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THE IMPORTANCE AND NECESSITY OF DIGITAL FINANCIAL INSTRUMENTS FOR UZBEKISTAN TO BECOME ONE OF THE DEVELOPED COUNTRIES

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Abstract: This scientific article provides an in-depth analysis of digital transformation processes in Uzbekistan's economy. It highlights the main directions of digital technology implementation, statistical indicators for the period 2019–2024, the growth of e-government systems, fintech, and electronic payment services, as well as their impact on the national economy. The research, based on state policy, international experience, and national reforms, presents a scientific analysis that demonstrates the role of digital transformation in the country's sustainable development.
Key words: digital transformation, e-government, cybersecurity fintech, electronic payments, information technologies, information and communication technologies (ICT)

INTRODUCTION

In today's modern world, technological progress and digital innovations have a significant impact on all aspects of global economic and social life. Digital transformation processes are expanding across various sectors of the economy, creating new opportunities in manufacturing, finance, services, trade, education, and healthcare.

In recent years, the introduction of digital technologies in Uzbekistan's economy has become one of the top priorities of state policy. Global experience shows that digital transformation increases efficiency in all economic sectors, reduces bureaucratic barriers, and improves the quality of public services. Therefore, Uzbekistan is paying special attention to accelerating the gradual transition to a digital economy. Digital technologies make it possible to enhance production efficiency, improve public administration, and ensure transparency and speed in financial services. Hence, this process is regarded as one of the key directions of state policy.

The presidential decrees and resolutions of the Republic of Uzbekistan set out tasks to accelerate digital transformation, modernize the economy, and enhance international competitiveness. In particular, the "Digital Uzbekistan – 2030" Strategy, adopted in 2020, is one of the main documents that lays the foundation for deep structural reforms in the national economy.

The transition to a digital economy primarily serves as a key lever for ensuring transparency in economic processes, increasing tax revenues, reducing the shadow economy, providing fast and accessible public services through e-government systems, expanding financial inclusion via fintech, and creating new market opportunities for small and medium-sized businesses.

Between 2019 and 2024, the level of Internet usage in Uzbekistan rose from 55% to 81%, while the use of electronic payment systems increased from 20% to 72%. This indicates the rapid pace of digital economic growth.

At the same time, digital transformation faces several challenges — uneven development of Internet infrastructure, limited technological capacity in certain regions, insufficiently skilled personnel, and information security concerns.

The main purpose of this research is to analyze the current state of digital transformation in Uzbekistan's economy, identify existing problems, and develop scientifically based recommendations for their solution.

According to the Development Strategy of the Republic of Uzbekistan, Section III — "Accelerated Development of the National Economy," the 25th goal (Part 2) aims to increase the digitalization level of production and operational processes in the real sector, finance, and banking to 70% by the end of 2026. Therefore, this topic is of particular relevance and importance.

RESEARCH METHODOLOGY

In recent years, both domestic and foreign scholars have conducted extensive research on the digital transformation of Uzbekistan's economy.

The concept of the digital economy was first introduced into scientific discourse in the late 20th century. Prominent economists such as M. Castells in his "Information Society" theory and K. Schwab in his "Fourth Industrial Revolution" concept analyzed the role of digital technologies in economic systems. According to them, digital transformation is not merely a technological process but also a new formation of socio-economic relations.

Reports by the World Bank, the International Monetary Fund (IMF), and the United Nations emphasize that the digital economy is one of the key factors directly affecting GDP growth. For instance, in the cases of China and South Korea, large-scale digitalization programs have ensured stable and sustainable economic growth.(Fig. 1)

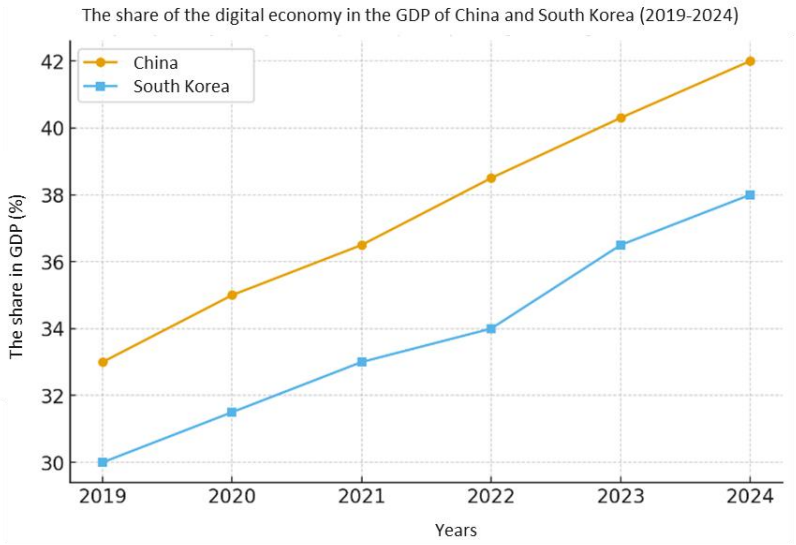

Fig. 1. The share of the digital economy in GDP in China and South Korea (2019–2024)

In China, the share of the digital economy exceeded 40% of GDP by 2024. Platforms such as Alibaba, JD.com, and Pinduoduo have made China the world's largest online marketplace. Digital payment systems like Alipay and WeChat Pay are used by over 80% of the population, significantly reducing cash usage. Strategic state support for 5G, artificial intelligence, big data, and cloud technologies has made the digital economy a primary driver of GDP growth, increasing efficiency in both production and services.

South Korea, one of the world's most advanced economies, had a digital economy share of about 35–38% of GDP in 2024. The country consistently ranks 1st or 2nd globally in UN e-government efficiency ratings. Companies such as Samsung, LG, and SK Hynix contribute greatly through innovations in AI, semiconductors, and mobile technology. Digitalization has also transformed telemedicine, electronic health records, education, and cultural exports (K-pop, K-drama, online content).

China – the global leader by scale and market coverage.
South Korea – the leader in quality, innovation, and technological advancement.
In Uzbekistan, although the current contribution of the digital economy to GDP remains modest, the potential is significant. Over the past few years, comprehensive reforms have been implemented to accelerate digital development, and this is expected to make a substantial contribution to GDP in the coming years.
Through the "Digital Uzbekistan – 2030" strategy, the government has prioritized digitalization in e-government, e-payments, fintech, e-commerce, IT services, and telecommunications.
In 2020, the digital economy accounted for about ~2–2,5% of GDP, rising to approximately ~3–3,5% in 2022.
The key contributing areas include:
• E-government services: platforms such as my.gov.uz, and online systems for tax and customs..
• fintech and payment systems: Payme, Click, Apelsin, Uzum Bank, and others.
• E-commerce: rapid growth of Uzum Market, Asaxiy, ZoodMall.
• IT exports: expansion of IT Park residents' services to foreign markets.
Although the processes of digital transformation in Uzbekistan are accelerating, much work still needs to be done to reach international standards. In particular, issues such as digital infrastructure, information security, and the availability of qualified specialists remain highly relevant.
Currently, the digital economy is estimated to contribute around 4–5% of GDP, with projections to reach 10–15% by 2030.

ANALYSIS AND DISCUSSION

A number of political, economic, social, and technological factors have both direct and indirect impacts on the development of the digital economy.
According to Presidential Decree PF-6079 of the Republic of Uzbekistan, the "Digital Uzbekistan – 2030" state program has identified digital transformation as a key strategic priority. Digitalization projects are being implemented in cooperation with international organizations such as the World Bank, UNDP, and EBRD. In addition, there are IT Park initiatives, as well as tax incentives and investment benefits designed to support digital infrastructure.
Another important direction of digital transformation is the introduction of e-government services. Today, more than 250 public services are provided online through the "my.gov.uz" portal.
Between 2019 and 2024, the number of citizens using electronic government services has more than tripled. (Table 1)

Table 1. Number of E-Government service users (million people)

Year	**Users (mln)**
2019	2,1
2020	3,8
2021	5,4
2022	6,9
2023	8,5
2024	9,7

This, in turn, has simplified the interaction between citizens and the state, reducing both time and costs associated with obtaining official documents.

From a political perspective, the government's declaration of the digital economy as a national priority has had a positive impact.

Investments — including foreign investments — play a crucial role in the country's development. At present, there is a noticeable increase in the interest of foreign investors in Uzbekistan. Information technologies play a significant role in attracting such interest. The inflow of foreign investment into IT infrastructure — for instance, through cooperation with companies such as Yandex, Huawei, and others — is certainly a positive and promising development for the prosperity and bright future of our country.

E-commerce platforms such as Uzum Market, Asaxiy, and ZoodMall are also making a substantial contribution to the expansion of the domestic market and should be given special recognition.

From an economic standpoint, the banking sector has also kept pace with digitalization. Payment systems such as Payme, Click, and Apelsin have developed rapidly, contributing significantly to the growth of electronic payment services. This can be seen from the notable expansion in the operations of Uzcard, Humo, and international payment systems between 2019 and 2024. (Table 2)

Table 2. Digital Payment Usage(2019–2024, %)

Year	**Digital payments (%)**
2019	20
2020	28
2021	37
2022	49
2023	63
2024	72

By 2024, nearly two-thirds of the population are using electronic payments. This plays an important role in reducing cash circulation and ensuring financial transparency.

In addition to political and economic factors, social factors also play a significant role in the development of the digital economy. More than 50% of Uzbekistan's population is under the age of 30. Naturally, young people have a high level of adaptability to digital technologies and the ability to integrate them into their daily lives. This, in turn, is reflected in the growing use of the internet and digital services among the population.

According to the State Committee on Statistics, the number of internet users in Uzbekistan has been steadily increasing over the past five years. While only 55% of the population used the internet in 2019, this figure reached 81% by 2024. (Table 3)

Table 3. Internet users in Uzbekistan (2019–2024, %)

Year	**Internet users (%)**
2019	55
2020	61
2021	68
2022	72
2023	77
2024	81

Currently, the increase in the number of internet users is expected to further expand the share of digital technology and digital service users in the future.

It is well known that digital technologies are becoming an integral part of society, serving to simplify people's daily lives. A clear example of this can be seen in online platforms such as My.gov.uz, as well as digital services offered by the tax, customs, and other government agencies. Although in some regions it remains difficult to move away from traditional methods, public trust in digital payments and e-commerce platforms is steadily growing.

Speaking of technological factors, the government has also undertaken a number of initiatives in this area. Internet coverage is expanding, 4G networks are operating steadily, and 5G is currently being tested. Initial projects using artificial intelligence are being implemented in the transport and financial sectors. This, in turn, will create more convenient conditions for internet users in the future.

CONCLUSION AND RECOMMENDATIONS

In the context of the global economic system, where the digital economy has become one of the leading driving forces, Uzbekistan's active participation in this process is a crucial factor in ensuring the country's economic security and competitiveness.

The digital economy in Uzbekistan is growing rapidly. Although state policy and youth demographics serve as strong driving forces, infrastructure and cybersecurity remain the main challenges.

A series of measures are being implemented to expand internet and mobile communication networks. However, regional digital disparities still persist. Therefore, in the future, the balanced regional development of digital infrastructure should become a top priority of state policy.

As the digital economy expands, cybersecurity issues are becoming increasingly serious. It is necessary to ensure the reliability of national information systems, develop a security policy based on international standards, and strengthen the training of qualified specialists.

To accelerate digital transformation, highly skilled professionals are essential. It is necessary to open new specializations in IT-related fields in higher education, expand international cooperation, and ensure active participation of students in innovative projects.

The introduction of artificial intelligence, big data, blockchain, and other advanced technologies will increase the efficiency of the economy, promote the digitalization of public services, and foster the development of e-commerce, taking the country to a new stage of progress.

Overall, the processes of digital transformation in Uzbekistan play a vital role in modernizing the economy, enhancing government efficiency, and improving social well-being. Therefore, in the coming years, continuing deep reforms in this area, widely implementing modern technologies, and investing in human capital will remain among the country's most important priorities.

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