



## APPLICATION OF DIGITAL TECHNOLOGIES IN THE DEVELOPMENT OF INTERNATIONAL FINANCIAL RELATIONS: OPPORTUNITIES AND DISADVANTAGES OF USING GLOBAL DIGITAL FINANCIAL STANDARDS IN UZBEKISTAN.

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It is no secret that in today's information age, the importance of digital technologies in ensuring the stability of the financial system in the world community is increasing significantly. The vast opportunities created by the implementation of digital technologies serve as a lever for sustainable development. Digitization creates a wide range of opportunities in many areas. With this, it is possible to achieve a structural change of the economy through new connections and partnerships, improvement of services, automation of tasks through artificial intelligence, and the emergence of platforms and new business plans. These factors are intended to increase efficiency and income, increase trade and many other areas. As the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, said, «There is no future for the country's economy without a digital economy».

Digital technologies have revolutionized the development of international financial relations in various ways, significantly increasing efficiency, security and accessibility. Here are some of them:

First: Digital technologies have simplified and accelerated the process of making international payments. For example, blockchain technology has enabled safe and transparent cross-border transactions, while fintech solutions have reduced costs and increased the speed of money transfers.

Second: The rise of virtual banks and digital financial services has made it easier for individuals and businesses to access international banking services. These digital banks offer a range of financial products and services for cross-border transactions, often with lower fees and user-friendly interfaces.

Third: Digital platforms have transformed the forex market by providing individuals and institutions with access to real-time market data, advanced trading tools and automated trading algorithms. It democratized access to the foreign exchange market and facilitated international currency exchange.

Fourth: Digital platforms are being used to facilitate trade finance by providing transparent and efficient solutions for trade documentation, supply





chain finance and trade credit insurance. These technologies simplify international trade operations and reduce the administrative burden associated with cross-border trade.

Fifth: Digital technologies are being used to eliminate regulatory complexities in international financial relations. RegTech (Regulatory Technology) solutions automate compliance processes, facilitate regulatory reporting and ensure compliance with international financial regulations, thereby increasing transparency and reducing compliance costs.

Organization of financing processes of public administration bodies on the basis of digitization technologies and its further improvement is carried out by various methods (Table 1).

**Table 1**

**Analysis of the main directions of digitalization of financing processes of public administration bodies worldwide**

| <b>Digitization directions</b>                                     | <b>Specific aspects</b>   | <b>Countries</b>   |
|--|---|--|
| Digital optimization of the content of national innovative systems | Optimization of the state system of management and planning in the field of innovation                        | Japan, Norway, India, Chile  |
|  | Optimizing state funding of science and innovative fields   | USA, France, UK, Denmark, Norway, Sweden, Taiwan, Australia UK, Sweden, Slovenia |
|  | Development of basic research   | Australia UK, Sweden, Slovenia   |
| Support the digital specialization of science (universities)       | Strengthening the symmetrical convergence of universities and corporations                                    | USA, Finland   |
|  | Allocate large amounts of state funds and attract national private capital to the field of digital innovation | Israel, Finland  |





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|--|--|---|
| and business within the country                              | Stimulation of innovative activity of the private sector by attracting foreign capital in the financial sector | Great Britain, Ireland, China, Korea, Malaysia, India, Israel |
|  | Support for digital innovation initiatives of the scientific sector  | Germany, Japan, New Zealand, Denmark                          |
| Integration into the international digital financing network | Comprehensive integration  | Finland, Israel, Netherlands, China                           |
|  | Technological specialization   | Korea, Malaysia, Singapore, Taiwan, India                     |
| Digital development of internal innovation networks          | Creating special conditions for establishing digital connections in the field of innovation                    | USA, Norway, Ireland  |
|  | Support initiatives of local regions   | France, Germany, Finland                                      |

In general, the use of digital technologies in the development of international financial relations increases efficiency, reduces costs, and expands access to financial services, which ultimately contributes to financial globalization and international economic integration. At the same time, the introduction of global digital financial standards in our country provides many opportunities and benefits for the country's financial system and economy. For example, the use of global digital financial standards will strengthen cooperation between the financial infrastructure of Uzbekistan and other countries. It simplifies cross-border transactions, improves access to international financial services and facilitates seamless integration with global payment systems, encouraging international trade and investment. Compliance with global digital financial standards will make it easier for business and financial institutions of Uzbekistan to enter international markets, attract foreign investments and participate in world trade. Standardized digital financial practices increase the country's credibility and attractiveness to international partners. Adoption of these standards can support efforts aimed at developing financial literacy in Uzbekistan. Standardized digital payment systems and financial technologies can





expand access to banking services, increase the efficiency of domestic financial operations, and facilitate the integration of the underserved population into the formal financial system. - coordination of legal frameworks with international standards and guidelines, allows to increase transparency, security and compliance with advanced world practices. This coordination can enhance the country's reputation as a reliable and compliant financial institution, potentially attracting international investment and partnerships.

It should be noted that although there are many advantages of implementing global digital financial standards in Uzbekistan, there are also potential disadvantages and problems. For example, the implementation of Global Digital Financial Standards often requires significant investments in technological infrastructure, security systems, and employee training. These initial financial costs can be a significant burden, especially for smaller financial institutions and startups in Uzbekistan. Adherence to global standards typically requires compliance with a wide range of international regulations and reporting requirements. This may increase administrative burdens and compliance costs for Uzbekistan's financial institutions and require amendments to existing legal and regulatory frameworks. The transition to global digital financial standards may require significant upgrades to existing legacy financial systems in Uzbekistan, which may lead to operational disruptions, technical issues, and potential outages. may cause serious concerns.

There may be concerns about the sharing of financial information with international systems and the potential implications for data protection and local control over financial information.

In conclusion, it can be said that to mitigate these shortcomings, Uzbekistan can use a step-by-step approach to the adoption of global digital financial standards, which will allow a step-by-step transition to a system that minimizes disruptions and effectively manages costs. In addition, a country can negotiate bilateral or multilateral agreements to ensure that adoption of global standards is consistent with national interests and regulatory requirements. In order to realize these opportunities, Uzbekistan should act in cooperation involving state agencies, regulatory bodies, financial institutions and technology providers. These efforts include creating a supportive regulatory environment, investing in infrastructure, promoting digital literacy, and fostering public-private partnerships to adopt global digital financial standards.

Therefore, balancing the advantages and disadvantages, it is appropriate for Uzbekistan to approach the adoption of global digital financial standards with a





comprehensive strategy that meets the specific needs and conditions of the country's financial ecosystem.

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