

**PROSPECTS FOR THE DIGITAL ECONOMY IN
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Abstract: This article discusses the problems of the development of digital technologies in the Republic of Uzbekistan and ways to solve them. The purpose of the article is to consider issues of reducing risks based on the lack of quality in the development of technological information connections and the lack of qualified personnel.

Key words: Information technologies, digital technologies, business model, IT technologies, Republic of Uzbekistan, digitalization, digitalization problems.

Today, new digital technologies and innovative business models are penetrating all spheres of the economic life of society, affecting the very essence of the economy, forming qualitative structural changes in it. We can agree with the opinion expressed by many researchers that, thanks to digitalization and other technological changes, humanity has entered a new era of global change. The digital economy today is perceived by many as a panacea, and its accelerated development as a way to solve almost all existing problems. This is reflected in the explosive growth of interest in “digital” problems in socio-economic and humanities research, and in public discourse, including in the statements of influential politicians, and in government documents. But it should be understood that there is no “cure for all diseases”. And the digital economy cannot be a panacea in the Republic of Uzbekistan, or in the world as a whole. Its development, in our opinion, should be considered in the context of other transformations that modern society and economy are experiencing in close connection with them. And for this purpose - to study in more detail its systemic properties, as well as the possibilities of practical use of its tools in economic risks and threats of the digital economy, and ways to solve them.

It should be noted that, like any other large-scale phenomenon, the development of the digital economy is associated not only with positive consequences, but also with various kinds of risks and threats.

There are two main sources of these effects.



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Firstly, this is the emergence of new types of risks and threats inherent in the digital economy and based on its technological features.

Secondly, during the transition to the digital economy, an institutional transformation occurs, which in itself, regardless of its causes and nature, is a powerful destabilizing factor in sustainable and successful socio-economic development.

Let's consider some of the negative consequences of the development of the digital economy (a detailed and complete analysis of current and future risks and threats is an independent research problem and can become the subject of a separate scientific study):

- Increase in cybercrime. According to Kaspersky Security Network, in the second quarter of 2021: Kaspersky Lab solutions repelled 1,686,025,551 attacks from Internet resources located around the world, which in turn posed a threat to the safe and stable operation of information systems and resources, including including, and on the territory of the Republic of Uzbekistan;

- technological vulnerability of the created digital infrastructure. As an example, we can cite typical (unfortunately) situations of mass shutdown of devices for regulating the movement of vehicles and pedestrians (traffic lights) in the city of Samarkand due to instability of the power line, return to the “live” queue in case of failures in the electronic queue systems in government agencies, etc.;

- rapid obsolescence of equipment and, as a consequence, the problem of its disposal. If the problem of recycling heavy household waste is in the center of public attention and fairly serious legislative regulation, then the problem of handling “electronic waste” is rarely raised. Meanwhile, according to the UN, up to 100 million “electronic waste” are produced annually in the world, no more than 20% of this volume is processed in accordance with environmental requirements. As the digital economy develops, its harmful impact on the environment will increase;

- growing technological dependence on foreign suppliers and, as a consequence, weakening technological and economic security both at the level of the country as a whole and at the level of individual industries and enterprises.

A serious limiting factor for the development of the digital economy is personnel limitations in the Republic of Uzbekistan. Thus, in view of the annual increase in the volume of information required for the development and adoption of management decisions, problems may arise in the system of interaction between the population and business with government bodies.

IT specialist. According to the market review for 2021 from hh.uz, IT ranks 2nd among the most popular professional fields among employers. Since the beginning of



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the year, companies working in the field of IT, Internet, telecom have posted about 6,000 vacancies for applicants on the website.

The greatest resource of our economy is not gold or gas, but human resources. In recent years, the population of Uzbekistan has been steadily increasing and already amounts to more than 35.2 million people. This means we need to create more jobs. Then, perhaps, it will be possible to solve the problem of “brain drain” and strengthen the national economy.

Of course, the need for IT resources has increased throughout the world. Due to the fact that Uzbekistan is at the initial stage of development, other countries may offer higher wages to IT specialists.

To prevent personnel drain, it is necessary to develop the education infrastructure, train new teachers, etc. The listed and many other risks, threats and problems of the development of the digital economy require measures to neutralize them. Unfortunately, this cannot be done quickly and exclusively at the expense of state resources (since the task of developing the digital economy is positioned as nationally significant). A comprehensive effort using both public and private resources is needed.

Among the priority tasks that determine the areas of activity, in our opinion, we can highlight:

1) stimulating the creation and development of businesses focused on the digital economy. A number of companies are already operating in Uzbekistan that can be recognized as world leaders in their segments of the digital economy (IT Academy Astrum and LeBazar, UZUM, etc.). The state can provide them with targeted support: provide guarantees for bank loans, including export ones, compensate for part of the costs of patenting, form targeted investment funds, provide support through the government procurement mechanism, etc.;

2) additional support for small and medium-sized businesses in the creation of digital technologies, platforms and the provision of digital services. This can be achieved, for example, by providing certain incentives to relevant companies (for example, in relation to insurance payments or tax payments) that develop digital technologies, creating healthy competition between such companies, providing them with orders and standards that the final product must meet;

3) formation and scaling of digital platforms in the main areas of the economy. Now in Uzbekistan and many other countries, portals for the provision of state and municipal services, platforms for making payments are appearing, tax authorities are switching to receiving electronic reporting, the use of plastic cards for social payments is being introduced, etc. It should be noted that there are significant problems associated with the implementation of IT in local government. The municipalities



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themselves, given the subsidies of their majority, are not able to solve these problems; they need special support for their digitalization from regional and federal authorities;

4) increasing the volume of training of IT specialists (we have already indicated the priority of this area of activity);

5) formation of industry, regional and national systems for ensuring cybersecurity. In particular, it is necessary to finalize legislation on combating cybercrime, create protection units in law enforcement agencies, develop safe technological solutions, and ensure interaction between all participants in the global digital economy. However, it should be remembered that security should not hinder the growth and development of technology. It is necessary to strengthen cross-country information exchange in the field of cybersecurity.

The digital economy is a new type of economic relations that is already present in all sectors of the world market and is actively developing. The digital economy may soon become a leading segment, a driver of growth and development of the economic system as a whole. This is due to the fact that the digital economy has some advantages over physical commodity and money exchanges, such as the speed of delivery of goods or the almost instantaneous provision of services.

Another advantage of the digital economy is the lower cost of production and transaction execution. One of the key advantages of the digital economy over the traditional one is that electronic goods are practically inexhaustible and exist in virtual form, while material goods are almost always limited in quantity and are much more difficult to access.

Today, the electronic economy is already going beyond purely economic processes. Digitalization is being introduced into social processes; the successful lives of people increasingly depend on it; in addition, there is a large-scale introduction of digital technologies into the work of government organizations and structures. Efforts to digitalize Uzbekistan are based on the strategy for the development of the information society and the provisions of the state program “Digital Economy”. These documents set goals and established the main mechanisms for the digital transformation of the Russian economy, and also determined the sources and volumes of financing for the activities planned for implementation. If we consider the situation as a whole, then in terms of the level of development of the digital economy, Uzbekistan does not occupy a leading position, but confidently maintains itself in the group of leading countries, improving its position from year to year.

At the same time, competition in this area remains very tough, so we cannot stop there; joint work between the state and business is necessary for the further development of the digital economy. In this activity, it is necessary to take into account



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a number of problems, risks and threats highlighted in the article in order to focus resources and efforts on neutralizing them.

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