activity and establish connections between addresses and specific entities [3]. Thus, blockchain simultaneously creates decentralized transaction environments while enabling extensive analytical capabilities regarding financial behavior.

This contradiction constitutes the essence of the privacy paradox. Technologies originally developed to minimize institutional control have generated infrastructures capable of creating unprecedented levels of transaction transparency. Rather than eliminating surveillance opportunities, blockchain systems have introduced new mechanisms through which financial behavior may become increasingly observable.

Within this context, the emergence of Central Bank Digital Currencies (CBDCs) may be interpreted as a logical continuation of digital financial transformation. CBDC systems adopt several technological characteristics associated with blockchain infrastructures, including digital transaction recording, programmability and traceability. However, unlike decentralized cryptocurrencies, CBDCs integrate centralized governance mechanisms capable of expanding institutional oversight [4].

This issue may acquire particular significance in the context of Ukraine's post-war reconstruction. Large-scale recovery processes are expected to involve substantial international financial assistance, investment flows and public expenditure programs requiring high levels of transparency and accountability. Blockchain-based infrastructures and CBDC-related technologies may potentially improve transaction traceability, reduce corruption risks and enhance monitoring of reconstruction funds. At the same time, increased financial transparency creates additional challenges regarding personal privacy and data governance. Therefore, the implementation of digital financial infrastructures within reconstruction frameworks requires balancing institutional control with the protection of individual financial autonomy.

Therefore, the transition toward CBDCs should not be viewed simply as a movement from decentralized systems toward centralized control. Instead, it represents the manifestation of inherent technological characteristics embedded within blockchain architecture itself. The future evolution of digital financial systems will largely depend on achieving an appropriate balance among operational efficiency, security and privacy protection.

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DIGITAL PAYMENT PLATFORMS AND FINTECH INNOVATION AS CATALYSTS FOR UKRAINE'S ECONOMIC RECOVERY

Digital transformation of the banking system is one of the key components of modern economic changes in the context of globalization and the development of new technologies [1]. Traditional industries have been severely disrupted by the ongoing conflict, while Ukraine's digital financial sector has demonstrated remarkable resilience, emerging as a structural pillar of national economic stabilisation and post-war recovery.

Fintech market of Ukraine has reached an estimated size of approximately $6.9 billion in 2025, driven by a compound annual growth rate (CAGR) of 15% since 2021 [1]. Domestic payment platforms including LiqPay, Fondy, and Portmone processed approximately $6.77 billion in transactions annually in 2025, reflecting a 17% growth rate compared to $5.781 billion in 2024. By 2025, over 90% of Ukrainians utilize contactless payments, facilitated by widespread mobile app adoption.

The blockchain and cryptocurrency segment contributed an additional approximately $169.56 million to the market in 2025, growing at a 20% compound annual rate, with exchanges such as WhiteBIT and Kuna operating under the regulatory framework established by the 2022 Law on Virtual Assets [1]. The state’s digital platform, Diia, has emerged as a crucial tool, helping to integrate financial and governmental services through offerings like Diia.Payments [4]. Nowadays, the "Diia" ecosystem has more than 22 million users, offering over 130 services on its portal and more than 70 services in its mobile app [4].

At the institutional level, a decisive regulatory milestone was reached in August 2025 when the National Bank of Ukraine officially launched open banking through Resolution No. 80 of July 25, 2025, mandating cost-free APIs for all account service providers with a five-month transition period for full compliance [4]. This reform aligns Ukraine with EU standards under the Revised Payment Services Directive and creates the regulatory foundation for third-party payment service providers to build competitive financial products. Complementary regulations № 81 and № 82 established authorization procedures for non-financial payment service providers and rules governing the use of electronic trust services when payment service providers access user accounts [4]. The NBU's FinTech Development Strategy 2025 further institutionalizes these ambitions, prioritizing financial inclusion, cashless operations, and innovation-driven growth as explicit state policy objectives [4].

Research into the interaction between classical banks and fintech startups in Ukraine identifies neobanks as the direct product of cooperation between traditional banks and financial technology companies. Under these circumstances, the bank provides the regulatory license and capital foundation while the fintech partner supplies product design, technology infrastructure, and user experience [5]. The active growth of fintech startups in Ukraine forms a positive dynamic of digital transformation in the banking sector, with cooperation between banks and fintech companies enabling the integration of artificial intelligence, robo-consultation, blockchain, and the Internet of Things into mainstream financial products [5].

Monobank, built on the license of Universal Bank, reached 6.798 million clients by early 2023 and has since grown to 9.9 million active users by September 2025, earning recognition among the world's top 250 fintech companies and being listed among the top 35 global neobanks according to CNBC and Statista rankings [6]. The U.S. Enterprise Fund for Ukraine's investment in Fintech-IT Group, the parent company of monobank, elevated its valuation to one

billion dollars, establishing Ukraine's first fintech unicorn and demonstrating that international capital views the sector's long-term potential as credible even under wartime conditions [2]. Beyond monobank, six neobanks were operating in Ukraine by early 2023, each targeting specific consumer niches, with Sportbank focusing on physically active users, NEOBANK serving small business clients, and izibank providing universal retail banking through the TASKOMBANK platform [5].

The role of fintech extends beyond retail payments into the governance of reconstruction itself. Academic research demonstrates that when project-cycle events, including registration, procurement, milestone verification, payment, and audit, are linked through shared digital identifiers across state platforms, fintech becomes what researchers define as the operating system of reconstruction rather than a peripheral tool [3]. The DREAM platform, which by early 2024 hosted more than 1,500 public investment projects worth nearly UAH 50 billion, functions as a unified investment pipeline connecting government, international donors, and private financiers through machine-readable project data [3].

Nevertheless, structural challenges remain that constrain the full realization of Ukraine's fintech potential. Cybersecurity vulnerabilities represent a persistent risk, given the intensity of adversarial cyber operations targeting financial infrastructure since 2022. Currency controls introduced since 2022, including restrictions on the repatriation of proceeds and limits on cross-border transactions, complicate the operating environment for foreign investors, although the NBU's May 2025 currency liberalization mechanism represents a deliberate policy step toward reducing these barriers [1]. The regulatory sandbox, which researchers identify as requiring capacity to test 16 to 20 innovative products per year and dedicated state funding to function as an effective instrument of market stimulation, has not yet been fully operationalized [3].

To sum up, digital payment platforms and fintech innovation constitute one of Ukraine's most strategically significant instruments of economic recovery and long-term national resilience. Ukraine is leveraging digital financial innovation as a direct instrument of national renewal. To consolidate these gains, Ukraine must expand inclusive digital infrastructure into underserved regions, operationalize the regulatory sandbox, strengthen cybersecurity frameworks, while fully embed digital payment platforms into state-led reconstruction programs as foundational governance mechanisms rather than supplementary tools.

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USING FROZEN RUSSIAN ASSETS AS A SOURCE OF FINANCING FOR RECONSTRUCTION

After russia's full-scale invasion of Ukraine on February 24, 2022, Western countries froze significant Russian assets. The debate over the use of frozen russian was divided into two sides. Proponents highlight that such measures are necessary to secure reparations for Ukraine, while critics warn that it could violate international law, undermine confidence in European financial markets and trigger retaliatory lawsuits (European Parliament, 2024).

The russia's full-scale invasion has caused unprecedented economic and infrastructural destruction across Ukraine. According to the 2026 Rapid Damage and Needs Assessment (RDNA5) prepared by the Government of Ukraine, the World Bank, the European Commission and the United Nations, the total cost of reconstruction of Ukraine is currently estimated at nearly US$588 billion over the next decade. 14% of the country's housing stock was damaged or destroyed, affecting more than three million households (World Bank Group, 2026).

Earlier estimates by the World Bank also stated that the most recent amount of partially or fully ruined places costs US$411 billion. At the same time, there is a significant gap between the funds Ukraine requires and what it is currently receiving, since as of May 2023, donor countries have committed €73.49 billion as financial assistance. In this context, increasing attention has been paid to frozen russian sovereign assets as a potential innovative financing mechanism (European Parliament, 2024).

The fund consists of russian Central Bank assets, US$300 billion of which are frozen in various jurisdictions, creating a potentially significant financial source for Ukraine's recovery and reconstruction (European Parliament, 2024).

In 2025, rather than outright confiscation, the European Commission proposed two mechanisms to support Ukraine's financial needs for 2026–2027, including the Reparations Loan mechanism that states the provision for the use of cash balances received from the frozen assets of the Central Bank of russia. Moreover, the proposed package consists of five initiatives, including the establishment of a special Reparations Loan fund, the ban on the return of frozen russian assets to the russian Federation, as well as mechanisms for legal protection of EU member states and financial institutions from possible retaliatory measures by russia (European Commission, 2025).

Furthermore, as the European Commission estimated (Caprile et al., 2025), the amount of assets in the EU is equal to €210 billion, which is approximately 70% of all russian assets worldwide. As the European Parliament has always supported the idea "russia must pay", the main concept is that the part should be directed into macro-financial support of Ukraine, and continually the other part is for the defense-industrial complex.