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## CONSUMER RIGHTS PROTECTION IN ATTRACTING CREDIT SERVICES THROUGH ALTERNATIVE FINANCING INSTRUMENTS IN DIGITAL ECONOMICS

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**Abstract.** *The main directions of influence of digitalization of the economy on the development of the credit market in Ukraine have been analyzed in the article, the key aspects of non-bank lending have been presented. The problems of legislative support of consumer rights in attracting credit funds through alternative financing instruments have been investigated. The directions of improvement of the consumer protection policy implementation and the measures for minimizing the risks of online lending at the level of the legislation of Ukraine and state regulators have been established.*

**Key words:** *consumer rights protection, credit services, fintech, microcredit, alternative financing instruments, government regulation.*

Due to the development of Fintech, fundamentally new web platforms have been created in Ukraine, adapted to handle personal data and financial transactions. Along with traditional financial service providers, non-traditional emerging technologies are emerging to create new types of financial services in the non-bank micro-credit market. The newest service is online lending. The rapid growth of Internet lending in Ukraine began in the second half of 2018.

By the beginning of 2019 the number of credit agreements concluded by financial companies remotely had been more than 1.5 million units, which is 113% more than in the same period last year. At the beginning of 2019, 70 financial companies had been issued loans on the Internet.

After analyzing the Internet lending market, the following benefits for customers of this service have been distinguished: 1) Quick approval; 2) Easier to approve; 3) Unsecured loans.

In addition to the benefits the main risks faced by customers with online lending have been identified: 1) Price opacity; 2) Loss of money; 3) Theft of personal data.

The main problems of the Ukrainian legislation in the sphere of regulation of the market of crediting by non-bank financial institutions, concerning Internet credits are: 1) Cybercrimes; 2) Absence of mandatory requirements for financial companies to submit information about the borrower to the credit bureaus; 3) Proper identification and verification of customers.

After analyzing the legislative framework of Ukraine, the following options for improving consumer protection policy in Ukraine have been proposed:

1) Adopt a bill “On protection of the rights of non-bank loan borrowers”, which provides for a number of restrictions on non-bank financial institutions.

2) Identify and legislate more on internet loan borrowers to think more about getting a loan.

3) Put in place digital and biometric identification.

The proposed changes will allow a balanced approach to the problem of protecting micro-credit consumers, on the one hand, not creating incentives for the borrower to avoid his obligations, and on the other, preventing the unscrupulous borrower from going bankrupt as a result of obtaining a small loan.

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