Andrii Kech, Postgraduate Student
Lviv Polytechnic National University
Lviv, Ukraine

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STRENGTHENING THE INFLUENCE OF STATE REGULATION ON THE DEVELOPMENT OF FINANCIAL INNOVATIONS IN THE MANAGEMENT OF FINANCIAL ASSETS IN UKRAINE

In the modern context of globalization, financial innovations serve as a key factor in enhancing the efficiency of financial asset management. For Ukraine, the development of innovative financial instruments and technologies is of particular importance due to the country's integration into the European and global economic space. At the same time, the lack of proper state regulation may lead to increased risks associated with financial security, market transparency, and the stability of the banking system. There are a close interconnection and interdependence between the development of financial innovations and the regulatory influence of the state.

The purpose of the article is to study the impact of state regulation on the development of financial innovations in managing the movement of financial assets in Ukraine, as well as to determine prospects for optimizing the regulatory framework to balance the stimulating and controlling functions of the state.

The research materials includes regulatory and legal acts of Ukraine and statistical data from the National Bank of Ukraine and international financial organizations. The study employed a comparative-analytical method (to identify the positive effects of regulation and the risks of its absence); a systematization and classification method (with elements of analysis and generalization) to determine the directions of financial innovation development in domestic and foreign science and practice; as well as economic-mathematical modeling and forecasting methods.

The research revealed that effective state regulation can stimulate the implementation of financial innovations such as central bank digital currencies, blockchain solutions, electronic payment systems, and smart contracts. At the same time, excessive administrative pressure may hinder the development of financial technologies and contribute to the outflow of innovative capital abroad. The necessity of a balanced regulatory policy combining transparency, inclusiveness, and security mechanisms has been proven. The article examines the key aspects of the state's role in regulating financial innovations, such as implementation of "Regulatory Sandbox": Testing innovations (neobank, blockchain) in a controlled environment of the NBU, as implemented since 2022, with expansion to non-bank institutions; harmonization with international standards: implementation of MiCA, PSD3/PSR, DORA and Basel III to ensure operational stability, investor protection and access to EU markets and risk modeling: Using a comparative analytical method to assess the impact of innovations on stability (e.g. "bubbles" from the rapid spread of crypto assets).

State regulation should be transformed from a control tool into a catalyst for innovative development of the financial sector of Ukraine. The evolution of regulation for 2010–2025 demonstrates progress: from the "Split Law" (2019)[1] and the "Virtual Assets Law" (2022)[2] to CBDC pilots (2023)[3]. However, for full integration into the EU and increasing competitiveness in the face of military challenges, it is necessary to: 1. Harmonize legislation with EU norms (PSD3, MiCA, AMLD5). 2. Improve the mechanisms of the NBU, NSSMC and PFR's view of banking/non-banking groups. 3. Create a favorable environment for financial startups through tax incentives, venture investments and state support.

Further scientific research involves improving models for adapting financial innovations to the activities of non-bank financial institutions, integrating ESG factors (environmental, social and governance) into innovation implementation processes, as well as systematically reviewing and modernizing key legislative acts to increase the flexibility of the regulatory field.

Based on the dynamics of regulation (2010–2025) and global trends, the development prospects include: 1. Assessment of the impact of CBDC on financial stability: scenario modeling (economic and mathematical forecasting) for the electronic hryvnia, taking into account monetary policy risks (according to Minski)[3]; 2. Prerequisites for a balanced national policy: Analysis of the criteria for "regulatory arbitrage" and the creation of supranational platforms; 3. Integration of ESG in FinTech: Development of standards for "green" tokenized assets and sustainable blockchain solutions, with harmonization with the EU Green Deal; 4. Modernization of legislation: Updating the "Law on Financial Services" (2001) and expanding the "sandbox" to AI/big data in managed assets; 5. Global adaptation: Simulation of the impact of PSD3/PSR on Ukrainian open banking and assessment of venture financing of startups.

Table 1

Specific scientific proposals for further development

Area	Proposal	Expected effect
CBDC & Blockchain	Pilot projects with risk modeling	Reduction of transaction costs by 20–30%, integration into the EU
Non-banking sector	Adaptation of open banking for leasing/insurance	Expanding access to capital for SMEs
ESG innovations	Standards for “green” smart contracts	Increasing investment attractiveness
Regulatory tools	Expansion of Sandbox + AI supervision	Reduction of capital outflow, +15% FinTech startups
International integration	Full implementation of MiCA/DORA by 2027	Passport services in the EU, GDP growth by 1–2%

Source: author's development

These areas ensure the transition from reactive to proactive regulation, contributing to the sustainable development of the financial system of Ukraine in a global context.

State regulation should become a catalyst for the development of financial innovations in Ukraine. The key objectives include:

1. harmonization of legislation with EU standards;
2. improvement of supervisory mechanisms;
3. creation of a favorable environment for financial startups.

Further research should focus on the prerequisites and criteria for developing a balanced national regulatory policy, assessing the impact of central bank digital currencies on the stability of the financial system, and modeling scenarios for adapting regulatory policy to global financial trends.

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