

## THE EMERGENCE OF CRYPTOCURRENCY: REDEFINING GLOBAL FINANCE IN THE DIGITAL AGE

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Cryptocurrency, often referred to as crypto, is a form of digital or virtual currency that utilizes cryptographic technology to secure transactions. In today's fast-paced world, cryptocurrencies have a significant impact on the economies of both developed and developing nations, despite lacking any officially legislated value. The increasing adoption of digital assets has reshaped financial markets, enabling individuals to engage in borderless transactions without reliance on traditional banking systems.

Although cryptocurrencies are considered a promising investment due to the rising digitization of financial systems, they are also subject to regulatory scrutiny and financial risks. This is because cryptocurrencies are not tangible assets; their value is entirely determined by market demand and investor sentiment. In the rapidly evolving financial landscape, individuals striving to maintain a competitive edge are increasingly turning to cryptocurrency investments. The growing dominance of digital assets, particularly Bitcoin, has been driven by influential business leaders who hold substantial shares and leverage their volatility through strategic trading.

**INTRODUCTION.** Cryptocurrencies are becoming increasingly popular worldwide for property exchanges, investments, and long-term savings. This growing adoption raises an important question: **Is financial literacy in virtual assets, commonly known as**

**cryptocurrency, becoming a crucial necessity to remain competitive and stable in the global economy?**

In Uzbekistan, individuals now have access to cryptocurrency exchanges and trading platforms, contributing to a rising awareness of financial literacy related to digital currencies and virtual assets. While cryptocurrencies are officially recognized and regulated in Uzbekistan, they are not considered legal tender. As of January 1, 2023, residents can conduct cryptocurrency transactions exclusively through domestic Virtual Asset Service Providers (VASPs), ensuring compliance with national regulations. Uzbekistan has emerged as a key player in the global cryptocurrency landscape, driven by a tech-savvy population and a rapidly expanding digital economy. Between 2018 and 2020, the number of cryptocurrency users in the country surged by over **300%**, highlighting a growing interest in digital assets. As financial markets continue to evolve, Uzbekistan's regulatory approach and increasing adoption of cryptocurrency demonstrate its commitment to fostering a secure and progressive digital economy.

**MAIN PART**

A crypto exchange organizes the trading of crypto assets by allowing clients to access its electronic platform to carry out actions aimed at selling, purchasing and (or) exchanging crypto assets. Beyond its direct impact on Global GDP, the crypto industry drives financial inclusion, especially in regions with limited access to traditional banking. Cryptocurrencies offer alternative ways to store and transfer value, spurring economic activity in underbanked areas. In order to stay competitive in macroeconomics of the World it is quite crucial to be informed flexible and resilient for any changes and evolution of the global economy. In Uzbekistan, it is imperative to educate the public on the significance of cryptocurrency and its potential impact on the financial sector. Moreover, entrepreneurs and businesses should be granted broader access to cryptocurrency transactions within their commercial operations. Fostering awareness and knowledge in this domain is particularly crucial for young individuals passionate about computer science and the digital economy, as they should be encouraged to explore opportunities in cryptocurrency mining. To facilitate this, dedicated infrastructure and designated mining hubs should be established across the country, enabling Uzbekistan to harness the benefits of blockchain technology and position itself as a forward-thinking player in the global digital economy.

In 2024, approximately 562 million people own some type of cryptocurrency, equal to 6.8% of the global population. As the price of bitcoin has more than doubled this year,

global crypto ownership has increased by 33% since 2023 alone. The pseudonymous creator of Bitcoin, Satoshi Nakamoto, remains the largest holder of Bitcoin. With an estimated 1.1 million \$BTC, Satoshi's fortune has never been moved from its original addresses since the early days of Bitcoin, sparking ongoing speculation about their identity and intentions. The live Bitcoin price today is \$96,848.99 USD with a 24-hour trading volume of \$15,533,431,205 USD.(02.16.2025)

During the past ten years, cryptocurrencies have had a huge influence on the world economy. While it has opened up new avenues for financial independence and investment, it has also sparked worries about regulation, volatility, and environmental effects.

However, global economists have expressed skepticism regarding cryptocurrency, often citing concerns about its long-term viability. From an economic standpoint, cryptocurrency is considered a pure speculative asset—one that lacks intrinsic value and whose worth is solely dependent on market confidence. Should this confidence dissipate, its value could theoretically collapse to zero. Nevertheless, I argue that cryptocurrency can and should be utilized as a legitimate medium of exchange. Traditional fiat currencies, despite being legally recognized, also possess no inherent value beyond the trust placed in them by the market. History has shown that once this trust erodes, even government-backed money can become worthless. Furthermore, in an era of rapid digital transformation, it is increasingly unrealistic to assume that cryptocurrencies will lose their relevance or diminish in influence within the virtual economy. Rather than dismissing them, it is essential to recognize their growing role in the financial landscape and adapt accordingly.

However, the question remains: can Uzbekistan truly position itself as a regional leader in the crypto market? While the legal framework has made significant progress, certain persistent challenges could hinder this ambitious vision.

A critical issue is the availability of stable and sufficient electric power, which is essential for cryptocurrency mining. The demand for electricity in Uzbekistan already exceeds supply, making it difficult to support both consumer needs and the power-intensive process of crypto mining. This is a challenge not only for Uzbekistan but also for other countries like Belgium and France. Without addressing this, the vision of becoming a crypto hub may remain out of reach.

The revenue in the Cryptocurrencies market of Uzbekistan is estimated to reach US\$54.8m in 2025.

The average revenue per user in the Cryptocurrencies market is expected to be US\$38.5 in 2025. In Uzbekistan's Cryptocurrencies market, the number of users is expected to reach 1,422.00k users by 2025.

The user penetration rate is projected to be 3.93% in 2025 and is expected to increase to 3.93% by 2025.

“Uzbekistan is witnessing a surge in cryptocurrency investments, as the government takes steps to regulate and promote the digital asset market. Currently, the cryptocurrency market has been experiencing a period of volatility, with fluctuations in the value of major cryptocurrencies such as Bitcoin, Ethereum, and Dogecoin. The market has also seen a rise in the number of altcoins, or alternative cryptocurrencies, with unique features and use cases. Several growth factors are driving the growth of the cryptocurrency market, including increasing acceptance and adoption of cryptocurrencies by individuals and institutions, growing interest in decentralized finance (DeFi) platforms, and the potential for cryptocurrencies to serve as a hedge against inflation and political instability. Additionally, advancements in blockchain technology and the increasing use of cryptocurrencies for cross-border transactions are also contributing to market growth.

The cryptocurrency market is expected to continue growing in the coming years. The increasing adoption of cryptocurrencies by businesses and individuals, along with the ongoing development of DeFi and other blockchain-based platforms, is likely to fuel this growth. However, the market is also likely to experience volatility and corrections, as is typical with any emerging and rapidly evolving market.” The opinion of the analysts of crypto market of Uzbekistan.

“Cryptocurrency is not a perfect solution to international transfer and transfer in all Central Asian regions. And it is proven to be very energy-consuming. Crypto is also far from secure – they are in theory, but some applications that are using them have proven to be not so secure and not so private. Blockchain technology is the future of money, the real question about it – is whether it will be state-owned or not, will be centralized or decentralized “France-based expert Michael Lambert, representative of INSEAD (Ireland) said.

To mitigate this, the authorities have introduced incentives for miners utilizing solar photovoltaic stations, offering tax and customs benefits to promote renewable energy use.

With Uzbekistan experiencing more than 320 sunny days annually, this initiative aligns well with local conditions. If solar energy users can supplement their power needs with

regular electricity during low-yield periods, this could present a significant opportunity for the sector. However, infrastructure bottlenecks in some areas remain a point of negotiation with potential partners.

### CONCLUSION

As the cryptocurrency landscape continues to evolve, its impact on the global economy is becoming increasingly profound. Uzbekistan stands at a pivotal juncture, where strategic policymaking and infrastructural advancements could position the nation as a regional leader in the digital asset market. While significant strides have been made in regulating and promoting cryptocurrency adoption, persistent challenges such as energy constraints, regulatory uncertainty, and market volatility must be addressed to fully harness its potential.

Despite concerns over its speculative nature, cryptocurrency has demonstrated its resilience as an alternative financial instrument, particularly in regions with limited access to traditional banking. The exponential growth in global crypto ownership highlights its increasing integration into mainstream financial systems. Moreover, the potential for decentralized finance (DeFi) and blockchain-based solutions to revolutionize cross-border transactions further underscores the necessity for nations to remain adaptive and forward-thinking.

For Uzbekistan, leveraging its abundant solar energy resources to power cryptocurrency mining presents a promising avenue for sustainable growth. The government's initiatives to incentivize renewable energy usage in the sector align well with the country's economic and environmental objectives. However, ensuring robust infrastructure, fostering financial literacy, and maintaining regulatory clarity will be critical in solidifying Uzbekistan's position in the global crypto economy. Ultimately, the success of cryptocurrency in Uzbekistan hinges on a balanced approach—embracing innovation while mitigating risks. As digital finance becomes an integral part of the global economic framework, proactive engagement with this transformative technology will be essential for long-term economic competitiveness and financial inclusion.

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