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DIGITALIZATION OF THE FINANCIAL SYSTEM OF UKRAINE

ДІДЖИТАЛІЗАЦІЯ ФІНАНСОВОЇ СИСТЕМИ УКРАЇНИ

The rapid development of digital technologies in the world is increasing its pace, which is manifested in the spread of digitization processes in many spheres of society. In the financial market, operations are carried out using various mechanisms of financial technologies, a special place among which is given to cryptocurrency and blockchain, which by their nature replace funds and bank accounts, respectively, and thereby virtualize the process of managing financial flows.

A significant feature of the modern development of the financial market is the widespread introduction of financial technologies, which contributed to the development of the appropriate category apparatus, in which one of the most popular is the term "FinTech", which is considered among scientists in various aspects: FinTech innovations, FinTech services, FinTech business model, FinTech industry and FinTech technology. This multifaceted concept of "FinTech" has led to significant differences in the definition of this category in the scientific literature. But one of the most common approaches is FinTech as innovation, which is the closest to the concept of "financial innovation". FinTech innovations are always technological innovations, while unlike them, financial innovations are not always related to the adaptation of certain information technologies to the financial market. The technological innovations that ensured the development of FinTech are: distributed access technologies (blockchain), artificial intelligence, big data analytics (Big Data), application programming interfaces, cloud technologies, biometrics, and others [2].

The reality of rapid transformation in the economy has recognized digitalization as a business need, because it provides an opportunity to work with the help of cloud services [1, p. 34]. Providers of innovations offer to satisfy the need for speed of change of services at the expense of cloud platforms, which will help to speed up the development of necessary programs, input of data, and will help to increase the possibilities of analytics. They create nads other applications, as well as facilitate the processes of managing the features important to the user without problems from the main structure and security. Fast installation without loss of time and accessibility for the consumer are important in the implementation of the digitalization process.

The benefits of digitization are the rapid growth (exponential, not linear) of innovation, which helps to improve efficiency, increase productivity and reduce costs; rapid growth (unparalleled) of information volumes and the possibility of using them for new technologies; artificial intelligence is the reality of our time – Chat GPT and others.

Along with the above advantages, the digitalization of the financial market has a number of disadvantages, in particular: the insufficient level of legal regulation due to the use of

FinTech by companies with business models different from traditional institutions; spontaneity of decision-making by consumers of online services; limited access due to a certain level of skills and the availability of gadgets among users for online operations [5, p. 207]; Internet addiction.

In Ukraine, the starting point for the development of the implementation of digital technologies on the financial market is the large-scale step-by-step plan developed by the National Bank of Ukraine (NBU) – the Strategy for the Development of Fintech in Ukraine until 2025, which is the first high-level document that describes the principles and elements of a stable fintech ecosystem, details the most important directions and delves into ecosystem development indicators in detail. An important strategic direction of the Strategy is the development of the financial technology market and digitalization of the economy [6].

The development of digital technologies contributes to the emergence of certain potential risks that affect the efficiency of the functioning of the financial market. These risks include: market risk, which implies negative consequences from a significant change in the market situation; cyber risk arising from the specifics of the financial technology environment; technological risk, which implies a violation of the uninterrupted provision of services due to failures or errors in the operation of the service; legal risks related to insufficient protection of consumer rights [4, p. 64].

For Ukraine today, an important task is to ensure the effective functioning of modern digital technologies in the financial market, as objectively the most important part of the competitiveness of the financial system of Ukraine. To implement this task, it is advisable to implement coordinated measures, in particular:

1. Adherence to a balanced approach in the field of state regulation of the financial technology market. On the one hand, the task of the state is to create a favorable environment for the development of innovations, on the other – to control and minimize the risks associated with the functioning of the fintech market.

2. Introduction of open banking through the approval of the standards of the European directive PSD2 in Ukraine. Open banking involves "uniting" different banks and platforms into a single system and providing access to user data from different "points". The National Bank of Ukraine has already developed the concept and initiated the implementation of the standard at the legislative level. The main advantage of this initiative is that open banking is an incentive for competition.

3. Facilitating the process of cooperation between banks and fintech companies based on the involvement of fintech companies in outsourcing. They will help implement projects that require speed and flexibility. This trend also stimulates investments in startups by banks.

4. Increasing the level of financial literacy of the population, which is based on the simplicity and accessibility of information presentation, ergonomic and design solutions, the implementation of artificial intelligence elements, the development of robotic consulting and machine learning in the financial sphere.

5. Formation of personnel potential, which involves ensuring in the future access to specialists who possess key competencies for the fintech industry, creation of an attractive education system, as well as the implementation of a favorable immigration policy.

An important point in the development of financial technologies is the active participation of the National Bank of Ukraine, which not only fulfills the role of a mega-regulator, but also acts as an initiator and platform for the development of fintech projects.

Therefore, digitalization of the financial market opens up many opportunities for the effective functioning and development of the country's financial system: it contributes to the minimization of shadow flows of capital outside the budget, which increases trust in Ukraine on the part of financial partners; increasing the transparency and accountability of the use of funds; limiting corruption, tax evasion and facilitating the interaction of citizens with local and state authorities. In general, digitalization of the financial system is expected improving

the provision of services in the field of health care and education, promoting social integration and communication, ensuring satisfaction of the needs and interests of citizens.

The study and scientific analysis of the theoretical foundations of the digital transformation of the financial system makes it possible to conclude that the main theoretical prerequisites for the active implementation of digital technologies in the financial system have been created in Ukraine. But the war formed new paradigms of development, and now the processes of digital transformation are intensifying in Ukraine, which leads to the search for non-traditional forms of innovative development and the need to introduce modern information systems and digital technologies. An important task is the development of appropriate tools, as well as complex and coordinated approaches to the implementation of digital technologies.

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