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## **FULL-SCALE DIGITALIZATION OF TRADITIONAL BANKING BUSINESS IN ORDER TO MAINTAIN COMPETITIVENESS IN THE MARKET**

Studies have shown that the digitalization of financial services helps to increase the financial literacy of the population, simplify the mechanism for conducting financial transactions and attracts more and more users. It has been established that the basis for the creation of new segments of the financial system, known as FinTech companies, was the widespread introduction of digitalization in financial services. It is noted that in the banking services market, these companies offer products covering mobile payments, personal lending in the P2P format, insurance services, as well as financial advice, which were previously part of the traditional range of banking services. FinTech companies focus their attention on three key areas of the retail banking sector that have the potential to reduce the gap between customer needs and their level of satisfaction with servicing banking institutions. It is emphasized that the development of such business models is based on several basic principles: accessibility, transparency, ease of customer acquisition, ease of distribution, commercial attractiveness and specialization. The dynamics of the number of Fintech companies is given for their distribution by areas of activity in Ukraine by years of foundation. The differences from traditional banks of FinTech companies are characterized and the need for the emergence of new innovative products and services is substantiated. The regional distribution of trading terminals and information on the leaders in these indicators are provided. Three main aspects are proposed, which are new challenges for banks in the digital age and will ensure the implementation of an effective digital transformation of the banking sector.

**Keywords.** Digitalization, banking sector of the economy; innovative digital services, electronic payment system (EPS), fintech companies, Internet banking, mobile banking, NBU, payment services, cashless payments.