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## DIGITAL MONEY MARKET TRANSFORMATION: PROSPECTS OR THREATS TO FINANCIAL STABILITY

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**Abstract.** *The article is devoted to the study of current trends in the digitalization of the money market and the associated risks and threats to financial stability. The evolution of money market transformation is revealed. The structure of the money market in the conditions of post-industrial society is outlined. Particular attention is paid to the development of stablecoins and the areas of greatest threats to financial stability have been identified.*

**Keywords:** *digital transformation, money, fiat money, electronic money, stablecoins, financial stability, risks, threats.*

The article is devoted to the study of current trends in the digitalization of the money market and the associated risks and threats to financial stability. The evolution of money market transformation is revealed and it is substantiated that modern digitalization of money from the technical point of view should be considered as a new evolutionary form of electronic money development. However, the fact that in the case of digital currencies we are talking about the decentralization of money, so from an economic point of view - is the institutional transformation

of the monetary system in the era of industrial society.

The article outlines the structure of the money market in a post-industrial society by identifying the following criteria: 1) the type of object orientation of relations (on financial requirements; on the object of financial nature); 2) characteristic of the value (preservation of a fixed value; variable value; quantitative measurement of the total volume of units); 3) type of issuer (state or its authorized institution; private institution); 4) technological ap-

proach to the organization of money circulation (centralized, decentralized).

Particular attention is paid to stablecoins, which are considered as a technological mechanism for integrating cryptocurrencies and traditional fiat money. At present, these two markets exist as institutionally isolated ecosystems with very little room for interaction. Due to stablecoins and various technological algorithms for their implementation, it is likely that cryptocurrency is subject to a wider range of uses in the payments and lending markets, which are still dominated by fiat money. Stablecoins are also an attempt to eliminate the objectively high volatility of "traditional" cryptocurren-

cies by pegging the value of a stable coin to one or more other assets, such as sovereign currencies.

One of the substantive areas where the emergence of threats to financial stability is, firstly, the most expected, and secondly, the most significant in terms of potential impact, identified the creation and active development of a mechanism of stablecoins, which in our opinion is very similar to credit derivative, the activity of which is associated with one of the main causes of the global crisis in 2008. The relationship between the development of stablecoins and the probability of liquidity risk at the level of the financial system.

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