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**ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ РОЗВИТКУ
ФІНАНСОВО-КРЕДИТНОЇ СИСТЕМИ УКРАЇНИ**

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References

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INNOVATIVE DIGITAL APPLICATIONS IN FINANCIAL SECTOR

We must admit that digital transformation has influenced the development of new financial innovations. Undoubtedly, it is rapidly changing the operation way of financial market by innovative financial technology, or Fintech, that is being used “as a variety of innovative business models and emerging technologies that have the potential to transform the financial services industry” [2].

Nowadays, there are more and more companies that offer financial services for banking and non-banking financial institutions and create strong competition with traditional financial intermediaries.

We would like to point out that application of innovative technologies in sectors of financial activity could be classified into eight different categories: payments, planning, lending and funding, trading and investment, insurance, cybersecurity, operations and communications [3]. We would like to consider them in detail.

1. Payments.

Innovative payments are classified into online and mobile payments. Online payments include online banking, internet banking, E-banking, web-banking, electronic commerce (e.g. Amazon) and payment services (e.g. PayPal, Stripe, Braintree). Mobile payments are represented by mobile money transactions and mobile wallets with cards linked to mobile phones (e.g. Google Pay, Apple Pay, Android Pay). These innovative payments make the process of using banking services easier than it has been before. In addition, mobile payment applications are used for insurance, where registration and insurance payments can be performed. Moreover, new business models cannot exist without digital transactions as cross-border payments or peer-to-peer currency exchange platform. Innovative payments applications also use Distributed Ledger Technology (DLT), which is based on blockchain technology. The technology transfers payments using cryptocurrency, which can be managed with digital wallets stored on a smart phone.

2. Planning.

The expansion of digital applications and platforms provide a great opportunity for consumers to obtain trainings or learning courses of managing and keep-tracking of their finances, financial planning, comparison of financial product (e.g. insurance products, mortgages, and investment/savings products) and consumer support, whereby chatbots can interactively answer questions that consumers may have about their product or service.

3. Lending and funding.

New business models for lending and funding help to make credit accessible, particularly through peer-to-peer platforms. These peer-to-peer platforms can perform within several different models (e.g. donation and reward-based platforms, loan-based platforms, equity-based platforms).

4. Trading and investment.

Application of digital technologies has also optimized trading and investment through efficient ways, such as, directs trading or investment platforms and distinct business models. For instance, crowdfunding is a kind of "digital" financial market

business model that can attract investors' financial resources to implement various ideas and projects. The service is mainly provided through a special Internet portal where the user creates a project financing application.

5. Insurance.

Applications of digital platforms and new technologies have created new insurance ways in access and distribution through smart phones and peer-to-peer insurance platforms. Digital technologies have improved policies and have increased precision and efficiency in underwriting. For example, insurance contracts can be issued for very short periods of time (specific car trips or for short-term home rentals). As for health area, facial recognition technology is able to evaluate the health condition of person for the underwriting of life insurance. The similar situation with auto insurance, computer in cars can film or determine necessary information about driver's condition and behavior on the road.

6. Cybersecurity.

Nowadays, cybersecurity of digital financial services could be under risk without specific innovative protection systems. For instance, biometric technology protects the financial data through identity verification and authentication and reduced falsified transactions.

7. Operations.

Routine processes of financial activities for specific institutions can be optimized by digital applications. Such applications help to raise the effectiveness through reducing overheads costs or facilitating regulatory reporting requirements.

8. Communication.

Digital transformation assists the financial services in communication with clients. Consumers have possibility to receive respond immediately or help with claim of chatbots or virtual advisors. On other hand, financial services place advertisements or reminders messages about useful information concerning bills or funding offers.

To conclude, we'd like to point out, that digital development of the financial sector is caused by the influence of external factors and current trends in all over the

world. Ukraine, as developing country, seeks to be up-to-date and do not lag behind the leading trends in the world economic and technological development. Thereby, the Cabinet of Ministers of Ukraine adopted “The Development Concept of the Digital Economy and Society of Ukraine for 2018-2020” [1]. The further success will depend on the effective implementation of the basic provisions of this concept. However, the further development of the financial sector is impossible without applying innovative digital applications and business models that adjust significantly the functioning and improve infrastructure.

References

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