

JEL O31, O33

## TRENDS IN THE DEVELOPMENT OF THE FINANCIAL SECTOR OF THE ECONOMY

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**Summary.** *The article contains an analysis of the trends in the development of the financial sector structure based on information revolution. The article determines the causes of centralization of the financial market infrastructure, the gradual disappearing of the financial services' boundaries and their mutual merging, as well as the need to strengthen public supervision, which enable financial institutions to use regulatory arbitrage. The author investigates the impact of new financial technologies and issuing of electronic money with the blockchain technology on further decentralization of the financial sector and further changes in the financial market structure.*

**Keywords:** *financial sector, infrastructure, financial technologies, Blockchain, electronic money.*

The article is devoted to the research of development trends of the financial sector of the economy in the context of the challenges of the information revolution.

Financial reforms in the second half of the 20th century have foreseen the creation of an infrastructure necessary for the financial sector, the main feature of which was its centralization. This allowed financial institutions to minimize costs and generate additional profits by expediting the circulation of financial assets. At the same time, these processes led to a reduction in the asymmetry of information, which resulted in the attraction of increasing financial resources. The hypertrophied domination of the financial sector and the growth of the attraction of private sector funds required an increase in the standards of state supervision. In response, the business created all kinds of financial services for the use of regulatory arbitrage.

In the context of the information revolution, in order to reduce the costs of mediation and centralized infrastructure services, the new information technologies in finance offered alternative decentralized payment systems, new

ways of financing, which eliminates the services of intermediaries. The further development of the financial sector can be significantly influenced by the blockchain, which can create the premises to decommission the services of centralized intermediaries, but also external control. A precedent for a violation of the monopoly of central banks for the issuance of money can significantly reduce the ability of governments for aggressive monetary and tax policies.

Since significant changes are made in international tax arbitration rules and in the use of secrecy of the jurisdictions to optimize taxation, in case of introduction of decentralized peer-to-peer payment systems and blockchain technology, instead of using low-taxation geographic jurisdictions, new technologies will offer the preservation of financial assets in the information network.

Further individualization of society combined with information technology penetration and growth of the level of human education, individualization and automation of production activity, decentralization of the financial sphere of the economy can influence the rethinking of approaches to state governance.

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