



Development Issues of E-Commerce in the Republic of Uzbekistan

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Abstract: this article discusses the development of e-commerce in the Republic of Uzbekistan, and also provides recommendations for further development.

Key words: e-commerce, development, Internet, information technology, Internet marketing, Internet banking.

The last decade of the twentieth century was a period of significant change in the world economy, changing traditional ideas about economic, political and cultural values. One of the most important catalysts for these changes has been the rapid development of information technology, closely intertwined with the ongoing globalization of the world economy. This requires adapting the life of the country to new ways of government, doing business, and providing services. The pace of development of information technology depends decisively on the state of the economy. The higher the requirements for the economic efficiency of production, the more transparent the relations between economic entities, the tougher the competition in the market, the faster information technologies develop. The noted trends lead to the formation of the so-called “new economy”, in which previously unknown phenomena such as “electronic commerce”, “electronic business”, “electronic money”, etc. begin to play a decisive role. There is one fundamental circumstance behind all this. The continuously and rapidly growing intensification of economic relations, the globalization of world economic relations objectively require the use of fundamentally new high technologies in the economy that are adequate to the noted phenomena [1].

Currently, the development of telecommunications and information technologies has contributed to the opening of new business opportunities, namely businesses built through the Internet. At the moment, these networks are coming to the fore; they are serious competitors in relation to traditional forms of doing business.

As in other Central Asian countries, e-commerce in Uzbekistan has received additional impetus for development over the past few years. Today it is a rapidly developing ecosystem that includes not only the buying and selling of goods and services online, but also related areas of activity and processes: supply chain management, inventory management, online marketing, electronic payments, online transaction processing, exchange and storage of electronic data and much more [2].

The development of e-commerce in Uzbekistan has gone through several stages, starting with the first steps in realizing the potential of the Internet for businesses and consumers. In the early 2000s, the first online stores and electronic platforms offering goods and services online began to appear in Uzbekistan. However, at that time, e-commerce was still relatively unpopular and was limited mainly to the sale of electronics, computers and household appliances. Serious development of e-commerce in Uzbekistan has occurred in recent years. The country is actively introducing digital technologies and taking measures to develop e-commerce.

The government of Uzbekistan has taken a number of measures aimed at stimulating e-commerce and creating a favorable investment climate. In 2019, the “Strategy for the Development of Electronic Commerce for the period 2019-2025” was adopted, which determined the priorities and objectives in the development of this industry. The Republic of Uzbekistan has a number of legal acts regulating the field of e-commerce. These include: Law of the Republic of Uzbekistan-792 “On Electronic Commerce” dated September 29, 2022; Law of the Republic of Uzbekistan-777 “On Postal Services” dated 06/09/2022; Law of the Republic of Uzbekistan-221-I “On the Protection of Consumer Rights” dated April 26, 1996; PP-14 dated November 17, 2021 “On improving the administration of e-commerce and creating favorable conditions for its further development”; PKM-185 dated 06/02/2016 “On measures to further improve the procedure for carrying out transactions in electronic commerce”; UP-244 dated November 9, 2022 “On measures to simplify state regulation of business activities” [6].

E-commerce is the business of buying and selling goods and services over the Internet. Customers can make purchases from their computers and through other touchpoints, including smartphones, smartwatches and digital assistants such as Amazon Echo devices.

E-commerce includes:

- ✓ electronic information exchange (Electronic Data Interchange, EDI),
- ✓ electronic capital movement (Electronic Funds Transfer, EFT),
- ✓ electronic commerce (English e-trade),
- ✓ electronic money (e-cash),
- ✓ electronic marketing (e-marketing),
- ✓ electronic banking (e-banking),
- ✓ electronic insurance services (e-insurance).

E-commerce entities include: marketplaces; online stores; various b2b services; software sales services; financial services; courier services; transport and logistics companies; advertising and information services and Internet marketing services [3].

The main forms of e-commerce include: B2C (sale of goods and services to individuals); B2B (sale of goods and services between companies); C2C (sale of goods and services between individuals); other activities.

According to some estimates, the e-commerce market in Uzbekistan will grow by 50% in 2022, and there are several reasons for this:

1. Demographic reason - the presence of a large number of young people aged 24 to 40 years, who are the core of the e-commerce market in all countries. In particular, in Uzbekistan in 2022, 36% of residents made purchases online.
2. Economic reason – economic growth supporting growing consumer demand. In 2022, Uzbekistan's GDP grew by 5.7%.
3. Technological reason – the countries of Central Asia have a high level of Internet penetration (more than 55%) and a high share of smartphone ownership, which also strengthens the impetus for development.
4. Psychological reason [5].

The development of e-commerce in Uzbekistan is due to the influence of a number of factors that have a significant impact on this industry:

- 1) growth of Internet users;
- 2) Increasing electronic literacy;
- 3) Development of mobile commerce;

- 4) Expansion of the range and services;
- 5) Improving delivery infrastructure.

Considering the role and place of e-commerce in the economy of the Republic of Uzbekistan, it should be noted that the problem of saturating the market with standard goods has been solved. Now the consumer wants to purchase products that are not only cheap and high-quality, but also those that meet his specific requirements, which change over time. Thus, the determining factor was the ability of manufacturers to link personal purchasing preferences with the production and planning system, that is, virtually individual orders while maintaining affordable prices and a high level of quality. It is this problem that e-commerce technologies can solve quite effectively. These technologies, using the Internet as a transport medium, provide manufacturers with access to a maximum audience of consumers with all their diverse preferences, and consumers, in turn, are given the opportunity to enter their orders into a well-functioning production management system. Thus, e-commerce makes significant changes in the distribution and exchange sphere of the entire reproduction cycle. A classic example of such business building is the use of enterprise resource planning (ERP) systems [4].

E-commerce allows suppliers and customers alike to take advantage of new profitable opportunities, such as global presence and global choice, increased competitiveness, personalization of sales, quick response to demand, cost reduction, and new business opportunities.

E-commerce allows customers to overcome geographical barriers and allows them to buy products anytime, anywhere. Online and traditional markets have different business strategies. Traditional retailers offer fewer products due to limited shelf space. Online retailers often do not carry out inventory, but rather send customer orders directly to the manufacturer.

Pricing strategies also differ between traditional and online retailers. Traditional retailers base their prices on the number of store visitors, the average purchase price, the number of transactions completed, and the cost of renting premises. Online stores also take into account the number of purchases made, and they also set prices for delivery speed.

E-commerce in Uzbekistan is at the stage of active development. In the near future, online trading volumes in Uzbekistan are expected to continue to grow. With the constant increase in the number of Internet users, improved availability of Internet connections and the development of online payment systems, more and more consumers will prefer to shop online. Entrepreneurs should prepare for increased demand and develop their online sales [4].

Mobile commerce will continue to develop and play an increasingly significant role in e-commerce in Uzbekistan. With the increase in the number of mobile device users and the availability of mobile applications, mobile commerce will stimulate convenience and mobility of purchases. It is important for entrepreneurs to adapt to this trend and provide convenient and optimized mobile platforms for their customers. With increasing international connections and improving logistics infrastructure, the development of cross-border trade in e-commerce is expected. Consumers in Uzbekistan will be able to buy goods and services from abroad, and local entrepreneurs will be able to expand their markets and reach international buyers. The future of e-commerce in Uzbekistan will also be linked to innovation and technological progress. The introduction of new technologies such as artificial intelligence, big data and blockchain can improve the efficiency and security of online trading. Entrepreneurs are advised to stay updated with the latest technology trends and incorporate them into their business strategies.

It should be noted that there are certain problems faced by the development of e-commerce in Uzbekistan:

- The lack of a stable Internet connection and the insufficient development of logistics infrastructure may hinder the development of e-commerce in remote regions of the country.
- Issues with cybersecurity, fraud and lack of trust in online payments may hinder the growth of e-commerce.

- The need to develop and adopt relevant regulations, as well as their subsequent effective implementation and control, is a challenge for the government and legislators.
- Consumption habits, consumer preferences, low awareness of the benefits and opportunities of online shopping, and preference for traditional shopping methods may slow down the growth of e-commerce.
- Restrictions on the use of international payment systems and difficulties in receiving electronic payments can make it difficult to conduct online transactions and limit the scale of business.
- Insufficiently developed logistics infrastructure, high shipping costs and long delivery times can discourage buyers and limit the scope of e-commerce [4].

Awareness and analysis of the problems faced by e-commerce in Uzbekistan allows us to develop strategies and solutions to overcome them and successfully develop this industry.

To further develop e-commerce in Uzbekistan, the following actions must be taken:

- ✓ develop and improve legislative norms and rules that regulate e-commerce.
- ✓ develop broadband access to the Internet and mobile communications to ensure higher availability and connection speed.
- ✓ develop logistics infrastructure, including warehouses, transport networks and courier services, to ensure fast and reliable delivery of goods throughout the country.
- ✓ promote the development of secure and convenient electronic payment systems, including electronic wallets, online payment gateways and digital currencies.
- ✓ conduct information campaigns and educational programs for consumers and entrepreneurs to increase their awareness of the benefits and opportunities of e-commerce.
- ✓ create a supportive environment for startups and small businesses in the field of e-commerce.

The implementation of these recommendations will allow Uzbekistan to develop e-commerce in the country, attract more investment and create new jobs. This will contribute to economic growth, the development of the digital economy and improve the level of consumer service.

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