

**DEVELOPMENT OF ELECTRONIC MONEY IN UKRAINE: ADVANTAGES AND DISADVANTAGES
(РОЗВИТОК ЕЛЕКТРОННИХ ГРОШЕЙ В УКРАЇНІ: ПЕРЕВАГИ ТА НЕДОЛІКИ)**

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Розглянуто сутність електронних грошей. Зазначено види електронних грошей, які існують в Україні. Проведено аналіз переваг та недоліків використання електронних грошей. Визначено основні аспекти проєкту цифрової валюти в Україні – е-гривні.

Ключові слова: електронні гроші, Україна, криптовалюта, переваги, недоліки, е-гривня.

The essence of electronic money is considered. The types of electronic money that exist in Ukraine are indicated. An analysis of the advantages and disadvantages of using electronic money was carried out. The main aspects of the digital currency project in Ukraine - e-hryvnias - have been determined.

Key words: electronic money, Ukraine, cryptocurrency, advantages, disadvantages e-hryvnia.

In recent years, information technologies and the Internet have been developing rapidly. New technologies are emerging for carrying out and paying for business transactions. These include so-called electronic money. The popularity of this type of currency (digital payment system) has grown significantly. This is due to various factors that affect consumers, businesses and the financial system as a whole. This applies not only to large European countries, but also to Ukraine.

Electronic money is a means of payment that is circulated electronically and guarantees complete anonymity. All payment systems are based on the use of credit cards or so-called electronic wallets [1]. In other words, electronic money is a digital form of money that can be used for electronic transactions and online payments. However, there are differences and features when compared to other financial instruments. The following objects are not considered e-money [2]:

- gift certificates [2];
- gas station maps (fuel maps) [2];
- travel tickets for city transport [2];
- phone credit cards and other such that are accepted as a means of payment only by their graduates [2].

Electronic funds can be divided into [2]:

- National money (presented in official currency and included in the public payment system) [2].
- Private currency units (electronic money includes financial units that belong to non-state segments and have internal regulation) [2].

It should be noted that the state does not guarantee the reliability or liquidity of private money [2].

In Ukraine, there are the following types of electronic money [2]:

- E-Wallets are electronic wallets, which are considered the most common form of e-money. They allow owners to make online payments and store funds in electronic accounts. Electronic wallets that exist in Ukraine are Payeer, AdvCash, Perfect Money [2].
- Mobile payments allow users to make transactions using mobile phones. Popular mobile electronic money systems include Apple Pay, Google Pay, Samsung Pay, and others [2].

– Cryptocurrencies such as Bitcoin, Ethereum, Litecoin are examples of electronic money based on blockchain technology. You can make anonymous and secure transactions with them [2].

Despite the large-scale distribution of such technologies, which are gaining momentum every day, they still have their advantages and disadvantages. Let's consider them in table 1:

Table 1 - Advantages and disadvantages of using electronic money

Advantages of electronic money	Disadvantages of electronic money
Convenience and speed of payments	Risk of cybercrime and fraud
Ease of conducting financial transactions	Dependence on internet connection
Effective use for online shopping	There is a possibility of technical failures
Ability to track and analyze costs	Lack of anonymity in some cases
Saving time on money transactions	Inaccessibility for those who do not use technology
Reduction of costs for printing money and working capital	The possibility of losing access to funds in case of technical problems
Reducing the risk of losing money due to theft	Restrictions on use in some geographic areas

Source: built by the author based on [2].

Also, for a long time, Ukraine has been working on the introduction of the e-hryvnia, which is a promising electronic currency. Such projects have long been tested in other countries, and the National Bank of Ukraine is not far behind. The e-hryvnia pilot project has been running since 2016, and the first testing took place in 2018. At the same time, the NBU informs that the use of e-hryvnia is convenient and accessible to all segments of the population, legal entities, state bodies, banks and non-bank financial institutions. And in the second half of 2024, the second digital hryvnia testing is planned and will last for about half a year. For this purpose, banking institutions of Ukraine have already received invitations to participate in the pilot project, where those banks that confirm their participation will invite their clients to the experiment. Everyone who wants to can take part in the experiment and test the e-hryvnia by exchanging their cash and non-cash money for it. It is also planned to test the possibility of paying with digital currency offline [3].

The purpose of this experiment is to identify the demand for this form of money among the population and whether there is a need for its introduction at all. The electronic form of the monetary unit of Ukraine, the e-hryvnia, will be a direct obligation of the central bank. According to the definition of the NBU, the digital Ukrainian currency will complement cash and non-cash forms of money and perform all their functions [3].

Anonymity is the main difference of digital money. After all, blockchain technology is used, with the help of which any transaction takes place anonymously, and other people act as intermediaries and banks become unnecessary. This is a key aspect of the popularity of cryptocurrencies, but digital government currencies can both maintain such anonymity and be tracked by the government. That is, e-hryvnia will be issued by the National Bank, and each such hryvnia will have a unique code. The National Bank will act as an intermediary in the execution of every transaction with the digital hryvnia, and will be able to see who spent it and on what [3].

So, electronic money is a very convenient way to make instant payments, including small payments of just a few hryvnias. Electronic money makes life easier because it allows you to instantly transfer money to any account and easily track your financial status and the amount of savings left in your personal account. Also, it should be noted that Ukraine is not inferior to other countries and is testing the project of a digital monetary unit - the e-hryvnia, which has been in pilot mode since 2016. The main task is to determine the need for its implementation in Ukraine and how convenient it will be for the population to use such technologies. It should be understood that the use of electronic money in Ukraine has both advantages and disadvantages in its use and

development. Therefore, a high level of security and privacy for users should be ensured and cyber threat protection systems should be regularly updated.

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