

Current Issues in the Study of the Place of Cryptocurrency and Digital Money Technology in the Digital Economy

Rakhimbaev Musobek Komiljon ugli

teacher of Tashkent State University of Economics

Misratillaev Sherbek Azamat ugli

student of Tashkent State University of Economics

Abstract

Nowadays, it is very important and focused on the methodological and legal application of cryptocurrency. The system of direct payments was a response to the global and financial crisis, the consequences of which shook the financial system of the countries of the world. This allows to determine a number of advantages and disadvantages of the new currency based on the data. Along with the technological advantage in this direction, there are still questions about the methodological and legal components of cryptocurrency. Bitcoin is mainly characterized by decentralization: a special program code regulates the work of network members, as well as the emission schedule, which is self-restricted. The introduction of cryptocurrency has a number of other positive effects: irreversible transactions, low transfer fees, complete isolation of the currency from inflation. At the same time, cryptocurrency has negative consequences. For example, the impossibility of tracking money transfers and the weakness of the system create conditions for illegal operations: capital embezzlement, terrorism, etc. Another negative feature of cryptocurrency is its dependence on supply and demand.

Keywords: digital economy, internet, bitcoin, cryptocurrency, digital currency.

Introduction

The global financial system is based on third-party intermediaries (in most cases banks) that have the right to carry out financial transactions between end users (households, companies and government agencies). The banking system as a component of the financial system plays a decisive role in the economic development of the country. The economic crisis was most acutely manifested in this area. This threatened the stability of the monetary system due to large loan defaults and reduced lending capacity, affecting solvent demand and real output. The results of the crisis of 2008 were the following: the general recession of the economy, the slowdown or stoppage of the growth of the gross domestic product of the countries, its reduction, the reduction of the income of the population, income and budget funds, the reduction of production, the increase of unemployment, closing of social networks. programs, etc. In this regard, the search for alternative ways, data-based conceptual new currencies has been strengthened. (Vlasenko, 2017). In 2008, a "cryptocurrency" payment system that did not require third-party involvement was described. The proposed direct payment system had technological advantages over standard currencies. However, there are still many unresolved methodological and legal issues in this regard.

Discussion

In the modern world, cryptocurrency is becoming an advanced means of monetary relations. Consideration of this issue has become the main problem of the research, the solution of which will give a complete picture and understanding of the new type of currency (Jia, X., Cui, Y., Patro, R., Venkatachalam, S., Kanday, R. & Turayevich, J. (2023)). However, there are some advantages of cryptocurrency as well as its disadvantages. For example, the complete anonymity and confidentiality of transactions allows currency speculation and its use for criminal operations such as human trafficking, drug trafficking, terrorist financing, and more. A. Juels, a cryptographer and professor at Cornell University of Technology, described Bitcoin. (the first and most popular of the officially recognized cryptocurrencies) "is an ideal weapon for crime, because it creates a state of trust, which is difficult to achieve in other cases" (quoted in Antonov, 2015, p. 26). To a certain extent, we agree with the opinion of A. Juels, because due to the complete anonymity of cryptocurrency, it allows financing criminal activities without much fear and effort.

Result And Analysis.

Common indicators of discussions around cryptocurrencies often focus on questions such as "what is the advantage of cryptocurrencies" and other aspects of their adoption. However, a deeper understanding of how cryptocurrencies affect the economy can help determine whether they are truly good for the economy. Electronic currency not only supports traditional monetary transactions (dollars, euros, soums, etc.), but can also be used in so-called digital currencies.

Digital currencies are also called private, virtual currencies or electronic cash. Digital currency is an additional or alternative to traditional currencies (I.T.Jumaniyazov, & A. Khaydarov. (2023)). Cryptocurrencies can become a means of protecting one's capital. If the bank holding the deposit declares bankruptcy or the government defaults on its obligations, only the beneficial user with the wallet can manage the funds in the cryptocurrency wallet. Cryptocurrencies have a sophisticated inflation prevention mechanism. In particular, the Bitcoin network has several features to prevent inflation.

"Digital currency" Vs "Cryptocurrency" may seem interchangeable, but they mean two different things. Digital currency refers to any currency that exists online. On the other hand, cryptocurrency refers to a currency that is stored as a record in a blockchain database. This distinction is important because it can have important tax consequences. If you hold traditional currency in digital form, the IRS will tax it as money and income. However, if you own cryptocurrency or other purely digital assets, the IRS will tax it as property. Here are the things you need to know as an investor.

Digital currency: A digital currency (digital money, electronic money, or electronic currency) is any currency, money, or money-like asset that is managed, stored, or exchanged primarily on digital computer systems, especially over the Internet.

Cryptocurrency : cryptocurrency or crypto is a digital currency designed to function as a medium of exchange over a computer network that does not depend on any central authority, such as a government or bank, to support it. It is a decentralized system for verifying that the participants of the transaction have funds, eliminating the need for traditional intermediaries such as banks when funds are transferred between two organizations. In modern times, the term "Cryptocurrency" came into use after the development of Bitcoin technology. The operational information of such a digital currency is open (Jumaniyazov, I. T. (2019)). The stability of the block structure is supported by cryptography (digital signature, public key, etc.). That is why the currency was named "cryptocurrency".

Cryptocurrency Advantages:

- Cryptocurrencies allow users to make fast and secure transactions.
- When using cryptocurrencies, despite the openness of the blockchain registry, you can remain completely private.
- Cryptocurrencies are decentralized and do not have a clear governing body that turns coin holders into a single owner.
- Cryptocurrency transactions have a low price.
- Anyone can start mining and earn cryptocurrency.
- The cryptocurrency market is in the formative stage, which makes it an attractive area for investment with the prospect of high profitability.

Disadvantages of Cryptocurrency:

- Third-party cryptocurrency storage services do not always have the same level of security, which makes them vulnerable to theft by hackers.
- The ability to remain anonymous makes digital coins an attractive means of payment for the shadow economy and illegal transactions.
- Cryptocurrencies remain illegal in many countries. It is not yet clear what the legal basis for them will be, but it can be said with certainty that it is difficult to tax them.
- As of today, digital coins are still not accepted as payment in many stores.
- Mining requires the availability of powerful computing equipment used to find cryptographic functions.
- High volatility of the market price range is associated with high risks.

According to the CoinMarketCap service, which allows you to monitor the capitalization of each cryptocurrency, there are currently more than 1,607 types of digital money in the world today. It is one of

the types of virtual currencies that are widely popular and widespread today.

Conclusion

In conclusion, we can say that, summarizing all of the above, it should be noted that there is the following opinion: cryptocurrency is a model of a financial pyramid. But it is completely different from the financial pyramid. The essence of the pyramid is to enrich its first participants at the expense of new ones, that is, it always loses to the last. However, each participant in the cryptocurrency market acts independently and does not aim to invite new participants. In addition, usually the founders of cryptocurrency do not have any influence on it through decentralization, so in this case it is almost impossible to enrich the creators. In addition, despite the different opinions about cryptocurrency, there are examples that should be recognized.

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