



# ROLE OF DIGITAL TECHNOLOGIES TO THE DEVELOPMENT OF INTERNATIONAL FINANCIAL RELATIONS

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<b>Received:</b> 10 <sup>th</sup> June 2024 <b>Accepted:</b> 7 <sup>th</sup> July 2024	Given the ever-increasing challenges of competition in the age of globalization, innovation is critical to the viability and prosperity of the economy. In this regard, in developed countries, innovation is the main pillar of the country's economic development, and it is viewed as one of the most important issues of government policy. This article analyzes the ways of introducing digital technologies in the financial system and the issues related to the experience of developed countries in this regard.

**Keywords:** *Digital economy, technology, crowdfunding, crown investing, e-commerce.*

## INTRODUCTION

The financial system is a very comprehensive and complex field of operations. The fight against the consequences of the coronavirus infection led to a further expansion of the tasks of the financial system and the need to sharply accelerate their performance. Implementation of financial operations at the level of demand and in a much shorter time than before is not a task that can be solved only by the intensive work of a specialist. For this, it is necessary to use modern techniques and technologies that can speed up the financial process. The introduction of digital technologies into the financial system is one of the priority directions for achieving this goal. This article is dedicated to such a topical issue. It justified the necessity, relevance and importance of accelerating the introduction of digital technologies into the financial system, and developed the main directions for the introduction of digital technologies.

The coronavirus that appeared at the end of 2019 completely changed human life and the world economy. In the course of the fight against the coronavirus infection, as in the whole world, in the Republic of Uzbekistan, the forced restriction of people's movement and the temporary suspension of the activities of production and service entities had a very negative impact on the life of the society. That is, production and consumption volumes are decreasing, international economic relations are narrowing, prices of raw materials are decreasing, business conditions are deteriorating.

As a result, in the new conditions, a certain part of the traditional types of economic activity lost its importance and its new forms appeared.

The scale of transactions between different parts of the financial system and between the sector and budget organizations is also extremely large. They are also made with the help of manual labor. The use of

the blockchain system is a technology that makes it possible to quickly and securely exchange and store financial information. For example, blockchain can record and securely store records of money transfers. In the blockchain, there will be no possibility of external interference in the operation, forgery and destruction of documents. In general, it allows all financial transactions that are currently stored on paper to be recorded and stored on the blockchain. Imagine how blockchain is a technology with huge economic benefits. Blockchain is also an important anti-corruption tool because it is completely transparent and eliminates the possibility of outside interference in the transaction. In addition, it will help to liberalize the very conservative financial system.

There are also a number of other digital technologies that have been put into practice in our country in recent years and are relevant to the financial system to a certain extent. For example, money transfer and financial operations are included through Click, Payme, Humo and other programs installed on mobile phones. In order to further expand the scale of their use, it is necessary to develop an incentive system and put it into practice.

When an economic entity needs additional funds to expand economic activity, entrepreneurs who do not have the opportunity or desire to use the state budget and bank loans try to use new forms of financing. For example, in developed countries there are methods of joint financing of projects called "crowdfunding" and "crowdfunding". "Crowdfunding" means "funding by the people" in Uzbek. It is possible to support start-up companies, small businesses and those affected by natural disasters, such as today's coronavirus, and make mutually beneficial investments through the Internet. "Crowdfunding" is one of the types of crowdfunding, and it is also a method of investing in start-ups and small businesses by micro-investors in the global



financial market. It differs from crowdfunding in that crowdinvesting does not allocate funds for charitable purposes, but only invests for profit. The use of digital technologies is a very convenient and effective way to organize these operations.

#### **LITERATURE REVIEW**

K. Skinner has conducted comprehensive research in the realm of digital and information technology. Kai-fu Lee provides a detailed account of the influence of artificial intelligence on the future of digital business. The application of blockchain technologies in finance has been explored by M. Iansiti, K. Lakhani, R. Bukht, and R. Heeks. The writings of these scholars examine the effects of digitalization on socio-economic processes, particularly within the financial sector. In Ukraine, notable examples of successful fintech implementations in finance include Privatbank with its Privat24 system and Universal Bank with the monobank system. The inception and introduction of monobank to the market are discussed in a book-interview with its original creator by D. Dubilet. Intergovernmental organizations such as the EU and the UN also place significant emphasis on the integration of digital technologies within the financial arena.

#### **ANALYSIS AND RESULTS**

According to a large-scale research on digitalization conducted in 246 countries, the development indicators of the Digital Economy have different trends in different countries. Despite the different indicators and development paths of the digital economy in the countries of the world, it will be possible to include common features such as creating favorable conditions for active innovation, significantly increasing investment costs in digital technologies and infrastructure.

Despite the short period of historical development, the digital economy is primarily focused on the use of digital technologies in trade and Internet services - electronic commerce, Internet banking, electronic payments, Internet advertising, Internet games, etc. It should be noted that today in the world digital platforms have become the main business model for large corporations such as "Amazon", "Alibaba", "Facebook", "Ebay", "Uber", "Didi Chuxing" or "Airbnb". These corporations have significant advantages as intermediaries and infrastructure platforms. They have the ability to register and receive information on all transactions between users of digital platforms. The rapid development of e-commerce created the foundations of the market mechanism in the virtual space, which led to a steady increase in the number of transactions.

At the beginning of the 20th century, two groups of countries were active in information technology

markets:

- 1) advanced countries with developed fundamental science (USA, Great Britain, Germany, Japan, etc.);
- 2) countries that use the innovations and technologies of the first group of countries (Taiwan, China, South Korea, etc.).

Later, a third group of countries appeared: Finland, Sweden, Norway, Ireland and Israel, which managed to enter the world markets by effectively modernizing the systems of education, science and information technology. Today, advanced and leading countries in the digital economy include Norway, Sweden and Switzerland. The TOP 10 also includes USA, Great Britain, Denmark, Finland, Singapore, South Korea and Hong Kong. The share of the digital economy in the USA is 10.9%, in China 10%, in the European Union 8.2%, in Brazil 6.2%, in Russia 3.9%.

In the US economy, a third of GDP (33%) is influenced by digital technologies, and a large share of the US financial sector (60%) has been digitized, which is why the US financial sector is the most advanced in the world. Close to it is the communications industry, which seeks to create a modern, sustainable digital platform for long-term development and significantly increase its importance. The main competitor of the United States of America in the field of digitization is China, in 2021 its B2C (Business-to-consumer) digital market revenue will reach 765 billion. amounted to more than 100,000 dollars and thus made the country the leader of the world market. In 2018, the digital market generated more than \$700 billion in revenue in the United States, and in 5 European countries (Germany, Great Britain, France, Italy, Spain), the digital market revenue was more than \$500 billion.

The main share of Internet users is located in Asia, but Asia ranks second in terms of the share of Internet users among the population - only half of the population uses the Internet (49.7%). According to this indicator, North America is one of the first, and its Internet users make up 88% of the population of the region. The highest growth of Internet users is observed in Northern Europe (94%), Western Europe (90%) and North America (88%). Africa is experiencing the fastest growth rates of more than 20% per year.

In developed countries, in particular, in the USA, the European Union, and Japan, Internet users make up an average of 81% of the population, while the share of Internet use in developing countries is 40%, and in countries experiencing transition economies such as Russia, the CIS, and Eastern Europe, it is 15%. . China has the world's largest Internet audience by population (55.8% of the population), including mobile banking users (97.5%). As of 2023, Denmark



is the most digitally competitive country in the world was found to be The digital competitiveness rating is aimed at analyzing the country's ability to master digital technologies and introduce these technologies within enterprises and state organizations. Scandinavian countries topped the list, with Sweden, Finland and Norway also in the top fifteen. The United States ranked second as the most competitive country in 2022.

Thus, the world has accumulated a lot of experience in the development of the digital economy at the national level and state regulation. In this regard, only the practices of leading countries such as the USA, Canada, Japan and the European Union are not considered leading in the world experience. In a number of cases, developing countries such as China or India also have success in the development of the digital economy of their national economy, and they are not only occupying the market for outsourcing in the international division of labor, but also themselves, for example, China, are gradually becoming the leading countries. They are starting to set standards for ICT development.

Taking into account the development trends of e-commerce today, e-commerce has become an integral part of the modern economy. More and more consumers are buying goods on the Internet, and commercial organizations are using the opportunities of this network to carry out business activities in one way or another. In the consumer segment of e-commerce, the total worldwide sales volume exceeded 1 trillion dollars in 2012 and has been growing steadily until now. According to McKinsey estimates, by 2030 global e-commerce can increase the volume of international trade by 1.3-2.1 trillion dollars, which will increase the volume of trade in industrial goods by 6-10%.

## **CONCLUSION**

The forms and possibilities of involving digital technologies in the financial system are huge. This article only discussed some areas of digital technologies that can be quickly and inexpensively introduced into the financial sector. Formation, implementation, monitoring of expenditures, analysis of implementation of the state budget and local budgets, preparation and submission of financial reports, distribution, spending, monitoring and reporting of funds from various funds to beneficiaries, various links of the financial system financial relations between and between the industry and budget organizations, money transfer through Click, Payme, Humo and other programs, expanding the scope of financial transactions, the economic entity needs additional funds Entrepreneurs who do not have the opportunity or desire to use the state budget and bank

credit at the moment can introduce digital technologies in the processes of using new forms of financing (for example, "crowdfunding" and "crowdinvesting" methods).

The comments presented in this article indicate that there are many useful aspects of digital technologies. They fundamentally change the life of society, including the financial system, and bring its development to a new level. Another peculiar aspect of this issue is that the restrictions introduced due to the coronavirus pandemic are increasing the need to use digital technologies in our country. But this process has negative consequences. That is, as the use of digital technologies increases, the need for a certain part of traditional positions in the financial system decreases. That's why it is the demand of the time for financial experts to study digital technologies thoroughly. In general, employees of the financial system need to thoroughly prepare for the transition to the era of digital technologies and fight hard to take their rightful place on the world stage of digital finance.

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