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## **DIGITAL TRANSFORMATION AND RECONSTRUCTION OF THE FINANCIAL SYSTEM**

Digitalization of business refers to the integration of digital technologies and tools into various aspects of a business operation. This includes the use of digital technologies for communication, collaboration, marketing, customer engagement, data management, and other core business functions. The following are some of the ways that digitalization is transforming businesses. Improved efficiency – digital technologies can help businesses automate and streamline their operations, making them more efficient and reducing the costs associated with manual processes. Enhanced customer experience – digital tools can be used to improve the customer experience, from personalized marketing campaigns to online customer service and support. Increased agility – digital technologies can help businesses respond more quickly to changes in the market, customer needs, and emerging trends, allowing them to adapt and pivot as needed. Data-driven decision making – digital tools enable businesses to collect, analyze, and interpret large amounts of data, providing insights that can inform strategic decision-making. Greater innovation – digital technologies can foster innovation by providing new ways to develop and deliver products and services, and by enabling collaboration and knowledge-sharing across different teams and locations. Improved competitiveness – digitalization can help businesses stay competitive by enabling them to keep pace with changing customer needs and expectations, and by providing new opportunities for growth and expansion. Increased security and resilience – digital technologies can help businesses enhance their security and resilience, with features such as data encryption, firewalls, and disaster recovery solutions [1-4].

Digitalization is transforming businesses in Ukraine and around the world, offering new opportunities for growth, innovation, and competitiveness. By embracing digital technologies, businesses can improve their efficiency, enhance the customer experience, and drive long-term success. Digital transformation is becoming increasingly important for Ukrainian business in today's digital world. Digital transformation is important for Ukrainian companies. Digital technologies enable the automation and optimization of various processes, which allows to increase efficiency and reduce costs. Companies that use digital technologies can provide better service to their customers, improve product and service quality, and increase their competitiveness. Digital technologies open up new opportunities for business, enabling the development and implementation of new business models that can provide a significant competitive advantage. Improving communication with

customers and employees. Digital technologies allow to improve the quality of communication with customers and employees, ensuring a more efficient exchange of information and increasing the level of satisfaction. Digital technologies enable the collection, analysis and use of data to improve decision-making and develop new products and services [5-6].

Reengineering the financial system for the possibility of digital transformation is the process of transforming the existing financial system in order to adapt it to the requirements and opportunities of the digital economy.

The main steps of reengineering the financial system for the possibility of digital transformation:

- defining new goals and strategies, development of new strategies and goals that correspond to the new reality of the digital economy, where the main emphasis is on digital technologies and digital platforms;

- analysis of existing processes and their optimization, assessment of existing processes and identification of opportunities for their optimization and automation in order to increase efficiency and reduce execution time;

- implementation of new technologies and tools, implementation of digital technologies and tools such as blockchain, artificial intelligence, machine learning, distributed ledger, which will increase the efficiency and security of operations;

- ensuring security and privacy, ensuring the security and privacy of digital payments and transactions through the use of encryption and authentication technologies;

- development of digital platforms and ecosystems, development of digital platforms and ecosystems that will allow creating new services and products based on open APIs and integration with other services;

- interaction with regulators and the state [2, 3, 6].

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