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DIGITAL CURRENCY REVOLUTION: HOW CRYPTOCURRENCIES ARE TRANSFORMING GLOBAL FINANCE

Abstract: In recent years, digital currencies, in particular cryptocurrencies, have caused revolutionary changes in the global financial system. Since the emergence of Bitcoin in 2009, cryptocurrencies are becoming a key element of the financial system, not just as an investment tool. This article examines the impact of cryptocurrencies on the global financial system, their benefits and challenges, as well as their future prospects.

Keywords: cryptocurrencies, marketing, central banks, finance, blockchain technology, trade.

Cryptocurrencies are not controlled by central banks or governments. It allows users to manage their money and increase their financial freedom. Transactions through cryptocurrencies can be faster and cheaper than traditional banking systems. This facilitates international trade and money transfers. Cryptocurrencies are based on blockchain technology, in which all transactions are stored publicly and immutably. This will reduce fraud and financial crimes. Cryptocurrencies facilitate access to financial services in developing countries. Even people who don't have a bank account can make financial transactions through cryptocurrencies. Cryptocurrency prices are highly volatile, which poses risks for investors. Their value can fluctuate wildly within hours, making them difficult as a reliable investment vehicle.

Cryptocurrencies are still not fully regulated in many countries. This creates uncertainty and risk for investors. Governments have different approaches to how they regulate cryptocurrencies. Although blockchain technology is secure, there are cases of fraud and hacking in the exchange and storage of cryptocurrencies. This may cause users to lose their funds. The process of producing cryptocurrencies (mining) requires a lot of energy, which causes environmental problems. Some cryptocurrencies, such as Bitcoin, are known for consuming a lot of energy. Cryptocurrencies and digital currencies are expected to play an important role in the global financial system in the future. Central banks are conducting research on the introduction of digital currencies, which can lead to further digitization of the financial system. Cryptocurrencies can also help promote financial inclusion and stimulate economic growth in developing countries.[4]

Cryptocurrencies are basically digital or virtual currencies whose principle of operation is based on several basic elements. Below is a detailed explanation of how cryptocurrencies work.[3]

Blockchain is a database where all transactions are stored in blocks. Each block is linked to the block before it, making the system secure and immutable.

Every user has the ability to view the blockchain and verify transactions. Blockchain data is encrypted and distributed, which prevents fraud and tampering. Cryptocurrencies are often produced through the process of "mining". Mining is the process of creating new blocks and validating transactions by solving complex mathematical problems. Users participating in this process are called "miners". They perform the following processes: Miners verify new transactions and add them to the block. Each time a new block is created, miners receive a fixed amount of cryptocurrency (for example, Bitcoin). Cryptocurrencies use encryption technology. This is necessary to protect users' funds and transactions. The encryption process includes the following. Each user has his own private key, through which he

can access his funds. Cryptocurrencies work through blockchain technology, encryption and mining processes. They enable decentralized, secure and transparent financial transactions. Cryptocurrencies play an important role not only as an investment tool, but also in creating new opportunities in the global financial system. Cryptocurrencies have a number of advantages. Cryptocurrencies are decentralized, which makes them independent of government or financial institutions. This gives users complete control over their funds. Cryptocurrencies use encryption technology, which protects transactions and users' funds. Blockchain technology makes it difficult to change data, which prevents fraud and alteration. The blockchain system keeps all transactions open and transparent. Every user can see the blockchain and verify transactions, which increases trust. Transactions through cryptocurrencies can be faster and cheaper than traditional banking systems. In particular, it significantly reduces costs and time for international transactions. Cryptocurrencies can be accepted globally. They can be done anywhere, anytime, using any device connected to the internet. Access to financial services through cryptocurrencies is essential for people who have limited access to traditional banking systems. Users only need to have internet access. Some cryptocurrencies, such as Bitcoin, have a limited supply. This protects them against inflation, because their amount does not increase. Cryptocurrencies and blockchain technology enable the creation of new financial services and products. [5]

For example, new opportunities such as smart contracts, DeFi (decentralized finance) and NFT (published tokens) are emerging. Some cryptocurrencies help protect users' personal information. This is especially important for users who want to protect their personal data. Cryptocurrencies have many advantages that create new opportunities in the financial system. However, it is important to remember that there are also risks associated with cryptocurrencies, so caution should be taken when using them.[1]

In the future, cryptocurrencies may develop in a number of directions. It is expected that more regulatory and legislative measures will be introduced by countries regarding cryptocurrencies and blockchain technology. This, in turn, may increase confidence for investors and users, but may also create limitations for some cryptocurrencies. Cryptocurrencies are expected to be accepted by more companies and retail outlets. This, in turn, increases their use in everyday life and can increase the value of cryptocurrencies. Blockchain technology and cryptocurrencies are constantly evolving. New technologies are expected, such as protocols that enable faster and more efficient transactions, as well as innovations in the areas of smart contracts and DeFi (decentralized finance). [2]

The DeFi ecosystem will continue to evolve. It allows users to get loans, invest and perform other financial transactions without using traditional financial services. Growth in NFTs (published tokens) and other digital assets is expected to continue. This creates new opportunities in art, music, games and other fields. New methods and protocols are expected to be developed to increase the security of cryptocurrencies and blockchain technology. Cryptocurrencies that focus on privacy may also become popular. Cryptocurrencies can integrate into the global financial system. It facilitates international transactions and expands access to financial services. Interactions between cryptocurrencies and traditional financial systems may increase. Banks and financial institutions are expected to start working with cryptocurrencies and integrate their services with cryptocurrencies. Programs aimed at increasing public education and knowledge about cryptocurrencies and blockchain technology are likely to proliferate. This increases user confidence in cryptocurrencies. Cryptocurrencies are expected to have many new opportunities and development directions in the future. However, there may be risks and problems involved in this process, so a careful approach is necessary.[4]

Conclusion:

We live in a time when cryptocurrencies are causing revolutionary changes in the global financial system. Although they have their advantages and problems, digital currencies are expected to be an integral part of the financial system in the future. Their development and adoption will be critical to economic growth and financial freedom. The digital currency revolution is underway, and tracking this process will be an important task for investors and economists.

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