutions under the pressure of growing competition from fintech companies will lead to a reduction in the number of jobs in traditional financial sectors, which may create both social and economic challenges. These trends should be taken into account when implementing state regulation of disintermediation and optimising the strategy for the development of the domestic financial market as the basis for the country's financial stability and independence.

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