INTERNATIONAL JOURNAL ON ORANGETECHNOLOGIES

www.journalsresearchparks.org/index.php/IJOT e-ISSN: 2615-8140|p-ISSN: 2615-7071

Volume: 03 Issue: 05 | May 2021

FINANCIAL INNOVATION IN THE DIGITAL ECONOMY

Akhunova Shokhista Namanzhanovna
Candidate of Economics, Associate Professor
Ferghana Polytechnic Institute
e-mail: shoxista1975@mail.ru Mobile: 998912851545

Tuichieva Shokhsanam*-2nd year student*
Ferghana Polytechnic Institute
e-mail: halikovnashoxsanam01@gmail.com Mobile: 998905812230

---***---

ABSTRACT

Financial innovations, financial and digital technologies transform the way of life, work, consumption, production of goods and services. In an increasingly competitive environment, the Internet offers opportunities to improve business and benefit from lower production costs. Using information and communication technologies (ICTs), small and medium-sized enterprises (SMEs) gain access to global markets that were once the prerogative of only large corporations. Digital platforms are changing the economics of doing business, reducing the cost of international interactions and transactions.

Keywords: *digital economy, financial innovations, financial regulation, digitalization, information and communication technologies.*

Introduction

A distinctive feature of the development of modern international finance is the global nature of interaction, which is ensured through the introduction of financial innovations. Financial innovation refers to the emergence of new financial products, technologies, or organizational forms of business that reduce the costs and / or risks of economic agents. The globalization of financial market products means the convergence of price and quality of the same financial product. With the standardization and flexibility of capital flows, there have been profound changes in the financial world. New financial technologies are emerging that take the form of global financial strategies of corporations, global electronic financial networks, a global information support system, etc. The classification of some particularly important financial innovations is given in Table 1.

Table 1
Classification of Financial Innovations (no K. Perez)

Type of financial innovation	Characteristics and examples of innovations
A	Financial instruments for promoting technological innovations (venture capital financing)
D	Financial instruments that ensure the expansion of the use of technological innovations (corporate bonds)
C	Modernization of financial technologies (Internet banking, ATMs)
D	Financial instruments for attracting mass investors (IPOs, mutual funds)

E	Financial instruments for refinancing and asset mobilization (swaps, issuing bonds for share repurchases)
F	"Controversial" innovations (tax havens, off-balance sheet transactions with financial instruments, "high-order" derivatives (detached from underlying assets)

Over the past 10 years, the financial services industry has changed beyond recognition. If in the early 2010s everything was tied to the largest investment and commercial banks and other traditional intermediaries, by the end of the decade there are more than 12 thousand startups in the global financial services market, some services are offered by non-bank or non-credit organizations, and the largest participants in other industries are gradually becoming competitors to traditional financial institutions.

Digital technologies are changing the landscape of the entire economy by both creating new products and industries that did not exist before, and transforming traditional business models and business processes in existing industries. Financial services are no exception. By 2022, the global financial services industry is expected to reach $26.5 trillion US dollars, 1 which provides great development potential for both existing industry participants and new companies that plan to enter the financial services market in some way. In many ways, the rapid growth that has been observed in recent years is due to the significant simplification of interaction with financial intermediaries, which increase the profitability of the business and provide alternatives to traditional offers.

The development of technologies can be divided into two key areas. The first direction is the development of fundamental end-to-end technologies that can be used in almost any business direction. The second is the development of niche applications of technologies and specialized technologies that are aimed at specific industries and sectors. The latter can, in particular, include fintech, i.e. financial technologies that are aimed at changing some processes in the financial services industry. There is still no clear definition of fintech, but if we analyze the existing approaches to the definition of this topic, we can distinguish three key characteristics of any financial technology:

- Change (transformation, scrapping, destruction, support) of the value chain of products or services of traditional financial intermediaries
- Simplify a product or service for the consumer, business, or government
- Offer a cost-effective solution (i.e., reduce costs).

There are quite a few views on the strategy for financial services market participants, based on existing challenges, opportunities and trends. In general, most of them are aimed at creating their own ecosystems or collaborating with bigtech or fintech. Accenture, for example, offers banks to become a "daily" bank that will satisfy customers throughout life, 68 which is similar to the Russian fintech model, and McKinsey and ATKearney, among others, offer strategies for collaboration and integration into the ecosystem.

Financial innovation began to change the landscape of the financial services industry at the beginning of this decade and by its end had led to a major paradigm shift for most companies, both in the largest leading markets and in smaller emerging financial services markets. One thing

www.journalsresearchparks.org/index.php/IJOT e-ISSN: 2615-8140|p-ISSN: 2615-7071
Volume: 03 Issue: 05 | May 2021

remains the same: financial services and ecosystems are becoming close concepts.

List of literature:

1. Demidova S. E. Financial system in the conditions of digital transformation /S. E. Demidova //Scientific Bulletin of YUIM. - 2020. - No.1
2. Introduction and practical application of modern financial technologies: legislative regulation: monograph / G. F. Ruchkina, M. Yu. Berezin, M. V. Demchenko [et al.]. – Moscow
3. Lebedeva, A. A. Digital technologies in the financial sphere (on the example of cryptocurrencies). Inevitability or a conscious choice of the Russian Federation: a monograph / Lebedeva A. A.-Moscow: Prospekt, 2019. - 120 p. (The full text is available to users of the Financial University in the EBS "Prospect")
4. Moshella, D. Guide to the digital future: Industries, organizations and professions / David Moshella; Translated from English- Moscow: Alpina Publisher, 2020. - Moscow: Alpina Publisher, 2020. (The full text is available to users of the Financial University in the Alpina Digital Business Library)
5. Nalyvaichenko, E. V. Development of the digital economy in the context of globalization / E. V. Nalyvaichenko. - Simferopol : IT "ARIAL", 2019 – - 276 p. (The full text is available to users of the Financial University in the EBS "University Library ONLINE").
6. New trajectories of the development of the financial sector of Russia: monograph / M. A. Abramova, O. U. Avis ,A. S. A. a [et al.]; Finuniversitet; ed. by M. A. Eskindarov, V. V. Maslennikov; ed. advice: V. V. Maslennikov [et al.].- Moscow : Cogito Center, 2019 .— 367 p. (Full text).