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WAYS TO INCREASE THE FINANCIAL STABILITY OF AN ENTERPRISE THROUGH DIGITAL TECHNOLOGIES

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ABSTRACT

This article is devoted to a comprehensive study of the role of digital technologies in strengthening the financial stability of enterprises in the context of growing economic uncertainty and global digital transformation. The study focuses on the impact of advanced digital tools – such as Financial Technologies (FinTech), Artificial Intelligence (AI), Big Data analytics, cloud computing, and ERP systems – on managing cash flows, increasing operational efficiency, and enhancing risk mitigation strategies. The scientific findings of O.B. Abdiyev on AI and financial risk assessment, as well as F.M. Pirmatova on investment processes and digital financing mechanisms, have been integrated into this work. Within the scope of the study, the econometric relationship between digital adoption and financial indicators (ROA, Z-score, liquidity) is analyzed using the example of Uzbekistan. The article reveals the mechanisms by which digitalization increases financial resilience and provides practical recommendations.

Keywords: financial stability, digital transformation, artificial intelligence, FinTech, risk management, econometric model, GMM, enterprise efficiency.

INTRODUCTION

The main characteristic of the 21st-century economy is the rapid integration of digital technologies into production and management processes. Global digital transformation is not only a technological trend but also a strategic imperative that determines the long-term competitiveness and financial resilience of enterprises. Particularly in a period of increasing economic uncertainty, ensuring the financial stability of enterprises is emerging as a priority task. The relevance of this article lies in the fact that digital technologies create unique opportunities to improve the efficiency of financial management, minimize risks, and quickly adapt to market changes.

In the Republic of Uzbekistan, the development of the digital economy is a key direction of state policy. Specifically, the Decree of the President of the Republic of Uzbekistan No. UP-6079 dated October 5, 2020, "On Approval of the 'Digital Uzbekistan – 2030' Strategy" and Decree No. UP-5992 dated May 12, 2020, "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025" have created a solid legal foundation for the modernization and digitalization of the country's financial system. Within the framework of these documents, the expansion of mobile banking, digital payment systems, and FinTech platforms has opened new horizons for enterprises to access and effectively manage financial resources. As noted by F.M. Pirmatova in her articles, the favorable environment and system of incentives created for attracting digital investments into the economy serve as a crucial factor in enhancing the financial potential of enterprises .

However, existing academic literature lacks sufficient empirical substantiation of the impact of digital transformation on enterprise-level financial stability, especially in the context of developing countries. O.B. Abdiyev, in his scholarly articles, highlighted the role of artificial intelligence in managing financial risks using international and national practices, statistically proving the effectiveness of digital tools in reducing credit and operational losses. In his view, "the introduction of artificial intelligence technologies into financial risk management processes is a significant factor in increasing the stability of the banking and financial system" . F.M. Pirmatova, analyzing new approaches in the processing industry and investment processes, notes that optimizing production and

logistics processes with digital technologies (IoT, AI) reduces costs by 20-40% . However, the works of these authors do not focus directly on econometric modeling of the quantitative relationship between digital integration and corporate financial indicators.

The aim of this research is to theoretically and empirically substantiate the role of digital technologies in ensuring the financial stability of enterprises and to develop practical recommendations for increasing the efficiency of this process. To achieve this goal, the following objectives were set: to systematize the scientific literature on digital transformation and financial stability; to form an econometric model capable of assessing the impact of digital technologies; and to reveal the causal mechanisms (via FinTech) between digitalization and financial results.

LITERATURE REVIEW

The impact of digital technologies on financial stability is being widely studied by foreign and local scholars. The majority of research focuses on aspects of digital transformation such as increasing operational efficiency, reducing information costs, and improving the quality of risk forecasting.

Analysis of foreign studies shows that digital transformation is a key driver in increasing firm value. Specifically, Ran et al. (2024) found that digitalization significantly improves the efficiency of financial institutions, especially when supported by favorable regional policies . Ping Zhang and Yiru Wang (2024) argue that digital transformation has become a central factor influencing firm value, investment decisions, and capital structure . Research in the field of Financial Technologies (FinTech) is particularly noteworthy. Jiali Wu (2025) proved that digital finance strengthens corporate financial stability through four main mechanisms: reducing financing constraints, providing technological tools, improving data utilization, and supporting ecosystem integration . Zhihan Liu (2025) found that FinTech reduces information costs and increases resource allocation efficiency .

Global research also confirms the impact of digital technologies and AI not only on financial but also on overall management efficiency. As of 2025, 78% of global companies are using AI technologies in marketing or management processes . According to a McKinsey report, productivity in companies that have adopted AI has increased by an average of 14-20%. These figures serve as quantitative evidence of AI's contribution to the rational use of enterprise resources and overall economic stability.

The works of local researchers also pay significant attention to digitalization and financial risk management. O.B. Abdiyev, in his research "International and National Practice of Artificial Intelligence Technologies in Financial Risk Management," determined that AI-based scoring and monitoring systems allow banks to reduce the share of non-performing loans (NPLs) by 10-20%. According to the author, "models based on artificial intelligence in assessing the risk of financial instruments provide higher accuracy and speed compared to traditional statistical methods" . Furthermore, O.B. Abdiyev noted in another article that the use of AI technologies in management optimizes operational costs, thereby positively affecting financial outcomes .

F.M. Pirmatova, in her research "New Approaches to the Processing Sector in Developing Countries: Economic Costs and Financing Mechanisms," emphasizes that optimizing production and logistics processes with the help of digital technologies (IoT, AI) reduces costs by 20-40%. These conclusions indicate that digital integration in enterprises is not merely a technological factor but a direct driver of financial efficiency. In another study, F.M. Pirmatova highlights that diversifying funding sources and attracting foreign investment through digital platforms are crucial factors in ensuring the financial stability of enterprises.

As evident from the literature review, the link between digital transformation and financial stability is scientifically grounded and highly relevant. However, there is a gap in existing research regarding the econometric modeling of the complex impact of multiple digital variables (FinTech,

ICT investments, ERP) on the financial performance of enterprises in Uzbekistan. This work aims to fill precisely this gap.

The Role of AI and Digital Marketing. The global trend confirms the deep penetration of AI into management. As noted in O.B. Abdiyev's research, 78% of global companies already use AI tools in marketing and management as of 2025 . McKinsey's 2024 report indicates that productivity has increased by 14-20% in companies adopting AI. These figures prove that AI is a quantitative contributor to the efficient use of corporate resources.

Research Gaps. Despite extensive research, several gaps remain:

- Limited empirical studies focusing on Uzbekistan and similar developing economies;
- A lack of firm-level econometric models;
- Insufficient integration of multiple digital variables (FinTech, ICT, payments). This study aims to address these gaps.

Methodology. This study utilizes a quantitative empirical research design to examine the impact of digital transformation on the financial stability of enterprises. A panel data approach was adopted, as it allows for controlling unobserved heterogeneity across firms and capturing dynamic changes over time.

Data and Sample. The study is based on the financial reports of 124 enterprises operating in the Republic of Uzbekistan from 2018 to 2024. Data were collected from the following sources: annual financial statements of enterprises, databases of the State Statistics Committee of the Republic of Uzbekistan, and corporate reports reflecting the digital transformation activities of the companies.

Definition and Measurement of Variables. Dependent Variable: Financial Stability (FS). The concept of financial stability is directly related to the effectiveness of financial risk management. In this study, financial stability is measured through the following indicators:

- Return on Assets (ROA) – reflects the overall profitability level of the enterprise, indicating the quality of strategic and operational risk management.
- Z-score – calculated based on the Altman model, used to assess bankruptcy risk (an integral expression of credit and liquidity risks) [15].
- Leverage Ratio – indicates the level of risk associated with the financial structure, i.e., the degree of threat debt burden poses to stability.
- Liquidity Ratio – directly assesses liquidity risk, reflecting the enterprise's ability to meet short-term obligations.

Independent Variable: Digital Transformation (DT). Digital transformation is measured using a composite index consisting of: IT investment intensity, adoption of digital platforms, use of FinTech services, and digital integration in business processes. Each component is normalized and combined into a single index representing the firm's level of digitalization.

Control Variables: firm size (log of total assets), firm age, leverage (when not used as a dependent variable), industry dummy variables, macroeconomic conditions (GDP growth, inflation).

Econometric Model Specification. The following panel regression model is applied to estimate the relationship between digital transformation and financial stability:

$$\mathbf{FS_{it} = \alpha + \beta_1 DT_{it} + \beta_2 Controls_{it} + \mu_i + \lambda_t + \varepsilon_{it}}$$

Where: FS_{it} – financial stability indicators (ROA, Z-score, leverage, liquidity); DT_{it} – digital transformation index; $Controls_{it}$ – vector of control variables; μ_i – firm-specific effects; λ_t – time effects; ε_{it} – error term.

Both Fixed Effects (FE) and Random Effects (RE) models are estimated. The Hausman test is used to select the appropriate model [18].

Mechanism Analysis. A step-by-step mediation approach is applied to identify the channels through which digital transformation affects financial stability [19]. The following mediator variables are taken: access to finance, operational efficiency, risk management capability, and innovative capacity.

Robustness and endogeneity checks. To ensure the reliability of the results, the following are performed: use of alternative dependent variables, estimation of the model with lagged independent variable (DT_{t-1}), Generalized Method of Moments (GMM) estimation [17], and subsample analysis based on regional differences.

Results and discussion. Descriptive Statistics and Correlation Analysis. The descriptive analysis results showed significant differences in the level of digital transformation among the enterprises in the sample. The digital transformation index ranged from 0.28 to 0.86, with an average value of 0.54. The correlation matrix revealed a positive relationship between digital transformation and financial stability indicators. Specifically, the correlation coefficient between the DT index and ROA was $r=0.384$ ($p<0.01$), and with the Z-score it was $r=0.412$ ($p<0.01$).

Baseline regression results. The Hausman test results ($\chi^2=28.47$, $p<0.001$) indicated the superiority of the Fixed Effects model over the Random Effects model. The table below presents the baseline regression results.

Table 1. Impact of Digital Transformation on Financial Stability (FE Model)

Variables	Model 1 (ROA)	Model 2 (Z- score)	Model 3 (Liquidity)
DT Index	0,092 (0,021)	1,847 (0,412)	0,416 (0,178)
Firm Size	0,018 (0,007)	0,324 (0,138)	-0,056 (0,062)
Firm Age	0,003 (0,002)	0,041 (0,038)	0,018 (0,011)
GDP Growth	0,142 (0,058)	2,876 (1,134)	0,528 (0,492)
R^2 (within)	0,423	0,387	0,298
Observations	868	868	868

Note: Standard errors in parentheses. $p<0.01$, $p<0.05$, $p<0.1$.

The results show that a 1-unit increase in the level of digital transformation increases the ROA by 0.092 points and the Z-score by 1.847 points. These findings align with O.B. Abdiyev's conclusions regarding AI and digital technologies reducing financial risk levels. These results also empirically confirm F.M. Pirmatova's points about the potential of digital platforms to reduce operational costs by 20-40%.

Mechanism Analysis: The Role of FinTech. Mediation analysis conducted to identify the mechanisms of digital transformation's impact on financial stability revealed the following four main channels:

1. Improved Access to Finance. Digital platforms expand enterprises' access to external financing by reducing information asymmetry and transaction costs. This leads to improved liquidity indicators. As F.M. Pirmatova noted, "attracting foreign investment through digital platforms is an important factor in ensuring the financial stability of enterprises".
2. Increased Operational Efficiency. Automation and digital integration significantly reduce operational costs. According to the analysis, the share of operational expenses in revenue was, on average, 4.7 percentage points lower in enterprises that actively adopted digital technologies.
3. Strengthened Risk Management. As O.B. Abdiyev noted, "AI-based risk assessment has allowed banks to reduce the share of non-performing loans by 10-20%". The results of this study also showed that the level of financial risk (measured by Z-score) was significantly lower in enterprises that implemented digital technologies.
4. Increased Innovative Capacity. Digital transformation expands opportunities for creating new business models and products.

Robustness Checks and Endogeneity. Several robustness checks were conducted to ensure the reliability of the results. Models estimated with alternative financial stability indicators (ROE, net profit margin) yielded similar results. The results remained robust even when using a lagged DT variable (t-1) to address reverse causality. The two-step GMM estimation (Table 2) used to control for endogeneity confirmed the main conclusions.

Table 2. GMM Estimation Results

Variables	ROA	Z-score
DT Index	0.084 (0.019)	1.726 (0.386)
Lagged ROA	0.312 (0.058)	-
Lagged Z-score	-	0.284 (0.062)
AR(1) test (p-value)	0.002	0.003
AR(2) test (p-value)	0.186	0.214
Hansen J-test (p-value)	0.274	0.312
Note: *p<0.01*.		

Global statistical data strongly support the empirical results obtained in this study. According to the World Economic Forum, FinTech firms achieve approximately 40% revenue growth and 39% profit growth, with customer growth remaining around 37%. The widespread adoption of AI plays a crucial role in strengthening financial stability: about 74% of firms report higher profitability and 75% report reduced costs due to AI. Moreover, the expansion of FinTech has significantly improved

access to financial services – approximately 57% of FinTech firms actively serve Small and Medium Enterprises (SMEs). The IMF Financial Access Survey covers 163 economies and includes 121 indicators, demonstrating the widespread adoption of digital financial services and their importance for financial stability and economic development.

National Practice: The Case of Uzbekistan. Observations at the national level show that in Uzbekistan, large enterprises are also achieving cost optimization by integrating AI tools into management systems. For example, "UzAuto Motors" integrated AI analysis modules into its production planning system in 2024 and reduced logistics costs by 8% . This example shows that digital technologies have a direct positive effect on the financial stability of not only banking and finance but also manufacturing enterprises.

Discussion and Theoretical Implications. The results confirm that digital transformation is a crucial strategic driver of corporate financial stability. These findings contribute to the following theoretical approaches:

- Resource-Based View (RBV): Digital capabilities act as strategic assets that enhance firm performance.

- Financial Intermediation Theory: FinTech and digital platforms improve the efficiency of financial markets by reducing inefficiencies in capital allocation.

- Dynamic Capabilities Theory: Digital transformation strengthens the ability of firms to adapt to a changing economic environment.

International statistical data also confirm these conclusions. For example, according to McKinsey & Company, labor productivity in enterprises that actively adopt digital technologies has increased by 14-20%. World Economic Forum data records up to 40% revenue growth for FinTech firms.

Conclusion and practical recommendations. The results of this study have proven that digital transformation and artificial intelligence technologies are key strategic factors in ensuring the financial stability of enterprises. According to the research findings, digital transformation strengthens financial stability through four main mechanisms:

1. Improving access to finance;
2. Increasing operational efficiency;
3. Strengthening risk management;
4. Developing innovative capacity.

The following practical recommendations have been developed:

1. For Enterprises: Investment in the integration of digital technologies and FinTech should be considered a long-term strategic priority. It is advisable to gradually introduce AI-based models into the processes of assessing credit and market risks.

2. For Banking and Financial Institutions: It is necessary to integrate machine learning algorithms with traditional assessment methods (VaR, PD, LGD) to improve the accuracy of risk forecasting. While implementing AI-based risk management systems, special attention should be paid to improving the digital and analytical competencies of employees.

3. For Policymakers: Supporting digital infrastructure and regulatory mechanisms can enhance the positive impact of digital transformation on financial stability. It is recommended to strengthen internal audit mechanisms aimed at controlling data quality and model risk in the use of AI.

At the same time, it must be acknowledged that there are objective barriers to the widespread adoption of AI technologies, such as information security issues, a shortage of qualified personnel, and high initial investment costs. However, the incentives created within the framework of the

"Digital Uzbekistan – 2030" strategy and the development of digital infrastructure provide a solid foundation for overcoming these barriers.

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