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FORMATION AND DEVELOPMENT OF THE DIGITAL ECONOMY PROBLEMS AND RISKS

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Article history:		Abstract:
Received: Accepted:	7 th January 2024 26 th February 2024	The article analyzes the impact of the digital economy on the development of modern technology, innovative business models penetrate into all spheres of the economic life of society, influencing the economy, forming qualitative structural changes in it. The article provides an overview of the development of the digital economy in the world and Uzbekistan, identifies the risks and threats to the development of the digital economy, and suggests ways to overcome them. It has been established that today the electronic economy is already beyond the scope of purely economic processes. Digitalization is being introduced into social processes, the successful life of people increasingly depends on it, in addition, there is a large-scale introduction of digital technologies into the work of government organizations and structures. In this activity, it is necessary to take into account a number of problems, risks and threats identified in the article in order to focus resources and efforts on their neutralization.

Keywords: *digital economy, threats and risks to sustainable development, economic growth, government regulation of the economy, scientific and technological progress*

INTRODUCTION

Many researchers rightly associate medium-term trends in the development of society and the economy with their digitalization. Today, new digital technologies and innovative business models are permeating all spheres of the economic life of society, influencing the very essence of the economy, forming qualitative structural changes in it. BThanks todigitalization and other technological changes, humanity has entered a new era of global change.

The digital economy is now perceived by many as a panacea, and its accelerated development is a way to solve almost all existing problems.

This is reflected in the explosive growth of interest in "digital" issues in socio-economic and humanitarian studies, and in public discourse, including in the statements of influential politicians, and in public administration documents. But it should be understood that there is no"cure for all diseases". And the digital economy cannot be a panacea in modernm 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 the economy are experiencing, in close connection with them. To do this , it is necessary to study its system properties in more detail, as well as the possibilities of practical use of its tools in economic practice.

OVERVIEW OF THE DEVELOPMENT OF THE DIGITAL ECONOMY

Since the second half of the 20th century, information technologies have been playing an increasingly important role in the economic development of many countries around the world. The unified information economic space, the formation of which was made possible by scientific and technological progress, contributes to economic growth and increased labor productivity, the creation of innovative jobs and digital assets, expanding the opportunities and rights of citizens, improving access to global markets and increasing the competitiveness of enterprises, improving the quality of public services, etc..

It is generally accepted that the concept of "digital economy", in relation to the use of modern information technologies (digital) in economic processes and their management, was introduced by N. Negroponte in 1995. The advantages of the digital economy, in N. Negroponte's opinion, are: the absence of physical weight of products, which is replaced by information volume, lower resource costs for the production of goods. the production of electronic goods, a much smaller area occupied by products, as well as the almost instantaneous movement of goods through the Internet (we are certainly talking about specific digital goods in this case). Some key features of the digital economy are presented in Table 1



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Table 1Key features of the digital economy

Characteristics	Impact on the development of the economy as a whole
Economic activity	, interaction between economic
is focused on	entities is facilitated, costs (primarilytransactional) are reduced,
digital economy platforms	additional
	functionality is provided for both suppliers and consumers, their
	cooperation is improved, which reduces the cycle time for
	developing new products
	and bringing them to the market, and contributes to the creation
	promotion of innovative products and solutions
of new products. Personalized	Targeted Internet marketing, 3D printing
service models are formed	and other digital technologies allow you to personalize the
	production and sale of goods and services, taking into account the
	requirements and needs of each individual client, which ultimately
	helps to save resources (by coordinating the structure and volume
	of supply and demand)
direct	out, prerequisites are created for reducing the chains of
interaction	intermediaries between the producer and the final consumer,
of producers and consumers is	building effective production and consumer cooperation
carried	
, and the spread	Comprehensive digitalization and acceleration of communications
or the snaring economy	create prerequisites for the erosion of traditional property relations,
"Is observed	the development of legal practices using the theoretical institutional
	concept of "bundle of property rights". The phenomenon of joint
	ownership of goods (especially technically complex and expensive
	ones, for example, passenger cars) is developing, which can
The value of contribution to the	increases. The development of small and modium sized businesses
. The fole of contribution to the	increases. The development of small and medium-sized businesses,
of its individual	as more nexible
narticinants	and modile, plays a significant role in business
participants	of innovative startunes carried out the sector of the " individual
	economy" is expanding and there is a tendency to increase the
	"atomization" of the structure of the economy

Digitalization of business, starting with local intra corporate and corporate projects, is gradually gaining global scale, and major digital business players have reached the first positions in the world. So, Apple, Alphabet, Microsoft, Amazon and Facebook are among the most expensive companies in the world by market capitalization. The most expensive non-US company on this list is Chinese online retailer Alibaba Group. In addition, today there are examples «of "digitalecosystems" in various other industries and companies. It is estimated that the share of the digital economy in the developed world's WFP мира за период 2016-2022increased from 5.3% to 6.5% over the period 2016-20226, while in developing countries this figure changed from 5.6% to 6.9%. In Uzbekistan, this share22 was 4.6,6% as of 20.22.2. Despite the comparative lag, our country shows quite high

dynamics: we can note a significant increase in the share of the digital economy in the GDP of the Republic ofUz.

At the same time, the average optimal indicator is 7-8%, for example, in the UK it is 13.4%, South Korea-10%, China-8.9%, India-5.6%, while in Russia – 2.8%, Kazakhstan – 3.9%. In accordance with the draft Concept for the development of the Electronic Government system of the Republic of Uzbekistan, it is planned to increase the share of ICT services in GDP to 5.0% by 2025, and to 10% by 2030.

We emphasize that just as the economy and society as a whole are developing unevenly, so is their digital transformation. Politics, legal norms, traditions and culture, the achieved level of economic development, the development of education and its own technological base, as well as many other factors play a significant



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role in shaping the digital economy of a particular country. For example, the digital market of China, the country with the largest number of Internet users in the world (over 720 million people), exists independently from the globalone.

The explosive growth of social networks, the increase in the number of smartphones, the facilitation of broadband Internet access, the spread of machine learning and artificial intelligence technologies are changing the modern world. The digital transformation of organizations, both commercial and non-commercial (including state-owned ones), is a response to the development and active dissemination of newdigital information technologies around the world. At the same time, based on the paradigm of progress that has prevailed in science since the Renaissance, we believe that the main goal of developing the digital economy is to improve the lives of the population by improving the quality of goods and services produced using modern digital technologies, as well as their availability.

Effective development of markets in the digital economy is possible only in the presence of advanced

technologies, so measures to stimulate it should focus on two directions. The first is institutions: their restructuring and modernization are required to create conditions for the development of the digital economy (regulatory regulation of digital markets and digital production, training of personnel with digital competencies, etc.). The second is technical data infrastructure (data transmission networks, processing centers, software services, etc.), the creation of which requires not only significant efforts, but also investment.

It should be noted that, despite the existing obstacles and difficulties, the digital economy as a whole continues to develop rapidly in the world. So, for example, according to available estimates, «in21 2021, the volume of the market [of e-commerce-*author's note.*] составил 5 трлн долл. (+21 %). Onlinesales are expected togrow to \$ 8.1 trillion by 2023, up by \$ 5 trillion (+21%). г. вырастет до уровня 8,1 In addition, the share of e-commerce in global retail will increase to 22%%.



The manufacturing sector of the digital economy is also growing. Automation of production, big data and artificial intelligence, the use of which has become possible thanks to digital technologies, transform production processes and models of production and technological cooperation, accelerate and reduce the cost of producing various products, performing works and providing services.

This allows us to open up new ways of using human potential, but at the same time, it can create social problems associated with the disappearance (primarily in developed countries) of a number of mass, "traditional" professions.

DEVELOPMENT OF THE DIGITAL ECONOMY IN THEREPUBLIC OF UZ

In order to develop the digital economy, in accordance with the Presidential Decree of January 8, 2019 "On additional measures to ensure further economic development and improve the effectiveness of economic policy", it is planned, in particular, to prepare by December 1, 2019 the Strategy for the Development of the national digital economy "Digital Uzbekistan-2030", which will form the main tasks for the development of the digital economy to accelerate the development of the digital economy and the widespread introduction of digital technologies in the lifeof the country's population. which defined a program of measures for the development of the economy in Uzbekistan in the medium term, taking into account the possibilities of its informatization and digitalization.



Comprehensive measures are being implemented in the republic to actively develop the digital economy, as well as to widely introduce modern information and communication technologies in all sectors and spheres, primarily in public administration, education, healthcare and agriculture.

In particular, the implementation of more than 220 priority projects has begun, which provide for the improvement of the e-government system, further development of the domestic market of software products and information technologies, organization of IT parks in all regions of the republic, and provision of qualified personnel in this area.

In addition, a comprehensive Digital Tashkent program is being implemented, which provides for the launch of a geoportalintegrated with more than 40 information systems, the creation of an information system for managing public transport and municipal infrastructure, digitalization of the social sphere, and subsequent dissemination of this experience to other regions.

In order to accelerate the development of the digital industry in the republic, increase the competitiveness of the national economy, as well as ensure the implementation of the tasks defined in the State Program for the Implementation of the Action Strategy for five priority areas of Development of the Republic of Uzbekistan in 2017-2021 in the "Year of Development of Science, Education and the Digital Economy".

The program focuses on building the infrastructure that is necessary for the creation and operation of the digital economy. First of all, these are data centers, communication networks, and Internet access. In fact, this program presents a list of regulatory goals (on the horizon until 202030) for the development of the digital economy in Uzbekistan.

It should be noted that Uzbekistan has a good starting position for the development of the digital economy. Forexample, according CTATHO statistics, the number of Internet users in Uzbekistan at the end of 2021 exceeded 27.2 million, and compared to 2020, there were 23% more connected to the Internet. The number of mobile Internet subscribers has increased especially strongly. If at the end of 2020 it was 19 million, now it is already used by 25.3 million people — 33% more. Currently, 95% of the population uses mobile Internet, and 54% of households use high — speed wired Internet. Expanding the coverage of modern communications has helped to increase the number of users.

Bythe end of 2023, it is planned to increase the capacity of the external Internet channel by 3.5 times due to new trunk communication lines. Accessto information and communication technologies (ICTs); the ability of the population to use ICTs due to the availability of basic educational skills related to the quality of the educational system, the level of adult literacy and the level of secondary education coverage; development of ICT infrastructure (mobile network coverage, Internet bandwidth, availability of digital content); penetration and dissemination of ICTs at the individual level. level. It should be noted that the level of digitalization of the economy in modern conditions is quite strongly correlated with its competitiveness.

Thus, on the one hand, Uzbekistan has good starting opportunities for the development of the digital economy; according to its current position in the world rankings, it does not show a lag in its level of development. In particular, it is necessary to concentrate resources on priority areas. The main technologies that will be used in the implementation of the adopted DIGITAL UZBEKISTAN 2030 program are: the introduction of more than 280 information systems and software products for automating management, production and logistics processes at enterprises in the real sector of the economy.

The digital economy has received a significant boost in recent years. Private companies have achieved some success , the labor market is being transformed, unprecedented infrastructure projects are being implemented with the support of the state, increasing the level of accessibility of digital services for the population and businesses, and the Internet, mobile and broadband communications are widely used. And this has already led to such positive changes as: the ubiquitous spread of the Internet; the development of the banking sector; the expansion of the electronic services market; improving the infrastructure of cities; increasing the availability of educational materials; the emergence of more and more modern computer equipment, etc.

RISKS AND THREATS OF THE DIGITAL ECONOMY, WAYS TO OVERCOME 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 risks and threats. Their sources are two main effects.

First, it is the emergence of new types of risks and threats inherent in the digital economy and based on its technological features. Secondly, the transition to the digital economy is accompanied by an institutional transformation, which in itself, regardless of its causes and nature, is a powerful destabilizing factor for sustainable and successful socio-economic development.



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

* rapid obsolescence of equipment and, as a result, the presence of problems with its disposal.

* increasing technological dependence on foreign suppliers and, as a result, weakening technological and economic security both at the national level as a whole, and at the level of individual industries and enterprises. A serious deterrent to the development of the digital economy is the existing Py3personnel restrictions in the Republic of Uz. Of course, the need for IT resources has grown all over the world. In 2020, the IT market took off, which was due to a sharp change in reality. The year 2021 showed how the vector of IT development is directed towards digitalization, as a result of which the market will steadily grow worldwide in the coming years.

Therefore, the export of IT services is inevitable and this is a good indicator of the availability of promising specialists. In the post-covid period, people don't have to physically go anywhere to export.

To do this, you just need to develop the infrastructure of coworkingspaces in order to be able to work for foreign companies while staying in Uzbekistan.

The above-mentioned and many other risks, threats and problems of the digital economy development require taking 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 a nationally significant one). A comprehensive effort is required, using both public and private resources. In our opinion, the priority tasks that determine the areas of activity include:

1) stimulating the creation and development of businesses focused on the digital economy.

2) additional support for small and medium-sized businesses in the field of creating digital technologies, platforms, and providing digital services. This can be achieved, for example, by providing certain benefits to relevant companies (for example, in terms of insurance payments or tax contributions) developing 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 for the main sectors of the economy. Now in Uzbekistan and many other countries there are portals for providing public services, platforms for making payments, the transition of tax authorities to accepting electronic reporting is underway, the use of plastic cards for social payments is being introduced, etc.

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

CONCLUSION

The digital economy is a new type of economic relations, which is already present in all sectors of the world market and is actively developing. The digital economy can 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 material commodity-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 producing and executing transactions. One of the key advantages of the digital economy over the traditional one is that electronic goods are almost inexhaustible and exist in virtual form, while material goods are almost always limited in quantity and 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 life of people increasingly depends on it, and in addition, there is a large-scale introduction of digital technologies in the work of government organizations and structures. Efforts to digitalize Uzbekistane are based on the Strategy for the Development of the Information Society and the provisions of the state program "DIGITAL UZBEKISTAN-2030". These documents set goals and set out the main mechanisms for implementing the digital transformation of the Republic of Uzbekistan, as well as determine the sources and amounts of funding for planned activities.

If we consider the situation as a whole, Uzbekistan does not occupy a leading position in terms of the level of development of the digital economy, but it confidently holds on to the group of countries following the leaders, improving its position from year to year. At the same time, competition in the field under consideration remains very tough, therefore, we cannot stop there, we need joint work of the state and business to further develop the digital economy. This activity should take into account a number of problems, risks and threats identified in the article in order to focus resources and efforts on neutralizing them.

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