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**Abstract:** The digital economy utilizes technology in transforming industries such that automation, web transactions, and remotely delivered services become a reality. The digital economy is also responsible for a lot in terms of efficiency, new breakthroughs, and access to a larger pool of medical care and education. On its downside, its failures in terms of a digital divide, cybersecurity, and regulating its use become a problem. As such, its speedy adoptions require governments and companies to make investments in robust infrastructure, awareness, and equitable policies. With such a transformation, society will have a chance to enjoy fruits of growth in a fuller form in an inclusive, secure, and a digital society.

**Keywords:** Digital Economy, Innovation, Government, Digital Transformation, E-commerce

The concept of a "digital economy" is relatively new, proposed by American scholar Negroponte<sup>1</sup> in 1995. It was only well recognized internationally in 2016 when the World Bank published its report entitled "Digital Dividends". Prior to this, the economic system based on new information and communication technologies had been described as the "information economy" and "electronic economy". Experts explain such a wide popularization of this term by the practical success of Great Britain's digital transformation. For example, the government of this country has introduced such a term as "digital economy" in 2010, and today millions of publications on the same topic can be found in the internet space.

Human activity, especially purposeful and planned, requires knowledge and action coordination. Much of what we do is influenced by the world outside, especially when new changes are in progress. Philosophically, it's not possible to create any model or predictions without studying the situation beforehand. On the other hand, human actions could be based on well-thought-of models and forecasts that may control or even change the way things develop. With that said, to understand the term "digital economy," there's a need to define it first.

The meaning of the term "Digital Economy" varies to many, if not all, interpreted in the following ways:

- The World Bank defines it as "an economic, social and cultural system based on the usage of digital information and communication technologies."
- According to the Oxford Dictionary, it is "an economy mainly based on digital technologies, especially online transactions through the Internet."
- British Computer Society focuses on "business activities conducted in online markets."
- According to the OECD, "digital markets are those that facilitate trade in goods and services through e-commerce."
- The UK government defines it as "the production of digital equipment, media, and software."

These definitions, therefore, explain that the digital economy can be different for different people. In general, it refers to a class of business where digital products and services are concerned. Examples of such are online shopping, digital banking, and electronic money. This is further

extended to websites earning through ads, Internet media, and creating entertainment or business programs. Also included in this context are making digital devices and other tools needed.

The World Bank's definition gives a broad view of the digital economy, suggesting that it affects almost every part of society. The changes we're seeing today are similar to those that took place at the beginning of the 20th century. The rise of the digital economy represents a paradigm shift, where traditional businesses are increasingly adopting online platforms to operate more efficiently and reach wider audiences. Automation and artificial intelligence are also being integrated into industries, revolutionizing manufacturing, customer service, and retail in general, among others, with much higher levels of productivity and cost reductions.

If we look carefully at these definitions, none of them describes all the characteristics of the digital economy. The most important point of observation is that the digital economy allows the automation not only of physical work but also of intellectual tasks. It's changing many industries, especially services. In health, for instance, digital tools help prevent diseases earlier, speed up diagnosis, and allow the remote monitoring of patients, particularly those with chronic conditions. For example, rapid growth in telemedicine not only improves access to health services but also cuts costs compared to face-to-face consultations.

The digital economy has also seen an increase in online education. A number of the world's best universities are now offering their courses online, and the number of students studying in this way is on the rise. No longer does distance learning provide for university students only; today, even young children can be found learning in virtual classrooms. This shift toward online education brings along with it a set of advantages in flexibility for students and resources that were not available earlier. It also allows a more personalized experience of learning where students can go at their own pace.

But the digital economy cannot grow of its own. It needs robust infrastructure, skilled professionals, and an enabling environment. The governments must invest in broadband networks and digital literacy to ensure equitable access to digital opportunities. But even today, the digital divide is very real, and a great number of people in rural areas or otherwise disadvantaged parts of the country lack access to many of these technologies. In addition, businesses must all invest in cybersecurity measures to protect sensitive information from being jeopardized and losing consumer trust. Strong, transparent digital regulations are necessary to be set in place for fair competition and to avoid market dominance by monopolies.

Whereas the digital economy has the great potential to spur innovation, drive efficiency, and improve lives, it also presents challenges in a number of ways. It is only by building an inclusive digital ecosystem—a strong infrastructure, education, and regulation—that societies will be able to fully leverage the potential of the digital economy for the benefit of all.

#### REFERENCES:

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