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Issues of Ensuring the Stability of Money Transactions During the Digitalization of the Financial System of Uzbekistan

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ABSTRACT

This article analyzes the issues of ensuring the stability of monetary circulation in the process of digitalization of the financial system of Uzbekistan. The main goal of the study is to study the impact of the introduction of digital technologies on the efficiency and stability of monetary circulation and to develop practical proposals for further improving this process.

Keywords: Digitalization, financial system, money circulation, stability.

Introduction.

In the digital age, the role of a strong and efficient financial system, in particular, a stable monetary circulation and a modern payment infrastructure, in the sustainable development of national economies is invaluable. Digitalization processes allow not only to simplify economic activity, but also to strengthen financial stability, make cash flows transparent, and expand access to financial services for the population and business entities. The global digital transformation processes observed in the world economy are also having a significant impact on the financial system of Uzbekistan. In recent years, the rapid development of electronic payment systems, mobile banking services, fintech companies, and digital platforms has ushered in a new stage of monetary circulation in the country. At the same time, these processes also create new risks and challenges that affect financial stability.

As researchers, including Saini and Saha [1], have noted, “Fintech companies and financial institutions should prioritize responsible innovation, taking into account the social impact of their products and services. They should also take responsibility for the negative consequences of digital financial initiatives, take measures to mitigate risks and eliminate unforeseen circumstances.” This idea is also relevant in the digitalization of the financial system of Uzbekistan, because along with innovation, maintaining the stability of the system is also an important task.

The stability of monetary circulation is not only a fundamental condition for economic growth, but also closely related to the stability of the national currency, the level of inflation, and the

financial confidence of the population. Therefore, the consistency of monetary circulation, the effectiveness of control mechanisms, and the security of payment systems are of great importance in the process of digitalization of the financial system.

Digital payment systems, artificial intelligence (AI), blockchain technologies and fintech solutions are not only accelerating payment processes, but also increasing the transparency and reliability of the financial system. At the same time, Uzbekistan still faces certain limitations in this area: uneven infrastructure development, cybersecurity issues, insufficiently developed legal frameworks and low digital literacy of the population are obstacles to financial stability.

Literature review.

Over the past decade, the development of digital financial systems and payment infrastructure has become one of the most relevant research areas at the intersection of economics, finance, and information technology. Reports from international organizations such as the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB), as well as academic literature, show that digital financial systems are emerging not only as a means of payment, but also as a mechanism for ensuring economic stability.

The World Bank's Finance for All (2008) report first established the term financial inclusion as an economic policy concept, emphasizing the need to create equal access to banking, insurance, payment, investment, and credit services for all segments of the population. The Global Findex study by Demirgüç-Kunt and Klapper (2014) directly linked this concept to digital payment systems. According to their results, mobile banking and online payment services expand financial access, especially in areas with weak banking infrastructure. The IMF [2] described digital payment systems as "catalysts of economic inclusion," highlighting their role in reducing transaction costs, eliminating geographical barriers, and increasing transparency. In developing countries, these systems have become an important tool for ensuring financial equality for women, youth, and small entrepreneurs.

According to the World Bank, today 76 percent of the world's population has a bank account, and 64 percent of them have made at least one digital payment. In 2011, this figure was only 20 percent. This growth is largely due to mobile banking and fintech (financial technology) innovations. [3].

According to the World Bank, today 76 percent of the world's population has a bank account, and 64 percent of them have made at least one digital payment. In 2011, this figure was only 20 percent. This growth is largely due to mobile banking and fintech (financial technology) innovations. [4].

Launched in India in 2016, UPI (Unified Payments Interface) has unified payments across the country on a single platform. Today, it handles over 11 billion transactions per month, demonstrating its effectiveness as a public-private partnership.

In China, Alipay and WeChat Pay have a near-monopoly on the digital payments market. By 2023, China's e-payments volume will be 350 percent of the country's GDP. This means that almost every economic transaction will be conducted through digital channels.

In the European Union, digital payment systems are regulated by the Payment Services Directive (PSD2). This directive introduced "open banking" and legalized the secure exchange of information between banks and fintech companies. These experiences show that the success of digital payment systems directly depends not only on technological innovations, but also on political stability, legal frameworks and the level of digital literacy of the population.

Also, Presidential Decree No. PF-157 (October 14, 2024) aims to support the digital economy, in particular, electronic payment services, and provides IT Park residents with the opportunity to conduct international advertising and transactions.

Research methodology. The article was prepared using economic analysis, comparative and graphical methods, as well as a systematic approach. Analytical conclusions were drawn based on reports of the Central Bank of the Republic of Uzbekistan, regulatory legal acts, and international experience.

Analysis and results.

The digital payment ecosystem in Uzbekistan has been gradually formed. In the 2000s, the Uzcard national payment system was launched, and in 2018, the Humo system was introduced to increase competition. Their subsequent integration ensured interoperability and strengthened the connection between payment systems.

The document “Concept for the Development of Payment Systems (2020–2025)” adopted by the Central Bank of the Republic of Uzbekistan sets out the following priority areas¹:

1. Expansion of payment infrastructure;
2. Integration with international systems (Visa, MasterCard);
3. Support for Fintech startups;
4. Increasing financial literacy of the population and entrepreneurs.

According to the 2024 report of the Central Bank, there are more than 25 active electronic payment systems in the country, among which the most popular platforms are Click, Payme, Apelsin, Uzum, ZoodPay, Anorbank.

The following factors influenced the expansion of digital payments:

- the number of mobile Internet users exceeds 30 million;
- the convenience of remote banking applications;
- incentive mechanisms through cashback and loyalty programs.

The process of digitization of the financial system of Uzbekistan has been developing at a significant pace in recent years. These changes have a direct impact on the stability of monetary circulation, increasing the efficiency, transparency and security of the payment system. The expansion of digital financial services, on the one hand, reduces cash turnover, and on the other hand, serves to strengthen financial inclusion.

The table below shows the dynamics of growth in the volume of electronic payment transactions for 2019–2024.

¹ <https://cbu.uz/uz/>

Table 1. Growth rates of electronic payment transactions in the Republic of Uzbekistan (2019–2024)²

Year	Number of electronic payment systems	Total transaction volume (in trillion soums)	Growth rate (%)	Share of cashless payments (%)
2019	8	42.5	–	28
2020	13	76.2	79.4	37
2021	17	121.8	59.9	46
2022	21	205.4	68.6	55
2023	24	310.6	51.2	63
2024	25+	465.0	49.7	71

These data show that between 2019 and 2024, the volume of electronic payments increased by 11 times. The share of non-cash payments increased from 28% to 71%. This process indicates that the stability of monetary circulation in the economy is being strengthened through digital factors.

According to the World Bank’s Global Payments Report, the expansion of digital payment systems increases economic growth by 0.3–0.5 percentage points. In Uzbekistan, this process is helping to improve liquidity in the national economy, reduce cash in informal circulation, and ensure transparent tax collection.

Research by the IMF and the Asian Development Bank emphasizes that digital financial services have a positive impact on social inclusion by increasing financial activity among women and youth. In Uzbekistan, women make up 40% of users.

Table 2. Socio-economic indicators of the development of Uzbekistan's digital payment system

Indicators	2020	2022	2024	Growth trend
Number of Internet users (million people)	23.4	28.9	31.2	↑ sustainable growth
Digital payment users (million)	9.5	18.3	26.8	↑ 2,8 even
Share of mobile payments (%)	36	54	68	↑ constant growth
Cyberattack cases (mingta)	1.8	3.1	4.7	↑ the risk level is increasing
Percentage of female users (%)	27	35	40	↑ inclusion is increasing

The expansion of the digital financial system in the Republic of Uzbekistan has a significant impact not only on economic processes, but also on social indicators. Data for the period 2020–2024 show a steady growth in the level of digital infrastructure, payment culture, and financial inclusion in the country

(Table 2).

Firstly, the increase in the number of Internet users from 23.4 million to 31.2 million people (an increase of about 33%) indicates the formation of the necessary technological base for the expansion of digital payment systems. The expansion of the Internet network has facilitated access

² Prepared independently by the author.

to electronic payment services, which serves to increase the transparency and level of control of monetary transactions.

Secondly, the increase in the number of digital payment users from 9.5 million to 26.8 million (an increase of almost 3 times) is one of the most important results of the financial digitization process. This growth indicates that the population's trust in the financial system is growing, and the convenience and speed of payment systems are further stabilizing monetary circulation. This indicator also reflects the decreasing share of cash in the economy.

Third, the share of mobile payments in the total payment structure has increased from 36 percent to 68 percent. This indicates that the population's transition to mobile technologies in payment operations has accelerated, as well as the speed of money circulation through real-time payment systems has increased. As a result, increased liquidity in economic operations strengthens the stability of monetary circulation.

Fourth, along with the digitization process, the number of cybersecurity threats is also increasing. While 1.8 thousand cyberattacks were recorded in 2020, this figure will reach 4.7 thousand in 2024. This indicates the need to strengthen technical protection and information security measures, along with the rapid development of the digital financial system. Otherwise, cybersecurity threats can undermine user confidence and negatively affect the stability of monetary circulation. Fifth, the share of female users has increased from 27 percent to 40 percent. This indicates that financial inclusion is expanding, that is, access to the financial system has expanded to different segments of society, especially among women and young people. International experience shows that the active use of digital financial services by women and small entrepreneurs is an important social factor in strengthening economic stability (UNDP, 2023; ADB, 2022).

Overall, the changes observed over the period 2020–2024 show that the expansion of digital financial infrastructure is becoming a strategic factor in ensuring the stability of monetary circulation in Uzbekistan. The increase in the volume of transactions via the Internet and mobile payments has reduced the circulation of cash in the economy, which has increased fiscal transparency and increased the efficiency of economic management. At the same time, cybersecurity threats and insufficient digital literacy remain one of the weak points of the system. Therefore, by strengthening digital security, educating users, and further improving financial technologies, the stability of monetary circulation can be brought to a higher level.

Conclusion.

The process of digitizing Uzbekistan's financial system is having a significant impact on improving the stability of monetary circulation. The growth of electronic and mobile payments has reduced the share of cash, increasing the transparency and efficiency of economic transactions. At the same time, the need to strengthen digital literacy and cybersecurity remains urgent. The expansion of the use of digital financial services among women and young people is increasing financial inclusion and strengthening social stability. Expanding digital infrastructure and strengthening security measures can make Uzbekistan a leading regional center for monetary stability and economic development.

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