

## PROCESSES OF FORMATION OF THE DIGITAL ECONOMY IN UZBEKISTAN

*Muratjanova Lobar*

*Student of Gulistan State University*

*ORCID: 0009-0000-3300-0646*

**Abstract:** This article studies the role and importance of the Digital Economy in modern conditions, its impact on economic growth and innovation processes. The development trends of the digital economy are analyzed. The article shows how the introduction of digital technologies brings positive changes to the country's economy and their importance in eliminating problems. The development of digital infrastructure, the popularization of online services, digital money making, and the impact of these processes on economic stability are assessed.

**Keywords:** Digital economy, digital transformation, innovation, technologies, economic growth, digital infrastructure.

### INTRODUCTION

The development of the digital economy in Uzbekistan has become one of the important directions of economic policy in recent years. The republic is implementing a wide range of initiatives to introduce digital technologies, increase efficiency in various sectors of the economy, strengthen innovation processes, and ensure sustainable development. The digital economy is a complex system that includes the management of economic activity, optimization of production and service systems, data processing and use through new technologies, information and communication tools. The government of Uzbekistan is paying great attention to the creation and development of digital infrastructure during the transition to a digital economy. In 2020, a state program was adopted to develop the "Digital Economy", and a number of digital transformation programs and projects were subsequently implemented. These initiatives, in turn, serve to increase the efficiency of the economy, create new jobs, and ensure competitiveness in international markets. In particular, through the widespread use of digital technologies, the openness and efficiency of public administration, as well as the convenience of public services for the people, have significantly increased.

The development trends of the digital economy in Uzbekistan are supported not only by the state, but also by the private sector. The expansion of Internet connections, the rapid development of mobile phones and smartphones, the popularization of online trading and service platforms are creating new opportunities in the country's economy. Through these processes, business processes are simplified, efficiency is increased, and new sectors of economic growth are emerging. For example, the introduction of digital payment systems in the fintech sector and the expansion of e-commerce help strengthen Uzbekistan's economic integration not only in the domestic market, but also on a global scale. At the same time, there are also difficulties and problems associated with the development of the digital economy. Issues such as insufficient development of infrastructure, Internet speed, and information security remain relevant. Also, along with the development of the digital economy, the need to acquire modern professions and skills is increasing, which requires the creation of new areas in the education system. Therefore, a successful transition to a digital

economy requires joint efforts of the public and private sectors, strengthening digital infrastructure, ensuring information security, and increasing digital competencies among the population.

The introduction of the digital economy in Uzbekistan requires not only the transformation of the economic sector, but also the adaptation of society to a new socio-economic system. Education and training of personnel, promotion of innovation, attention to technology, and international cooperation are important factors in implementing this process. The goal is to successfully transition to a digital economy, thereby raising the country to a new economic level and increasing its international competitiveness. In this context, this article analyzes the trends in the development of the digital economy in Uzbekistan and the main changes in this process, and shows the economic and social effects of the introduction of digital technologies in the country.

### **DISCUSSION AND RESULTS**

Interest in the digital economy has grown significantly due to the significant changes taking place in society and the economy. Modern technologies and platforms have helped businesses and individuals reduce costs by minimizing personal communication with customers, partners and government organizations, and have also made it possible to establish communication more quickly and easily. As a result, a digital or electronic economy based on network resources has emerged. The implementation of e-government elements and support for the digital economy are firmly on the agenda of Uzbekistan's near-term development plan.

This primarily concerns the tasks of further increasing the share of electronic document exchange and gradually transferring a certain part of public services to electronic form through Public Service Centers. Telecommunications infrastructure plays an important role in this process. The word "digitalization" is actually a new term, implying the involvement of IT solutions in innovative management and business processes, and as a result, the use of information technologies in all systems, from the Internet of Things to e-government.

Now, old and new companies around the world are using IT tools to create new services and business models, creating strong competition for companies that are leaders in most industries. According to forecasts, in the coming years, the macroeconomics is expected to be strongly dependent on manufacturers based on the criteria of "lean production", additive, nano and biotechnology. In this regard, the amount of information necessary for rational management will also increase, and the structure of production and citizen communication, business and government management will undergo significant changes. The following are indicated as the main conditions and factors for a gradual transition to the path of social and economic development<sup>1</sup>:

- implementation of e-government and digital city concepts through informatization and integration of state administration bodies and municipal services;
- mass production of new technological generation products (such as driverless cars, etc.);
- implementation of ideas for building "smart" and ecological houses using unique decoration and building materials;
- wide promotion of alternative forms of employment through outsourcing, self-employment, etc.;

---

<sup>1</sup> <https://kun.uz/news/2020/07/06/digital-economy-development-trends-and-characteristics>

- implementation of e-government and digital city concepts through informatization and integration of state administration bodies and municipal services;
- mass production of new technological generation products (such as driverless cars, etc.);
- implementation of ideas for building;
- wide promotion of alternative forms of employment through outsourcing, self-employment, etc.;
- creating professional networks that serve to find freelance workers to perform specific tasks.

All of the above allows businesses to reduce costs using modern platforms that integrate goods and electronic services in production and management. First of all, this concerns the integration of service orders, joint use of resources, selection of counterparties, electronic trading, payments, etc. E-commerce, Internet banking and other such modern areas are developing day by day. As a result, in many areas, automated network services (for example, a high-quality website or mobile application) are replacing business intermediaries in order to increase profits. As a result, businesses can significantly reduce the prices set for services, while in the macroeconomic direction, indicators of single-product production and underemployment can increase. Also, areas such as crowdfunding and crowdsourcing are currently being included in the list of new economic technologies [2]. According to economists, at the same time, as a result of such changes, the economy based on the practice of extracting added value is changing to the economy of cooperation and sharing of benefits ("sharing-economy"). This gives rise to hope that competition in the market will actively give way to mutually beneficial cooperation and partnership, while at the same time moving from vertical communication to equal relations and complementary services.

The trends in the development of Uzbekistan's digital economy have changed significantly in recent years, giving rise to numerous initiatives aimed at enriching the country's economic structure with new digital and innovative systems. The development of the digital economy affects not only technological achievements, but also the integration of all segments of society. At the same time, a number of factors must be taken into account for this process to be successful.

- 1. Development of digital infrastructure.** To develop the digital economy of Uzbekistan, it is necessary to strengthen the state's digital infrastructure. The expansion of Internet networks in the country, the provision of high-speed Internet access, and the introduction of innovative solutions in the field of telecommunications are the main pillars of the digital economy. The "Electronic Government" system implemented by the Government of Uzbekistan, the digitization of public services, and measures taken to create convenience for the population have a positive impact on the development of the digital economy.
- 2. Growth of digital business and entrepreneurship.** The role of business in the digital economy is growing. Uzbek entrepreneurs are paying great attention to supporting new technologies and developing online commerce. Also, state programs aimed at supporting startups and small businesses are giving impetus to the development of the digital economy. The growth of e-commerce, especially during the COVID-19 pandemic, has intensified the trends observed, and the need to use digital technologies in this area has increased.
- 3. Innovation and technological progress.** Uzbekistan is expanding its opportunities to develop its potential in areas such as artificial intelligence, blockchain, and big

data. For example, state programs aimed at supporting technological startups and IT enterprises are not only contributing to the development of the digital economy, but also creating new jobs. Also, changes in the application of innovative technologies will make Uzbekistan's digital economy more competitive in the global market.

- 4. Changes in the labor market and training of qualified personnel.** The development of the digital economy is creating new demands on the labor market. There is a demand for qualified IT specialists, programmers, and digital marketing experts. Therefore, it is necessary to strengthen the training system for the digital economy in Uzbekistan.

Large-scale programs are being implemented in the education system to teach new technologies, develop digital competencies, and attract young people to technical fields.

- 5. Network security and data protection.** Along with the growth of the digital economy, cybersecurity issues are also becoming serious problems. The country is increasingly in need of developing systems for protecting information and personal data on the Internet. In this regard, the government of Uzbekistan is developing programs aimed at ensuring cybersecurity. Strengthening security in this area is of great importance in developing Uzbekistan's digital economy.

## CONCLUSION

The development of the digital economy in Uzbekistan has become an important direction of the state's economic policy, thereby contributing to the country's sustainable economic growth. The introduction of digital technologies and their integration into various sectors of the economy creates new opportunities in the production efficiency, quality of service provision, as well as in the trade and financial sectors. These processes are leading to the development of digital infrastructure in Uzbekistan and the formation of new economic sectors. Literature analysis and existing scientific research show that the need for the development of the digital economy in the country depends not only on public administration and economic policy, but also on the education system, infrastructure and digital competence of society.

The main factors in the development of the digital economy in Uzbekistan are the effective implementation of information and communication technologies, the transition of public services to a digital format, and the formation of new business models.

The expansion of the "Electronic Government" system in the country, increasing the efficiency of public services through the use of new technologies, as well as the development of modern technologies such as artificial intelligence (AI), blockchain and data analytics and their application in various sectors of the economy are of great importance. In addition, the growth of digital business and e-commerce, the involvement of young people in the IT sector and the development of digital competencies are creating positive conditions for the future of Uzbekistan's digital economy.

## LIST OF REFERENCES USED:

1. Rob Bogosian "Digital Economy in the Age of Disruption", Global Economic Forum, 2020.



2. Seytniyazov, K.M. Traditional geographical names. *Economics and society*, (11-2 (102)), 2023, c. 689-694.
3. Khalikov B.Sh. Digital management in the digital economy trends in technology development, 2023, p. 2-3.
4. K.M. Seitniyazov. Some traditional names in Toponymics. *Galaxy International Interdisciplinary Research Journal*, 11(4), 2023, P. 842-845.
5. OECD (2020). *Digital Economy Outlook*. OECD, p. 150-175.
6. Akhmedov, B., Yakubov, M., & Akhmedjonov, D. (2022). Methods of teaching to information technologies: problem type of learning. *Central Asian journal of education and computer sciences (cajecs)*, 1(2), 57-60.
8. "Digital Economy and Development: The Role of ICT in Transforming Economies", World Bank, 2021.x