DRIVERS FOR FINTECH MARKET DEVELOPMENT

Associate Professor **Bozhenko V.V.,**
Student **Pihul Ye.I.**
Sumy State University, Ukraine

Today, financial institutions have lost their monopoly on traditional financial services (payments and remittances, investment, lending, insurance, etc.), and the level of bank margins has decreased. To strengthen the competitive position in the market and create conditions for long-term growth for financial institutions it is extremely important to move to a new business model, which involves the active introduction of new information technologies in financial services, financial transaction analysis, information storage and more. Marsh & McLennan companies (2019) established that by 2030 the market of banking services will save more than 1 trillion US dollars through the introduction of artificial intelligence and machine learning technologies, which is about 22% of the banks' costs.

The main drivers of Fintech market development are:

– strong development of electronic computers, mobile devices allow to increase processing speed and get instant access to financial services. Thus, in 2019 there were about 5.2 billion mobile users in the world, covering 67% of the world's population, while in 2015 - 4.66 billion, in 2010 - 3.219 billion people (GSM Association, 2020).

– increase investment in the development of fintech innovations. During 2018-2020, the average annual volume of global investment in the fintech sector was 140 billion US dollars, for comparison in 2017 - 59.2 billion US dollars, and in 2012 - 4 billion US dollars.

– growth of e-commerce, which requires non-cash payments for trade transactions.

– introduction of customer-oriented service and financial inclusion improvement.

– increase the number of social network users who accumulate a significant amount of personal information, which is then used to assess consumer preferences, as well as serve as an effective channel for promoting innovative financial products. According to Emerketer, the penetration rate of social networks in the world in 2020 was 41.9% of the total population or 3.23 billion users. For comparison: in 2017 - 2.3 billion users or 31.2%, in 2013 - 1.6 billion users or 22.8%.

– liberal and stimulating policy of financial regulators in different countries around the world in the sphere of innovative financial technologies by establishing communication between financial companies and regulators, improving the payment infrastructure, establishing a preferential tax regime, legalization of cryptocurrency settlements, etc.

The main advanced technologies are artificial intelligence, blockchain, Big Data, cloud technologies, Internet of Things, automation of robotic processes, biometric technologies, virtual reality technologies and more.

One of the key threats to digitalization is the increase in the frequency and scale of cyber fraud, which has negative consequences for the stable operation of financial service providers and their consumers, namely: loss of information, lack of access to it, unauthorized interference in corporate information systems, dissemination of personal financial information. customers, etc. In addition, the fraudulent actions of cybercriminals result in reputational losses to financial institutions and a decline in public confidence in the security and reliability of financial transactions involving both a particular financial institution and the financial system. For example, during the COVID-19, the number of cyber frauds among FinTech companies increased by an average of 17% (World Bank Group, 2020).

Thus, the growing number of mobile device users, the spread of Internet penetration, the rapid growth of e-commerce, as well as the global pandemic have led to increased demand for digital financial products. Under these conditions, the active participation of the state in the development of digital technologies in the financial market is one of the main factors in the development of the digital economy. The effective and safe development and functioning of the digital financial space requires the implementation of coordinated measures at the level of all its participants, which will maintain the stability of the financial system and protect consumer rights, and promote the development and implementation of digital innovation.

References

1. Marsh & McLennan companies (2019). Artificial intelligence applications in financial services. URL: https://www.oliverwyman. com/content/dam/oliver-wyman/v2/publications/ 2019/dec/ai-app-in-fs.pdf
2. GSM Association (2020). The Mobile Economy. URL: https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/03/ GSMA_MobileEconomy2020_Global.pdf
3. Emarketer (2020). Global Social Network Users URL: https://www.emarketer.com/content/global-social-network-users-2020
4. World Bank Group and the University of Cambridge (2020). The Global Covid-19 FinTech Regulatory Rapid Assessment Report URL: https://www.jbs.cam.ac.uk/wp-content/uploads/2020/10/2020-ccaf-report-fintech-regulatory-rapid-assessment.pdf