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FINANCIAL INNOVATIONS IN THE PROCESS OF TRANSFORMING THE DIGITAL ECONOMY

**IQTISODIYOTDAGI RAQAMLI TRANSFORMALLASHUV JARAYONIDAGI
MOLIYAVIY INNOVATSIYALAR**

**ФИНАНСОВЫЕ ИННОВАЦИИ В ПРОЦЕССЕ ПРЕОБРАЗОВАНИЯ
ЦИФРОВОЙ ЭКОНОМИКИ**

Abstract. *Digital innovations stimulate the development of the digital economy and society, make it possible to apply developments in many areas and lead to the transformation of the economy. Investments in ICT, organizational and human capital should be considered as investments in additional factors of production. Digital companies use modern information technology as a competitive advantage and focus on long-term growth. The traditional company goes the way of the digital transformation of the business and offers the market a new digital product.*

Keywords: *financial market, digital technologies, digitalization, digital transformation, information and communication technologies, business process, risk management.*

Аннотация. *Цифровые инновации стимулируют развитие цифровой экономики и общества, дают возможность применения разработок во многих областях и приводят к трансформации экономики. Инвестиции в ИКТ, организационный и человеческий капитал следует рассматривать как инвестиции в дополнительные факторы производства. Цифровые компании используют современные информационные технологии в качестве конкурентного преимущества и ориентируются на долгосрочный рост. Традиционная компания проходит путь цифровой трансформации бизнеса и предлагает рынку уже новый цифровой продукт.*

Ключевые слова: *финансовый рынок, цифровые технологии, цифровизация, цифровая трансформация, информационно-коммуникационные технологии, бизнес-процесс, управление рисками.*

Annotasiya. *Raqamli innovatsiyalar raqamli iqtisodiyot va jamiyat rivojlanishini rag'batlantiradi, ko'plab sohalarda ishlanmalarni qo'llashga imkon beradi va iqtisodiyotning o'zgarishiga olib keladi. AKT, tashkiliy va insoniy kapitalga investitsiyalarni ishlab chiqarishning qo'shimcha omillariga investitsiyalar sifatida qarash kerak. Raqamli kompaniyalar zamonaviy axborot texnologiyalaridan raqobatdosh ustunlik sifatida foydalanadilar va uzoq muddatli o'sishga e'tibor beradilar. An'anaviy kompaniya biznesni raqamli o'zgartirish yo'lidani boradi va bozorga yangi raqamli mahsulotni taklif qiladi.*

Kalit so'zlar: *moliya bozori, raqamli texnologiyalar, raqamlashtirish, raqamli transformatsiya, axborot-kommunikatsiya texnologiyalari, biznes jarayoni, xatarlarni boshqarish.*

As you know, 2020 has been declared in our country as the Year of Science, Education and Development of the Digital Economy, and large-scale work has begun in this direction. In particular, on April 28, President Shavkat Mirziyoyev signed a decree «On measures for the widespread introduction of the digital economy and electronic government» [1].

As part of the implementation of the Decree «On the approval of the Strategy» Digital Uzbekistan 2030 «and measures for its effective implementation», a wide range of measures is planned, in particular, «diplomatic missions of Uzbekistan abroad will help the regions and industries assigned to them in the transfer of advanced technologies and companies for joint implementation of projects in the digital economy » [2].

Financial innovations are key to the effective functioning of the financial market and transition to a digital economy. Digital technologies transform the way government agencies, companies, individual entrepreneurs and citizens work, making it easier for them to complete assigned tasks. Digital innovations stimulate the development of the digital economy and society, enable the application of developments in many areas and lead to transformation of the economy. Companies with a high level of organizational and human capital are most likely to receive the greatest benefits from investments in digital technologies. These companies are sufficiently flexible and capable to maximize benefits from their investments by identifying and exploiting opportunities to increase sales, reorganize processes and improve production efficiency. In this context, financial innovations are the key drivers for the transition to the digital economy.

According to Van Ark, only a limited number of firms in the US, UK and Germany made the full transition to the digital economy [3]. As a result, nowadays, only a few sectors and industries experience significant productivity growth. He assumes that countries with developed economies are still in a formative stage, during a long period of which new technologies are emerging and developing, driven by new and superior working methods, disrupting established practices and organization. Improvement of efficiency can only occur at the implementation stage when new technologies are widely used and completely intertwined both within firms and in their relations with customers and suppliers.

At the installation stage, innovation does not spread quickly to all firms in the industry, as successful pioneers are limited in terms of early adoption as a result of an ongoing struggle between new and old technologies. Assessment of economic growth provides a systematic way of thinking about possible channels through which companies' investments in digital technology can affect productivity [4].

The growth of labour productivity or GDP per unit of working time can be defined as the weighted sum of the following indicators [5]:

1. Capital deepening – the growth of capital costs per hour.
2. Improvement of the labour quality (labour force) - increasing the productivity of each unit of labour depending on the age and skill level of the labour force.
3. Multifactor productivity growth (MFP).

Investing in digital technology can increase productivity by providing employees with more tools to perform their job. The production process is becoming more capital intensive. The fall in prices for digital technologies stimulates firms to upgrade equipment to ensure the cost-effectiveness of their capabilities.

A higher MFP growth is another channel through which investments in digital technology can increase productivity. It covers a wide range of other potential factors that affect labour productivity. They include technological changes (to the extent that it is not measured by

capital intensity), dynamic redistribution (the ability of the economy to shift inputs and outputs to achieve the best use, including through reorganization, outsourcing and offshoring) and economies of scale (ability to produce more products with fewer resources, for example, by increasing specialization of certain aspects of the production process). For example, firms may find sub-contracted cloud computing power or software (available on request) more scalable and flexible than servicing internal servers and software. Diffusion of digital technologies can lead to disruption of business models, a shift of resources from old to new production systems, stimulation of development of new products and services, and increase of specialization and economies of scale.

The ICT revolution's experience can be a lesson in how this diffusion process can be implemented. The studies, which directly assess the impact of firms' investments in ICTs on productivity, show that increase of investments in ICTs by 10% leads to productivity growth by about 0.5-0.6% [6]. It has been revealed that firms with high-quality managerial and organizational practices that use or have access to a skilled workforce, as a rule, receive great benefits from their investments in ICT. The flexibility of such firms allows them to successfully invest in ICTs to seize an opportunity to increase sales, reorganize a process and increase production efficiency.

Organizations, which are intensive users of technology, grow faster than other types of firms and survive that leads to a redistribution of resources throughout the whole economy. As a result, investments in ICT, organizational and human capital should be considered as investments in additional factors of production [7].

Digital companies use modern information technology as a competitive advantage and focus on long-term growth. Traditional company experience a digital transformation of the business and offers the market a new digital product.

Companies should evaluate investments in the digital transformation of the business in terms of improving the level of customer service. The main business value is the profit that it receives from one client throughout the entire interaction cycle. Today, it's important to be able to track a user's path, engage him/her and adapt to changing needs. These processes are impossible without automation and analysis of a big amount of information that allows to communicate with a client, offer him/her services based on his/her preferences. The main secret of success is a focus on a client and his/her needs.

Special attention should be paid to the development of human capital due to the reduction of communication time by digital technologies and the acceleration of business processes. Specialists need competencies in the field of new technologies, ability to quickly adapt and implement new solutions. No less important can be a skill of remote work.

Thus, digitalization can have a wide variety of implications for the entire economy. Its advantages are likely to be greatest among firms with a high level of organizational and human capital, which use intensively their knowledge. However, there are several signs of productivity acceleration in high-rated countries in terms of common indicators of digitization. It is possible that countries with developed economies are still at the stage of deployment, that is oriented on finding new ways of doing business and violating established practices and organizations. Productivity growth across the economy can only happen after reaching the deployment phase, where all new technologies and business processes are ubiquitous. We are just beginning to understand how the digital economy will function [8]. In the short and medium-term, politicians need to ensure the adaptability of the economy to new challenges and opportunities to effectively manage the transition to a digital economy.



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