

STAGES OF ELECTRONIC MONEY DEVELOPMENT AND LEGAL BASIS

Abstract

Since electronic money is considered a driver of economic development in the Republic of Uzbekistan and is becoming an important part of the financial system, the legal framework and development stages in this area are also gaining urgent importance. This section analyzes the legal basis of electronic money and payment systems and their development stages.

Key words

region, monetary policy, customs, infrastructure, public-private partnership, diversification.

Body

Due to the fact that electronic money is becoming an important part of the financial system in the Republic of Uzbekistan, the legal framework and development stages in this area are also gaining urgent importance. This section analyzes the legal basis of electronic money and payment systems and their development stages.

1. Organizational stage: Formation of legislation: The legal basis of electronic payment systems and electronic money in

Uzbekistan began with the Law "On Electronic Payments" adopted in 2005. This law was developed in order to regulate legal relations in the field of electronic payments (Republic of Uzbekistan, 2005).

Later, in 2019, the Law "On Payments and Payment Systems" was adopted. This law further strengthened the legal framework to increase the transparency of electronic payments and ensure the security of electronic money. The main task of the document was to increase the efficiency of payment systems and create a reliable regulatory base for them (Republic of Uzbekistan, 2019).

2. Stage of infrastructure development: since 2010, commercial banks and financial organizations have begun to actively introduce and develop electronic money systems. In particular, mobile payments and online banking services have expanded, which has increased the population's demand for electronic money. The ease and speed of making payments through mobile payments has made electronic payment tools popular.

3. Strengthening of the legislative framework: The Law "On Payments and Payment Systems" adopted in 2019 was of decisive importance in regulating the issuance of electronic money, the security and operation of payment systems. The law introduced additional requirements to increase the security of payments made through electronic money, to protect personal data, as well as to ensure the transparency of payment services. Also, in 2020, the Central Bank of the Republic of Uzbekistan adopted new regulations on the issuance of electronic money, and their implementation was monitored.

4. Development results and prospects: Today in Uzbekistan, the use of electronic money and the provision of services through electronic payment systems play an important role in the country's financial system. The development of these systems increases the interest in electronic money among the population, which creates new opportunities for economic activity. Electronic money allows users to make fast and efficient payments, save time and resources, and arrange payments conveniently for individuals. We can consider these processes more clearly and comprehensibly in Table

Research methods. The best practices of foreign countries on monetary policy were studied in the article. Official tourism

statistics were used. Methods such as theoretical observation, systematic approach, observation, generalization, comparative analysis, and synthesis were used in the research.

Results and discussion. Legislation in the field of electronic money and payment systems is important for the country's economic and financial infrastructure. The formation of legal norms that meet modern requirements facilitates the use of electronic money and ensures security. The Law on Electronic Payments adopted in 2005 played a key role in regulating legal relations in the field of electronic payments and money. The Law "On Payments and Payment Systems" adopted in 2019 created a stronger legal framework for regulating the activities of issuers and operators of electronic money.



The main stages of monetary development

Basis

These laws are of great importance in improving the efficiency of payment systems, ensuring their transparency and ensuring their security. The rules developed by the Central Bank help to improve the security and efficiency in the use of electronic money. These regulatory frameworks encourage cooperation between commercial banks, financial institutions and public

authorities, which creates new opportunities for economic activity.

In the future, improving the legislation in the field of electronic money and payment systems will help to increase the population's demand for electronic payments, develop financial literacy, and ensure economic stability. The increase in the use of electronic money in the Republic of Uzbekistan plays a major role in increasing the competitiveness of the country's economy, strengthening market mechanisms and stimulating innovative development. To ensure the effectiveness of these processes, cooperation between the public and private sectors, the integration of digital technologies, and the improvement of legal and regulatory frameworks are necessary. It is important to further expand the use of electronic money by citizens, increase the economic literacy of the population, and ensure the quality and safety of payment services.

In general, by expanding the market of payment services in our country, creating favorable conditions for the development of e-commerce, introducing modern mechanisms and procedures for the sale of goods (services) through the Internet, expanding the geography and volume of sales of goods and services of local business entities increase is planned. Also, through the creation of modern payment options in the market of payment services, additional opportunities for cost optimization will be created for individuals and business entities that are subjects of the electronic money system.

It should be noted here that in the event that the issuer terminates the activity of issuing electronic money, at least thirty days in advance, it sends a notification to the Central Bank in the prescribed form and announces it on its official website, as well as informs the owners of electronic money and other subjects of the electronic money system through public information. It is necessary to inform about the completion of this activity through means, including electronic means. If the owner of electronic money does not apply after the deadline set by the issuer, their electronic

money in the electronic wallet will be compulsorily reimbursed by the issuer. After mandatory payment by the issuer, the owners of electronic money can receive funds by presenting an identity document or code information sent to them in advance.

Analysis of international experience, results

And artificial intelligence and machine learning help banks analyze data, identify risks and offer customized services to customers. These include processes such as optimizing lending mechanisms, monitoring customer needs, and formulating marketing strategies.

The introduction of these new technologies will increase the competitiveness of banks and payment systems, which will allow customers to use more efficient and secure financial services.

In recent developments, central banks around the world have signaled changes to monetary policy as inflation pressures mount.

In the United States, the Federal Reserve began a new round of rate cuts, initially cutting the federal funds rate by 50 basis points to 5% in September after keeping rates high for a year to control inflation. This marks a turnaround in the Fed's approach, which now balances inflation control with economic growth and employment stability. Additional cuts are forecast, potentially lowering the rate to around 3% by the end of 2025 if inflation continues to decline toward the 2% target. Fed Chairman Jerome Powell has indicated that the pace of future cuts will depend on changing economic conditions and

Meanwhile, the Bank of England (BoE) is also on the verge of a possible rate cut, and is expected to announce its decision soon. Given the latest economic data suggesting a slowdown, the BoE may undertake a modest 25 basis point cut, with further cuts possibly spread over the next year. This adjustment reflects the BoE's cautious stance as it assesses both inflation stability and growth

In Pakistan, the State Bank of Pakistan recently decided to take a significant 250 basis point interest rate cut, lowering its key interest rate to 15%. The move was prompted by a sharp decline in inflation, which is now within the bank's target range, allowing for a more accommodative monetary policy to boost economic growth.

These developments illustrate the general trend of central banks to move from contractionary to more accommodative policies as inflation declines, with the aim of supporting broader economic stability and growth.

Conclusion

Electronic money (e-money), which is a digital form of currency, has changed the global financial landscape and influenced the way central banks approach monetary policy. E-money includes digital payments and assets, from traditional bank digital funds to more innovative forms such as cryptocurrencies and central bank digital currencies (CBDCs). These forms influence how monetary authorities achieve their goals of price stability, economic growth, and financial.

1. E-money generally refers to digital representations of fiat currency stored electronically that can be used for transactions. Traditional forms of e-money include debit cards and online bank transfers, while newer forms include e-wallets (such as PayPal and Venmo) and digital bank balances. Cryptocurrencies such as Bitcoin are decentralized e-money, operating without the oversight of a central authority and adding complexity to the regulatory environment.

2. The Impact of E-Money on Monetary Policy Transmission

The rise of e-money is impacting how central banks control interest rates and manage liquidity. Traditional monetary policy relies on influencing bank reserves, which affects lending rates and the money supply. However, with the rise of non-bank payment platforms and cryptocurrencies, money can flow outside traditional banking channels, potentially reducing the effectiveness of interest rate policy. This phenomenon may push central banks to explore new approaches, including digital currencies, to maintain control over the money supply and interest rates.

3. Central Bank Digital Currencies (CBDCs) In response to concerns about private digital currencies, many central banks are exploring or piloting CBDCs, which are digital versions of national currencies issued directly by central banks. CBDCs could offer a stable, government-backed alternative to unstable cryptocurrencies and could be designed to improve the effectiveness of monetary policy by giving the central bank more direct

tools to manage money flows and ensure financial stability. By introducing programmable features, central banks could also intervene more precisely in cases of economic distress or inflation.

4. Issues and Considerations for Policymakers

5. Future Directions As digital payment methods mature, central banks could adopt hybrid monetary policies that combine traditional and digital approaches. For example, targeted CBDC issuance or flexible interest rates for digital wallets could enhance monetary responsiveness. At the international level, some monetary authorities are also exploring interoperable CBDCs that could facilitate cross-border payments and reduce reliance on cash.

In summary, e-money brings both challenges and opportunities to monetary policy. By regulating policy instruments and exploring digital currencies, central banks aim to keep pace with rapid digital innovation and ensure stable, inclusive economic growth.

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