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Fintech and its impact on the economy of Uzbekistan

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Abstract

The use of mobile banking, investment and cryptography determines the freedom and new financial technologies that will certainly change the rules of financial services. Customers across the World have already taken this new form of banking. Uzbekistan is also trying to introduce Fintech in Finance, Asset management, Payment and others. This paper studies the important role of Fintech and its evolution. In addition it includes some negative effects that may occur because of Fintech. Moreover it concludes that in the development of Fintech in Uzbekistan, the major objectives are to have a detailed regulation and appropriate security system.

Keywords: *Fintech, Banking, Finance, Uzbekistan*

Introduction

Today, access to financial services on the go is imperative. It's hard to find a successful company that doesn't accept PayPal as one of its main payment methods, such as Amazon, eBay, World Market and many others, use the service for many years, and now that the focus is gradually shifting to cryptocurrency, many startups also start taking them. One of the most comprehensive recent studies has shown that the financial industry makes extensive use of new applications, products, processes, and business models based solely on technology.

Main body

Transparency - By allowing a third-party technology company to participate in Fintech innovation, the organization opens its knowledge and experience to outside investors, capital and resources, and often its own intellectual property and assets.

Conclusion

The independent Uzbek state has sought its legitimacy by its claim to serve the interests of the Uzbek nation. It works on the basis of an Uzbek national identity that had predated the Soviet Union but had crystallized during it. Now, after independence, that identity can be articulated without the constraints placed on national expression during the Soviet per Openness not only creates transparency, but also helps innovators generate new ideas that will incorporate or change organizational culture by leveraging new skills and identifying areas that need to be improved. Cooperation and investment - Traditionally, financial companies will collaborate with others in their industry to share different processes. Today, through partnerships with technical organizations, they gained security & safety benefits that helped financial institutions to create new ways to create more value. Now more than ever, financial institutions are investing in startups to consistently develop innovations that are in line with market trends. Over the past decade, FINTECH has managed to establish itself as a separate segment in the financial services sector. The main players in this segment are companies (usually startups) that provide financial services similar or identical to those provided by traditional financial intermediaries. However, unlike traditional financial service providers, companies in the Fintech segment almost exclusively use modern Internet technologies and software to meet the needs of their customers. However, the Fintech segment includes many elements that, according to Dortfleitner et al. (2017:) can be "freely" divided into four main segments, namely "financing", "asset management", "payments" and "other fintechs".

FinTech evolution Like similar compound terms such as "BioTech", "FinTech" is a fairly simple and obvious combination of subject area ("financial") and "technology". The financial sector has grown over the last centuries, when the first Bank was founded in 1472, and since then a large number of other businesses (e.g. securities companies, insurance companies, real estate agents) have emerged (Alt and Puschmann 2016). Financial companies are often referred to as service providers because they support firms in the primary market in conducting their business and over time have formed a secondary market in which financial service providers (e.g. mortgage brokers, commercial banks, investment bankers) interact with each other (Zhu et al. 2004). This has led to an extensive network of relationships that is more complex, reciprocal and less linear than traditional manufacturing and retail industries (Zhu et al. 2004, p. 3. 21). Technology - the second element of the term FinTech - has become a key element in the management of financial processes. Following Bouwman et al. (2005) technology is a way of organizing things, coordinating processes, and performing tasks more easily. This General definition recognizes both analog and digital technologies that are common in the financial sector. Previous work on FinTech development already suggests that financial technology has a longer legacy than the term FinTech itself. For example, Lee and Shin (2018) link FinTech's roots to the spread of the Internet since the 1990s. Arner et al. (2016) paint a broader picture and recognize financial technology as early as the mid-nineteenth century.

The first applications of technologies used by banks and trading companies were based on physical media containing information / value (e.g. paper, coins). Since the transmission of these documents and valuables over distances was only possible through physical modes of transport, markets were largely limited to regional coverage. This has changed with innovations in information and communication technologies (abbreviated "IT"). In particular, the visual and then the electrical Telegraph made it possible to separate information from its physical representation and to transmit it more quickly over long distances. The economic consequences were fundamental, and the Telegraph was recognized as an element of industrialization in modern societies (Malone et al. 1987). These analog technologies can be seen as the second stage of financial technology and lasted until the mid-twentieth century. Since the creation of digital information and communication technologies, the era of digital financial technologies has begun, sometimes also referred to as "e-Finance" (Gomber et al. 2017) and Arner et al. (2016) argue that "certainly by the end of the 1980s financial services had become largely a digital industry, relying on electronic transactions between financial institutions, financial market participants and customers around the world."

The essence of Fintech in Finance FINTECH's emergence is destroying traditional sectors of our economy, such as banking and asset management. As these markets transform, NEX Opportunities plans to partner with an impeccable business that thrives in the FinTech

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industry as there are many opportunities in this evolving industry. Getting a loan is easier than ever - For many years, banks have had a complete monopoly on how loans are issued and the procedure behind them. With FinTech growing every year, startups are now finding a way to bypass banking procedures and provide more efficient services to depositors and borrowers. Because FinTech disruptors are not connected to regulators, legacy it systems and branch networks, they can provide better financial services. A risk assessment is made more reasonable - Before FinTech has captured the market by storm, the lending process, scheduled banking institutions have been heavily biased, because the credit risk was too bloated for many. FinTech scans a wide range of information from social surveys for use by logistics companies. Based on this information, FinTech can determine how successful small businesses are. Now there is FinTech software that can fix damaged credit ratings for many consumers affected by the financial crisis using a more sensible approach when lending money. This demonstrates the obvious importance of FinTech for the financial industry, as credit scores are determined through a simple face-to-face meeting with the banker, with 45% of loan applications repeatedly rejected for entrepreneurs. Investments turned into crowdfunding - FinTech introduced an innovative idea of crowdfunding in the financial market, allowing ordinary people to Finance campaigns and projects online by lending or buying shares in a product / company. The public can buy products and projects similar to traditional investors, although buying shares often deprives you of the opportunity to trade when you own the project. However, Crowdcube proposed ideas for a primary IPO that would allow more people to participate in the investment.

Uzbekistan now focuses on the Fintech as many other developing countries. Regarding this, new regulations are being developed. So far, in Uzbekistan, mostly internet banking service is widespread. In other sectors they are going to be implemented indeed. In Tashkent, announced the first fintech laboratory in the country. On Wednesday, at the 2018 Open Innovations in the Banking Sector session of the International Press Club, the first fintech laboratory of Uzbekistan was announced. This is a platform that allows you to create and test new technologies together with partners and experts in this field. "Creating new fintech products is a long and expensive project. Therefore, we, together with local and global partners, have developed a solution based on a fintech laboratory - a tool that will help create the conditions for a reliable partnership with technology suppliers. " The project was developed jointly with Finastra (UK) and French IDEMIA, which presented airborne and biometric solutions, under the leadership of the National Agency for Project Management. "The first fintech school will be created, developed jointly with various experts from Harvard, Oxford and other leading universities in the world. The main audience - top managers of companies" As a country that is going to concentrate on Fintech, Uzbekistan should know negative effects of Fintech as well.

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