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CONCEPTUAL APPROACHES FOR STUDYING THE ROLE OF DIGITAL INNOVATIONS IN THE FINANCIAL SERVICES MARKET IN UKRAINE

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КОНЦЕПТУАЛЬНІ ПІДХОДИ ДО ВИВЧЕННЯ РОЛІ ЦИФРОВИХ ІННОВАЦІЙ НА РИНКУ ФІНАНСОВИХ ПОСЛУГ В УКРАЇНІ

The article analyzes the conceptual framework for researching the role of digital innovations in the financial services market in Ukraine. The current trends of digitalization in the financial services market in Ukraine are identified: further development of mobile banking, growth of the fintech companies segment, use of artificial intelligence, development/updating of regulatory documents in the field of digitalization of financial services. The article analyzes the impact of digital innovations on the financial services market by its main participants: banking and non-banking financial institutions, financial services consumers - households and the market regulator. One of the most significant results of the impact of digital innovations in Ukraine is the development of payment and money transfer systems.

Along with banking institutions, 38 fintech companies are involved in this area - 15% of fintech companies in Ukraine. Another result of the impact of digital innovations on the financial services market we define as the emergence of fintech companies that create and improve software for financial intermediaries. A significant share (11%) of all fintech companies in Ukraine are developing alternative financing. The impact of digital innovations on the financial intermediary sector is manifested, on the one hand, in the emergence of a new market player - fintech companies, and, on the other hand, in the transformation of existing types of financial services and the emergence of new varieties. With regard to financial market clients - households - the role of digital innovations should be considered primarily in terms of increasing the level of financial inclusion. The impact of digital innovations on the financial services market regulator is manifested in the emergence of regulatory (RegTech) and supervisory (SupTech) tools as instruments for reforming the regulatory system and compliance with the regulatory requirements of the financial market.

Thus, the current stage of development of the financial services market in Ukraine is characterized not only by an increase in the level of digitalization, but also by a greater technological sophistication of financial services, which is reflected in the integration of new digital technologies and the creation of fundamentally new types of financial services and instruments based on them.

В статті проаналізовані концептуальні засади вивчення ролі цифрових інновацій на ринку фінансових послуг в Україні. Визначенні сучасні тренди діджиталізації на ринку фінансових послуг в Україні: подальший розвиток мобільного банкінгу, зростання сегменту фінтех компаній, використання штучного інтелекту, розробка/оновлення регулятивних документів в сфері діджиталізації фінансових послуг. Проаналізовано вплив цифрових інновацій на ринок фінансових послуг за його основними учасниками: банківськими та небанківськими фінансовими установами, споживачами фінансових послуг - домогосподарствами та регулятором ринку. Одним із найбільш суттєвих

результатів впливу цифрових інновацій в Україні став розвиток платіжних систем і систем грошових переказів. Поряд з банківськими установами в цій сфері задіяно 38 фінтех компаній - 15% фінтех компаній України. Іншим результатом впливу цифрових інновацій на ринок фінансових послуг стала поява фінтех компаній, які створюють і покращують програмне забезпечення для фінансових посередників. Значна частина (11%) всіх фінтех компаній України розвивають альтернативне фінансування. Вплив Цифрових інновацій на сектор фінансових посередників проявляється, з одного боку, у виникненні нового суб'єкта ринку – фінтех компаній, а з іншого боку – у трансформації існуючих видів фінансових послуг і появі нових їх різновидів. Щодо клієнтів фінансового ринку - домогосподарств, то роль цифрових інновацій доцільно розглядати, перш за все, з точки зору підвищенням рівня фінансової інклюзії. Вплив цифрових інновацій на регулювання ринку фінансових послуг проявляється у появі регуляторних (RegTech) та наглядових (SupTech) інструментів, як інструментах реформування системи регулювання і дотримання регуляторних вимог фінансового ринку.

Таким чином, сучасний етап розвитку ринку фінансових послуг в Україні характеризується не лише зростанням рівня діджиталізації, але й більшою технологічністю фінансових послуг, що відображається в інтеграції нових цифрових технологій та створенні на їх основі принципово нових видів фінансових послуг і інструментів.

Keywords: digital innovations; Ukrain fintech; fintech trends; financial market; digitalization; digital transformation.

Ключові слова: цифрові інновації; фінтех України; фінтех тренди; фінансовий ринок; цифровізація; цифрова трансформація.

Statement of the problem. The efficiency and sustainability of the financial services market is essential for a country's economic development. One of the

current trends in the development of financial services is the growing level of their digitalization and the increasing spread of digital innovations. The active spread of digital innovations affects the dynamics and nature of the national economy: on the one hand, it increases the level of financial inclusion of households, simplifies access to financing for businesses, and increases the flexibility of the financial system; on the other hand, it creates new challenges for the stability of the financial sector, the competitiveness of traditional financial institutions, the economic and information security of the state, and the protection of the rights of investors and consumers of financial services. That is why studying the role of digital innovations on the financial services market of Ukraine is a relevant and important task.

Analysis of recent studies and publications.

Ukraine's financial sector is a key industry of the national economy, and its efficiency and resilience are essential for the country's economic development. Recently, there has been a growing interest in digital innovations that have the potential to change the way financial services are delivered and consumed in Ukraine. Digital innovations represent new opportunities and challenges for the financial sector in Ukraine, and researching their impact on the country's financial services market is a relevant and important task. Research in the field of digital innovation is conducted by foreign scientists and researchers, including: D. Arner, W. Gu, R. Kolb, C. Lagarde, R. Nehring, N. Roubini, P. Siciliani, D. Tapscott, A. Schwienbacher, R. Yaziri and others. The development and role of digital innovations and their implementation in the financial services market have been studied by ukrainian scientists, in particular: I. Chugunov, L. Dudynets, I. Krupka, A. Mazaraki, S. Mishchenko, S. Naumenkova, P. Nikiforov, P. Rubanov, and others. The emergence of new digital products and solutions is changing the financial services market in Ukraine, so researching the role of digital innovation remains a relevant topic.

Formulation the goals of the article. The main purpose of the article is to provide a main principles for studying the role of digital innovations in the financial services market in Ukraine

Presentation of the main research material. It is believed that the beginning of the impact of digital innovations on the financial services market is the launch of the first transatlantic cable in 1866, the first money transfer system Western Union (1872), and the launch of the Fedwire National Transfer System in the United States in 1918, which used the Telegraph and Morse code. Further, with the development of technology in the 1950s, credit cards appeared, and in the 1960s and 1970s - electronic payment systems (BACS, CHIPS, SWIFT)

A characteristic feature of the initial stages of digital innovation is the transition from analog to digital technologies in the activities of financial services market participants. In the 1980s, financial institutions offered online banking for customer access to payments, which gained development in the 90s.

At the beginning of the 21st century, the number of Internet users is rapidly growing, which leads to further development of electronic payment systems, exchange trading, and Internet banking. [1]. It should be noted that until 2008, both innovative financial products and innovative financial technologies were being developed and implemented. The financial crisis of 2008 was one of the factors that launched a new era of digital innovations in the financial services market: the emergence and use of the latest technologies and the emergence of new market participants - fintech companies. For example, the emergence and spreading of smartphones contributed to the development of mobile financial applications, Google Pay and Apple Pay payment systems, and neobanks (Revolut, Mono, N26). The emergence of the first cryptocurrency, Bitcoin, led to the development of the cryptocurrency market and blockchain-based payment systems. Robotics and artificial intelligence technologies have been used to optimize routine processes and procedures and prevent fraud. Big data analysis is used to develop marketing offers for clients of financial institutions (Fig. 1).

Current Digitalization Trends in the Ukrainian Financial Services Market	
	Further development of mobile banking
	Growth of the fintech segment
	The use of AI
	Development/update of regulatory documents in the field of digitalization of financial services
	↑ ↑ ↑
after 2008	Apple's first smartphone (2007) and the expansion of Internet access
	Crowdfunding (Kickstarter 2009) as an alternative to traditional lending
	P2P service (Transferwise 2011) as an alternative to classic transfers
	Google Pay 2011p, Apple Pay 2014
	The emergence of cryptocurrencies (Bitcoin in 2009) and the use of blockchains
1967 - 2008	The Texas Instruments pocket calculator and the first Barclays ATM in 1967
	Electronic payment systems: BACS (1968), CHIPS (1970), SWIFT (1973)
	Online banking
	Digitalization of internal processes
before 1967	The first transatlantic cable in 1866, the first Western Union transfer system (1872)
	National transfer system Fedwire 1918
	Credit cards: Diners Club 1950, American Express 1958

Fig 1. Development of the financial services market under the influence of digital innovations

New financial market participants - fintech companies - have become pioneers in digital innovation, emerging as an alternative to traditional players as a result of increased regulation of the financial sector and a decline in the investment attractiveness of banks.

If we consider the role of digital innovations at the current stage of development of financial services, the following key trends can be identified:

Digitalization of the financial sector, which at the current stage is manifested in the growing share of mobile banking in the structure of banking services. This is ensured by an increase in the share of consumers who use their smartphones to receive financial services; the impact of martial law, the expansion of user capabilities in online banking, and an increase in the range of financial transactions that can be conducted online. The main tasks that banks solve by developing mobile banking are: expanding access to financial services, reducing the cost of financial transactions, developing new products and services, and the ability to conduct all banking operations online.

Secondly, the market of fintech companies continues to grow: new companies appear, the list of financial services provided is expanding: investments, savings, insurance, etc.

Third, the role of artificial intelligence is growing: 94% of fintech companies in Ukraine identified AI as one of the most promising technologies in the financial market [2]. Financial market players' awareness of the growing role of AI leads to its integration into business processes: it is used to analyze large amounts of data, forecast market trends, automate customer service, and prevent fraud. AI helps to increase the efficiency of financial institutions and improve customer experience.

Artificial intelligence is used in Ukraine to analyze large amounts of financial data, allowing banks and other financial institutions to make more accurate predictions about market trends and customer behavior. This includes creditworthiness forecasting, fraud detection, and risk management. Another application of artificial intelligence is the automation of routine processes in financial institutions, such as transaction processing, routine AML/KYC checks, and document management. This reduces costs and increases efficiency. AI also enables financial institutions to provide personalized services to customers by analyzing their financial habits and needs. This includes investment recommendations, financial management, and new product offers. AI-powered chatbots and virtual assistants provide twenty-four-hour customer support, answering some of their questions to a certain extent.

Fourth. In the area of state supervision, regulatory documents are emerging that govern the further digitalization of the financial services sector. On August 10, 2023, the National Bank of Ukraine approved the concept of open banking [3]. Open banking is the secure exchange of banking information between payment service providers through open APIs (application programming interfaces). The main advantages of this exchange are that financial services users can choose a convenient and modern way to use their accounts, and financial market participants can build mutually beneficial cooperation to develop solutions. Open banking is actively developing around the world and will reach \$106 billion in 2032. Ukraine

is no exception, and despite the martial law in the country, the NBU is implementing European approaches and practices with payment market participants. The concept envisages that the NBU will develop and approve the regulations necessary for the implementation of open banking. According to the Law of Ukraine “On Payment Services” [4], open banking is expected to start operating in Ukraine in August 2025.

Another focus of the regulator is instant payments, which are payment transactions made between user accounts within a few seconds using convenient ways to exchange details and initiate payment transactions [5]. The NBU is currently working on the implementation of instant payments in Ukraine, which should become the basis for the future transformation of the payment sector. Instant payments will have a positive impact on the level of financial inclusion and the development of cashless payments in the country, help reduce the cost of cashless payments for clients of financial institutions, and users will receive funds to their accounts within seconds and be able to use them immediately. It will also be easier to transfer the details for initiating a payment transaction, for example, using a QR code, or initiate it using a mobile phone number or email address. Instant payments are expected to be launched by the end of the first quarter of 2025.

The NBU is also working to create its own digital money, the e-hryvnia. According to the regulator, the introduction of the e-hryvnia in Ukraine in the future may contribute to the digitalization of the economy, the development of cashless payments, and will allow the creation of new innovative financial products [6]. In 2024, the NBU plans to conduct an open test of the state digital currency, the e-hryvnia, which will be open to everyone. It is worth emphasizing that the main purpose of the e-hryvnia is to effectively perform all the functions of money, complementing the cash and non-cash forms of the hryvnia, and not to replace existing forms of money.

The impact of digital innovations on the financial services market can be analyzed by its main participants: banking and non-banking financial institutions, financial services consumers - households, and the market regulator.

Digital innovations have a significant impact on banking and non-banking financial institutions. The modern development of the financial services market is inextricably linked to the use of information technology. The emergence of startups in the market sets a new trend among financial institutions and the financial services market as a whole. The decline in sales of financial services through traditional channels (branches, agent network) is gradually leading to the transition of the entire financial services market to the online space, with new conditions and approaches to the sale of financial products and new requirements for financial products themselves. Of course, this direction of the financial system's development creates many new opportunities, but it also contains certain threats and obstacles, which are important to study both from the point of view of ensuring the sustainability of financial institutions and maintaining the stability of the financial services market. The changes for banking and non-banking financial institutions caused by the introduction of innovative technologies and the activities of fintech companies can be analyzed from several perspectives: first, through the impact of digital innovations on the financial services sector entities themselves; second, through the types of financial services that are being transformed by digital innovations. Global changes in the financial services market are associated with the entry of fintech companies, as well as large technology companies and software developers. Traditional financial market players are responding to these changes by switching to new business models, such as neobanks, as well as integrating digital innovations into traditional banking models by creating their own innovation units, increasing investments in the development of digital innovations, partnering with fintech companies, etc.

On the other hand, digital innovations ensure a change in approaches to the provision of all existing types of financial services, including payments and settlements, lending and savings, investments, and insurance. For example, in the

area of cash payments and transfers, we can highlight the increase in the share of non-cash transactions, the growth of the cryptocurrency market and mobile money products. Further, the accumulated data on customer behavior (cash flow, transactions in the retail network) form arrays of information that can be used with the help of artificial intelligence to form personalized product offers for the client (lending, deposit products). Today, banks offer a variety of payment services, but consumers also influence this process by making choices. Today, a large number of applications allow users to make transactions with one or two clicks. However, it should be noted that this very simplicity makes transactions more insecure, and the issues of user identity and fraud protection are becoming much more complex.

One of the most significant impacts of digital innovations in Ukraine has been the development of payment and money transfer systems. Along with banking institutions, 38 fintech companies are involved in this area - 15% of fintech companies in Ukraine [2]. One of the important characteristics of the development of payment systems is the analysis of card transactions. Statistics show that 9 out of 10 payment card transactions are non-cash [7]. In 2023, the number of payment terminals in retail and service networks increased by a quarter (25.1%) to 449.5 thousand compared to 2022. In 2023, the trend of previous years to increase the number of contactless active payment cards continued. In December 2023, their number increased by 17.1% compared to December 2022, to 30.6 million cards. Overall, more than half (58.7%) of active payment cards are contactless. In general, the dynamics of 1.01.2024 compared to 1.01.2023: an increase in the number of active payment cards (+12.53%: from 46.3 million to 52.1 million), contactless cards (+17.24%, 26.1 million to 30.6 million), tokenized payment cards (+56.96%, 7.9 million to 12.4 million).

Another result of the impact of digital innovations on the financial services market is the emergence of fintech companies that create and improve software for financial intermediaries. As of 1.07.2024, 36% of all fintech companies (the largest share) are engaged in this area. [2]. They do not compete with traditional financial

intermediaries, but allow banks to increase their efficiency by reducing transaction costs, mitigating risks in borrower assessment, etc.

11% of all fintech companies in Ukraine are developing alternative financing: online financing platforms for individuals and legal entities. The main trends in the development of innovations in the credit market include the following - digitalization of institutions, in particular, the development of mobile applications, Internet banking, and online lending; - use of online identification, which allows customers to identify themselves on the Internet to conduct credit transactions and receive services from credit institutions; - introduction of artificial intelligence into the operations of credit institutions, which helps automate the loan issuance process and improve customer service; - use of cloud services, the introduction of which helps to increase the efficiency, security, and availability of financial services

- the development of p2p lending, which allows customers to bypass traditional credit intermediaries and interact directly with each other, providing greater access to credit for those who may have been previously denied by credit institutions and allowing them to choose the most attractive credit terms. However, it is important to keep in mind that p2p lending can also lead to risks, namely credit risk for investors. Therefore, regulation and supervision are critical aspects of the development of p2p lending to ensure stability and trust in the market. Thus, the development of digital innovations in the credit market plays an important role in the development of the credit sector, facilitates access to credit services, improves the efficiency of operational processes in credit institutions, and contributes to the growth of the quality of credit services.

The new generation of technologies allows us to move to a completely different quality of financial services. The presence of traditional branches in cities is not a significant advantage for choosing a financial service. The impact of digital innovations on the financial intermediary sector is manifested, on the one hand, in the emergence of a new market player - fintech companies, and, on the other hand,

in the transformation of existing types of financial services and the emergence of new varieties.

As for financial market clients - households - the role of digital innovations should be considered primarily in terms of increasing the level of financial inclusion. For households, the problem of financial inclusion remains relevant. Some groups of the population remain excluded from the financial system and do not even have an account with a bank or other financial institution. People living in rural areas where there are no branches of financial institutions, as well as in the frontline or de-occupied territories, are most often excluded from the financial system. Digital solutions, such as the development of mobile banking, make it possible to reduce transaction costs, and the use of a mobile application eliminates the need for a physical presence of a branch network and promotes financial inclusion for those in remote and rural areas.

Modern digital innovations allow the use of smartphones and other gadgets to access digital financial products and cover a wide variety of financial services in areas such as payments and transfers, savings, investments and lending, personal finance planning, financial counseling, insurance, and others [9]. Financial literacy and financial inclusion are complementary concepts. The financial system cannot function effectively if the population does not use financial services [10]. This is true for savings, lending, and investment. Of course, users of financial services must be financially literate, as only then will the financial system function stably. To assess the level of financial inclusion, the OECD Report (the Organization for Economic Cooperation and Development is an international organization that unites 37 countries, most of which are countries with high incomes and high human development indexes and are considered developed) for 2020 focuses on the analysis of three indicators: [11]

- knowledge of at least 5 financial products;
- purchase of a product in the last year;
- asking family/friends to borrow money or take it for safekeeping.

The effectiveness of digital innovations in increasing financial inclusion of households is confirmed by actual data: over the period 2018-2021, the overall financial literacy index increased by 6%, amounting to 12.3 points - 58% of the maximum and came close to the maximum percentage value of developed countries (60%). According to the study, as of 2021, the most popular products are payment accounts - 53% of respondents use a payment card (debit, salary or social payments) or mobile banking. 29% use loans, 12% use deposit, investment or pension products, and 9% use insurance services. This means that the growth potential is significant.

Therefore, one of the main ways to increase financial inclusion of households using digital innovations is to develop mobile banking applications for financial institutions and expand their capabilities in providing financial services: lending, deposit and investment products, and insurance.

Another opportunity to increase financial inclusion is the development of fintech companies in the areas of:

- Lending - such companies usually have lower requirements for the borrower's credit rating, so they can meet the needs of those clients who are not officially employed or do not have a positive credit history
- Insurance (Insurtech) - usually offer insurance solutions from several insurers, insurance product comparison services,
- financial management - offer comprehensive solutions for managing their own finances

One of the challenges of using digital innovations to increase financial inclusion is the possible cautious attitude to technological news among low- and middle-income people, or among population groups with low levels of digital and financial literacy. Therefore, along with the use of mobile applications to receive financial services, it is important to keep physical branches of financial institutions open to interact with customers to familiarize them with the principles of mobile applications, new services and technologies.

This idea is also supported by the National Bank of Ukraine, one of whose latest initiatives is to prepare for the launch of a unique project for Ukraine - the creation of a new type of financial institution that will focus on providing banking services in remote regions of the country. The NBU is working on the concept of a “financial inclusion operator,” which introduces the concept of a limited banking license into banking legislation. [12]

Thus, in Ukraine, financial institutions need to find a balance between online and offline customer interaction, gradually increasing the share of online services as consumers accept new digital financial services. In addition, at the first stages, the technologies used for this market segment should be as simple and close to basic financial services as possible [13]. Digital innovations have already proven to be important in increasing household financial inclusion and have the potential to grow in the future. However, the main problems of financial inclusion in relation to the financial market today are martial law and insufficient digital literacy of the population.

The impact of digital innovations on the functioning of the financial services market regulator is significant: the development of digital innovations creates both new opportunities and new risks. Opportunities lie in improving and expanding the range of tools and mechanisms for regulating, supervising, stimulating the economy, and implementing state policy in the field of investment and innovation. On the other hand, digital innovations are a new phenomenon for the financial sector, and their legislative regulation is not perfect, so there may be “gaps” - certain activities or financial transactions that are not covered by state regulation and can potentially be used for shadow or illegal activities [14]. In addition, an unformed legislative framework may result in insufficient protection of consumer and investor rights. Another group of risks is related to the nature and characteristics of the information technologies used, such as decentralization of the system, anonymity of the parties to transactions, cyber risks and cyber fraud, loss of information, etc. Non-bank institutions were not supervised by the NBU for a long time, and systematic work in this area began on July 1, 2020, when the NBU

took over the functions of the non-banking services market regulator. From this point of view, certain financial innovations and fintech companies were considered not to have a significant impact on the stability of the economic situation and therefore did not require special regulatory measures. In practice, however, the use of digital innovations in the financial services market has grown dramatically, which has become a real challenge for the regulator. The regulator's response was the Concept for the Development of Innovative Supervisory and Regulatory Technologies published on July 9, 2021 [15]. Innovations in supervisory and regulatory technologies are the key to the sustainable development of the financial market, allowing financial institutions and regulators to continuously improve existing processes, expand the range of clients/supervised entities, and identify and prevent potential risks in the financial sector.

Regulatory technology (RegTech) is the management of regulatory processes in the financial industry using technology. RegTech is a regulatory technology that ensures compliance of companies and organizations with new legal requirements and their observance, with the help of which financial institutions can adapt ready-made solutions to meet the requirements and standards of financial regulators. RegTech increases the efficiency of risk management, reduces costs and increases the speed of response to changing regulatory requirements. For financial institutions, RegTech ensures automatic generation and submission of reports, identification and elimination of risks, and effective compliance with regulatory requirements. The advantages of RegTech include: adaptation to regulatory changes, efficiency and automation, cost savings, real-time monitoring of compliance with current regulatory requirements, timely preparation and submission of reports, high-quality risk management, scalability, comfort and convenience of the user interface, the ability to perform regulatory testing of an isolated environment [16].

Supervisory technologies (SupTech) - the use of technologies to facilitate and improve supervisory processes from the perspective of supervisory authorities. Regulators, including the NBU, are convinced that the simultaneous promotion of

SupTech and RegTech should be based on interaction and constant communication and cooperation between the regulator and supervised entities and RegTech companies. This is a necessary prerequisite for the formation of a unified vision of the use of SUPTech and RegTech, as well as for determining their role and priority in the implementation of these technologies. The introduction of SupTech and the development of RegTech is also one of the NBU's goals set out in the Financial Sector Development Strategy until 2025. The NBU is following the experience of regulators in developed countries, as the number of countries that have already developed or are developing strategies for the implementation of SUPTech and RegTech development is growing every year. The NBU is convinced that promoting the development of SUPTech and RegTech, based on interaction and constant communication and cooperation between the regulator and supervised entities and RegTech companies, is the key to sustainable development of the financial market, improvement of existing supervisory and regulatory processes to identify and prevent potential risks in the financial sector. [17]. The draft Concept was developed as part of the implementation of the Financial Sector Development Strategy until 2025.

One of the tools for implementing the Concept for the Development of Innovative Supervisory and Regulatory Technologies was the launch by the NBU of a regulatory platform (“sandbox”) for testing innovative products, services, technologies, and tools, which will allow authorized financial or payment service providers to test new modern and innovative financial and payment products in real market conditions in a limited environment and under the supervision of the regulator (in particular, with the establishment of certain restrictions and quotas) [18]. The main task of the regulatory platform is to promote the development of fintech and innovative products in the financial and payment markets. At the same time, its launch should stimulate increased competition, improve the quality of financial and payment services, and deepen the regulator's dialogue with market participants, in particular on the development of fintech regulation [18].

Currently, only those market participants who are already authorized as providers of financial or payment services in accordance with Ukrainian law will be able to participate in the testing of innovative products in the regulatory platform. Prior to the testing, the innovative product must undergo a preliminary assessment by the regulator, and the applicant must agree on the testing procedure to become a member of the regulatory platform.

An innovative product that is intended to be tested in the regulatory platform must meet the following requirements

- there should be no similar products or the proposed product should significantly exceed the characteristics of the existing ones;
- the introduction of the product should not lead to violations of the legislation on protection of economic competition;
- there are no legal prohibitions on the introduction of the product in question;
- there are no specific provisions in the Ukrainian legislation that make it impossible to introduce such a product on the market outside the regulatory platform.

Conclusions and prospects for further research.

Thus, the current stage of development of the financial services market in Ukraine is characterized not only by an increasing level of digitalization, but also by a greater technological sophistication of financial services, which is reflected in the integration of new digital technologies and the creation of fundamentally new types of financial services and instruments based on them. Digital innovations have the greatest impact on financial services market participants: banking and non-banking financial institutions, from which the impact is further transferred to financial services consumers and market regulators. This leads to the emergence of new types of financial services, their transformation, changes in the way they are provided, and the emergence of new market participants, such as fintech companies. Business entities and households are the main consumers of digital innovations, which, depending on their needs, create demand for various services and technologies. The impact of digital innovations on the financial services

market regulator is manifested in the emergence of regulatory (RegTech) and supervisory (SupTech) tools as instruments for reforming the regulatory system and compliance with the regulatory requirements of the financial market.

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