

## STATE OF THE MODERN FINANCIAL TECHNOLOGY MARKET AND TRENDS OF ITS DEVELOPMENT

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The digitalization of financial services and money that is currently underway creates opportunities to expand the reach and efficiency of financial services and stimulate economic development. Countries must seize these opportunities and implement economic policies that support and encourage the development and adoption of safe financial innovations.

Fintech (financial technology, Fintech) is the provision of financial services using innovative technologies: Big Data, artificial intelligence and machine learning, robotics, blockchain, cloud technologies, biometrics and others.”

This is a relatively young but fast-growing area of the financial services industry that can offer consumers:

- a variety of financial services at reduced prices;
- offer services to those segments of the population who previously did not have access to credit, banking and related services;
- create new types of financial services;
- improve market efficiency in financial markets[1].

In turn, fintech is stimulated due to various factors: the growth of the e-commerce market; widespread distribution of the Internet, including on mobile devices and, as consequence, the development of the technical base for the provision of services of a similar profile; development of the banking system; increasing the return on invested capital, which forces optimization of costs for maintaining company personnel and typification of services and operations provided.

All this entails the transfer of individual operations and services to electronic services, as well as the optimization of time for receiving financial services.

In 2023, the global financial technology market is estimated at \$165.17 billion, which is 25% more than in 2022 (\$131.95 billion) and 57% more than in 2021 (\$105.41 billion)[2]. This comes as consumers continue to shift from traditional in-person banking to new solutions such as e-wallets, mobile banking and cryptocurrency.

The fintech industry is projected to grow to \$324 billion by 2026 at a compound annual growth rate of 25.2%[3]. This will be facilitated by the development of automation technologies and an ever-growing range of online and application-based services. Increasing accessibility and reducing costs will result in fintech solutions becoming more accessible to potential consumers.

It is worth noting that experts expect higher growth rates of the financial technology market in the Asia-Pacific region - in the period 2021-2030, the

average annual growth rate will be 22.1%. Thus, Asia will become the most promising financial technology market and will overtake the US market in size.

Currently, Uzbekistan is an actively developing fintech market.

Today, there are 4 banks operating in Uzbekistan that operate on a digital basis: TBC bank JSC, Anor bank JSC, Uzun bank JSC. Also, a license to conduct banking activities was issued to such digital banks as Smart Bank JSC and Apex Bank JSC, but these banks have not yet begun their operating activities.

As of July 1, 2023, there are 3 payment system operators in the country: Yagona Umumrespublika Protsessing Markazi LLC ([www.uzcard.uz](http://www.uzcard.uz)), Milliy Banklararo Protsessing Markazi LLC ([www.humocard.uz](http://www.humocard.uz)), Qulay pul LLC ([www.unitedfintech.uz](http://www.unitedfintech.uz)).

There are 52 companies registered in the register of payment organizations (as of July 1, 2023), including Click, OSON, Payme, MyUzcard, ATTO, Paynet and others.

Currently, 6 banks of the country (JSCB Aloqabank, JSCB Universalbank, JSCB Agrobank, JSC Uzum Bank, PJSCB Trustbank, JSC Narodny Bank) took part in the development and launch of 17 electronic money systems[4].

Today there are 3 national payment operators, 48 payment systems and 3 digital banks in the republic. In addition, there are 39.5 million plastic cards in circulation throughout the country, which means that there are almost 1.1 plastic cards per capita. 41% of issued bank cards belong to Narodny Bank (8.4 million), Agrobank (4.2 million) and Mortgage Bank (3.4 million). Payments are accepted through 428 thousand payment terminals installed throughout the country.

In 2020-2023, the fintech sector of Uzbekistan began to show interest in cryptocurrency technologies and blockchain. This has led to a number of initiatives and experiments aimed at exploring the potential of cryptocurrencies and their use in various areas, including international transfers, and financing of small and medium-sized businesses. As a result of initiatives implemented by the South Korean company Kobe Group, the first licensed crypto exchange in Central Asia, UzNEX, was created in 2020. In addition, crypto shops have also started operating in the country in recent years. (*Crypto Trade net, Crypto Market, Crypto Express, Coinpay*). According to the National Agency for Prospective Projects, in 2022, these cryptocurrency companies replenished the budget of our country by 3.5 billion soums in the form of taxes[5].

#### **Literature:**

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