

**INTERACTION BETWEEN THE CAPITAL MARKET AND THE DIGITAL ECONOMY:
ANALYSIS OF PROBLEMS AND PROSPECTIVE TRENDS**

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Annotation: This article examines the interconnection between the capital market and the digital economy, focusing on the current issues and trends emerging in the context of rapid digital transformation. The impact of digital technologies on the functioning of financial markets is analyzed, including changes in investment strategies. The article highlights the importance of traditional financial institutions adapting to the new challenges of the digital age to ensure sustainable growth and enhance the efficiency of the capital market.

Keywords: capital market, digital economy, financial technologies (fintech), investments, cybersecurity, innovations, transformation of financial services, algorithmic trading, partnerships, operational efficiency, transparency, strategies, adaptation, digitalization of financial markets.

In recent years, there has been an active influx of retail investors into various segments of global and national stock markets. A particularly high rate of retail investor inflow is observed in the stock markets of Asia, as well as in Uzbekistan. For example, the money market fund of the Chinese company Alibaba is one of the largest and most dynamically developing in the world. Millennials are becoming the most active consumers of new financial technologies, remote financial services, and digital financial services today.

In modern times, when digital technologies are becoming key in various aspects of life, the capital market is also undergoing significant changes. The digital economy, characterized by the active use of digital data, internet technologies, and automation, exerts a powerful influence on how companies attract capital and how investors make decisions. The capital market, which plays an important role in the global economy, is facing new challenges and opportunities amid digital transformation. The transition from traditional investment methods to modern digital platforms and tools is radically changing the face of the capital market.

The digital economy is a sector that relies on digital technologies and data. It encompasses all elements of economic activity where computer tools and networks are used to create, store, and exchange information. In this context, the digital economy is changing traditional business models, focusing on characteristics such as speed, accessibility, and scalability. Research shows that the digital economy not only alters business approaches but also requires a new perspective on economic analysis and strategic planning, taking into account the growing importance of technology in economic processes.

The capital market occupies a central position in the digital economy, providing financing for innovative projects and startups. In the context of the digital economy, it plays a key role as the primary source of funds for implementing new ideas and technologies. This is due to the fact that digital sector developments often require significant initial investments but can bring high profits in the future.

Overview of Joint Stock Companies with a state share on January 1, 2025

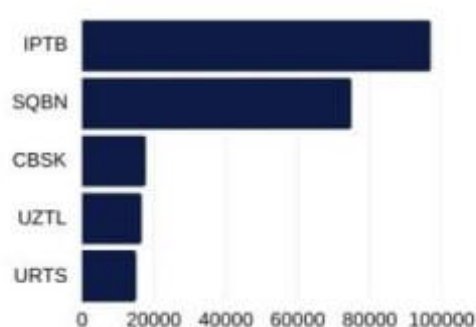


In the Decree of the President of the Republic of Uzbekistan "On measures for further development of the capital market" dated April 13, 2021, No. UP-6207, the main directions for the development of the capital market were outlined with the goal of further developing the capital market, increasing the issuance of securities, and expanding the participation of individuals and legal entities in the stock market. These directions include:

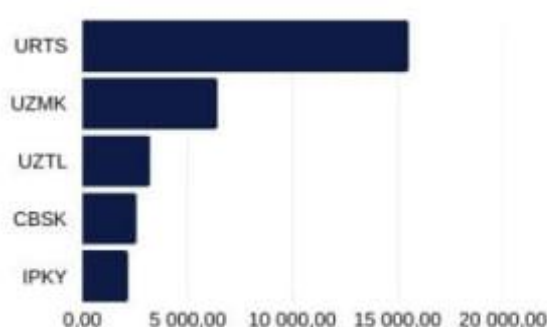
- Increasing competitiveness;
- Enhancing the accessibility of the capital market for all categories of investors through active integration with international financial markets, extensive use of modern information and communication technologies, and the application of advanced approaches successfully tested abroad.

TOP-5 SECURITIES

By the number of transactions on
main trading board



By the volume of transactions on
the main trading board (mln uzs)



The capital market provides access to the resources needed for the creation and implementation of technological innovations, which contributes to the growth and development of the digital economy. Additionally, it serves as an indicator of investors' trust in new technology companies. An increase in investor interest in digital projects can signal high expectations regarding innovation potential and profitability, which, in turn, encourages new investments and sector development.

Thus, the capital market plays a key role in supporting and promoting the digital economy, as it not only provides financial resources but also helps build trust in innovative initiatives. It allows investors to participate in the financing of new technologies and business models that are at the heart of digital transformation. The capital market also fosters economic growth by providing the necessary funding for the development and implementation of digital innovations.

Technological transformations, especially the implementation of big data (Big Data) and artificial intelligence (AI) concepts, present significant challenges for the capital market. These innovations can greatly enhance transparency, security, and efficiency of financial transactions; however, they require substantial investments and adaptation to new regulatory requirements. Big Data opens up opportunities for analyzing vast amounts of unstructured data, which can lead to a deeper understanding of market trends, investor behavior, and related risks. This, in turn, may contribute to more informed decision-making and investment portfolio management in the capital market. Artificial intelligence, especially in machine learning and data analysis, has the potential to radically change financial analytics by providing tools to identify complex patterns and predict market changes.

However, for AI to be effectively applied, not only technological investments are necessary but also the development of skills and knowledge among financial sector professionals. Furthermore, integrating these technologies into existing financial systems requires compliance with new regulatory standards, especially regarding data protection, privacy, and security. Such regulatory changes may require significant reorganization of current processes and systems.

The modern capital market is actively implementing digital technologies to optimize its operations. The use of artificial intelligence and big data significantly improves risk analysis processes, automation of trading operations, and enhances transaction transparency. These technological innovations provide higher efficiency in financial markets and create new opportunities for both investors and companies. The development of digital technologies has also led to the emergence of new financial instruments such as cryptocurrencies, tokenized assets, and digital bonds. These instruments offer alternative approaches to investment and financing, expanding the horizons for portfolio diversification and capital raising. The implementation of such innovations in the capital market opens new prospects for financial transactions and asset management.

The capital market on the international stage is undergoing significant changes driven by digitalization. One of the key trends is the growing influence of digital platforms and tools, which make financial services more accessible and convenient for various user categories. These changes have a profound impact on the structure and operations of the capital market.

Digital platforms, such as online brokers, trading apps, and crowdfunding sites, provide users with simple and intuitive access to financial markets. This significantly simplifies the investment process and allows a wide range of investors, including individuals, to easily participate in trading stocks, bonds, and other financial instruments. Thus, digitalization not only changes the approach to investments but also contributes to the expansion of the market participant audience.

Online brokers are companies that enable investors to buy and sell stocks, bonds, and other securities through online platforms. They typically offer lower commissions compared to

traditional brokerage firms and often include educational materials and tools that help users manage their investments independently.

In recent years, there has been an active influx of retail investors into various segments of global and national stock markets. Notably, the retail investor influx is particularly high in the Asian markets and in Uzbekistan. For instance, Alibaba's money market fund is one of the largest and fastest-growing in the world. Millennials are becoming the most active consumers of new financial technologies, remote financial services, and digital financial platforms.

There is also a growing trend toward using automated tools, such as robo-advisors. These systems use algorithms and artificial intelligence technologies to manage investment portfolios. This phenomenon contributes to the democratization of access to investment services, enabling a wider audience to benefit from professional asset management.

Robo-advisors are automated platforms that apply algorithms and artificial intelligence technologies to manage investment portfolios. They offer automated portfolio creation and rebalancing based on the user's goals, risk profile, and investment horizon. These systems provide an accessible and cost-effective way of investing, minimizing the need for human intervention and reducing asset management costs. Robo-advisors constantly analyze market data, adjusting their investment strategies in response to changes in the market environment. Digitalization also increases the transparency and efficiency of operations in the capital market. Investors can monitor market conditions and transactions in real-time, improving their ability to make informed decisions.

Despite the mentioned advantages, digitalization presents several serious challenges to the capital market, such as cybersecurity, personal data protection, and compliance with regulatory requirements. To successfully adapt to these changes, it is important to develop innovative approaches and strategies while enhancing collaboration between technological and financial institutions.

In the digital economy, the capital market is undergoing significant transformations. Technological advancements, such as artificial intelligence, blockchain, and big data analysis, are changing approaches to financial operations, opening new horizons for improving efficiency and transparency. At the same time, the market faces new challenges, including the need to adapt to regulatory requirements and ensure the security of digital transactions.

To successfully respond to changes in the digital economy, capital market participants need to focus on innovation and the development of digital strategies. It is essential to stay updated on the latest trends and be prepared to quickly implement new technologies. Ultimately, the future of the capital market in the context of the digital economy looks promising, but it requires attentiveness, flexibility, and the ability to quickly adapt from all participants.

Leading trends in the coming years will include the democratization of financial markets for individual investors, as well as the development of remote financial consulting and robotic services for a large number of retail investors. Key factors will include the widespread implementation of fintech, digitalization, networking, and convergence of financial and credit markets, the development of remote brokerage services and on-demand business services, as well as the transformation of traditional banks into universal ecosystems. Sberbank has developed and successfully implemented a strategy for transforming a traditional bank into a universal ecosystem. Traditionally provided banking services for clients (deposits, loans) are no longer sufficient. In the digital economy, there is a need for significant expansion of financial services, including offering clients modern digital services.

Conclusion. The digital economy is radically transforming the methods of conducting financial operations through the introduction of technologies such as artificial intelligence and blockchain. This opens up new opportunities for improving the efficiency and transparency of the capital

market. Market participants must actively adapt to the changes brought about by digitalization. This includes developing new strategies and approaches aimed at integrating modern technologies into financial processes.

As digital transactions increase, the need to address cybersecurity issues and regulatory compliance becomes more urgent. These aspects are critical for ensuring the reliability and trustworthiness of financial systems.

To successfully operate in the digital economy, market participants must focus on innovation. This entails continuous monitoring of emerging trends and readiness to implement cutting-edge technologies.

In general, successful interaction between the capital market and the digital economy will not only improve financial services but also contribute to the creation of a more resilient and efficient financial system.

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