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FINTECH INNOVATIONS IN FINANCIAL INCLUSION OF HOUSEHOLDS

In scientific research, the development of FinTech innovations is often associated with increased levels of financial inclusion for businesses and households. Financial inclusion is the involvement of individuals and legal entities to use a variety of financial services. A common problem of traditional financial intermediaries and financial systems as a whole is that certain categories of individuals do not have access to financial services or can only use a limited list of them for various reasons. These include small and medium-sized businesses, as well as start-ups that have no credit history. For these groups of entities, financial exclusion is manifested primarily by the inability to obtain credit on acceptable terms.

For households, the problem of low financial inclusion is much more widespread. Some categories of the population are generally excluded from the financial system and do not even have an account with a bank or other financial institution, especially they do not have access to savings, credit, insurance, etc. Most often excluded from the financial system are people living in rural areas, where there are no branches of financial institutions, and the poorest sections of the population for whom financial services are inaccessible because of their high cost [1].

FinTech makes it possible to solve a whole range of problems related to financial inclusion much faster and more efficiently than traditional financial intermediaries. In particular, technological solutions in the financial sector reduce operational costs and make financial services more accessible to low-income categories, while providing digital services eliminates the need for the physical presence of a financial intermediary and facilitates the financial inclusion of people in remote and rural areas. In addition, compared to traditional financial services, as well as microinsurance and microfinance services, FinTech provides a better personalization of services for the needs of a specific individuals or households.

FinTech innovations allow smartphones and other gadgets to be used to access digital financial products and cover a wide variety of financial services in the areas of

payments and transfers, savings, investment and credit, personal finance planning, financial consulting, insurance and other services [4].

The effectiveness of FinTech innovations in increasing of financial inclusion of households is confirmed by actual data: for the period 2011-2014, the proportion of the world's population who do not have an account at a financial institution, decreased by 28% from 2.5 billion to 1.7 billion adults [3].

However, even given the effectiveness of FinTech in addressing financial inclusion, the problem of excluding certain categories of population from the financial market remains relevant. In particular, gender gap is significant in the use of financial services, which is not solved by FinTech innovations. Studies show that in many low- and middle-income countries, the proportion of men who own mobile phones is significantly higher than the proportion of women. Moreover, even if women own mobile phones in these countries, they are less likely to use them to connect to the Internet and to obtain financial services [3].

Another problem of using FinTech to enhance financial inclusion is the mistrustful or cautious attitude towards technological innovations in low and middle-income countries as well as among low-tech and low financial literacy populations. In developed countries, fully virtual financial services that require only user registration and authorization are credible and positively accepted by the market; whereas in developing countries, there is a need for physical interaction with the consumer through agents or points of sale in order to clarify the principles of working with new mobile services and technologies. Thus, in emerging markets, FinTech companies need to find their own balance between the virtual and in-person interaction with customers, increasing virtual presence as consumers become more familiar with and adapt to new digital services. In addition, the technologies used for this segment of the market should be as simple as possible and close to basic financial services [2].

Thus, FinTech innovations have already confirmed their importance in increasing the level of financial inclusion of households and have the potential to increase financial inclusion in the future. However, the major problems of financial inclusion for the FinTech market remain significant gender gap and insufficient digital literacy among developing countries.

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CONTENTS

EKONOMICZNE NAUKI

Gospodarka przedsiębiorstwa

Khomenko O.M., Dolgopolova Y.M., Koval T.S. DETERMINANTS OF THE FORMATION OF A SYSTEM OF INNOVATION-INVESTMENT DEVELOPMENT OF CONSTRUCTION ORGANIZATIONS: NATURE, CLASSIFICATION, PROBLEMS OF CHOICE	3
Муханова А.Е., Отебеков О.Н. ЖОБАЛЫҚ ШЕШІМДЕРДІ БАҒАЛАУ ШАРАЛАРЫ	6
Ільченко О.В., Ніколаєва Ю.В., Савченко А.Ю. ОСОБЛИВОСТІ СИСТЕМИ МЕНЕДЖМЕНТУ ЯКОСТІ НА ВІТЧИЗНЯНИХ ПІДПРИЄМТСВАХ МАШИНОБУДІВНОЇ ГАЛУЗІ.....	10
Батрак О. В. ДВОРІВНЕВА ДІАГНОСТИКА ФІНАНСОВОЇ РЕЗУЛЬТАТИВНОСТІ ПІДПРИЄМСТВ З ВИРОБНИЦТВА ОДЯГУ	12
Dumik N.A. CONCEPTUAL BASES OF MANAGEMENT OF HUMAN RESOURCES IN THE INNOVATIVE ORGANISATIONS	16

Logistyka

Залесский Б.Л. ТЕМПЫ РАЗВИТИЯ РЕГИОНА ДИКТУЮТ ИНВЕСТИЦИИ	19
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Gospodarka rolna

Авраміді К.С., Бондаренко К.С., Гривнак Т.В., Плотніченко С.Р. УПРАВЛІННЯ ЯКІСТЮ ПРОДУКЦІЇ ТА ПОСЛУГ	22
Amangeldiyev N.I. THE ROLE OF AGRICULTURE IN PROVIDING FOOD SECURITY IN KAZAKHSTAN	26

Regionalna gospodarka

Беристемов Дастан МЕХАНИЗМ ЭКОЛОГИЧЕСКОГО РЕГУЛИРОВАНИЯ	33
Серик Саламат ГОСУДАРСТВЕННАЯ ПОДДЕРЖКА СУБЪЕКТОВ МАЛОГО И СРЕДНЕГО ПРЕДПРИНИМАТЕЛЬСТВА В РЕСПУБЛИКЕ КАЗАХСТАН	36
Асанов Ауесхан РАЗВИТИЕ И ПОДДЕРЖКА МАЛОГО БИЗНЕСА В РЕСПУБЛИКЕ КАЗАХСТАН.....	39

Rozporządzenie stan gospodarki

Италмасова Р.Б., Азаматова А.Б., Сатыбаева А.У: СОВРЕМЕННЫЕ ТЕНДЕНЦИИ ТРУДОВЫХ РЕСУРСОВ ГОРОДА АЛМАТЫ	42
--	----

Banki i system bankowy

Dudchenko V. CENTRAL BANK INDEPENDENCE: EVOLUTION OF APPROACHES	48
Rubanov P.M. FINTECH INNOVATIONS IN FINANCIAL INCLUSION OF HOUSEHOLDS	51

Zewnętrzna działalność gospodarcza

Залесский Б.Л. ЕВРАЗИЙСКАЯ ИНТЕГРАЦИЯ: ПУТЬ В БУДУЩЕЕ ОПРЕДЕЛИТ СТРАТЕГИЯ РАЗВИТИЯ	54
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