
THE INEXTRICABLE LINKS OF THE DIGITAL ECONOMY AND THE FINANCIAL SYSTEM AND MODERN INFORMATION TECHNOLOGIES

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ANNOTATION

The article discusses the key directions and nature of the development of financial systems influenced by the digital economy and society. An analysis of the individual components of the financial system has been carried out and the nature of digitization in each of them has been identified. As a result, four key trends in the development of the financial system driven by the digital economy have been highlighted. The first trend: strengthening the role of remote interaction between financial institutions and end-users of financial products and services. The second trend: redistribution of the financial services market manifested in enhanced horizontal integration of financial institutions. The third trend: changing consumer behavior, requiring a review of existing business processes and regulations, and the development of the technological basis of the financial system. The fourth trend: the blurring of distinctions between the financial system and other sectors of the economy manifested in the partial substitution of traditional finance companies by high-tech companies. Digitization has been shown to have a definite positive impact on the financial system, making it more efficient, accessible, flexible and transparent. However, working with the digital financial system requires the user to have appropriate digital and financial competencies. This gives rise to the problem of managing the awareness-building of population and providing assistance to the most disadvantaged groups.

Keywords: digital and financial competencies, competition, innovation and efficiency, provision of financial services, serious risks that the global digital economy

We can assume that this overall process is very likely to bring clear benefits in terms of competition, innovation and efficiency. However, at the same time, we cannot overlook the serious risks that the global digital economy involves for the financial system. On the one hand, the digital economy could lead to a very concentrated financial market, dominated by a handful of big techs, which could replace commercial banks in the provision of financial services (“And yet a world without banks is also visible on the horizon”).

On the other hand, decentralized finance is a quickly rising phenomenon seeking to eliminate intermediaries in financial transactions, which would be replaced with software protocols. In both scenarios, financial regulation and supervision would become extremely difficult. Monetary policy could also blow away from state control and even financial sovereignty would be under threat.

More likely, things will not go that far. Probably we will be in a situation halfway between where we stand now and the described world. Any case, regulation should aim to anticipate the problems. That is to say that we might need to make some adjustments to the current legal framework to respond to the new challenges. Not surprisingly, there is no certainty in this respect, but a lively debate among regulators around the world about what should be done. Some countries have passed some pieces of legislation to address certain issues or have adopted regulatory sandboxes Uzbekistan.

Firstly, the proposal is intended to eliminate fragmentation in the digital single market, enabling cross-border financial services. This may need changes in the regulatory framework for anti-money laundering, counter-terrorism financing, electronic identification and trust services for electronic transactions. Secondly, the European Commission intends to adapt the EU regulatory framework to facilitate digital innovation through distributed ledger technology (crypto-asset regulation), artificial intelligence and cloud computing. Thirdly, the proposal is also intended to facilitate access to data and data sharing, which would improve services, while complying with data protection and competition rules. Fourthly, the strategy aims to address the risks associated with the digital transformation of the financial sector in order to safeguard financial stability, consumer protection, market integrity, fair competition and security.

In this context, international cooperation will be critical for the effectiveness of this policy, due to the cross-border nature of digital financial services.

In this paper, we are going to point out some implications that the new global digital economy has for the regulation and supervision of the financial sector, as they are seen today. In particular, we will focus on six topics, which are closely related. Big data is at the heart of the new economy, which raises the question of legal protection in relation to the processing of personal data (point II). Financial business is expected to rely increasingly on artificial intelligence (AI). In this regard, we have to wonder whether there should be limits to the use of personal data to make business decisions (point III).

Advantages of the digital economy

Of course, the development of information and communication technologies, the introduction of modern technologies into our lives can give many positive opportunities in the life of every person. In the wake of the development of digital technologies, a person can use the service he needs faster; it can save a lot of money by buying itself the necessary products cheaply via the internet. For example buying a book in electronic form can cost you a lot cheaper to buy that book in printed form. Or if not an ordinary consumer himself can become an entrepreneur, engage in online trading without leaving his home.

* Like the countries of the world, the digital economy is developing in Uzbekistan. In the wake of the introduction of information technologies into our daily lives, many opportunities are being created for ordinary people. So far, we can order a lot of food products and food without leaving home on the day, delivering them all the way 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 a chance, there are the necessary resources, but the development is rather slow. As a reason, it is possible to point out several obstacles to the development of the digital economy in Uzbekistan.

* Monopoly in many areas;

* Low internet speed and poor quality of it;

* lag of legislation behind the times in the field of Information Technology (<https://fayllar.org/19-asrning-ikkinchi-yarmida-osiyo-jumladan-turkiston-ilm-fan-v.html>);

* extremely low computer literacy in Citizens;

* Non-transparency of legislation;

* Lack of information technology professionals or their departure to other countries;

* Information Culture, low information hygiene;

• There are few specialists in the governing bodies who understand the industry, or(in some) they do not have them at all;

• Slow development of Science and especially Exact Sciences (or stalled development).

* If the above-mentioned issues are resolved from the invasion stage, system, world experience, Uzbekistan will also be one of the countries with a prosperous digital economy.

CONCLUSION

Nowadays, the concept of digital economy has appeared in the economic theory and practice of a number of countries. It was marked by the rapid development of digital technologies, the revolution in the information sector and the acceleration of the globalization processes of the economy. The effectiveness of their use has been transformed into increasing knowledge, and socio-economic relations are becoming more and more extensive. As the president of our country Shavkat Mirziyoyev noted, "in order to achieve progress, it is necessary and necessary to acquire digital knowledge and modern information technologies. It gives us the opportunity to follow the shortest path of Ascension." ¹ digital economy is an economic activity closely related to electronic business and e-commerce based on digital technologies, as well as the sum of digital goods, services produced and sold as a result of this activity. Sometimes it is also represented by terms such as the internet economy, the new economy or the web economy. For the first time, in 1995, the American programmer Nicholas Negroponte put the term "digital economy" into practice, while now this occupation is used by politicians, economists, journalists, entrepreneurs from all over the world-almost all.

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