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## SHOULD WE BE AFRAID OF CASHLESS SOCIETY?

Azamatova Farzona Azizjon qizi

Namangan State University

2<sup>nd</sup>-year student of Economics

E-mail: [azamatovafarzona691@gmail.com](mailto:azamatovafarzona691@gmail.com)

Sattarova Gulnoza Xabibullayevna

Senior Lecturer at Namangan State University

Email: [gulnozasattarova1985@mail.ru](mailto:gulnozasattarova1985@mail.ru)

**Annotation:** This text analyzes the modern world's transition to a cashless economy, examining its pros and cons. The author emphasizes the role of physical money in ensuring personal freedom and privacy, while also highlighting the advantages of the digital monetary system in reducing the shadow economy, preventing corruption, and stopping tax evasion. Furthermore, using the examples of Sweden and China, as well as Uzbekistan's Presidential Decree (PF-246) aimed at increasing the share of cashless payments, the opportunities and risks of a digital economy are explored. In conclusion, the author suggests maintaining a hybrid model that embraces digital innovation while preserving human freedoms and the right to use cash.

**Key words:** Cashless economy, digital money, personal freedom, privacy, shadow economy, corruption, tax, Friedrich Hayek, Kenneth Rogoff, Decree PF-246, Uzbekistan, hybrid model.

For a really long time, money wasn't just for buying stuff—it also meant freedom. Think about it: thousands of years ago, people used shells, coins, paper money. The best thing about physical money was that no one knew who you were when you paid. If you bought something in an old market, nobody asked for your ID or wanted to know where you got the cash. When you use cash, no bank or government tracks what you spend. The money just works by itself.

But now the world is moving to a cashless system. A lot of people think this is great—less corruption, super convenient. But I think there are some scary sides to it. In this essay, I'll explain why we should be worried. In a digital economy, every little thing we do gets watched, and that hurts our personal freedom.

When credit cards first showed up in the 1950s, money started changing. It wasn't really a thing in your wallet anymore—it became numbers on a bank computer. Now we're going even further with digital currencies from central banks. That's dangerous because the government can not only see where your money goes but also control it. Like, they could make money expire after a certain date, or only let you spend it on certain things. Digitizing money turns private buying and selling into public records. With cash, your transactions could be invisible. With digital money, everything is recorded forever. And remember: in a digital system, a third party (like a bank) is always in charge of your money. We're giving up financial freedom just for convenience, and we don't even realize it.

Scholars don't all agree on this. For example, Harvard professor Kenneth Rogoff wrote a book called *The Curse of Cash*. He says we should get rid of cash. His argument is that big bills are mostly used for tax evasion, corruption, and crime. Rogoff thinks going digital is the



only way to make society more transparent and stop economic crimes.

But what's hiding behind that "transparency"? This is where another smart guy, Friedrich Hayek (he won a Nobel Prize), gives us a warning. In his book *The Denationalization of Money*, Hayek says that when the government has total control over money, that's the biggest threat to personal freedom. Hayek believed that economic control isn't just about money—it's control over how we live our lives. If the government can see every purchase you make and freeze your bank account with the push of a button, then political freedom doesn't really exist.

Of course, going cashless isn't a crazy idea with no benefits. There are real advantages. On one side, digital money means efficiency. We wouldn't have to spend billions printing banknotes, driving them around in armored trucks, and shredding old ones. And Rogoff is right—a cashless system really does fight corruption and tax evasion. Every transaction leaves a digital trail, so the "shadow economy" has fewer places to hide. That's a good thing for society.

But here's the problem. The convenience and security we get from digital systems come with a cost. The "ease" we enjoy actually makes us dependent on technology and the government. In a cashless society, every single thing you buy—which book you're reading, which pharmacy you go to—gets stored in a database. That means you lose privacy. If cash is freedom, then digital money is like living in a fishbowl. Everyone is watching you, and banks and the government are analyzing everything you do.

To understand how these worries play out in real life, let's look at some countries.

**Sweden** is often seen as the model cashless economy. The Swedish central bank says only about 10% of retail payments there are in cash. But this didn't go perfectly. Sweden found out that going cashless creates "digital exclusion." Old people and people with disabilities couldn't keep up with the technology. The government had to make a law protecting the right to use cash. So full digitalization can actually take away financial freedom from some people.

**China** is another example—and a scary one. WeChat Pay and Alipay are everywhere. But the Chinese model shows exactly what we're afraid of: a surveillance society. Digital wallets are connected to the Social Credit System. That means your financial activity can be used to restrict your political and social rights. That's not a theory—it's already happening.

This trend has reached Uzbekistan too. On December 10, 2025, President Decree PF-246 was signed to make cashless payments more common and make the economy more transparent. Starting April 1, 2026, payments in certain areas will have to be completely cashless:

- Buying and selling real estate and cars
- Large wholesale deals
- Paid medical services and university contract payments
- All utility and government service payments

From an economic view, these changes should help reduce the shadow economy. And that's a good thing.

For Uzbekistan, going cashless isn't just a tech upgrade. It's about strategic independence and economic stability. Decree of the President PF-246 offers real benefits.

**First**, the shadow economy has been a big problem for Uzbekistan, and it survives on untraceable cash. When payments go digital, every transaction leaves a digital footprint. That means more budget money, less corruption, fairer taxes. Digital transparency makes sure that state resources actually go back to the people. Take real estate. In the past, people would put a low price in the contract and pay the rest in cash. Now payments go through the bank, so the government gets all the taxes it's owed. Economic analyses say the shadow economy



could shrink by 10-15% in two years. That's trillions of soms more for the budget.

**Second**, cashless systems save a lot of money. Instead of spending billions on printing banknotes, transporting them in armored cars, refilling ATMs, and destroying old ones, we can spend that money on schools and hospitals. Uzbekistan could save about 1.5–2 trillion soms every year just in operational costs. That could build dozens of new schools or hospitals. Plus, people in remote areas can use banking services easily—a smartphone with a digital wallet does everything a bank branch used to do.

**Third**, cash leaves buyers unprotected. Digital payments give you an electronic receipt—legal proof of every purchase. That builds trust between consumers, businesses, and the government. Uzbekistan already tried cashback through the "Soliq" app (1% back), and it worked—people started asking for receipts. Starting in 2026, similar incentives are expected for big purchases like cars and homes, which puts money back in people's pockets.

But here's the catch. Uzbekistan's bold step comes with risks. We need to teach people about cyber safety and make strong legal protections for personal data. Otherwise, we might trade economic transparency for losing our privacy.

Going cashless isn't just about ditching paper money. It's about a new kind of social contract. Digital footprints promise fair taxes, social protection, and modern convenience.

But as we chase this "digital utopia," we shouldn't forget what Hayek warned: economic freedom is the foundation of every other right we have. Money isn't just a way to measure value—it's the right to choose. In a fully cashless system, the financial system stops being a helpful tool and becomes a remote control for our whole lives.

The answer isn't rejecting digital innovation. It's keeping a **hybrid model**. The government should make digital payments convenient, sure—but it should also constitutionally protect our right to use cash. Cash means anonymity. Cash means independence.

Here's what I think: The digital economy is like a high-speed train. We have to get on because progress doesn't wait. But humans and their basic freedoms should be driving that train, not technology or control. No perfect digital system is worth more than a person's freedom to choose. We want a transparent economy. But that transparency should be a light that helps people, not a spotlight that exposes everything about them.

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