

DEVELOPMENT OF FINANCIAL TECHNOLOGIES: THREATS AND OPPORTUNITIES FOR BANKS

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In the article, financial technologies' development is considered as the defining feature of the banking environment. Investments in creating FinTech companies by region and activity areas are analysed. The specificity of financial technologies in Ukraine is defined. FinTech development in global banking is a critical threat for Ukrainian bank's competitiveness.

The necessity and possible directions of the cooperation between FinTech firms and traditional banks are substantiated in the article. Each of the participants, banks and FinTech companies, have their advantages and disadvantages in the competition. Banks have more experience and proven infrastructure, specific financial knowledge, risk assessment and management, governance and compliance with local regulations and requirements. Banks also have a greater operational capacity and the means to succeed. Instead, new and smaller-scale activities Fintech-firms are more flexible, more quickly introduce new technologies, best adapted in the implementation of innovation. However, banks accumulated knowledge,

experience, and loyal customer base that are tremendous value for FinTech-projects. In fact, customers cannot entrust money or their digital data to the unknown brand but continue to trust traditional banking security. Therefore, we believe that banks should build partnership relations with FinTech firms to maintain the competitiveness and market share. This partnership will create a number of benefits for traditional banks, as well as for Fintech-firms. First, banks will provide the freedom to experiment because FinTech act in an environment, which is free from infrastructure and cultural constraints. Secondly, the traditional banks can help FinTech companies to expand their business by providing the financial infrastructure, capital, and access to their vast customer base. Thirdly, FinTech firms can offer to banks innovative technology to improve customer relationships, reduce costs, and improve cyber security. Finally, the cooperation will help traditional banks and FinTech companies to focus on their competence and make a significant contribution to the industry to achieve the mutual synergistic effect.