



FURTHER IMPROVEMENT OF ELECTRONIC MONEY REGULATION SYSTEM

Yokubjonova Mahfuza Vohidjon kizi
Jizzakh city justice department legal service center
Chief Legal Counsel

Article history:	Abstract:
Received: June 28 th 2023 Accepted: July 28 th 2023 Published: August 30 th 2023	This article is devoted to the analysis of issues such as the formation of a system of working with electronic money and improving the effectiveness of legal regulation in the conditions of a rapidly developing economy.
Keywords: electronic money, cryptocurrency, issuer, legal regulation, legal provision, economic improvement, legal regulation, acquiring, acquiring bank	

The introduction of electronic money is associated with economic and technological uncertainties regarding their future. It should be noted that the introduction of electronic money is primarily aimed at replacing payments in cash and checks. But the introduction of electronic money may also affect the intensity of use of credit and debit cards in retail payments. It is necessary to determine which factors have the greatest influence on the decisions of economic entities about the use of electronic money.

Undoubtedly, in order to be successful in the future, electronic money must bring additional benefits to the main subjects of economic relations: consumers, points of sale, banks and electronic money supply there (money intermediaries). The benefits can be immediate and immediate. For example, it will be easier or cheaper to use electronic money. The benefits can be long-term and strategic. For example, outlets use e-money as part of their marketing strategy to introduce new payment technologies to promote sales, even if their use is not of significant financial value.

Based on the above, the following factors influencing consumer decisions can be distinguished: 1) ease of use and reduction of distribution costs; 2) security and confidentiality of calculations. Consumers expect electronic money not only to reduce costs, but also to be convenient. However, the new payment methods are unlikely to affect household costs. If more transactions are made using electronic payments, the volume of payments using traditional payment methods such as cash, checks, credit and debit cards will decrease. The situation is a little different when making calculations between businessmen. If electronic money is cheaper or more convenient than traditional forms of money, then business people can increase their working capital and total income.

All users of electronic money face the same problem as users of traditional forms of money - the need to ensure the security and privacy of payments. As for smart cards, most of the financial institutions planning to issue the cards are banks. Thus, behind

smart cards or electronic account numbers of customers are the assets of banks that are part of such an association. But will the funds on these cards have enough protection to protect the savings and check the accounts of Insured persons, for example, by the Federal Insurance Corporation in the United States? Apparently not, as federally mandated insurance in the US does not apply to such accounts.

Fraud existing in the traditional payment system may exist in the systems offered in the future. The issue of ensuring the security and confidentiality of calculations using electronic money can be effectively solved by developing special legal documents and developing uniform standards for the implementation of secure calculations.

The decision to use electronic payment methods is influenced by the following factors: a) increase in the volume of sales; b) cost reduction; c) favorable terms of contracts.

Trade organizations expect a large number of consumers who cannot make purchases because they do not work with a certain payment system. If a sufficient number of consumers use a certain payment system, competition may require attracting the necessary investments to install the equipment of this payment system. Thus, the risk of losing potential customers who do not use cash for payments has led many operators of vending machines selling small goods to install special devices that accept plastic cards. A similar situation occurs in the electronic economy, where, in addition to the use of plastic cards as a means of payment, various types of electronic money are increasingly used. The main thing is that the revenue from additional sales will increase the costs incurred during the introduction of new payment methods.

Additional trading is not the only advantage of electronic money, but it can also affect the reduction of costs. For example, cash management is an expensive, slow and risky process. Systems that reduce the use of cash can reduce distribution costs, although they can increase capital costs. Merchants' willingness to use



them will depend on whether the new forms of payments reduce overall costs in the short term.

The introduction of electronic money leads to the emergence of additional obligations, risks and costs. For example, a transaction made with the help of electronic money can be called into question after the transaction is completed. Therefore, for working with electronic money, it is necessary to conclude new contracts in retail stores and issuers, which specify the rights, obligations and risks of retail stores and issuers of electronic money. Acceptance of the new system of calculations will depend on the terms of these contracts (profitability and risks). The specific terms of the contract are important factors in determining the success of new payment methods.

The following factors affecting the decision of electronic money issuers to issue electronic money can be distinguished: 1) electronic submission; 2) low transaction costs; 3) to get one's share in the financial market.

As a result of the issuance of electronic money, the issuers will receive a share premium. The value of this income directly depends on the volume of electronic money issuance. Therefore, issuers of electronic money are interested in increasing emissions.

Since the cost of cash transactions is very low compared to the purchase price, in order for electronic money to be widely used, issuers of electronic money must significantly reduce their operating costs. Today, the average price of an electronic money transfer in the United States is about 15 cents, but such a low price can also be a very high percentage, for example, the price of an electronic service for \$ 1.

Electronic money issuers are currently seeking to capture the largest share of the cash or deposit transactions market. Gaining a share of the financial market may allow electronic money issuers to provide other financial services that compete with other financial institutions for financial resources.

The first electronic money systems were largely undemanding. First, they were not comfortable. Consumers had to have special software and use complex transaction protocols. In addition, the first electronic money systems often did not ensure the confidentiality of transactions. Almost all first-generation systems operated as part of a closed circuit, which limited the versatility of the advance. Consumers could spend their electronic money only in a limited number of sales and service outlets. Therefore, contrary

to the forecasts of 1998, by 2002 payments with electronic money should make up 41% of the total volume of online payments, today their share does not exceed 5% in developed countries¹.

When thinking about the development and improvement of electronic money, it is appropriate to look at the world practice. In particular, in today's rapidly developing world economy, studying the concept of "acquiring" ("acquiring" from the English language) is highly likely to be effective today. Acquiring is a payment for goods and services using a bank payment card. This payment method is clear, simple and convenient for the buyer. According to some reports, the average check when paying by card is 20% more than when paying with traditional cash.

Today, the ratio of cash and credit card payments is 85:15 (compared to 97:3 in 2000). The increasing popularity of acquiring around the world is influenced by the increase in income of the population, frequent trips of citizens abroad, and the fact that it is easier for the employer to transfer the salary to the card. So, taking into account the current processes, more and more individuals are buying payment cards.

The purchase solves the problem of counterfeit banknotes (cash is not used in such settlements), eliminates the need for special cash register documents and reduces the cost of cash collection. Given that payment cards are not only debit, but also credit, the ability to pay with a credit card increases the solvency of the population in the absence of free cash at a given moment, and this is only the sellers.

"How is the admissions process structured?" to answer the question, if payment by card is a simple and fast process for a customer, then everything is not so simple for an entrepreneur who receives payment for goods and services in this way. We consider it appropriate to consider the purchase in more detail.

First of all, we need to know that with this payment method, the money does not go directly to the seller's account. There is an intermediary between the buyer and the seller - the bank. Based on this, acquiring is a method of non-cash settlement, that is, a banking service, and the seller must open a current account number in the selected bank to use this service.

The next step should be to conclude an acquisition agreement with the bank. The acquiring bank must meet the following requirements:

¹ Issues arising from the emergence of electronic money. / European Central Bank Monthly Bulletin. November



- working with international (the most common - Visa and MasterCard) and regional premium payment systems;

- to have a special structural unit (process center) that implements and manages a continuous flow of payments;

- providing the fastest online communication using modern data transfer protocols (PCI DSS, SSL, 3D Secure);

- providing the client with stationary or mobile terminals for making payments and training their employees to provide services to customers when paying by card;

- monitor the amount of money required for the purchase on the buyer's payment card, and block the purchase process if they are missing;

- timely transfer of funds received from the buyer to the seller's account.

Banks charge a commission from the seller for making a payment using cards - from 2 to 6 percent of the payment amount. The customer is not always charged a commission for card payments.

After the purchase is made by card, the money is withdrawn from the buyer's account and goes to the acquirer's bank with which the seller has concluded the acquisition agreement. Money will be transferred to the seller's account within the period specified in the contract (minus the bank commission).

Currently, second-generation electronic payment systems are actively developing. They are based on the increasing demands of these systems for end-users' convenience, their anonymity and versatility. Many companies widely use incentive programs when introducing electronic money. In addition, most modern electronic money systems support micropayments. Some of them have offline compatibility, others are flexible and portable. The most successful generation in the electronic money system is PayPal in the broadest sense.

In general, electronic money is only in the early stages of its development. This stage is characterized by significant complexity and high prices of payment

systems based on electronic money, liberalization of regulation of credit organizations and restoration of competition in the monetary sector. The modern development of electronic money affects not only the theoretical problems of money, but also aspects of banking and monetary policy. The following conditions must be met for the widespread introduction of electronic money into the monetary circulation of developed countries: 1) ensuring a very low cost of transactions carried out using electronic money; 2) development of a clear legal framework regulating the status of electronic issuers regulation of relations between participants of money and electronic money transactions; 3) creation of reliable and inexpensive encryption algorithms that guarantee complete privacy and security of electronic payments; 4) development of a wide infrastructure for providing services to payers using electronic money. Fulfillment of all the above conditions allows electronic money to occupy one of the important places in the monetary system of the 20th century.

LIST OF REFERENCES

1. Law of the Republic of Uzbekistan "On Payments and Payment Systems" dated November 1, 2019 ORQ-578.
2. Decree of the President of the Republic of Uzbekistan No. PF-4947 of February 7, 2017 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan".
3. Yurov A.V. *Nalichnye dengi i elektronnye sredstva paymenteja: otsenka perspective* [Text]/ *Dengi i credit*. 2007. No. 7.
4. Rachinsky K.L. Author's abstract: *Emissio i obraschenie elektronnykh deneg: rossiyskii i zarubezhnyi opyt finansovo-pravogogo regulirovaniya*. M., 2012. S. 7.
5. <http://www.lex.uz> – The website of the national database of legislation of the Republic of Uzbekistan.
6. <http://www.paysyscenter.ru> – Montex payment system.