

CHANGES IN THE FIELD OF DIGITAL ECONOMY IN UZBEKISTAN

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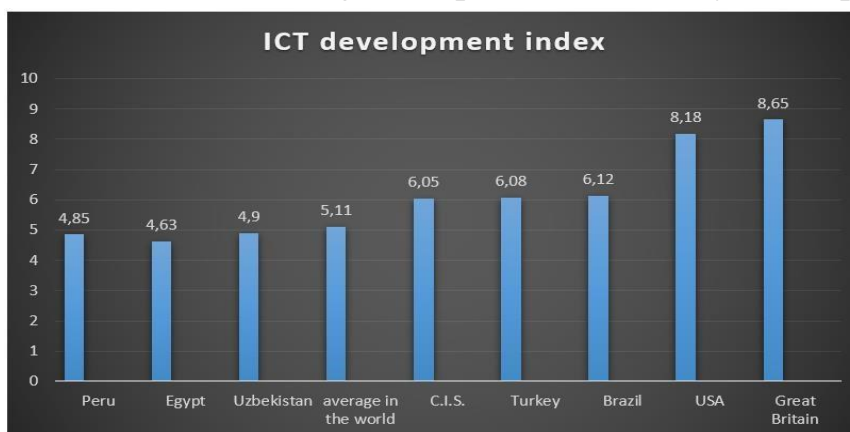
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**Abstract:** Due to the low investment in ICT (2.8% of the total investment in 2017), the density of base communication stations in the Republic remains very low (1 base station for 1600 residents). In contrast, in Kazakhstan, one such tower serves ICT needs for 643 residents, and in Russia for 235. This leads to the fact that poor Internet and mobile services slow down digital economic growth and widen the digital divide. Compared to the CIS average, in 2019, the average Internet speed (mobile and fixed broadband) in Uzbekistan was about two times lower. The lack of digital skills in Uzbekistan could be a serious obstacle to digital transformation.

**Keywords:** quarter, global, sector, secretly, mark, era, technological, giant, company, technology, sector, firmly, entrench, most, expensive. companies.

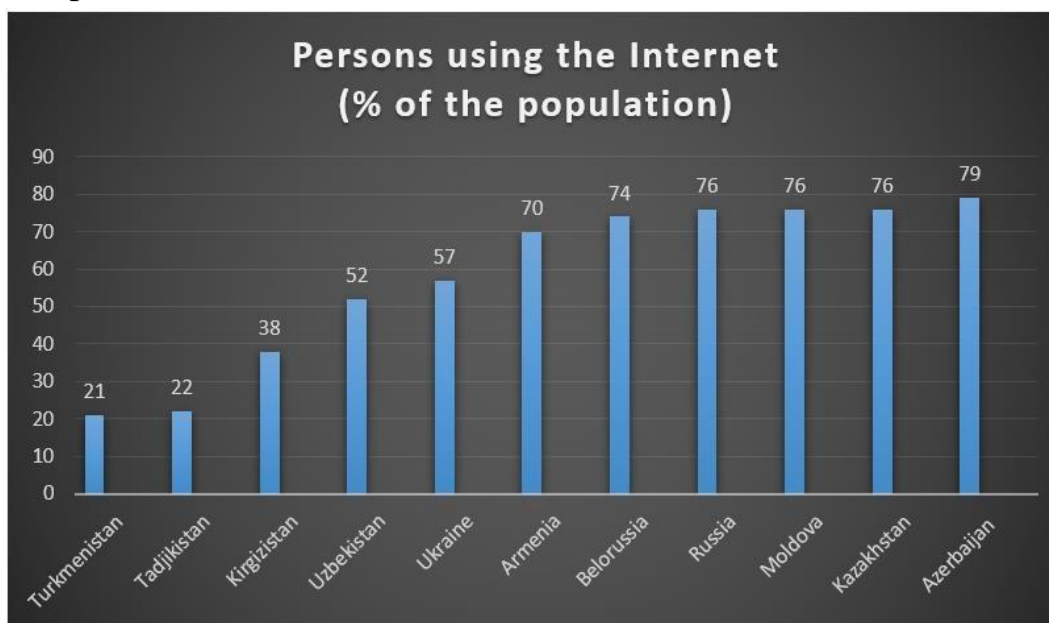
The economic development of Uzbekistan in the context of globalization of the world economy and technological development is difficult to imagine without the rapid growth of the digital economy. For example, the consulting company Accenture predicts that by 2022, up to a quarter of global GDP will be in the digital sector. It is not surprising that 2019 secretly marked the beginning of the era of technological giants when 7 companies in the technology sector were firmly entrenched in the list of the 10 most expensive companies. However, stimulating the digital economy will require removing barriers that impede the development of digitalization and digital commerce. In terms of the ICT development index, Uzbekistan ranks 103rd out of more than 170 countries, ahead of, for example, Egypt, but behind Turkey and Brazil.

It should be noted that the problems of the development of the digital economy in Uzbekistan are similar to the general problems faced by developing countries.



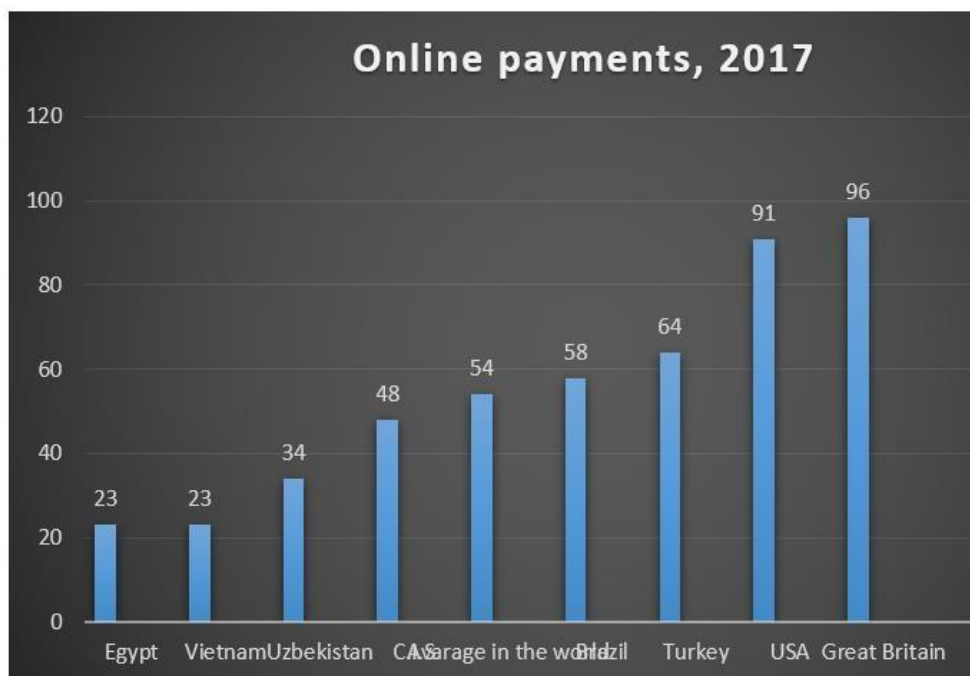
Source: ITU data

One of the main problems is poor telecommunications infrastructure and communications. Due to the low investment in ICT (2.8% of the total investment in 2017), the density of base communication stations in the Republic remains very low (1 base station for 1600 residents). In contrast, in Kazakhstan, one such tower serves ICT needs for 643 residents, and in Russia for 235. This leads to the fact that poor Internet and mobile services slow down digital economic growth and widen the digital divide. Compared to the CIS average, in 2019, the average Internet speed (mobile and fixed broadband) in Uzbekistan was about two times lower. The lack of digital skills in Uzbekistan could be a serious obstacle to digital transformation. Uzbekistan, as one of the few developing countries, has absolute adult literacy rates (100% in 2016) compared to other countries with similar levels of per capita GDP (for example, 84.66% in the Lao People's Democratic Republic in the 2015 year). In developing countries, on the other hand, despite the high adult literacy rate, digital literacy remains at a lower level. Perhaps this can be explained by the low level of use and diffusion of ICT in schools. In 2017, 32 out of 1,000 students have personal computers. Moreover, the lack of computers in schools is further exacerbated by the number of households in Uzbekistan with personal computers, 50 computers per 100 households. This is also confirmed by labor market trends - according to a recent study assessing the lack of skills in the Uzbek labor market, 68% of companies surveyed noted the importance of IT and computer skills.



Source: World Bank

Due to the weak digital infrastructure and lack of digital skills in the country, digital turnover is developing at a weaker pace in Uzbekistan. For example, the decree of the President of the Republic of Uzbekistan states that there is an insufficient level of online trading and trading platforms in the country.

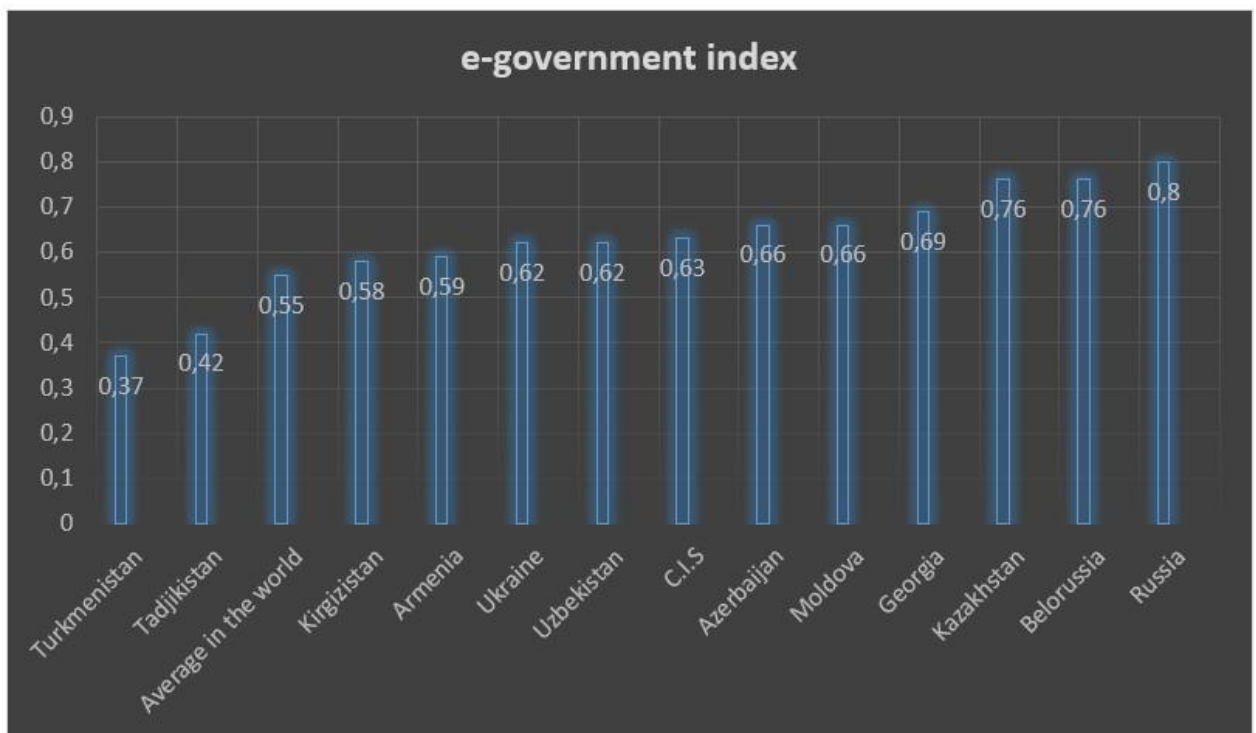


Source: The Global Findex Database 2017

Despite the existing payment systems (Click, Payme, M-bank, Upay, Humo, Oson, etc.), which allow online payments for mobile communications, the Internet, government services, taxes and fees, etc., only 34% of account holders made or received digital payments in 2017.

Nevertheless, over the past 13 years, the amount of the average payment through the terminal per card has increased significantly - from 207 thousand soums to 2.7 million soums. In 2018, the total amount of payments through the terminal amounted to 53 trillion. sum Although the Parliament approved the “Law on Electronic Digital Signatures” in 2005, which became the basis for legal Internet transactions, the lack of regulation is still the main barrier to the development of electronic commerce in the Republic of Uzbekistan. Currently, the website, designed to discuss draft regulatory acts (regal.gov.uz), has posted a bill amending and supplementing the Law on Electronic Commerce, which introduces improved regulations in the field of electronic commerce. In 2017, Uzbekistan began its journey to the e-government system with the development of a public services web portal. In 2018, 127 online services were offered from various government agencies, and the number of applications reached 3.2 million. However, out of 32 million, the number of users was only 57.7 thousand people.

Starting in 2019, getting public services online is 10% cheaper.



Source: UN E-Government knowledge base 2018

The United Nations E-Government Index reflects how a country uses information technology to provide access and integration for its people. In 2018, the indicators for Uzbekistan are almost equal to the average for the CIS and exceed the global average. Among 193 countries in the ranking, Uzbekistan ranks 81th.

Finally, the inflated cost of the Internet, insufficient coverage and low international Internet bandwidth are the result of a monopolized telecommunications industry. The market form of telecommunications in developing countries is often an oligopoly or even a monopoly. In Uzbekistan and other CIS countries, the telecommunications industry is mainly limited to one leading company, which is endowed with special powers and resources (for example, Rostelecom, Ukrtelecom, Kazakhtelecom, Aztelecom, etc.). An important step towards a digital economy will be the abolition of the state monopoly on international gateways, which is scheduled for 2020. Liberalization of the telecommunications industry will allow Uzbekistan to provide its citizens with safe and affordable Internet services and benefit from the digital economy.

### References

1. ITU data collection and questionnaires.jour.2020
2. Source: Data.gov.uz
3. Source: UN E-Government knowledge base 2018