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## **MODERN DEVELOPMENT OF THE FINTECH SECTOR IN THE REPUBLIC OF BELARUS**

The digitalization of the economy in society came with the beginning of global digitalization. A significant part of this phenomenon has been the introduction of financial technologies into the system of financial services markets in various countries. Behind the demand for fintech developments is the interest of people in simplifying life and saving time. The relevance of this study is due to the increased attention to contactless methods of conducting various financial transactions owing to the difficult epidemiological situation.

Financial technologies, or “Fintech”, are technologies used to provide financial solutions. The first map of the fintech market of Belarus was developed by the BEROC Center for Economic Research together with BelarusFinTechHub back in 2019 [1].

After analyzing the map, it can be understood that a large share in the field of financial technologies in Belarus is occupied by projects related to payment services.

Let us focus on such projects. The Settlement system, also known as the ERIP provider system (Unified Settlement Information Space) was launched by the National Bank of the Republic of Belarus in 2008 in order to simplify online payments from individuals and legal entities [2]. This domestic development provides support for various types of calculations, for example, such as payment for groceries in stores, payment for utilities and much more. Also, many sites use this system for online payments, while connecting the ERIP both directly and with the help of payment aggregators. The main advantage of the system is the absence of commission when paying.

An equally important product in this area is the mobile payment service “Pay”, created by Belinvestbank and the HTP resident company LWO [3]. Originally used for contactless payment for public transport, the application quickly gained popularity. In addition, through the application, you can pay for utilities, settlement in trade and service enterprises. Also, when synchronizing contacts of the phone book with “Pay”, you can make instant money transfers without commission directly in the chat, or simply by QR code.

The next fairly developed sector in the fintech market of Belarus is occupied by projects based on blockchain technology. This is due to an increase in the number of transactions with digital money.

The Republic of Belarus is no exception. In connection with the resolution of the Board of the National Bank of the Republic of Belarus dated July 11, 2017 No. 279 [4], which provides for the inclusion of blockchain technology in the mechanism for transmitting information about bank guarantees, Belarusian banks have a legal basis for the free use of blockchain. Speaking of projects to create crypto exchanges, the first one was launched back in 2019. At the moment, several crypto exchanges are operating in Belarus, for example currency.com, BYNEX, iExchange and others.

It can be noted that some niches, more or less developed in neighboring countries, are free or little occupied in Belarus. These include crowd investing, social trading, InsureTech, RegTech, online lending, neobanking and some other areas. Only with a change in the financial habits of the population of Belarus can we hope for an increase in demand for such fintech services, which will entail their spread on the Belarusian market and the subsequent development of the sphere as a whole.

It should be noted that Belarusian fintech projects are strongly export-oriented. Therefore, if we focus on the areas of financial technologies that have already developed in the Belarusian market, finding working products exclusively of domestic production is quite difficult. Belarus is the main market for only 25% of developers, and the majority (65%) are aimed at the EU and UK markets.

Thus, today in the fintech market of the Republic of Belarus, such tools as the ERIP and Pay system are popular. Blockchain technology is being actively introduced to improve the quality and security of various transactions in the banking sector, and blockchain projects are also being launched, including the opening of crypto exchanges.

We can conclude that Belarus has something to strive for. Among the obvious weaknesses, we can note the lack of innovative projects and players in the market. But despite the rather small pace of development of the fintech ecosystem over the past 5 years, the number of companies in Belarus has increased by 66 %. The state should maintain such a growth potential and increase the level of public interest in innovation. Holding meetings between traditional financial institutions and innovators for the purpose of dialogue, exchange of opinions and experience, providing information to the public, organizing events dedicated to this topic can significantly improve the state of the fintech ecosystem in Belarus.

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