Educational Administration: Theory and Practice
2024, 30(4), 6930-6932
ISSN: 2148-2403
https://kuey.net/

Research Article

Principles Of Development Of Digital Economy And International Finance

Gulyamova Gulshakhnoz Sabirovna[1*]

[1*]Associate Professor of University of World Economy and Diplomacy. shahramaslanov@gmail.com

Citation: Gulyamova Gulshakhnoz Sabirovna, (2024), Principles Of Development Of Digital Economy And International Finance, *Educational Administration: Theory and Practice*, *3*(4), 6930-6932
Doi:10.53555/kuey.v30i4.2492

ARTICLE INFO

ABSTRACT

One of the key factors of economic growth is the development of digital technologies, which has made it possible to achieve the current level of development of financial innovation. A study of the degree of contribution of the digital economy to the GDP of OECD countries shows that countries that have not invested enough in innovation may lag significantly behind the leading countries. Uzbek market for digitalization of financial services has been studied in detail. It is noted that at the moment the market of financial innovations in Uzbekistan, due to the economic and political situation, is experiencing difficulties in attracting capital, however, venture capital still accounts for more than 50% of the total investment in financial innovations.

Key words: digital economy, global finance, Internet banking, financial innovation, fintech.

Introduction. Studying the experience of advanced countries in introducing innovations and modernizing the economy, and developing digital technologies is extremely relevant. In this regard, the concept of financial innovation becomes particularly relevant. The very nature of financial innovation is inextricably linked to the fact that the approach to financial products, instruments and mechanisms is changing. Innovations may be radical, and the market may not respond adequately to their appearance. Innovations can be incorrectly applied or implemented, and then they activate crisis situations and increase systemic risks in all spheres of economic life.

Literary review and methodology. It should be noted that none of the definitions is able to fully cover the entire diversity of innovations, since, as noted above, they can exist in various aspects of the financial activities of companies. Innovations can affect a wide range of operational activities and elements of the corporation, but above all: financial management, marketing, company strategy, business processes and models, organizational structure and technology. However, defining financial innovation allows us to determine a vector for further research.

The system-forming definition of financial innovation, which was given at the International Economic Forum in 2012, according to which they create competitive advantages and also contribute to the generation of additional income. However, it should be noted that in the course of various discussions this definition has been clarified several times.

Exactly Industry 4.0. largely determines the colossal change in the role of innovation in the modern world. The transition to a new technological order, according to experts, is associated with a complete transformation of business, which uses automated systems, cloud computing, and big data.

Today, value creation occurs not only at the time of production, but also at the stage of idea development, as well as at the time of implementation and after-sales service, in other words, throughout the entire life cycle of the product or service being created.

The development of telecommunications, the Internet, the enormous increase in computing power, as well as the improvement of various information channels, have been able to provide an interactive system in which technologies, production and information networks coexist, forming the digital economy.

The contribution of the digital economy to the GDP of OECD countries in 2017 compared with the same measurement in 2010 suggests that economies of countries that do not digitally transform and have not invested enough in innovation risk falling further behind the leaders.

According to BCG, the share of the digital economy in developed countries accounts for 5.5%, and in developing countries – 4.9%. The growth potential for business contained in the development of the digital economy is enormous. According to WEF estimates, by 2025 the global economy will produce up to 30 trillion. dollars of income. At the same time, the following industries will become the leaders in profitability: logistics, telecommunications, consumer goods, electricity, automotive industry, health, insurance and banking.
At the same time, various factors will determine the innovative development of industries. Some of them are common to all sectors of the economy, some are applicable in narrow areas, but they all move the economy forward and create added value.
Digital transformation, which leads to the creation of new business models that meet the needs of modern consumers, is impossible without sufficient technological equipment. Key elements of the fourth industrial revolution contribute to the generation of additional income without financial innovation affecting the processes, competencies and business models of companies in the digital economy.

Discussion and results. Moreover, according to specialists from the Higher School of Economics, GDP growth in high-tech, knowledge-intensive industries due to digitalization is already very significant. The ICT sector generates up to 3% of the country's GDP, while its growth is almost twice as fast as the reference values. This is why it is so important to research and develop financial innovations for companies operating in the digital economy.
According to the World Bank, the share of knowledge embodied in technology and innovation accounts for 70 to 85% of the country's GDP, which, of course, is large-scale. This is also noted by the head of the department of science and technology of the Ministry of Education and Science of Uzbekistan, Sergei Matveev: "In the modern world, the price of knowledge increases sharply, and the price of resources gradually falls. In modern technological products the "intellectual" component of the price is about 80%.
According to Accenture, when assessing the importance of financial innovation, more than half supported the key importance of technology in business, which improves the financial results of companies. The core and engine of financial innovation are financial technologies (hereinafter referred to as FinTech). Financial innovation and financial technology are not identical; the second definition can be a special case of the first.
Today, it is FinTech that is driving the transformation of financial institutions into a digital format. Many financial technologies form the infrastructure of financial innovation; their distinctive feature is that they are aimed at creating additional value by increasing income or reducing costs.
During the period from 2019 to 2021, total investments in FinTech in the world amounted to more than $100 billion, while the trend is obvious, the growth totaled about 500%. In the field of financial technologies, a significant breakthrough is planned not only in the volume of investments, but also in the degree of penetration of FinTech into the financial market. According to a PwC study, the degree of innovation development from the introduction of FinTech is already from 10 to 90%. Traditional financial institutions are recognizing the disruptive nature of FinTech to their business and are partnering with new financial services to improve operational efficiency and meet customer demands for more innovative services. In fact, funding is moving away from venture capitalism and towards larger investments.
According to research based on data from PwC's DeNovo platform, funding for FinTech startups has increased at a compound annual growth rate (CAGR) of 41% over the past four years to about $40 billion in 2018. Financial innovation is changing the competitive landscape and reshaping boundaries of the financial services industry.
Overall, FinTech is one of the fastest growing sectors of the last 10 years, driven by those who develop and/or implement new technologies to change the traditional functioning of financial institutions. FinTech has largely created problems for large banks and traditional financial institutions. A simple example of this violation can be found in a number of mobile applications that offer trading of goods without charging users for the transaction.
Uzbek market for financial innovations is experiencing significant difficulties in attracting capital in the context of the economic and political climate, as well as sanctions from Western investors. However, venture capital still accounts for more than 50% of total investment in financial innovation.
Uzbek FinTech startup market is characterized by raising funds through crowdfunding and various business accelerators. For example, in Uzbekistan, several projects worth $3 million were invested with the help of the Starta Accelerator, another $1 million from the Target Global FinTech Opportunity Fund, more than 300 thousand. $US from IIDF and Sequoia Capital. At the same time, Uzbek technology giants almost do not make deals at the early stages, preferring to buy ready-made solutions that will immediately bring a certain added value, while at the same time, as already noted in another feature, government agencies that provide up to 31% of FinTech spending in Uzbekistan.
A significant amount of state participation was able to provide a certain financial innovation environment (infrastructure) in Uzbekistan, but in the future it will also be necessary: advanced training of personnel, a built system of relationships with private business and entrepreneurs, the creation of a sufficient legal framework, without conflicts, promoting development of the FinTech market in Uzbekistan.
Comparing the structure of the front for the development of financial innovations, we can talk about the similarity of priorities at the Uzbekistan and international levels; the main difference is manifested in approaches to technology development. The world is accumulating knowledge and innovation, but in Uzbekistan the emphasis is on specific solutions, since it seems difficult to obtain adequate funding.

ver the past few years, the financial market has changed dramatically due to financial innovation. Despite the fact that the market is in a growth stage, these niches are the most attractive for start-ups. The development of the FinTech market in the world is uneven and directly depends on the penetration of these services. According to EY, whose specialists periodically update the penetration rating of fintech services, the leading countries are China, India, Russia and Uzbekistan. Currently, new tools have been developed in the field of international finance: online banking and electronic payments.

Conclusion. To summarize the above, we can conclude that FinTech is technology-based financial innovation, which refers to new financial products, financial services or financial models created by transforming and innovating traditional financial services or businesses using the latest advanced technologies such as big data, cloud computing and artificial intelligence. In addition, financial innovation is driving continued innovation in global financial services, as well as changing business models and user expectations for financial services. Finally, the rise of the digital economy has enabled service providers to provide innovative services using new technologies, lowering the threshold for consumers to access financial services and helping to create a more equitable social environment. Over the past few years, various startups as well as traditional financial institutions have been actively developing fintech.

REFERENCES:

1. Vinogradova N.A. Integral index of regional development // Regional economics: theory and practice. – 2016. – No. 2 (425).
2. Kazmina A.D. Financial technologies and features of the digital economy during the fourth industrial revolution // Young scientist. – 2019. – No. 7. – pp. 26-29.
3. Komarov A.V., Martyukova V.M. Fintech as an effective tool for creating innovations in financial markets // Financial Economics. – 2019. – No. 2. – pp. 168-171.
4. Khotinskaya G.I. Systemic transformations in industry markets (on the example of the financial market) // Finance. – 2019. – No. 4. – P. 55-60.
5. Khotinskaya G.I., Parushin E.B. FINTECH: technologies of the future or a trap for investors? // Financial life. – 2019. – No. 3. – pp. 78-83.
6. EY. Global FinTech Adoption Index 2019. – 7 pp. - [Electronic resource]. – Access mode: https://www.ey.com/en_gl/ey-global-fintech-adoption-index
7. KPMG. Pulse of FinTech 2019. – [Electronic resource]. – Access mode: https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/02/pulse-of-fintech-h2-672019.pdf)
8. International reports of the OECD. - [Electronic resource]. – Access mode: https://www.oecd.org/internet/oecd-digital-economy-outlook2017-9789264276284-en.htm