

***DIGITAL ASSETS AND CRYPTO CURRENCIES IN THE CONTEXT OF INTERNATIONAL ECONOMIC RELATIONS AND RISK MANAGEMENT***

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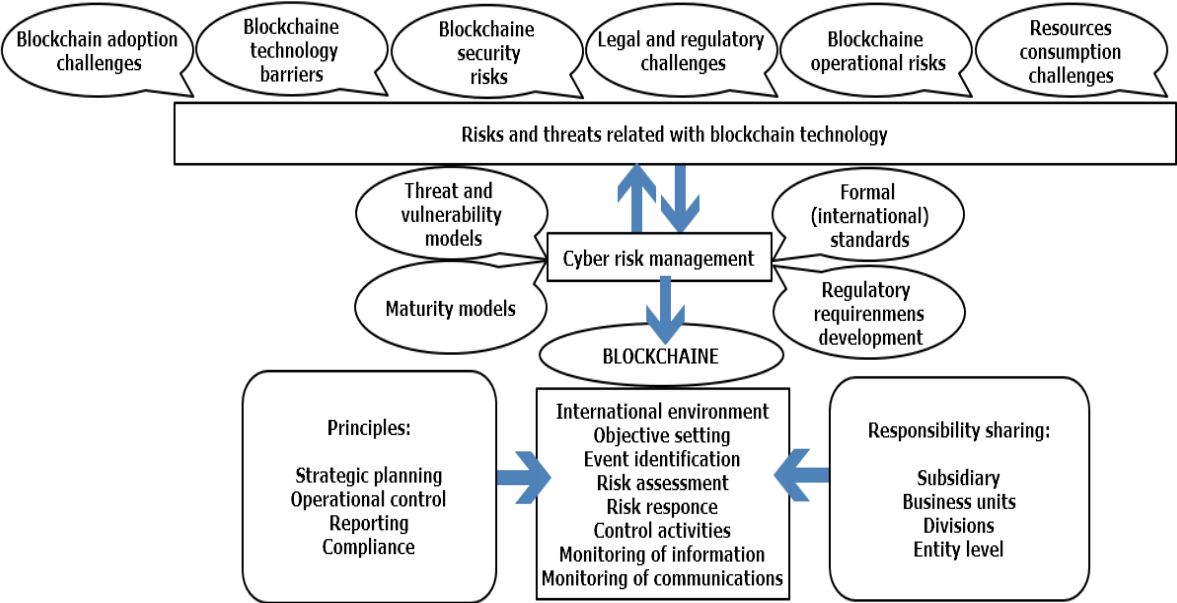
Contemporary world and traditional space of international economic relations are cardinally changing and reshaping under the influence of digital technologies. New opportunities and risks appear, including closely related with new forms of money and their equivalents (crypto currencies). Such initial changes have created new horizons for economic development and threats for traditional socio-political continuum of international economic relations. States, transnational corporations, NGOs, groups of interests, individuals and commercial companies today get equal ability of access to global finances.

Under the influence of globalization the process of total digitalization has started since 2000<sup>th</sup>. As a result today we have new forms of economic activity, methods of international trade, technologies and forms of money (digital assets, crypto currencies), that provide new opportunities for involvement of direct investment to start-ups, private firms and other small-size innovative entrepreneurship projects. Under the current sophisticated socio-political and economic situation in our country, many international investors forbear from their activity in this area in order to secure their interests despite of their high interest in Ukraine.

Controversial nature and unpredictable outcomes of numerous and prominent post-modern changes in socioeconomic space within last decades were discussed by representatives of different branches of contemporary science. The authors of recent works on economic and law aspects of digital assets include K. Ruan (2019), A. Kud, M. Kucheryavenko and Y. Smychok (2019), R. Hermann (2017) and others. T. Blank (2014), M. Hedges, S. Moore (2015), T. Draper, A. Romans created theoretical works on investment, digital assets management and related law areas issues. Today the issue of digital

assets, as a channel to involve direct investment for support of private firms, innovative entrepreneurship projects and start-ups, needs more attention of experts.

Nowadays implementation and integration of digital technologies triggered inevitable changes into social, political and economical spheres, which can totally reshape balanced system of international economic relations into flexible constellation of independent actors. According to this scenario, traditional role of states as decision-makers and key players of international relations can be graded by decentralization and transfer their main activities into virtual (digital) space (Ruan K., 2019, p.75-77). Also we will get changes in management and economic behavior: core values will be related with security, trust, safety assurance based on international standards like ISO/IEC 27000 - guidance on information security management system (ISMS). Since 2009 word “bit coin” comes to our lexicon and new epoch of cyber economics has started. Today blockchain technology was probed in different societal (administrative services, voting) and economic sectors (digital currencies) by leading actors of international economic relations (England, Canada, Singapore, Japan, Lithuania, Thailand, Germany, Saudi Arabia, UAE, Sweden, USA and others). But new technology meets also critics due to its high risk rate and need in cyber risks management system (see figure 1.).



**Figure 1. Blockchain technology and its aspects.**

Everyone knows that societal progress should be accompanied by new technologies and innovations focused on developing better channels and forms for transfer of information. Each new technology, despite its area (industry,

agriculture, trade, financing or others), must inspire qualitative changes in society, including transformation and management of social roles and even international relations. For example, Internet as a global digital network has connected billions of people around the world in one virtual community dealing with transferring and sharing information. Next level of this was implementation of blockchain technology for accounting, storage and transfer of values (Кудь А., Кучерявенко М., Смичок Є., 2019).

Also we have saw changes in the area of management and quality assurance paradigms: local (national or regional) industrial standards were transformed into common international ones (like ISO, HACCP) and guidance on management systems. Blockchain technology has created background for smart-contracts that allows for different actors (individuals, companies, official bodies) to deal without help of brokers. This technology implemented into different spheres of socioeconomic life supports constructing new coherent system of relations based on trust, integrity and transparency. Transactions between members of community will be legalized and absence of brokers will limit financial and time expenses that also can make members of transactions more responsible (Gonzalez J., Kemp R., 2019). Despite prominent institutional changes in the sphere of digital banking and international economic relations, many actors on different levels of economic space still can be faced with threats of classical micro- or macroeconomic and new cyber risks such as: data breach, insecure application user interface (API), cloud abuse, malware attack, loss of data, hacking, single factor passwords, insider threat, internet of things (IoT) and shadow IT systems.

### **References:**

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