

## Digital Economy

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**Abstract:** Currently, in many developed countries, the digital economy and the factors of their development have a significant impact, at the same time, the digital economy plays a necessary role in the life of society. In this article, you can find answers to questions about the digital economy, such as "What is the digital economy?", "Tasks and goals of the digital economy", "Obstacles of the digital economy in the development of Uzbekistan".

**Keywords:** Digital economy, economy, market economy, digital technology, digitization, robotics, IT, digital dividends, internet banking.

President Shavkat Mirziyoyev's notification to the Senate and Legislative Chamber of the Upper Assembly announced that "2020 is the year of science, enlightenment and digital economy." After that, citizens began to have many questions about the term "digital economy".

The digital economy is not some kind of economy that needs to be fundamentally created. It means moving the existing economy to a new system by creating new technologies, platforms and business models and introducing them into everyday life. The digital economy is the conduct of economic activities, in which the main factor in production and service is information in the form of numbers, and with the help of processing a large amount of information and analyzing the effect of that processing, various types of production, service, technologies, devices, storage, and delivery of goods are more effective solutions than the previous system. In other words, the digital economy is a field that connects online services, electronic payments, internet sales, crowdfunding and other types of industries with digital computer technologies.

The word "digitalization" is basically a new term, and it refers to the incorporation of IT solutions into the innovative management and administration process, resulting in the application of information technologies in all systems, from Internet of Things to e-government.

Digital economy is a system of implementation of economic, social and cultural relations based on the use of digital technologies. It is sometimes referred to by terms such as the internet economy, the new economy, or the web economy. In 1995, American programmer Nicholas Nimagroponte coined the term "digital economy". Currently, these reforms are used by politicians, economists, journalists, businessmen - almost everyone in the world. In 2016, the World Bank published its first report on the state of the digital economy in the world ("Digital Dividends"). E-commerce, Internet banking, electronic transfers, Internet advertising and, at the same time, Internet games are seen as the main elements of the development of the digital

economy. The development of information technologies and the practical application of the results create many conveniences in our daily life. Let's say we eat, we don't want to prepare it, but this is not a problem, we can order the food we want online through the Internet home delivery service. Or we need to transfer money to a friend, there is no need to go to a bank or financial institution, we can transfer money through mobile banking. We can provide many similar services online, via smartphone or computer. Interest in the digital economy has grown significantly due to significant changes in society and the economy. Modern technologies and platforms have helped businesses and individuals reduce costs by minimizing personal contact with customers, partners, and country organizations, while enabling faster and easier communication. In this way, a digital or electronic economy based on network resources has appeared. The main source of the digital segment of the economy is the rise of the transaction sector. In developed countries, this indicator makes up more than 70 percent of GNI, and combines government, consulting and information services, finance, wholesale and retail trade, as well as services (utility, personal and social). The higher the diversification and dynamics of the economy, the greater the circulation of unique information inside and outside the country, and the information traffic within the national economy is extremely important. Therefore, the digital economy develops rapidly in markets where the number of participants is large and IT services are widespread. In particular, it provides unlimited convenience to industries that are actively working with transport, trade, logistics and the Internet. According to some researchers, the contribution of the electronic segment in them is close to 10% of GDP and provides employment for 4% of the population. Most importantly, these indicators are steadily increasing. Undoubtedly, the effectiveness of the digital economy is influenced not only by the coverage of information technologies and the availability of infrastructure, but also by standard economic criteria such as the entrepreneurial environment, human capital, and successful management tools. For this reason, economic development relies on them, which means that these criteria have a necessary place in the development of the digital economy.

Of course, the development of information and communication technologies, the practical application of the results of modern technologies in our lives can give many positive opportunities in the life of every person. With the development of digital technologies, a person can use the service he needs faster, save a lot of money by buying the things he needs cheaply through the Internet. For example, buying a book in electronic form may cost you less than buying the same book in printed form. Otherwise, an ordinary buyer can become a businessman himself, and engage in online sales without leaving his home.

The most active driver of the digital economy is the country. It is the main customer and buyer of the digital economy. For example, China spent about 9 billion dollars for these purposes. Internet resource Alibaba, which has a market capitalization of more than 210 billion dollars, proved that these investments were well directed. A country that wants to get the maximum benefit from digitization should create a market for the

necessary high-tech products and support it. At the same time, it is also necessary to maintain the instruments that control the main platforms of the electronic economy, while simultaneously developing personal accessories for the country's management, necessary industries and enterprises.

In particular, Japan has lost its leading position in the digital economy due to the fact that although it bought technologies, it could not create its own manufacturing industries in this direction and could not maintain the level of technical developments in a stable high state. And South Korea invests 1% of the national budget in e-government and e-mediation (for e-commerce activities and the country's tender purchases), generating 10-15 billion dollars annually and receiving income that covers costs 30-40 times. In particular, this result was achieved by establishing call centers in the country and in the personal goods sector, creating mobile applications and reengineering the country's internet platforms.

Training of personnel working with information systems in the country's management remains one of the necessary directions in this area. For example, in Belgium in the 70s of the last century, the country's organizations organized special mobile groups of specialists (especially teachers and students of specialized educational institutions) who trained employees and adjusted systems directly for them. Another subtlety of the digital field is that the development and implementation of complex digital systems requires a serious and exhaustive approach. It may seem strange to you, but programming (in itself) is often not a broad enough technological phenomenon. For this reason, your solution to tasks depends on how the programmer perceives the task in many ways. Many important decisions are left unexplained in this process because each side assumes they are self-evident.

Documentation related to programs is sometimes haphazardly compiled. In this way, in the process of productive work, the customer loses control over the development that he ordered and paid for its creation. In this case, the budget allocated for information does not include expenses related to the provision of services, even if they are extremely necessary. As the digital economy covers the world, it is necessary to study the practices of any country related to information and digitization in an aggregated manner and on the basis of a single coding system, identifying economic and management related information.

Digital economy is developing in Uzbekistan as well as in other countries of the world. Many opportunities are being created for ordinary people due to the practical application of information technologies in our daily life. Nowadays, we can order many food products and meals without leaving home and have them delivered to our home. But it should be noted that the digital economy in Uzbekistan is developing several times slower than the potential of Uzbekistan. That is, there is an opportunity, the necessary resources are available, but the development is low. As a reason for this, several obstacles to the development of the digital economy in Uzbekistan can be mentioned:

- Monopoly in many areas;

- Low Internet speed and poor quality;
- Legislation in the field of information technology is behind the times;
- extremely low level of computer literacy among citizens;
- Non-transparency of legislation;
- Lack of IT specialists or their departure to other countries;
- Information culture, information hygiene is low;
- Information technology security is not good;
- Few or (in some cases) lack of experts who understand the field in governing bodies;

In the last decade, many digital platforms using digital data-driven business models have emerged around the world, replacing existing industries. The dominance of platforms is such that seven of the world's top eight companies by market capitalization use platform-based business models.

In the digital economy, platform-based businesses have a huge advantage. As both an intermediary and an infrastructure, they have the ability to record and delete all data related to online activities and interactions between users of the platform. The rise of digital platforms is directly related to their ability to collect and analyze digital data, but their passion and actions are related to how they commercialize this data for profit. It is noted that digital technologies will dramatically change more than 50 percent of the sectors related to the economy. This vision is based on information technologies and digital platforms dramatically changing business models, eliminating intermediaries in their efficiency and optimizing processes. According to the calculations of the World Bank, a 10% increase in the number of high-speed Internet users can increase the annual GDP from 0.4% to 1.4%. At the same time, the contribution of the digital economy to the country's GDP is considered to be about 20 percent annually (in developed countries, this indicator is around 7 percent) as an indicator that determines its importance. In 2010, the Boston Consulting Group estimated the value of digitization at \$2.3 trillion (4.1 percent of GDP) for the Group of 20 countries. If this trend continues, after 10-15 years the share of such an economy in the world GDP will approach 30-40%.

In developing economies, IT employs about 1 percent of the population, a sector that creates fewer jobs than others. But the development of the IT sector gives impetus to the creation of jobs in other sectors that adopt new technologies (for every 1 new job created in the IT sector, there are 4.9 jobs in other sectors). The digital economy is boldly opening new doors for entrepreneurs and self-employed people.

Often, the contribution to the development of the IT sector is economic development, the creation of new jobs, the emergence of new types of services for people and businesses, and the reduction of costs within the e-government plans. At the same time, the general effect of the application of information technologies turns out to be less effective than expected and is not distributed in a common way. Getting the most out of such investments requires a good understanding of how technology interacts with other factors, called "analog complements" in a World Bank report.

For example, the customer needs shoes. If he directly selects it in the market and buys it for cash, this is program economy. Choosing a suitable product through a trading bot on Telegram and receiving money to the owner of the product through payment through an electronic payment system and delivery of the product is called the digital economy. The easiest way to explain this issue is through a household example. Basically, we are all already in the digital economy, using its conveniences. For example, our monthly payments go to plastic cards, we pay for utilities, telephone, internet and other goods and services through electronic payment, submit tax declaration electronically, transfer money from card to card, order food at home, etc. If the above-mentioned problems are solved gradually, systematically, based on world experience, Uzbekistan can easily become one of the countries with a developed digital economy. By digital economy, it is not necessary to understand only Blockchain technology and its use in international financial markets or cryptocurrencies. Digital economy means the economy conducted with the help of digital communications and IT.

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