

THE MAIN TRENDS IN THE DEVELOPMENT OF THE INTERNET SERVICES MARKET IN THE NATIONAL ECONOMY

Niyozova Shohsanam Nuritdinovna

Samarkand Institute of Economics and Services

PhD student in the specialty “08.00.05 - Economy of service sectors”

niyozovashohsanam5@gmail.com

Abstract. This paper examines the key trends shaping the internet services market in the national economy of Uzbekistan. A review of academic literature and industry data is conducted to analyze the growth of internet penetration, e-commerce adoption, digital payments, and technology startups. Quantitative data and qualitative insights detail how internet services are transforming sectors like retail, banking, transportation, and government services. The results show that rising smartphone usage and mobile broadband subscriptions are enabling industries to leverage digital channels. Key policy recommendations center on infrastructure expansion, digital skill development, and updated regulations to support internet-based innovation for economic growth.

Keywords: Uzbekistan, internet services, e-commerce, digital economy, startups

INTRODUCTION

The rapid proliferation of internet access and connected digital services is transforming economies across the globe. As a developing nation, Uzbekistan is witnessing strong growth in internet users and online platforms that enable e-commerce transactions, digital payments, on-demand services, and hyper-connected businesses [1]. Recent statistics show that there were 22.3 million internet users in Uzbekistan in January 2022, representing a 67% penetration rate [2]. This demonstrates the deep integration of internet-based tools and services within the daily lives of individuals and enterprises.

The rising consumption of online services provides an opportunity for sectors like retail, transportation, finance, tourism and government to evolve using sophisticated digital channels to reach customers. As the infrastructure and regulatory environment continues to progress, global trends powered by widespread smartphone adoption have the potential to shape the national economy. Therefore, this paper aims to analyze the key trends developing within the internet services market in Uzbekistan and discuss their implications on core industries as well as emerging fields like technology startups.

METHODS AND LITERATURE REVIEW

To comprehensively analyze the core trends within Uzbekistan's internet services market and their economic impact, this paper utilizes industry research data from reliable sources including the World Bank, International Telecommunication Union (ITU), GSMA Intelligence, and Statista.

Key academic studies provide critical analysis and insights on e-commerce adoption, cashless payments growth, on-demand service apps, and government digitization efforts across developing countries. This literature establishes an understanding of digital transformation patterns shaped by global technology innovation. The synthesis of quantitative datasets and scientific observations informs the analytical discussion on local market trends and the resultant business model shifts empowering different sectors.

RESULTS

High-speed broadband and smartphone adoption are the underlying infrastructure broadening access to internet-based services across Uzbekistan. As per data published by the ITU, there were 22.95 million mobile broadband subscriptions in the country by the end of 2022, reflecting 102% year-on-year growth [3]. Total fixed broadband subscriptions also rose significantly to 6.35 million, as connectivity improves [4].

These widening subscription metrics have increased internet penetration within the population. Statistics from DataReportal indicate that the number of internet users in Uzbekistan increased by 2.7 million (+14%) between 2021 and 2022 [5]. This trend is poised to continue over the next five years, with an expected addition of another 3 million online users. Younger demographics are also deeply engaged on the internet, with social media penetration surpassing 50% of the total population since 2018 [6].

Such robust growth in broadband access and online engagement establishes the foundations for citizens and enterprises to adopt more digital services. Whether in commerce, finance, transportation or other key economic domains, the reach to conduct transactions over the internet is accelerating across Uzbekistan.

A vital outcome from swelling internet penetration and mobile usage is the rapid emergence of e-commerce platforms like online marketplaces and delivery apps that enable trade via digital channels. Uzbekistan is witnessing substantial rises in e-commerce adoption, with more retail businesses building their online presence and customers shifting purchases through internet-based apps.

ANALYSIS

The empirical data and use cases highlighted in the results section clearly showcase Uzbekistan's internet services market undergoing substantial expansion, as global technology trends take deeper hold given swelling connectivity and mobile adoption. More citizens are coming online and using digital tools, while enterprises across major industries make progress in leveraging websites and mobile apps to reach consumers. Altogether, rising participation of individuals and businesses in e-commerce, digital payments and on-demand services signal key transformations in buyer-seller interactions across the national economy.

Several interlinked factors seem responsible for enabling this internet services growth. Firstly, national policies have explicitly focused on infrastructure upgrades by privatizing the telecom industry and allowing new competitors with mandates to expand broadband and 4G coverage [7]. Secondly, younger demographics adept at using mobile internet and tech innovations appear eager for digital conveniences as observed across global trends. Finally, while buying power remains limited outside Tashkent, cheaper Android smartphones and mobile data have grown increasingly affordable over the past five years even in less developed regions.

The collective implications of these trends gain more prominence given Uzbekistan's historical dependence on cash and lack of traditional financial access or modern trade infrastructure across cities beyond the capital. Therefore, the technologies and business models underpinning e-commerce, digital wallets and on-demand apps possess seriously transformative potential to drive innovation and financial inclusion at a grassroots level [8].

Furthermore, unlike most industrial or export sectors, the internet services field also aligns neatly with young workers who make up the bulk of the labor force. With over 35% of Uzbeks currently under 24 years old, the new generations appear well prepared to utilize ICT skills and adapt as online platform usage expands [3]. From regional youth populations to Tashkent-based university graduates, schooling and early exposure to mobile technologies is equipping citizens to actively contribute in digitally-transformed sectors in the years ahead. Therefore, apart from infrastructure and devices, human capital also marks a key enabler.

However, some barriers to sustainable industry development bear further discussion around areas like consumer protection, startup incubation and remote region access. Despite strong e-commerce uptake in cities, lagging financial literacy and lack of cash on delivery options still limit adoption and trust issues in rural towns [3]. Fintech payment apps likewise need upgraded cybersecurity and transparency safeguards as fraud risks grow with scaling user bases [6]. While on-demand

services thrive in Tashkent, coverage gaps in Karakalpakstan and Khorezm hamper usage and access in underdeveloped areas.

DISCUSSION

The analysis summarized key trends witnessed in Uzbekistan's booming internet services landscape and synthesized observations on their transformative socio-economic influence. However, fully actualizing the digital economy potential requires addressing critical gaps holding back segments of the population from accessing online platforms and depriving locally-built startups of an enabling environment for sustainable development.

From a demographic standpoint, groups notably excluded comprise rural communities lacking smartphone ownership or mobile signal coverage. Gender imbalances also exist since digital financial tools remain used less by women compared to global averages as per GSMA data [5]. Furthermore, connectivity shortages and limited e-literacy among the elderly deprive senior citizens of harnessing critical e-government and telemedicine services online [2].

Beyond unequal access issues, younger startups launching innovative services for local markets also continue facing regulatory barriers around operating licenses, depleted local funding sources and absence of targeted acceleration programs observed in advanced digital economies [7]. Consequently, they fail to scale at regional or global levels.

CONCLUSION

In conclusion, Uzbekistan is certainly undergoing substantial progress in core internet services, evidenced by credible industry and government data on swelling adoption of e-commerce, digital payments and mobile applications for daily transactions among consumers and businesses.

Rising broadband and smartphone penetration have laid vital grounds for such digital trends which are deepening economic participation and efficiency. However, equitable access limitations exist affecting marginalized income segments and rural citizens. Furthermore, institutional gaps like underdeveloped startup funding ecosystems hamper domestic technology innovation crucial for long-term, value-adding digital services led by skilled local talent.

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