IMPACT OF DIGITALIZATION ON THE ECONOMY

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Abstract: The article examines the key aspects of digitalization of the economy as one of the most important areas of modern development. The impact of digital technologies on the transformation of economic processes, the formation of new models of interaction and market structure are analyzed. Particular attention is paid to the challenges associated with digital inequality, changes in the labor market, ensuring cybersecurity and environmental sustainability. The prospects for integrating innovative technologies such as artificial intelligence, big data, blockchain into economic systems are considered. The need for a comprehensive digital transformation strategy aimed at minimizing risks and ensuring inclusive economic growth is substantiated.

Keywords: digitalization, digital economy, information technology, labor market, cybersecurity, digital inequality, innovation, sustainable development.

Digitalization of the economy is one of the key trends in modern global development, significantly affecting the transformation of economic systems, market structure, and socio-economic processes. This phenomenon is due to the active implementation of information and communication technologies, the expansion of the scope of artificial intelligence, big data, blockchain technologies, and the Internet of Things. The digital environment has become not only a tool for increasing productivity, but also a factor capable of changing the traditional mechanisms of the economy [1, p. 14]. One of the central effects of digitalization is the formation of new models of economic activity. E-commerce, platform services, and financial technologies have changed the principles of interaction between producers and consumers. The development of e-commerce has led to a reduction in transaction costs, as well as to an increase in the availability of goods and services for the population. Moreover, the platform economy contributes to the development of new forms of employment, including freelancing and remote work, which is reflected in the change in the structure of the labor market [2, p. 89]. Digitalization is becoming a powerful driver of industrial modernization, especially in the context of the Industry 4.0 concept. The use of automated systems, robotics and big data technologies in production processes ensures higher efficiency and flexibility of production systems. The introduction

of digital technologies allows companies to quickly adapt to changes in market conditions, which contributes to sustainable economic development [3, p. 52]. However, along with the positive aspects of digitalization, it is also necessary to take into account the challenges that accompany this process. One of the most significant problems is the deepening digital inequality, which manifests itself both at the level of countries and within individual states. Insufficient infrastructure, low levels of digital literacy and limited access to modern technologies hinder the involvement of certain social groups in the digital economy [4, p. 67]. Such inequality increases socio-economic differentiation, which requires the adoption of comprehensive measures by the state. In addition, digitalization is associated with risks for the labor market. Automation and the introduction of intelligent systems in a number of industries lead to job cuts, especially among low-skilled specialists. At the same time, the need for personnel with digital competencies is growing, which creates the need for large-scale programsprofessional retraining [5, p. 101]. Otherwise, structural unemployment may be observed due to the mismatch of qualifications with the requirements of the digital economy.

An equally important challenge is the problem of protecting personal data and ensuring cybersecurity. The widespread use of digital platforms involves a constant exchange of information, including data on financial transactions and the personal life of users. The increase in the volume of processed information makes the economy vulnerable to cybercrime threats, which requires strengthening legal regulation and the introduction of innovative data protection mechanisms [6, p. 38]. The issue of environmental sustainability cannot be ignored either. The development of digital infrastructure requires significant energy and material resources, which can lead to an increase in the burden on the environment. Thus, for the harmonious development of the digital economy, it is necessary to take into account the environmental factor and focus on the principles of "green" technologies [7, p. 73].

Despite the listed problems, digitalization opens up significant prospects for national economies. It contributes to the acceleration of economic growth by increasing management efficiency, optimizing logistics, and automating business processes. Digital transformation of the public sector ensures increased transparency and quality of services provided, which strengthens public confidence and stimulates the development of entrepreneurial activity [8, p. 112]. The prospects for the digital economy are associated with the further integration of innovative technologies into key areas of economic activity. The development of artificial intelligence, machine learning and big data technologies forms new approaches to the analysis and forecasting of economic processes. These

technologies make it possible to identify hidden patterns, improving the quality of management decisions both at the level of individual companies and at the macroeconomic level [9, p. 85]. Successful implementation of the digitalization potential is possible only if a comprehensive strategy is formed that includes infrastructure development, increasing the level of digital literacy of the population, supporting innovative entrepreneurship and improving legal regulation. Public policy should be aimed at ensuring the availability of digital technologies for all social groups, which will minimize the risks of digital inequality and ensure inclusive development [10, p. 57]. In conclusion, it should be noted that digitalization is an integral part of modern economic development, determining the competitiveness of national economies on a global scale. It is simultaneously a source of opportunities and challenges that require an integrated approach from the state, business and society. If effectively implemented, digital transformation can become the basis for sustainable growth, innovative development and improving the quality of life of the population, which makes this area a strategic priority for the economic policy of a modern state [11, p. 29].

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