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Innovations in financial services

The purpose of this thesis is to consider innovations in financial services. It is particularly concerned with exploration of the transformative potential of new entrants and innovations on business models in financial services. The group of experts from World Economic Forum set out three major problems that have prevented a comprehensive understanding of the state of disruptive innovation[1]:

- There is no common taxonomy or understanding of which innovations are the most relevant;
- There is no clear understanding of the evolutionary path of emerging innovations;

• The implications of those evolutions on incumbent business models are unclear, creating significant uncertainty for traditional players as they strive to react to growing competitive pressures.

The outcome of their research framework was the result of structuring six functions of financial services and eleven clusters of innovation.

1. Payments

1. *Cashless World* (Key Disruptive Trends: Mobile Payments, Streamlined Payments, Integrated Billing, Next Generation Security) [2].

2. *Emerging Payment Rails* (Key Disruptive Trends: Cryptographic Protocols, P2P Transfers, Mobile Money) [3].

2. **Market Provisioning**

3. *Smarter, Faster Machines* (Key Disruptive Trends: Machine Accessible Data, Artificial Intelligence / Machine Learning, Big Data)
4. *New Market Platforms* (Key Disruptive Trends: Fixed Income, Funds / Fund of Funds, Private Equity / Venture Capital Shares, Private Company Shares, Commodities & Derivative Contracts) [4].

3. Investment Management

5. *Empowered Investors* (Key Disruptive Trends: Automated Advice & Wealth Management, Social Trading, Retail Algorithmic Trading) [5].
6. *Process Externalisation* (Key Disruptive Trends: Advanced Analytics, Natural Language, Capability Sharing, Process-as-a-Service)

4. Insurance

7. *Insurance Disaggregation* (Key Disruptive Trends: Disaggregated Distribution, Sharing Economy, 3rd Party Capital)
8. *Connected Insurance* (Key Disruptive Trends: Smarter, cheaper sensor; Internet-of-Things, standardized Platforms)

5. Deposits & Lending

9. *Alternative Lending* (Key Disruptive Trends: P2P Lean, Automated Processes, Alternative Adjudication)

10. *Shifting Customer Preferences* (Key Disruptive Trends: Virtual Banking, Banking as Platform (API), Evolution of Mobile Banking)

6. Capital Raising

11. *Crowdfunding* (Key Disruptive Trends: Empowered Angel Investors, Alternative Adjudication)

Key research findings of the distinguished experts allowed to identify and synthesize six high level insights on innovation in financial services[1].

1. Innovation in financial services is deliberate and predictable; incumbent players are most likely to be attacked where the greatest sources of customer friction meet the largest profit pools.

2. Innovations are having the greatest impact where they employ business models that are platform based, data intensive, and capital light.

3. The most imminent effects of disruption will be felt in the banking sector; however, the greatest impact of disruption is likely to be felt in the insurance sector.

4. Incumbent institutions will employ parallel strategies; aggressively competing with new entrants while also leveraging legacy assets to provide those same new entrants with infrastructure and access to services

5. Collaboration between regulators, incumbents and new entrants will be required to understand how new innovations alter the risk profile of the industry – positively and negatively.

6. Disruption will not be a one-time event, rather a continuous pressure to innovate that will shape customer behaviours, business models, and the long-term structure of the financial services industry.

In addition to innovation insights the project team identified several important themes that cut across functions and touch multiple clusters of innovation[1].

Streamlined Infrastructure. Emerging platforms and decentralized technologies provide new ways to aggregate and analyze information, improving connectivity and reducing the marginal costs of accessing information and participating in financial activities.

Automation of High-Value Activities. Many emerging innovations leverage advanced algorithms and computing power to automate activities that were once highly manual, allowing them to offer cheaper, faster, and more scalable alternative products and services.

Reduced Intermediation. Emerging innovations are streamlining or eliminating traditional institutions' role as intermediaries, and offering lower prices and / or higher returns to customers.

The Strategic Role of Data. Emerging innovations allow financial institutions to access new data sets, such as social data, that enable new ways of understanding customers and markets.

Niche, Specialized Products. New entrants with deep specialisations are creating highly targeted products and services, increasing competition in these areas and creating pressure for the traditional end-to-end financial services model to unbundle.

Customer Empowerment. Emerging innovations give customers access to previously restricted assets and services, more visibility into products, and control over choices, as well as the tools to become "prosumers".

In this thesis we've attempted to summarize the outcome of collaborative research conducted to the first consolidated taxonomy for disruptive innovation in financial services.

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Characteristic features of integral estimation method application of investment attractiveness of agricultural enterprises in Ukraine

The development of market relations in Ukraine is impossible without the effective functioning of enterprises, which are the leading element of the state financial system. The agricultural sector has strategic importance for the development of Ukraine's economy, which ensuring food security in the country. That’s why in terms of under-funding of agricultural enterprises and the low level of investment proposals ways of improving the investment attractiveness of the agricultural sector are to be identified in order to increase the level of investment resources from both domestic and foreign investors.

The main aim of this research is to analyze the integral methods of investment attractiveness evaluation of companies based on the example of the agricultural enterprises.

Enterprises and organizations bankruptcy prevention agency approved the Technique of integral evaluation of investment attractiveness of enterprises and organizations [1], which is meant to determine the integral index of investment attractiveness of enterprises and organizations.

The value of the integral indicator of investment attractiveness is calculated using the following formula: