



THE IMPACT OF THE DIGITAL ECONOMY ON THE NATIONAL ECONOMY

Samadova Jasmina Sherali qizi

*Karshi State University Department of Economics, 1st-year student of the
Faculty of Economics*

Annotation

General Information: *The digital economy refers to the organization and management of economic activity through information and communication technologies (ICT). Over the past decades, this type of economy has rapidly developed on a global scale and has had a significant impact on national economies. The digital economy includes innovative solutions, e-commerce, online financial services, and management based on artificial intelligence. Today, Uzbekistan is also striving to accelerate economic growth by actively implementing the principles of the digital economy.*

Specific Information: *The impact of the digital economy on the national economy is evident in several areas. For example, it increases economic efficiency by introducing artificial intelligence and digital technologies into production processes, which leads to cost reduction and improved product quality. While some traditional professions may disappear due to digital transformation, new job opportunities are also emerging. The development of the fintech (financial technology) sector leads to faster and more convenient payment systems. Digital platforms expand business opportunities and speed up export and import processes. The e-Government system simplifies public services, increases transparency, and improves efficiency.*

Existing Gaps: *Despite the reforms being implemented in Uzbekistan to develop the digital economy, several challenges still exist. These include: insufficient development of ICT infrastructure in all regions; shortage of qualified personnel for managing the digital economy; the relevance of cyber threats and cybersecurity issues; and the need to fully establish a legal framework for the digital economy.*

Objective: *The main objective of this research is to assess the impact of the digital economy on the national economy, identify its opportunities and challenges, and explore prospects for its development. The study will propose development strategies for the digital economy in Uzbekistan, based on both national and international experiences.*





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Results: *According to the results of the study, the development of the digital economy can lead to the following positive effects:*

- *It positively influences the growth of the country's GDP;*
- *The development of e-commerce and online services creates convenience for consumers and opens new opportunities for business entities;*
- *Training qualified personnel in the ICT field remains one of the key challenges;*
- *Ensuring cybersecurity requires the advancement of modern technologies and the improvement of relevant legislation.*

Keywords: *digital economy, national economy, digitalization, e-commerce, artificial intelligence, technological unemployment, cybersecurity, e-government, digital services, infrastructure.*

Introduction

The digital economy is rapidly becoming one of the main driving forces in modern society. Based on the internet and information technologies, this economic model has a positive impact on various sectors, from production to finance, education, and healthcare. Many countries are striving to achieve economic growth and efficiency by developing their digital economies. Scientific and technological progress is a key factor in ensuring labor productivity and economic development. Technological advancement involves not only new methods of production but also new forms of management and organization. In general, science and technology imply the emergence of new methods that require a new combination of existing resources to increase product output. Currently, the use of new equipment and technologies is a priority in the modernization and diversification of Uzbekistan's economy. In the context of globalization, the digitalization of the national economy plays an important role in integrating with the economies of developed countries. In the new economy, digital networks and communication infrastructure provide a global platform that enables enterprises and organizations to develop strategic growth plans. Moreover, they ensure collaboration, economic interaction, and efficient information exchange. Efforts to transition to digital technologies are actively underway. From mass media to automobiles, tourism, agriculture, and healthcare, work is being carried out to digitalize the entire economic system. In this regard, President Shavkat Mirziyoyev, in his address to the Senate and the Legislative Chamber of the Oliy Majlis, declared 2020 as the "Year of Science, Education, and the Digital Economy." As the President emphasized in his address: "In order to achieve progress, it is essential and necessary for us to acquire digital





MODERN PROBLEMS IN EDUCATION AND THEIR SCIENTIFIC SOLUTIONS

knowledge and modern information technologies. This gives us the opportunity to follow the shortest path to development. This year, we must make a fundamental shift toward the development of the digital economy. First and foremost, we must fully digitalize sectors such as construction, energy, agriculture and water management, transport, geology, cadastre, healthcare, education, and archives.” The development of the digital economy has several important effects on the national economy. These impacts are manifested in the following areas:

Production and Efficiency: The widespread implementation of automation and artificial intelligence improves production efficiency. Through digital technologies, enterprises can reduce costs and improve product quality. According to the World Economic Forum (WEF), companies that adopted digital technologies experienced a 20–30% increase in efficiency.

E-commerce and the Financial Sector: The share of e-commerce in the global economy continues to grow. In 2023, the global e-commerce market reached \$5.8 trillion. Electronic payment systems (PayPal, Apple Pay, Google Pay) enable fast and secure financial transactions. Blockchain technologies and cryptocurrencies increase economic transparency and transactional security.

Employment and Emergence of New Professions: The digital economy is creating new jobs, particularly in IT, artificial intelligence, data analytics, and cybersecurity. However, digitalization may also lead to the disappearance of traditional jobs, raising concerns about unemployment. According to McKinsey & Company, by 2030, 375 million workers will need to learn new skills.

Public Administration and Services: E-Government systems improve the efficiency of public services. Countries like China, Estonia, and Singapore are global leaders in developing digital public services. Digital tax systems increase budget revenues and reduce tax evasion.

Education and Scientific Development: Online learning platforms (Coursera, Udemy, EdX) have expanded access to global knowledge. Artificial intelligence allows for personalized learning in the education sector. According to *Harvard Business Review*, digital education technologies can improve education quality and student performance by up to 40%.

According to the research, the development of the digital economy can lead to the following **positive impacts**:

- Increased economic efficiency;
- Creation of new job opportunities;
- Expansion of the digital services market;
- Development of infrastructure;





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- Improvement of public administration and social services.

At the same time, while the impact of the digital economy on the national economy is largely positive, it also presents several **risks**:

- **Digital divide** – The gap in internet access between urban and rural areas hinders the full development of the digital economy.
- **Cybersecurity issues** – The illegal distribution of data and cyberattacks can pose threats to economic stability.
- **Technological unemployment** – Automation may lead to the disappearance of certain traditional professions.

In conclusion, the digital economy has a wide-ranging and significant impact on the national economy. While it contributes to increased efficiency, job creation, and enhanced public services, attention must also be given to challenges such as the digital divide, cybersecurity risks, and technological unemployment. The following **recommendations** are of critical importance for countries:

- Develop digital infrastructure and promote widespread access to broadband internet;
- Modernize the education system to align with new technologies;
- Take strict measures for cybersecurity and enhance international cooperation;
- Encourage innovative entrepreneurship and create a supportive environment for startups.

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