



FEATURES OF PENSION PROVISION IN UZBEKISTAN AT THE STAGE OF DIGITALIZATION

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Abstract: *The article deals with the main scientific definitions of pensions and pensions. The main directions of the Concept of reforming the pension system until 2030, the current state, problems of pension provision and the processes of digitalization of pension provision in Uzbekistan are studied.*

Key words: *pension provision, pension system, age, length of service, payment, pension.*

Introduction. Pension provision is the basic and one of the most important social guarantees for the stable development of society, since it directly affects the interests of the disabled population of any country, and indirectly almost the entire working-age population. It becomes especially important during the period of economic reforms, structural changes and crises.

The guarantee of the rights of certain categories of citizens to pensions upon reaching the appropriate retirement age is ensured by their constitutional rights. Everyone is guaranteed social security for old age, in case of illness, disability, loss of a breadwinner, for the upbringing of children and in other cases established by law. State pensions and social benefits are established by law.

In the context of the development of market relations, voluntary social insurance, the creation of additional forms of social security and charity are increasingly encouraged.

Pension provision is a process of material support directly related to the labor activity of an individual, the size, terms and conditions of which are derived from the amount of wages, working conditions, length of service, etc. Moreover, pension provision is based on the economic interests of different generations with different income levels and economic development.

The New Encyclopedic Dictionary gives the following definition:

“Pension is a monetary security received by a citizen from pension and other funds upon completion of work upon reaching retirement age or in other cases provided for by law”[1].

Due to the scale of the state pension program in modern conditions, as well as its complexity due to the peculiarities of accumulated pension obligations, the modern pension system of the state plays a huge role not only in the social and socio-political life of the state, but also in the financial and

1	<p>ISSN 2319-2836 (online), Published by ASIA PACIFIC JOURNAL OF MARKETING & MANAGEMENT REVIEW., under Volume: 11 Issue: 04 in April-2022 https://www.gejournal.net/index.php/APJMMR</p> <hr/> <p>Copyright (c) 2022 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/</p>
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budgetary system of the country, providing the most serious influence on the formation and redistribution of monetary resources in the regional and sectoral aspects.

Main Part . The pension system in Uzbekistan is regulated by the Law “On State Pension Provision of Citizens”, adopted on September 3, 1993.

According to this document, there are the following types of state pension:

- by age
- on disability;
- on the occasion of the loss of a breadwinner. The following persons are entitled to an old-age pension:
 - men - upon reaching 60 years of age and with at least 25 years of work experience;
 - women - upon reaching the age of 55 and with at least 20 years of work experience

[6].

If the length of service is not enough, then the pension is assigned according to age and in proportion to the experience.

Those who have no work experience at all are assigned an age allowance: for men - at 65 years old, for women - at 60 years old.

Currently, work is underway to develop a Concept for reforming the pension system until 2030. In accordance with world standards, the concept provides for the introduction of a three-tier pension system.

In accordance with the current norms, for calculating the pensions of citizens receiving wages, income up to 10 times the minimum wage is accepted. It is planned to gradually increase this limit, first to 11, then to 12, and so on until 2030.

2	<p>ISSN 2319-2836 (online), Published by ASIA PACIFIC JOURNAL OF MARKETING & MANAGEMENT REVIEW., under Volume: 11 Issue: 04 in April-2022 https://www.gejournal.net/index.php/APJMMR</p> <hr/> <p>Copyright (c) 2022 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/</p>
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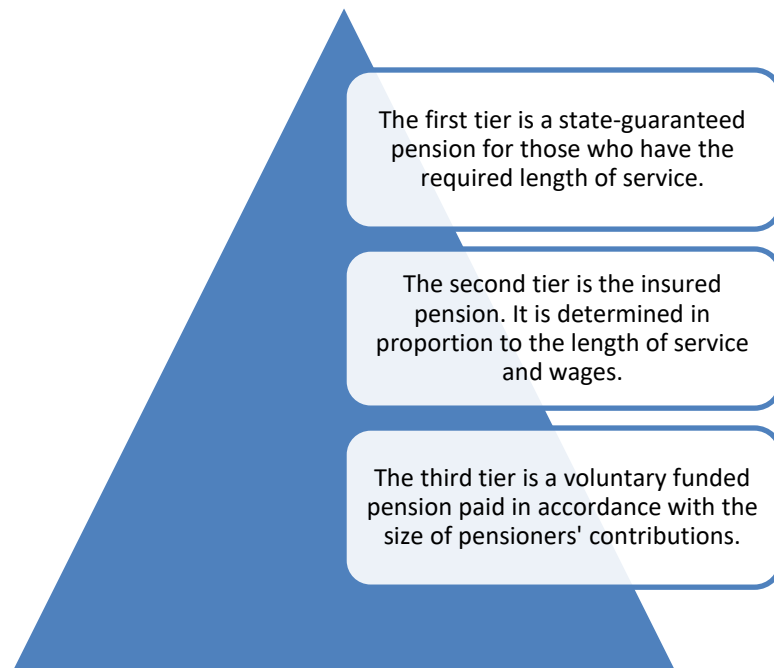


Fig.1. Three-tier of pension system

The largest number of proposals for reforming the pension system was received on the issue of introducing a recalculation of the amount of pensions for working pensioners. It will also be included in the draft Concept. That is, if after retirement a person continues to work, then the length of service and pension will be recalculated for him.

From January 1, 2017 to July 1, 2021, the number of recipients of pensions and benefits increased by 26.1 percent and amounted to 3,959.7 thousand people.

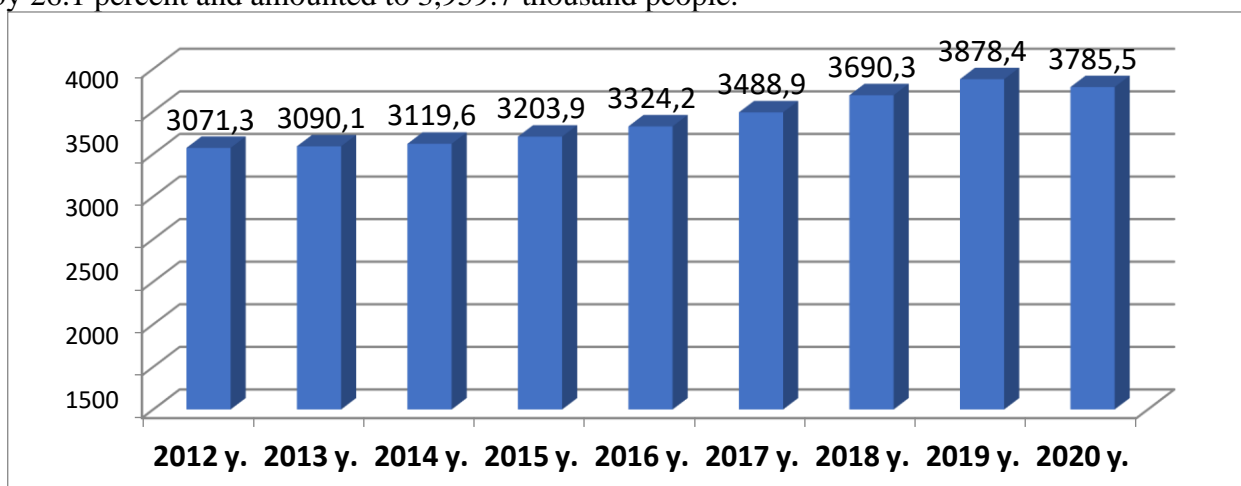


Fig.2. Trend of change in the number of pensioners (thousand people) [14]



It should be noted that with the development of digitalization in Uzbekistan, free interactive service "SMS-pension" to inform citizens about the amount and payment of pensions, as well as from July 1, 2020, self-employed citizens have the opportunity to ensure work experience when paying social taxes (insurance contributions) to the Pension Fund.

Working citizens were given the right to voluntarily pay a monthly social tax on their income so that non-working spouses could receive a pension in the future. The formation of lists of recipients of pensions and benefits and their delivery to Halyk Bank and commercial banks have been transferred to a fully electronic form, and the possibility of forging payment documents has been eliminated.

From June 1, 2021, applications for non-cash pensions and benefits are processed in the process of opening bank plastic cards by citizens at branches of commercial banks or electronically through mobile applications of the bank, without contacting the relevant department of the Pension Fund. The obligation of persons receiving non-cash payments to confirm the right of a citizen to a pension every six months by coming to a branch of the Pension Fund has been canceled; now this is carried out on the basis of an interdepartmental

electronic exchange of information.

From August 1, 2021, a system has been introduced for citizens to apply for all 7 types of benefits on the basis of a passport through the Public Service Centers or electronically in the SPIS.

In many developed countries, a wave of increasing the minimum age for people to retire followed, and they also decided to amend pension legislation.

According to the Decree of the President of the Republic of Uzbekistan on the State Program for 2021, it is noted that from June 1, 2021:

- when assigning a pension, the length of service for the period prior to 2005, when there was no electronic database of wages and length of service, is calculated on the basis of the entries in the work book without requesting any supporting documents;
- verification and collection of excessive payments on assigned or recalculated pensions and benefits for a period of more than three years is cancelled;
- Employees are given the right to pay monthly social tax from their own income on a voluntary basis for the future pension provision of their non-working spouses;
- pensions and allowances are assigned and paid at the request of a citizen at the place of permanent registration or place of temporary residence;
- Applications for receiving pensions and benefits in a non-cash form are processed by citizens in the process of opening plastic cards in banks or through mobile applications without contacting the branches of the off-budget Pension Fund under the Ministry of Finance;

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- the obligation to visit the Pension Fund every six months by recipients of pensions in a non-cash form and conduct monitoring with a visit to the places of monitoring is canceled, with the introduction of a procedure for determining the loss of a citizen's right to a pension based on electronic information provided by the relevant departments.

The main problem of pension provision in Uzbekistan in market conditions, as in all other countries, is to ensure stable financial strength and increase the efficiency of its use. The pension system of Uzbekistan constantly experienced financial difficulties in timely payment of pensions. An objective factor that makes it difficult to solve this problem is the long duration of the pension cycle, which covers a significant period and is equal to the average life expectancy of a person.

Conclusion. Based on the foregoing, the following recommendations are made:

1. Taking into account that, in connection with the demographic forecast of the population, an increase in the share of the population of retirement age is expected, respectively, there will be an increase in the difference between the income and expenditure of the Pension Fund. Therefore, it is necessary to take measures to prevent threats to the expected problem of pension provision.
2. It is necessary to develop a concept for the application of regulatory mechanisms (to increase the number of employees and, accordingly, tax collections to the Pension Fund, change rates, age, and calculated values of changes in the pension system are obtained), which can be used in the preparation of programs to improve the pension system.

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