



WAYS TO ENSURE THE INTEGRATION OF THE BANKING SYSTEM OF UZBEKISTAN TO THE WORLD FINANCIAL SYSTEM

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Abstract:

The banking system of the Republic of Uzbekistan is analyzed. Practical proposals are provided to ensure the integration of the banking system of Uzbekistan into the global financial system.

Key words: digital economy, banking system, electronic money circulation, payment systems, banking, customer, remote servicing, innovation, supervision, international practice.

Introduction

The development of banking services in Uzbekistan, in particular, the introduction of new types of banking services with the widespread use of information and communication technologies, is relevant today. In particular, "artificial intelligence" and digital technologies are widely used by banks to



improve the services provided to small and large financial technology companies. Because new competitors in the market began to threaten old financial institutions of all sizes. At the same time, new technologies open the door to great opportunities in the banking services market.

In recent years, the country has been working hard to develop modern information and communication technologies, the introduction of new mechanisms for the provision of services by commercial banks. In particular, the Presidential Decree "On measures to further improve the field of information technology and communications" (Decree, 2018), "On measures to develop the digital economy in the Republic of Uzbekistan" (Resolution, 2018), "2020 - Science and Education The year of the economy "and the development of the concept of " Digital Uzbekistan "until 2030 (Mirziyoyev, 2019) lead to a number of tasks for the banking system in this regard.

Based on the above conceptual ideas, it can be argued that the topic of this article is relevant.

Literature review

The term "digital economy" was introduced into scientific practice by Manuel Castels (1999), a Spanish and American sociologist and leading researcher in the information society. In this regard, he published his three-volume monograph "The Information Age: Economy, Society and Culture." According to him, the term digital economy represents two different types of concepts:

- First, the digital economy is a modern stage of development, which is characterized by the priority of creative labor and the benefits of information.
- Second, the digital economy is a unique theory, the object of study of which is the information society. The theory of the digital economy is in the early stages of its development, as the transition of civilization to the digital information phase began decades ago.

The unifying factor of these concepts is the leading role of information technology in the globalization of economic processes.

The term digital economy has also been defined by a number of local economists. In particular, Umarov (2018) - "Digital economy is a system of economic, social and cultural communication based on the use of digital technologies. It is sometimes referred to as the Internet economy, the new economy or the web economy.



In our opinion, the digital economy is not a separate type of activity. It actually means business, industrial facilities, services. The term "digital" means the active use of information technology in all these areas. If in a simple economy material goods are the main resource, in the digital economy it will be information and data that can be processed and transmitted. After their analysis, a solution for proper management is developed.

Research Methodology

The research used a dialectical and systematic approach to determining the role development specific features of enterprises operating with innovative projects in the country complex assessment and comparative analysis statistical and dynamic approaches grouping methods. Econometric analysis was performed to determine the volume of loans that have a positive impact on the country's economy as well as the impact of innovative projects in particular loans to the real sector on GDP. The practical significance of this work is that in order to ensure national growth in the country the quantitative growth of the country's GDP by 2025 will reach 350 trillion soums. Assuming that the total amount of loans required from banks to achieve this result is 25.543 trillion soums.

One of the factors of sustainable development of the economy is the financing of innovative projects. In this process the increase in employment and a comparative analysis of these indicators will be determined by the development of appropriate recommendations on this basis.

Analysis and Results

According to The Boston Consulting Group (2016), the high level of e-commerce development in China is noteworthy. At the same time, China's e-commerce turnover is \$ 18 billion, during which time Chinese consumers spend about \$ 750 billion to buy the Internet. In general, according to the Chinese Ministry of Commerce, by the end of 2016, the country's share in international e-commerce was 39.2%. At the same time, according to the network development program adopted in the country in 2016-2020, the volume of e-commerce in 5 years will reach 5.8 trillion. U.S. dollars. According to the McKinsey & Company (2016) Institute, digital technologies will increase China's GDP by 22% by 2025 and by 34% for Russia. It has been shown that by 2025, the expected cost of creating digital technologies in the U.S. could reach \$ 1.6-2.2 trillion.

According to Table 1, South Korea, Norway and Iceland are in the top three. Russia lags behind leading South Korea by 27.7 points, but ranks higher than China, Chile, Turkey, Brazil and Mexico. In general, Russia today is recognized as a country with high potential in the process of introducing the digital economy.

The role and importance of digital technologies in the development of the world is growing every year. In particular, the widespread introduction of technical transformation processes in the financial sector further increases the efficiency of banking systems, payment operations, lending and other similar services. This type of technology, which improves and optimizes financial services, is a financial technology called "Fintex" ("Fin Tech").

According to Accenture Consulting (2019), a total of \$ 27.4 billion was spent on fintexstarts worldwide in 2019, up 18 percent from 2018. The Forbes Fin Tech 50, which compiles a list of the most successful financial technologies expected, notes that financial services and market capitalization in the U.S. is a serious competitor to the \$ 8.5 trillion domestic banking sector. It should be noted that financial technologies are able to change not only the individuals and legal entities dealing with financial capital, but also the image of the financial market itself. These types of developments allow you to analyze data, monitor the situation on the stock exchange, and choose investment strategies.

Table 1 I-DESI subindexes for 2020

Countries	Digital (I-DESI) index	Connectivity level	Human capital	Use of the Internet	Integration of digital technologies	Digital government services
South Korea	75,2	79,8	75,6	74,5	63,8	83,0
Norway	73,0	75,8	69,1	85,2	65,8	72,5
Iceland	72,7	72,4	80,2	75,9	75,7	53,7
Japan	68,5	72,5	69,7	73,9	53,0	75,0
Australia	67,8	56,8	80,5	57,8	57,3	88,9
Canada	67,0	59,6	67,3	66,2	65,4	81,5
United States	66,7	71,3	56,2	71,0	61,8	79,0
New Zealand	65,8	55,4	79,3	58,2	55,6	81,6
28 EU countries	58,9	62,9	58,0	59,7	51,3	63,1
Israel	55,6	54,3	57,4	58,5	45,2	65,4
Russia	47,5	38,9	64,1	48,7	29,8	56,8
China	45,3	47,8	40,5	45,3	40,7	58,6
Chile	44,9	47,8	42,6	32,9	40,5	61,4
Turkey	41,5	43,3	53,1	35,9	27,7	43,2
Brazil	39,7	39,5	39,2	33,8	27,8	62,4
Mexico	43,1	45,5	41,6	30,0	33,7	67,2

Today, the government is doing a lot of positive work on the development of the digital economy in our country, in particular, in the Address of the President to the Oliy Majlis (2020) "It is necessary and necessary to acquire digital knowledge and modern information technologies. This allows us to take the shortest path to the ascent. After all, today in the world, information technology is penetrating deep into all areas, and digital technologies not only improve the quality of products and services, reduce unnecessary costs. At the same time, they are also an effective tool in overcoming the scourge of corruption - the most serious flaw that worries and annoys me so much. We all need to understand this," he said. Unfortunately, the banking system lags behind modern requirements for the use of digital technologies, the introduction of new banking products and software for 10-15 years. From 2020, a large-scale transformation program will be implemented in each bank.

The World Bank has allocated \$ 700 million to support Uzbekistan's anti-crisis program. In addition to the \$14 billion credit line, the U.S. decided to allocate dollars. At present, the bank's management has allocated 1.2 billion soums to finance the healthcare system, social protection institutions, as well as budget support. It was noted that the issue of operational allocation of funds in the amount of USD is being considered.

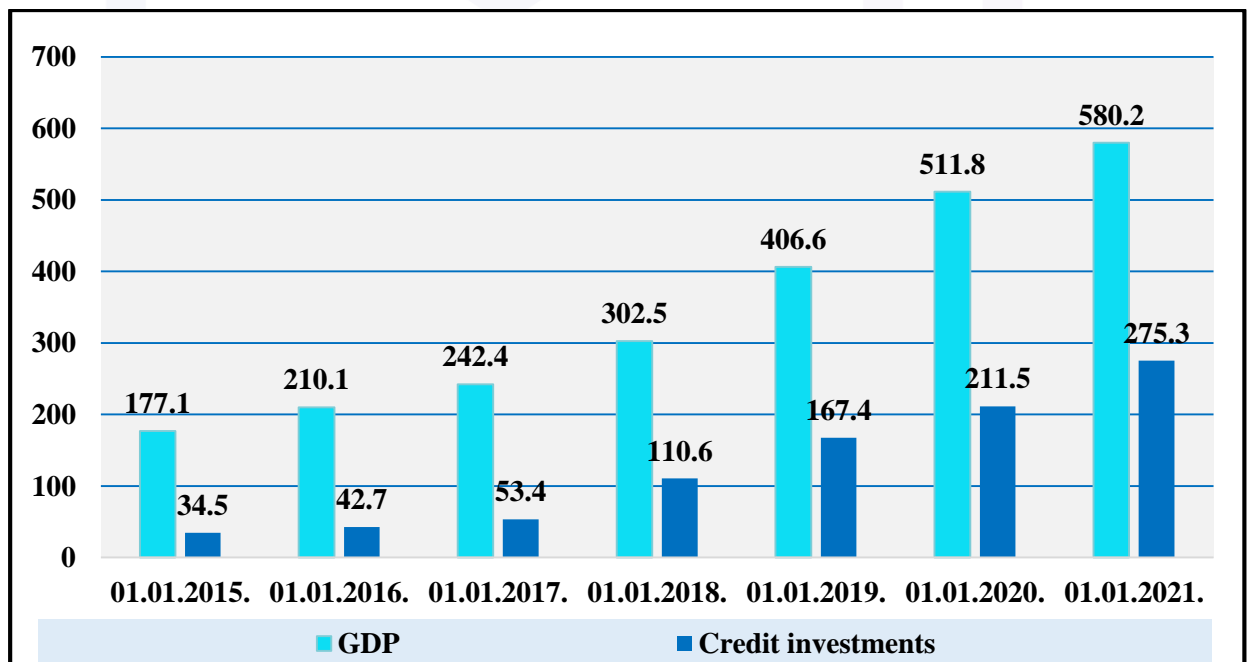


Figure 1. Amount and share of credit investments of GDP and commercial banks in the country.



The \$ 1 billion Solidarity Package, formed by the European Bank for Reconstruction and Development, has provided \$ 200 million to four Uzbek commercial banks. Credit lines and trade finance lines were provided to finance small and medium business projects in U.S. dollars.

If we analyze the work carried out by commercial banks on the development of the economy of Uzbekistan, as of January 1, 2021, gross domestic product of Uzbekistan amounted to 580.2 trillion soums and increased by 11.8% compared to January 1, 2020. In 2020, the gross domestic product reached 511.8 trillion soums and increased by 25.8% compared to 2019. In 2014-2020, the country's GDP and the volume of loans from commercial banks had a growing trend. The volume of loans to the real sector of the economy increased by 26.3% compared to previous years and as of January 1, 2020 amounted to 211.5 trillion soums. The growth rate of loans to GDP amounted to 41.3%. From this we can conclude that in our country, in fact, creative work is widespread, the demand for money is growing, and this indicates an increase in the level of credit. However, the fact that the relative level of loans to GDP increased by only 0.1% compared to previous years shows that the loans allocated to the real sector in this country are insufficient (Figure1).

Research methods such as correlation-regression analysis, analysis and synthesis, induction and deduction, statistics and comparison were used in the research. Brief description of the results of the research:

- It was found that an increase in the number of people employed in business entities operating through innovative and information technologies by 1 percentage point could lead to an increase in the share of business entities in GDP by at least 8%;
- In order to ensure national growth in the Republic of Uzbekistan, the quantitative growth of the country's GDP by 2025 will reach 350 trillion. Assuming that the amount of loans required from banks to achieve this result is 25.543 trillion soums. it was determined that it should be UZS;
- Scientific views of some economists on the application of innovative technologies in the computer system in the digital economy;
- Recommendations were made to create conditions for the development of the digital economy in order to accelerate the widespread use of innovative technologies in the accounting system. For example, the development of a regulatory framework for the system of incentives for businesses that develop,



recommend and apply innovative products, the optimal organization of innovation-based services and pricing policy, etc. ;

- Recommendations were made on the creation of the necessary conditions to increase the number and volume of remote financial services provided to the population in the digital economy, including the need to introduce an ID card system and the mechanism of its use in financial transactions.

Conclusion/Recommendations

Coexistence of Uzbek commercial banks with world banks paves the way for the intensification of integration and globalization. On the one hand, the development of integration processes necessitated the use of modern ICT, on the other hand, it created a business transformation. The study of these processes from the economic and political point of view and drawing scientific conclusions is a requirement of the time. The digital economy is a major ally of corruption and the "black economy". Because numbers seal everything, store it in memory, and provide information quickly when needed. In such circumstances, it is impossible not to hide any information, to make secret transactions, not to give full information about this or that activity, the computer will show it all. The abundance and structure of the data prevents lies and deception, because it is impossible to deceive the system. As a result, it is impossible to launder "dirty money", steal funds, spend them inefficiently and aimlessly, exaggerate or hide. In our opinion, special attention should be paid to the implementation of the following measures by commercial banks for the development of business entities operating through innovation and information technology:

1. It is necessary to introduce innovative online lending services in the banking practice of Uzbekistan.

Lending practices are widely used online in banking practice in developed countries. In order to improve this type of service, it is necessary to improve the speed and quality of the Internet, increase the computer literacy of businesses. This is because innovative online lending can be characterized by meeting the demand of businesses for lending practices without spending a lot of effort and time.

2. In order to eliminate the possibility of artificial credit dependence in the activities of economic entities in the credit practice of commercial banks, it is necessary to establish a "credit vacation" for businesses operating through innovative and information technologies.



In our opinion, the determination of the terms of repayment of principal and interest on loans to commercial banks by businesses operating through innovation and information technology, based on the period of their production, would contribute to the development of its future activities.

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