

## OPPORTUNITIES FOR THE DEVELOPMENT OF CRYPTOCURRENCIES IN THE DIGITAL ECONOMY

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### Abstract

This article provides analytical information on cryptocurrencies, their development process, types of cryptocurrencies in the financial market of our country, their role in the formation of e-business and e-commerce, opportunities for the development of cryptocurrencies in the digital economy.

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### *Bitcoin payment system.*

The formation of the digital economy based on digital technologies, e-business and e-commerce in the new century has taken the form of development. In the leading countries of the world, the digital economy provides 4-5% of the gross domestic product, it accounts for more than 15% of the world's trade relations.<sup>70</sup>

The following priority tasks for the development of the digital economy in our country have been set:

1. to diversify various forms of investment and business activities, activities in the field of crypto-asset circulation, including mining, i.e., to provide a distribution platform that allows you to receive rewards in the form of new units and commission fees in various cryptocurrencies, and to create new blocks effective organization of activities.
2. smart contract (an electronic contract that provides for the fulfillment of rights and obligations through the automatic execution of digital transactions), consulting, issuance, exchange, storage, distribution, management, insurance, crowd-funding, i.e. collective financing.
3. introduction and development of "blockchain" technologies, training of qualified personnel with practical work skills on the use of modern information and communication technologies in the field of development and use of "blockchain" technologies.
4. activity on crypto-assets and "blockchain" technologies to comprehensively develop cooperation with international and foreign organizations, to attract highly qualified foreign experts working in the field of development of "blockchain" technologies for joint implementation of projects in the digital economy.
5. creation of the necessary legal framework for the introduction of "blockchain" technologies, taking into account the advanced experience of foreign countries.
6. to ensure close cooperation of state bodies and business entities in the field of introducing

innovative ideas, technologies and developments for the further development of the digital economy.

In the digital economy, cryptocurrency acts as a means of settlement and payment. This plays a key role in the emergence of high-cost, i.e. bank transfers with the help of cryptocurrencies, money instruments that can replace ordinary money transfers with high transaction costs. Cryptocurrencies, in particular, are used to carry out secret transactions without intermediaries. Digital money can be used in international and domestic transactions, as an investment, as a capital store and as a medium of exchange.

Cryptocurrency is a type of digital currency that does not have a tangible form, i.e. banknotes.

Cryptocurrencies work only in digital form, the Central Bank or other monetary regulator of the country is not involved in their issuance. However, they can be used as an investment, capital saving and medium of exchange.

The idea of electronic money was introduced in 1983 by cryptographers David Chaum and Stefan Brands - they were the first to describe the principles of operation of an anonymous digital payment system similar to blockchain (encryption of information distributed by many computers connected to a public network and storage technology).

The term "cryptocurrency" was first used in 2009 after the appearance of the Bitcoin payment system (abbreviated BTC), created by an individual or a group of people under the pseudonym Satoshi Nakamoto. In the beginning, bitcoins were worth almost nothing and there was nothing to spend them on. On May 22, 2010, developer Laszlo Heinitz bought two pizzas for 10,000 BTC. At the time of purchase, this amount was 25 dollars, but at the current exchange rate, it has increased to 274 million dollars.

Since then, cryptocurrencies began to develop actively, in 2010-2011, the first exchanges appeared on the Internet where Bitcoin could be exchanged for real money.

**Table 1. Features of cryptocurrencies.**

Advantages of cryptocurrencies	Disadvantages of cryptocurrencies
1. The ability to carry out confidential transactions without an intermediary	1. The possibility of a significant change in value in a short period of time
2. The ability to use digital money in international and domestic transactions, as an investment, as a capital store and as a medium of exchange	2. A significant decrease in the volatility of cryptocurrencies with an increase in the level of trust
3. Ability to anonymously and quickly transfer funds of any size from one point of the world to another with the lowest possible commission	3. High risk of hacking
4. That it is a state registry that keeps records of all financial transactions	4. High possibility of use for criminal purposes
5. That it is a means of ensuring the safety and transparency of digital transactions	5. Availability of actions of regulatory authorities in each country

When using cryptocurrency, there are no intermediaries such as banks or payment system operators

who control the actual balance of money in the accounts.

"To prevent this, all participants in the process must have a way to record and store information about financial transactions. Blockchain is a chain of blocks that contains information about each transaction. These blocks are interconnected and protected by cryptography. Most cryptocurrencies use an open, cryptographically secure distributed ledger of transactions. In it, each block contains its own unique cryptographic identifier, which allows it to be 'linked' to the previous block."

Thus, each network participant will have access to the complete transaction history, and none of it can be changed or tampered with. For example, if an attacker tries to fraudulently obtain currency without the consent of other participants, make changes to the transaction amount or create a new one, the system will block it after comparing it with other databases. In this case, the information from the databases is distributed across many computers connected to a common network.

In the digital economy, cryptocurrency acts as a means of settlement and payment. This is an inevitable result of the emergence of the Internet, which with the help of cryptocurrencies can replace ordinary money transfers with a high price, that is, bank transfers with high transaction costs.

It is no longer a secret that blockchain is an important end-to-end technology of the digital economy, which makes the economy more efficient. World leaders have long recognized that this technology is the future. According to the World Economic Forum, by 2027, 10% of the global GDP will be stored on the blockchain.

The main reasons for implementing blockchain for businesses in the digital economy are process optimization and savings. The use of crypto-active technology reduces banking costs by an average of 30%. In addition, the pace of global blockchain implementation is already very high. The technology is most actively used in the financial sector, while the main outsiders of blockchain so far are light industry and energy.

There are several forms of cryptocurrencies:

1. Coins (coins). These are cryptocurrency units created on their own blockchain. They are mined by solving complex mathematical problems on powerful computers to create new blockchain blocks. As a result of the successful creation of a block, a new crypto coin appears and the miner receives a reward.

It can be transferred to other users of the blockchain system and sold for regular currency. This type of coin includes all cryptocurrencies developed from scratch and their other forms (such as Bitcoin and Bitcoin Cash).

2. Tokens. They do not have their own platform, they are built on the basis of an already existing blockchain. At the same time, unlike coins, they cannot be mined - the majority of currently available tokens are formed on Ethereum's blockchain protocol. However, they can be purchased or obtained for activities.

Tokens are often used to attract investment; they can be used to pay for the purchase of local goods and services; they are the analogue of stocks on the stock exchange in the world of cryptocurrencies.

When choosing a cryptocurrency, you should pay attention to the following factors:

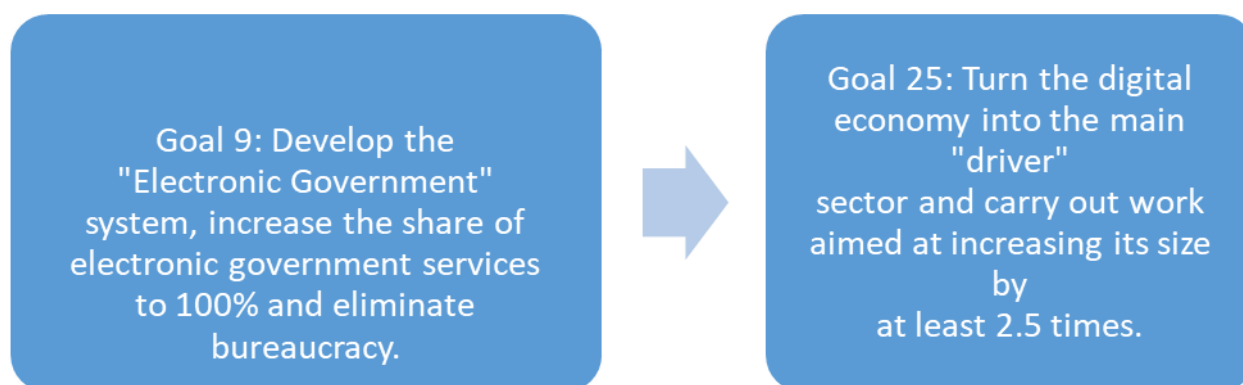
- ✓ amount of commission for depositing and withdrawing funds;
- ✓ amount of sales commission;
- ✓ reputation of the stock exchange;
- ✓ level of security and protection of user data;
- ✓ availability of functions and means of trading with cryptocurrencies;

- ✓ ease of use of the platform;
- ✓ availability of user support;
- ✓ the ability to top up and withdraw funds in national currency.

In recent years, the President signed a number of normative legal documents in order to implement large-scale measures by the state to develop the digital sector of the economy.

Due to the fact that the wide implementation of the digital economy and its support occupy an important place in the future development plan of our country, a wide range of measures have been set for the development of the digital sector of the economy, and in accordance with the implementation of these tasks, new electronic document circulation systems are being introduced in our country, electronic payments are being developed and electronic commerce is being developed. the regulatory and legal framework in the field is being improved, electronic infrastructure and commerce are being formed, the transition to digital transformation is being implemented step by step in all aspects of the economy.

A number of objectives of the development strategy of New Uzbekistan for 2022-2026 have been defined as the main tasks related to the development of the digital economy.



Goal 9: Develop the "Electronic Government" system, increase the share of electronic government services to 100% and eliminate bureaucracy.

- ✓ Expanding the provision of public services through mobile applications.
- ✓ Introduction of the Mobile ID system for personal identification in the provision of public services.
- ✓ Reduction of bureaucratic processes based on establishment of information exchange between state bodies and private commercial organizations through the "Electronic Government" system interdepartmental integration platform.
- ✓ Implementation of the authorization and notification system that ensures the protection of personal data.
- ✓ Establishing the practice of issuing and replacing temporary documents confirming certain facts and offering composite state services to citizens without waiting for their appeal.
- ✓ Simplifying the provision of public services to the elderly and persons with disabilities, creating convenience for them.
- ✓ Optimizing administrative procedures and automating the management process by digitizing work in state bodies within the framework of the "Digital Office" project.
- ✓ Abolition of the practice of requiring documents confirming certain facts from citizens due to the

implementation of the "Citizens' Digital Passport" project.

- ✓ Expanding the practice of providing public services to citizens of Uzbekistan abroad.
- ✓ Digitization of public services and transfer of 20% of them to the private sector.
- ✓ Goal 25: Turn the digital economy into the main "driver" sector and carry out work aimed at increasing its volume by at least 2.5 times.
- ✓ Broadband coverage of all settlements and social facilities and highways through further development of digital infrastructure.
- ✓ Increase the level of digitization of production and operational processes in the real sector of the economy and in the financial and banking sectors to 70% by the end of 2026.
- ✓ Increasing the size of the software industry by 5 times and their export by 10 times to 500 million US dollars.

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