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THE MECHANISM FOR THE FORMATION OF BLOCKCHAIN SCHEMES IN THE ACTIVITIES OF THE BANK

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Summary. *Under the development of digitalization, many countries have followed up steps to embrace this brand new technology and implement digitalization, for some countries which still think that the digitalization apllied to financial area would be a huge risk. This article briefly analyzes the importance of blockchain applications in banking activities and its mechanism, demonstrates the theories proposed by relevant economists, and explains how blockchain can improve security and efficiency for business activities.*

In its essence and semantic content, blockchain is a distributed ledger within which transactions are recorded in an immutable and secure (in a cryptographic context) way [1, p. 79]. Initially, this technology was used to move funds between parties without the need for third-party verification or the involvement of intermediaries. As for the mechanism, the technology in question (blockchain) functions by forming a network of computers (or nodes) that are connected via the Internet. Each node in said network contains copies of the transaction data; they cannot be changed, corrected or erased.

Time cost reduction. The use of blockchain helps reduce costs by enabling banking organizations to process transactions more quickly.

Transparency by providing real-time records of all transactions that have taken place within an organization. This is done through a series of blocks conjugated to each other, with each block containing information about previous blocks.

User experience. As rightly noted by V. A. Kinsburskaya, their interface should be intuitive on an intuitive level, it is required to achieve ease of use so that transactions are carried out quickly, without delays and difficulties for customers [2, p. 47].

Finally, in the context of the benefit argument, general security issues should not be forgotten. According to V. O. Odintsov, blockchain schemes in the activities of banks help to simplify tracking who owns certain assets when they move between different financial institutions (for example, when it comes to moving from one investment bank account to another) [3, p. 276]. This provides an opportunity to achieve quality control regarding access to the assets in question during the transfer and contributes to the prevention of fraudulent activities, since the legality of all changes (that have been made) are reliably checked.

The mechanisms for the formation of blockchain schemes in the activities of a bank can be described in several ways:

1. Syndicated loan system. As noted by A. V. Razumova, A. P. Protskaya, blockchain contributes to a significant simplification of syndicated loans through the formation of standard contracts and automation of various procedures, from issuing loans to monitoring and repayments. A significant role in this regard is given to smart contracts – we are talking about digital codes that are self-executing and automatically perform specific actions when certain conditions are met [4, p. 125].

2. Authentication. In the activities of banking organizations, blockchain technology can be used to provide authentication services for a number of documents:

– contracts;

– loans.

This is done by checking authenticity before considering valid.

Summing up, blockchain formation mechanisms offer significant potential for commercial banks as a transformative technology that they can implement to improve services and modernize, optimize customer service. In addition to this, the blockchain provides an opportunity for banking organizations to significantly save money on transaction costs and level risks by updating records in several systems. Thanks to the analyzed technology, a secure environment is formed in which the likelihood of fraudulent activities, as well as data loss due to cyber attacks, is minimized.

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THE DEVELOPMENT OF E-COMMERCE IN THE DIGITAL ECONOMY

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Summary. *Electronic commerce has completely transformed commercial transactions in the digital economy. It has disrupted traditional business models,*