

THE PROCESS OF DIGITAL ECONOMY FORMATION IN UZBEKISTAN

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Annotation: This article analyzes the process of forming the digital economy in Uzbekistan, the impact of modern technologies on the economy, and the reforms implemented in the field of digitalization. It also examines existing challenges and development prospects.

Keywords: digital economy, digitalization, digital transformation, artificial intelligence, digital payments, electronic services, digital infrastructure.

Introduction.

Today, economic sectors are undergoing rapid transformation due to digitalization, increased mobility, and the introduction of artificial intelligence technologies. The ongoing digitalization process has given rise to a “new economy.” This rapidly developing and still insufficiently studied market segment provides producers with optimal methods for maximizing profits and successfully marketing goods and services at minimal cost.

Due to the great significance of these issues, the President of the Republic of Uzbekistan adopted the Decree No. PF-6079 on October 5, 2020, “On the approval of the Digital Uzbekistan – 2030 Strategy and measures for its effective implementation.” Based on this decree, systematic work is being carried out in all related areas.

The **digital economy** is an economic activity organized on the basis of digital technologies, such as the Internet, artificial intelligence, big data, cloud services, blockchain, and digital payments. It introduces innovations into traditional sectors of the economy and enables greater efficiency. Below are several key benefits and advantages of the digital economy:

1. Automation of production and service delivery.
2. Increased competitiveness.
3. Reduction of corruption.
4. Simplification of the business environment.
5. Faster and more transparent public services, among others.

The formation of the digital economy in Uzbekistan represents an important step toward a modern, open, and competitive economic model. This process is being implemented gradually with the participation of the state, private sector, and civil society. The following directions can serve as examples:

1. Development of the electronic government (e-gov) system;
2. Expansion of platforms such as “Electronic Payments,” “My.gov.uz,” and the “Public Services Agency”;

3. Expansion of fiber-optic Internet networks;
4. Development of mobile Internet networks (4G and 5G testing);
5. Creation of unified information platforms;
6. Growth of digital payment systems — including Click, Payme, Apelsin, Anorbank, UzCard, Humo, and QR code-based payments, as well as mobile banking systems.

To develop these areas, the “**Digital Uzbekistan – 2030**” strategy, approved by presidential decree in 2020, defined a roadmap for developing the country’s digital economy until 2030. The strategy identifies public administration, infrastructure, human resources, innovation, and private sector participation as key directions.

In April 2025, an updated version of this strategy was introduced, focusing on accelerated digitalization in the above sectors, the development of national IT infrastructure, the implementation of digital solutions in public services, and the expansion of innovation and private-sector partnerships.

One of the key initiatives is the “**Artificial Intelligence Development Strategy 2024–2030**”, approved on October 14, 2024. It outlines directions such as expanding AI-based projects, strengthening technical infrastructure, training specialists, and developing big data systems.

Regarding Internet and communication infrastructure, 4G and 3G networks are expected to reach wider coverage, with forecasts indicating nearly 100% 4G coverage by the end of 2025. The number of enterprises operating within the IT Park continues to grow — from 411 in 2020 to around 1,552 in 2023. In 2023, the export of ICT products and services amounted to approximately **\$344 million**.

In addition, electronic public services are expanding. The number of e-government (e-gov) services has increased, and more online services are being provided through the interactive government services portal. The **e-commerce strategy for 2023–2027** was developed with the main goal of helping companies enter international markets, digitalizing business processes, improving logistics and online payment infrastructure, among others.

However, the process of forming the digital economy still faces a number of challenges and limitations. The main ones include:

1. **Geographical and infrastructural limitations** – in some remote areas, Internet quality and coverage remain low, with differences in bandwidth and latency indicators.
2. **Funding and investment constraints** – innovative projects, startups, and AI or big data infrastructure require substantial capital, and the participation of private investors, the World Bank, and international financial institutions is essential.
3. **Legislative and regulatory gaps** – digital legal norms are still developing. Areas such as personal data protection, cybersecurity, e-commerce, digital payments, and ethical aspects of AI require stronger regulation.
4. **Human capital and digital literacy** – there is a shortage of highly qualified specialists in digital fields, and opportunities for young people, especially in rural areas, remain limited. Moreover, digital literacy among the population is uneven, creating additional barriers.

Conclusion and Recommendations.

In conclusion, Uzbekistan has made significant progress in recent years toward developing a digital economy. The expansion of digital infrastructure, the growth of e-services, and the formation of a startup ecosystem are particularly noteworthy. The country is clearly moving toward an efficient, transparent, and competitive economy based on modern technologies.

To further advance this process, the following recommendations are proposed:

1. Increase the share of the digital economy in GDP.
2. Strengthen the system of training qualified personnel through IT universities, technical institutes, online courses, private sector initiatives, and international cooperation.
3. Promote social inclusion and digital literacy nationwide.
4. Enhance cybersecurity, data protection, and trust mechanisms by safeguarding users' personal data, ensuring the reliability of digital payment systems, and developing countermeasures against cyberattacks.
5. Support innovation ecosystems and startups through grants, accelerators, incubators, and by attracting international investors and venture capital funds.

Thus, Uzbekistan's movement toward a digital economy is progressing at a positive pace. These reforms play a crucial role in enhancing the country's global competitiveness, accelerating economic growth, and improving the well-being of its population.

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