

Kriuchkova Nataliia
PhD in Economics, Associate Professor
Department of Economics and Entrepreneurship,
Odesa I. I. Mechnikov National University
Novokhatska Tetiana
Master Student,
Odesa I. I. Mechnikov National University

DOI: <https://doi.org/10.36059/978-966-397-438-5-28>

ECONOMIC TRANSFORMATIONS IN UKRAINE UNDER THE DIGITALIZATION INFLUENCE

The possibilities opened up by digital technologies for the active post-war revival of Ukraine's economy and its further sustainable development are at the center of the scientific debate. Digitalization is defined by many researchers as one of the factors of socio-economic development, but this issue has not been fully studied. Ensuring the stable development of the country's economic system largely depends on the correctness and optimality of the applied innovative digital tools. Given the relevance of the research topic, the purpose of the work is to determine the specific impact of digitization processes and the stability and development opportunities of the economy of Ukraine in the conditions of transformations.

Digitalisation processes are now becoming the basis for the development of modern states. The economic system is no exception; it is largely subject to digitalisation and is gaining many new opportunities for further improvement, but it is also worth recognising that digitalisation also creates challenges related to data protection and the need to ensure cybersecurity. Nevertheless, the opportunities for development for the economy and the financial system as a whole certainly outweigh the challenges. In addition, the digital economy stimulates business activity by reducing transaction costs and the asymmetry of information that exists in some areas, such as financial markets. Therefore, digital transformation is too important for any country to neglect the opportunities it offers.

For Ukraine in general, and the Ukrainian economy in particular, the introduction of modern digital technologies during the post-war recovery period can become a driver of active development and further scaling of the economy on the path to European integration.

Despite the obvious benefits of the digital economy, there are also potential drawbacks to digitalisation. Growing digitalisation can lead to both a widening gap between developed countries and growing inequality within a country, for example, between cities and rural areas, and between different segments of the

population [1]. This may also be the case in Ukraine, where it is more difficult to implement modern digital technologies in areas that have suffered greater destruction as a result of military aggression. However, it may be a strategic task to identify potential opportunities for digitalisation specifically to stabilise the financial system.

According to many researchers, in particular, such as N. Prykaziuk and A. Pohybil [2], as well as S. Bardash [3], digitalisation of the economy involves, first of all, the replacement of physical objects with digital ones, transformation of real operations into electronic ones, i.e. introduction of electronic technologies based on digital electronic computing equipment. As for digital technologies themselves, despite the current interpretation of this definition as ‘a system based on methods of encoding and transmitting information to perform various tasks in the shortest possible time’, the list of these technologies has been the subject of debate among scientists from different countries for many years. Accordingly, the impact of digitalisation on the process of ensuring the stability of the country’s economy also requires close attention of the scientific community.

The understanding of the essence of digitalisation is based on the concept of Industry 4.0, which implies that digital technologies are what allows for the digitalisation of all physical assets and the creation of a digital ecosystem with digital products and services [4]. If we summarise the literature, it becomes possible to determine that digitalisation is moving in three main directions – the Internet of Things, Big Data technologies and machine learning [4]. At the same time, there is no denying that there are digital technologies that have long been used for specific economic sectors, but this does not diminish their importance.

To achieve significant positive results of the digital transformation of the economy, careful study and strategic preparation are required, taking into account the unique requirements and characteristics of each individual component. Equally important is the support of government and regulators, as well as comprehensive staff training initiatives to ensure that they are able to use advanced technologies.

The study found that digital transformation integrates all levels and functional areas of the modern economic system. Intelligent technologies provide the most important tools necessary for the financial system to develop in today’s environment.

It is also proved that digital innovations have both advantages and disadvantages, but their positive impact on ensuring the stability of the country’s economy is undeniable and is also confirmed by statistical data and reports of the National Bank of Ukraine.

References:

1. Barna, M. Yu., & Rushchyshyn, N. M. (2020) Strukturni kharakterystyky rozvytku ekonomiky: systemnoanalychnyi zriz [Structural characteristics of economic development: system-analytical section]. *Internauka. Seriya: Ekonomichni nauky – Interscience. Series: Economic Sciences*, no. 1(12 (44)), pp. 23–30. (in Ukrainian)
2. Prykaziuk, N. V., & Pohybil, A. M. (2021) Otsinka finansovoi stabilnosti bankivskoi systemy Polshchi na bazi indyktoriv finansovoi stabilnosti (FSI) [Assessment of financial stability of the Polish banking system based on financial stability indicators (FSI)]. *Elektronnyi naukovo-praktychnyi zhurnal "Infrastruktura rynku" – Electronic Scientific And Practical Journal "Market Infrastructure"*, no. 51, pp. 272–278. Available at: http://market-infr.od.ua/journals/2021/51_2021_ukr/46.pdf (in Ukrainian)
3. Bardash, S. (2023) Finansova stabilnist ta yii zachennia dlia rozvytku pidpriemstva [Financial stability and its significance for enterprise development]. Inter Conf. Available at: <https://archive.interconf.center/index.php/conference-proceeding/article/view/2487> (in Ukrainian)
4. Vasylytsiv, T., Mulska, O., Levytska, O., Lupak, R., Semak, B., & Shtets, T. (2022) Factors of the Development of Ukraine's Digital Economy: Identification and Evaluation. *Science and Innovation*, no. 18(2), pp. 44–58.