



DIGITAL ECONOMY AND UZBEKISTAN: PROBLEMS AND SOLUTIONS

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Abstract

This article will discuss current state of digital economy and will provide some relevant proposals for further improvements in this sphere in Uzbekistan

Keywords: digital economy, innovation, competition, efficiency, human resources

Introduction

It is not secret that digitalization is one of the significant tools for further economical developments in any country. Exactly, this sector is also essential for flourishing of national economy of Uzbekistan. Therefore, many works have been done and facilities have been made in this sector in last years. Clearly, on April 28, 2020[1], head of the state President Sh.M.Mirziyoyev signed a resolution on measures to widely introduce the digital economy and e-government. The document sets the task of completely modernizing the country's infrastructure and making facilities for all sectors of digitalization.

Materials and methods

According to the professor R. Meshcheryakov[2], there are two approaches in using the term "digital economy". The first approach is "classical": the digital economy is an economy based on digital technologies and, moreover, it is more correct to characterize exclusively the field of electronic goods and services. However, the second meaning of the term "digital economy" is extended one which used to denote producing products and services with digitalized technologies.

It is said in "the digital economy" book of Don Tapscott[3] that the new "Age of Networked Intelligence" is giving rise to a new economy based on digitalization. Businesses will find their operations transformed much more by the technology



than they ever were by the Business Process Re-engineering trend of the early 1990s.

Moreover, digital economy is defined as underpinned by the spread of information and Communication Technologies across all business sectors to enhance its productivity. Digital transformation of the economy is undermining conventional notions about businesses are structured, how consumers obtain services, information and goods and how states need to adapt to these new regulatory challenges[4].

In the research which was conducted by A. Goldfarb, M. Greenstein, and C.E. Tuccer it is stressed that[5] in particular, technology makes certain economic transactions easier, reducing several market frictions. This could lead to increased market efficiency and increased competition. At the same time, if technology reduces some frictions but not others, it could distort market outcomes, helping some players and hurting some others. In other words, the most quality products and services can be purchased as the rate of competition will be high.

Uzbek scientists also did some research in this sector. In fact, academic Abdurakhmonov K.[6] discussed several problems of digital economy in Uzbekistan, clearly, he stressed human resource development as major problem in his research.

Methodology of the Research

The methodology includes systematic analysis, synthesis and statistics. The statistics have been made by the help of official sites of Uzbekistan.

Results

Conducted research for distinguishing main components of digital economy showed that there are eight major components of it and it is illustrated in below Figure1.

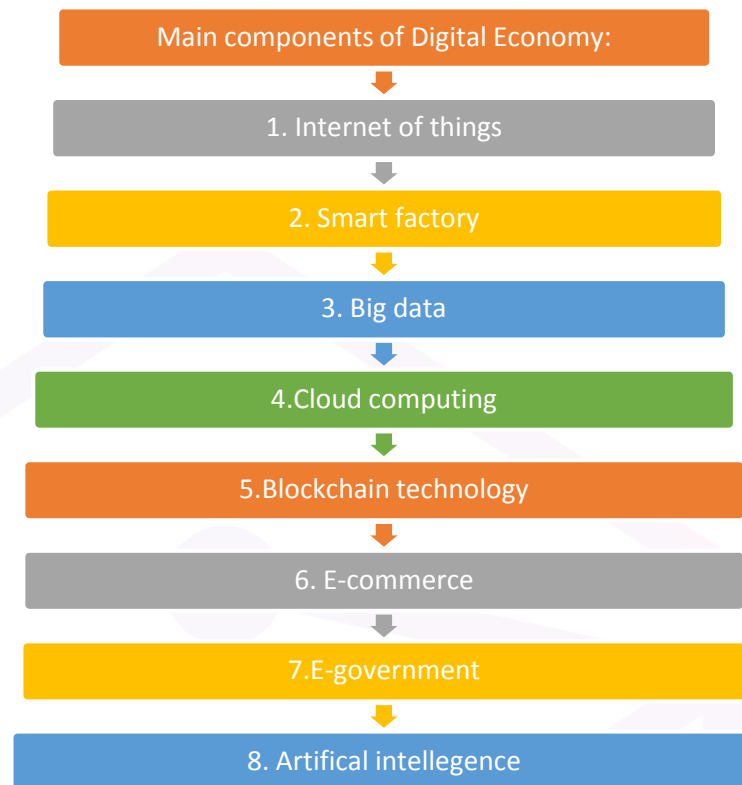


Figure1

A research has been carried to reveal some percentages of indicators of digital economy in Uzbekistan. Following Table1 illustrates several E-commerce indicators and compares them to the indicators of other countries[7]:

Table1 E-commerce indicators

Nº	Factors of financial availability	Uzbekistan (%)	Other countries (%)
1	Number of account holders in financial institutions	37	69
2	Number of credit card holders	0,6	18
3	Number of people having mobile money accounts	N/D	4,4
4	Making online purchase/or paying bills	7,1	29
5	Number of women with credit cards	0,6	17
6	Number of men with credit cards	0,5	20
7	Number of women making online transactions	4	28
8	Number of men making online transactions	10	30

It is clear from the above given Table1 that the percentages of the indicators of E-commerce are more slight in Uzbekistan than the other countries. Exactly, the percentage of possession of credit cards in both genders in Uzbekistan is very



insignificant compared to other countries. In numbers, if it is 0.6 % for female and 0.5% for male in Uzbekistan, it indicates 17 and 20 percents respectively, in other countries.

Some studies have been conducted for defining major problems of digitalization in the country and following problems have been found as main challenges:

- Low quality of internet in suburbs
- Poor public confidence in remote services (obtaining paper receipts and other similar documents)
- Lack of organizations for explaining the functions and advantages of digitalization for the public
- Lack of knowledge in this sphere and others.

However, researches also revealed that many facilities are being introduced in this sector by the government. In fact, entrepreneurs who begin their business in this with digitalization their businesses get discounts for taxes.

Conclusion

Summing up, it can be said that the digital economy of Uzbekistan is being developed by the government for further flourishing national economy. Taking into account the main challenges above, the following suggestions have been made:

- Improving professional skills of workers in this sector
- Creating organizations for explaining the functions and advantages of digitalization for the public
- Improving the quality of speed of internet in suburbs
- Supporting banks and organizations for digitalizing their services
- Creating joint ventures with digitalized countries and supporting healthy competitive environment in the Republic
- Introducing innovations in this sphere

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