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INTERRELATION OF THE CONCEPTS OF FINANCIAL WELL-BEING, FINANCIAL INCLUSION AND FINANCIAL SECURITY IN THE DIGITAL ECONOMY

ВЗАЄМОЗВ'ЯЗОК ПОНЯТЬ "ФІНАНСОВИЙ ДОБРОБУТ", "ФІНАНСОВА ІНЛЮЗІЯ" ТА "ФІНАНСОВА БЕЗПЕКА" В ЦИФРОВІЙ ЕКОНОМІЦІ

The digitalization of the modern world in general, and social relations in particular, is becoming more and more impressive with each turn of its development. This process is especially striking in the financial and economic spheres. The opportunities provided to humanity by the development of digital technologies in the financial sphere today are both a source of financial well-being and a source of threats to the financial security of the population, business entities, and the state. Therefore, it is important to deepen the understanding of the interrelationship between such concepts as financial well-being, financial inclusion, and financial security in the context of the rapid digitalization of the economy.

The financial literature provides a variety of approaches to the interpretation of these concepts. At the same time, the analysis allows us to identify a number of interdependent features and formulate a generalized vision of their relationship.

The concept of "financial well-being" is usually considered in a narrow and broad sense. In particular, about ten to fifteen years ago, both in scientific circles and in the public consciousness, a subjective approach to the selection of criteria for measuring and assessing financial well-being prevailed. In general, this concept was interpreted as an understanding of the level of financial satisfaction of the subject, which, among other aspects, included his or her financial security and freedom of choice both in the present and in the future [1].

In recent years, primarily due to institutionalism, significant emphasis has been placed on a broader understanding of financial well-being and its multifactorial nature. In particular, according to the institutional approach "policies to improve financial well-being should focus on financial market structures and supporting institutions, rather than narrowly target individuals' financial literacy or financial inclusion" [2].

Accordingly, although the concept of financial well-being is largely subjective by nature, the issue of achieving it at the global level is becoming increasingly important. This is evidenced by the setting of such Sustainable Development Goals as "Goal 1: End poverty in all its forms everywhere", "Goal 3: Ensure healthy lives and promote well-being for all at all ages", "Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", "Goal 10: Reduce inequality within and among countries", and "Goal 16: Promote just, peaceful and inclusive societies".

Today, financial inclusion means that individuals and businesses have access 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 [3]. Importantly, financial inclusion has been identified as an enabler for 7 of the 17 Sustainable Development Goals. The World Bank Group considers financial inclusion a key enabler to reduce extreme poverty and boost shared prosperity [3].

One of the modern drivers of financial inclusion is the development of digital technologies in the financial area (especially those based on artificial intelligence) and, accordingly, the emergence of new financial technologies (mobile banking, digital banking, open banking, crowdfunding, peer-to-peer lending platforms, digital insurance (Insurtech), decentralized financial technologies (DeFi) based on the blockchain, etc.).

Recent research findings indicate that there is a positive and significant effect of financial inclusion and digital technology on country economic growth. In addition, digital technology plays a role in complementing the effects of financial inclusion on economic growth, implying that consolidation efforts should take place in improving financial ecosystems via digital technology infrastructure [4].

However, while on the one hand, new financial technologies enhance the prospects for financial inclusion, on the other hand, they create conditions of uncertainty, pose challenges, and carry certain risks that may at some point in time be a threat to the financial security of a particular security object or their aggregate. In our opinion, two key aspects should be highlighted in this context: technological and behavioral. Regarding the first, it should be noted that the rapid development of the "smart things" movement and artificial intelligence has led to the emergence of complex cyber threats that traditional methods are unable to counter. The issue of cyber threats is particularly acute in the financial technology sector, where services are supposed to be provided to customers 24/7 [5].

As for the second aspect, it is important to understand that access to certain financial technologies by less secure and / or less financially literate populations may lead to different levels of financial and economic consequences. Concerns related to the use of financial advisors developed on the basis of artificial intelligence technology by the population without an appropriate level of financial literacy should also be included. That is why it is crucial to increase the overall level of digital financial literacy, which combines the skills necessary to navigate financial services with the skills of using digital technologies. Similar to digital literacy and financial literacy, digital financial literacy is a multi-dimensional concept, which includes: knowledge of digital financial products and services; awareness of digital financial risks; digital financial risk control; knowledge of consumer rights and redress procedures [6]. Given this, in our view, digital financial literacy is a cross-cutting condition for financial well-being and financial security when expanding users' access to financial services, including those based on modern technologies.

In general, the specifics of the relationship between the concepts of financial well-being, financial inclusion, and financial security in the context of the dynamic development of the digital economy are presented as shown in Figure 1.

Summarizing the above, it is important to emphasize that modern digital technologies and financial innovations contribute to enhancing financial inclusion by providing access to financial services and improving their quality for the general population, including those who, for various reasons, have not been able to use financial services through traditional channels. With an appropriate level of digital financial literacy, this will have a positive impact on overall financial well-being. Otherwise, the threat to the financial security of the population, business entities, and the state will only increase in the face of the rapid development of digital technologies.

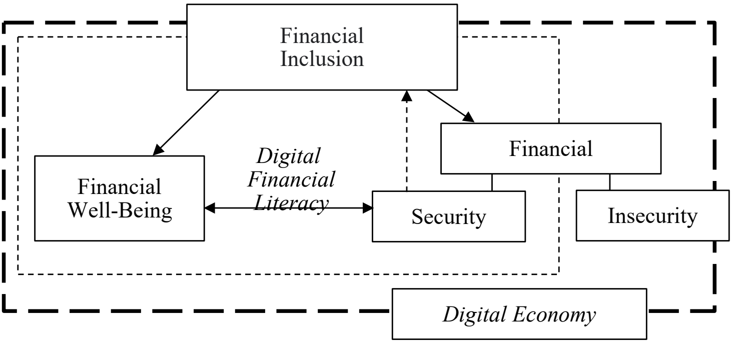

Figure 1. Graphical illustration of the relationship between financial well-being, financial inclusion and financial security in the digital economy

Source: by the author

Promising areas for further research include analyzing the mutual influence of the phenomena under study on the basis of empirical data from certain population groups and / or certain groups of countries (for example: by level of economic development, by level of development of the financial technology market, etc.).

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