

CURRENT TRENDS AND INNOVATIONS IN CORPORATE FINANCE

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Abstract: *The financial sector of enterprises is undergoing continuous transformation due to rapid technological development, changes in the global economic environment, and growing stakeholder demands. In the context of global digitalisation, enterprises are forced to adapt to new conditions by implementing modern innovative solutions to optimise their financial processes and increase competitiveness. This article provides a comprehensive analysis of the key contemporary trends and innovative technologies shaping the future of corporate finance, as well as their practical application in a rapidly changing business environment. Particular attention is paid to areas such as the digitalisation of financial processes, which includes the automation of accounting, the introduction of cloud platforms and the integration of various financial management systems. The article examines the possibilities of using big data and artificial intelligence to forecast financial risks, optimise investment decisions and improve the accuracy of financial planning. The article also highlights the development of blockchain technologies, including the use of smart contracts and decentralised financial platforms (DeFi), which contribute to increasing the transparency and security of financial transactions. Additional attention is paid to new financing models, such as crowdfunding, venture capital investment and alternative sources of capital, which expand opportunities for raising funds and reduce dependence on traditional bank loans. An important component of the analysis is the growing role of ESG factors (environmental, social and governance aspects) in shaping corporate financial strategies, which contributes to their sustainability and compliance with international standards of responsibility and transparency. The article focuses on the practical application of these innovations and analyses their potential impact on improving the efficiency of business processes, the transparency of financial reporting and the sustainability of enterprises. Thus, the article provides a comprehensive picture of current trends and innovative approaches that are shaping the future of corporate finance and ensuring its adaptability to new challenges and opportunities in the global economy.*

Keywords: corporate finance, financial innovation, digitalisation, big data, blockchain, risk management.

JEL Classification: G3, O32

INTRODUCTION

Corporate financial management has always been a dynamic field requiring adaptation to changing conditions. However, in recent decades, the pace of change has accelerated exponentially. Digital technologies, globalization, and growing awareness of environmental and social issues pose new challenges and offer unprecedented opportunities for CFOs and senior managers.

This article systematizes and analyzes the most important contemporary trends and innovations shaping corporate finance and determining the trajectory of business development in the 21st century. [2, p.98]

In today's dynamic economic environment, companies face new challenges and opportunities, which, in turn, are shaping key trends in financial management. Table 1 provides an overview of these trends, including their key features, benefits, potential challenges, and real-world use cases. The purpose of this analysis is to help understand which innovative trends have the greatest impact on business performance and sustainability in the context of digital transformation.

Table 1: Comparison of key trends in corporate finance

Trend	Description	Benefits	Challenges	Case Study
1. Digitalization of financial processes	Implementation of digital technologies to automate and optimize financial transactions	Increasing data processing speed, reducing errors, and optimizing costs	Significant investment required, cybersecurity risks	Implementation of an ERP system in a large company for automatic payment processing and reporting
2. Application of Big Data and AI	Using analytics and algorithms for forecasting and decision making	Improving forecast accuracy, automating analytics, and personalizing offers	The need for high-quality data and the complexity of algorithms	Using AI to Detect Fraud in Bank Transactions
3. Development of blockchain technologies	Implementation of distributed ledgers for secure and transparent transactions	Increased transparency, reduced transaction costs, and increased trust	Regulatory barriers, scalability, integration with existing systems	Using blockchain for securities accounting and automated smart contracts
4. New financing models	Transition to crowdfunding, P2P lending, and venture capital financing	Expanding funding sources, making them accessible to startups	Insufficient regulation, risks of credit obligations	P2P lending platforms that allow borrowers to receive investments directly from investors
5. Increasing role of ESG factors	Integrating environmental, social and governance considerations into financial planning	Improving reputation, reducing risks, access to green investments	Lack of strict standards, need for additional reports	Corporate investment in environmentally friendly projects to improve ESG ratings

Source: Developed by the authors based on [4, p.56]

Each of these trends represents a significant aspect of modern corporate financial management. Digitalization enables increased efficiency and cost reduction, while big data and artificial intelligence open new horizons for analysis and decision-making. Blockchain technologies ensure security and transparency, which is particularly important in the face of growing fraud threats.

New financing models provide businesses with access to additional resources, which can be critical for startups and small businesses. Finally, a focus on ESG factors highlights the importance of sustainability and social responsibility, which is becoming increasingly relevant for investors and consumers.

It is important to consider both the benefits and challenges associated with each trend to ensure successful adaptation and integration into business processes. [3, p.211]

Overall, Table 1 demonstrates that key trends are not isolated phenomena but rather an interconnected system where the benefits (increased efficiency and sustainability) outweigh the challenges when managed properly. Businesses that actively implement these innovations gain a competitive advantage in the digital economy, but success depends on balancing risks and strategy.]

EVOLUTION OF FINANCIAL PROCESSES: FROM MECHANIZATION TO INTELLIGENT CONTROL THROUGH DIGITALIZATION

Digital technologies are penetrating deeply into the financial activities of enterprises, restructuring traditional approaches and creating unprecedented opportunities.

- **Mechanization of routine:** The widespread implementation of integrated enterprise resource planning (ERP), customer relationship management (CRM) systems and specialized financial platforms makes it possible to automate operations such as payment processing, data reconciliation, reporting and liquidity management. This leads to a significant reduction in operating costs, minimizing the human factor in errors and freeing up personnel to perform more strategically significant tasks. [5, p.114]

- **Cloud flexibility:** The transition to cloud services guarantees adaptability, scalability and access to financial information from anywhere in the world. This is critical for geographically distributed companies and fast-growing start-ups that need to quickly respond to changes.

- **Acceleration of transactions:** The development of electronic, mobile and instant payment systems significantly accelerates the turnover of funds, reduces the risks inherent in cash payments and improves the user experience.

- **Forecasting with digital twins:** Creating virtual copies of financial processes and assets makes it possible to run simulations, analyze various scenarios, optimize the decision-making process and predict future financial results with a high degree of accuracy.

1. Practical examples: [7, p.60]

- **Automated accounting:** Using specialized personal software to automate standard accounting operations, such as invoicing and processing incoming payments.

- **Cashless payments:** Implementing electronic payment systems to speed up interactions with customers and suppliers.

- **Cloud storage:** Placing financial information in the cloud to ensure continuous access and increase the level of data protection.

- **Mobile financial applications:** Creating mobile solutions for financial management, allowing users to control their income and expenses at any time.

ARTIFICIAL INTELLIGENCE (AI) AND BIG DATA: BRINGING ANALYTICS AND FORECASTING TO THE NEXT LEVEL

The application of AI and big data analytics is revolutionizing financial planning, risk management, and strategic decision making.

- **Predictive Analytics:** AI can analyze vast amounts of historical and current data to identify patterns, predict market trends, product demand, credit risks, and potential fraudulent transactions. This enables companies to make more informed decisions and respond proactively to changes.

- **Machine Learning in Risk Management:** Machine learning algorithms are used to more accurately assess credit risks, identify anomalies in financial flows, predict market volatility, and optimize investment portfolios.

- **Automation of Financial Analysis:** AI can automatically analyze financial statements, identify key metrics, compare the company with competitors, and generate reports, saving financial analysts time.

- **Personalization of Financial Products and Services:** AI makes it possible to tailor financial offerings to specific customers, improving engagement and increasing loyalty.

Practical applications: [7, p.61]

- **Customer data analytics:** Using big data to segment customers and personalize offers, increasing loyalty and profitability.

- **Financial performance forecasting:** Applying machine learning algorithms to forecast revenue, expenses, and cash flows based on historical data.

- **Risk management:** Using AI to assess customer creditworthiness and identify potential fraudulent transactions.

- **Investment portfolio optimization:** Applying analytics tools to analyze market trends and optimize investment decisions.

4. Blockchain Technologies: Transforming Trust and Transactions [5, p.117]

Initially associated with cryptocurrencies, blockchain is showing significant potential in corporate finance, bringing security, transparency, and efficiency.

- **Smart Contracts:** Automatically executing contract terms when specific events occur reduces administrative costs, speeds up settlements, and reduces the likelihood of disputes. Examples include automatic insurance payouts and enforcement of sales contracts.

- **Asset Tokenization:** Representing real-world assets (real estate, company shares, art) as digital tokens on the blockchain makes them more liquid, enabling fractional ownership and facilitating trading.

- **Improved Supply Chain Management:** Blockchain provides transparency and traceability throughout the supply chain, improving inventory management, reducing the risk of fraud, and increasing trust among participants.

- **Security and Transparency of Financial Transactions:** The immutability and distributed nature of the blockchain ledger makes transactions more secure and transparent, which can be used for auditing, anti-money laundering, and to improve the credibility of financial reporting.

Practical Applications: [7, p.63]

- **Facilitating Settlements:** Using smart contracts to automate settlements between parties without the need for intermediaries.

- **Transactional Transparency:** Blockchain provides an immutable and transparent ledger of transactions, which increases trust between participants.

- **Asset Management:** Using tokenization of assets to simplify the buying and selling of assets and improve liquidity.

- **Cost Reduction:** Blockchain can reduce transaction costs by eliminating the need for traditional intermediaries (such as banks).

5. New Financing Models: Accessing Capital in the Digital Age [5, p.119]

Traditional methods of raising capital are being complemented by new, more flexible and accessible models.

- **Crowdfunding and Crowdlending:** Crowdfunding platforms allow startups and small businesses to raise funds from a wide range of investors. Crowdlending offers an alternative to bank loans.

- **Digital Factoring and Scoring:** Digital platforms are simplifying the factoring (selling receivables) and scoring (credit assessment) processes, making them more accessible to small and medium-sized businesses.

- **Decentralized Finance (DeFi):** Although DeFi is in its early stages, it offers the potential to create fully decentralized financial services, including lending, insurance, and trading, without intermediaries.

- **Venture Capital and Angel Investors:** While these continue to play an important role in funding innovative projects, the processes themselves are becoming more digital thanks to online platforms and tools for analyzing startups.

PRACTICAL APPLICATIONS

- **Crowdfunding:** Platforms for raising funds from a large number of investors, allowing small and medium-sized businesses to raise capital without traditional bank loans.

- **Peer-to-Peer Lending:** Services that connect borrowers and lenders directly, reducing lending costs.

- **ICO/IEO Funding:** Raising capital through initial coin offerings, which has become popular among tech startups.

- **Social Finance:** Models where funding is linked to social initiatives, allowing businesses to raise funds from investors interested in social change.

6. ESG Factors: Integrating Sustainability into Financial Strategy [5, p.120]

Environmental, social and governance (ESG) factors are moving from being an afterthought to becoming an integral part of a company's financial strategy.

- **ESG Reporting and Transparency:** Companies are increasingly disclosing information about their environmental impact, social responsibility and corporate governance. This increases their appeal to investors and consumers.

- **Green Finance:** Growing interest in green bonds and other forms of green finance allows companies to raise capital for sustainable projects.

- **ESG Risk Management:** Integrating ESG factors into their risk management system allows companies to identify and mitigate potential threats related to climate change, social conflict and regulatory changes.

- **Sustainable Asset Investing:** Investors are increasingly choosing companies with strong ESG indicators, which incentivizes corporations to become more sustainable.

Practical application: [7, p.66]

- **Investment strategies:** Investors increasingly consider environmental, social and governance factors when making investment decisions, which affects share price and company attractiveness.

- **ESG reporting:** Companies are starting to publish reports on ESG factors, which increases their transparency and can attract new investors.

- **Sustainable finance:** Developing financial products, such as green bonds, that finance projects with a positive environmental impact.

- **Risk assessment:** Incorporating ESG factors into risk assessments allows companies to better prepare for potential regulatory changes and reputational risks.

7. Challenges and prospects [5, p.121]

Despite significant benefits, the implementation of new trends and innovations is associated with a number of challenges:

- **Cybersecurity:** Increased digitalization increases vulnerability to cyberattacks, requiring continuous improvement of data protection systems.

- **Need for qualified personnel:** To effectively use new technologies, specialists with relevant skills in data analysis, AI, blockchain are required.

- **Regulation:** Rapid innovation often outpaces legislation, creating uncertainty and requiring regulatory adaptation.

- **Cost of implementation:** Implementing new technologies and systems can require significant upfront investment.

At the same time, the prospects for innovation-driven corporate finance are extremely promising. We expect further development of integrated platforms that connect various finance functions, deeper penetration of AI in strategic decision-making, increased use of blockchain to create new financial ecosystems, and a growing role of ESG factors in shaping long-term business value.

CONCLUSION

Modern trends and innovations in corporate finance are not just new tools, but fundamental changes that transform the ways of managing, raising capital and doing business. Companies that can successfully adapt to these changes by investing in technology, developing new competencies and integrating sustainability principles will gain a significant competitive advantage, increase their operational efficiency, resilience and long-term value. The finance function is no longer just an accounting unit and is becoming a strategic partner that determines the development vector of the entire enterprise.

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