



Prospective Directions of Financial Market Development in Uzbekistan

Jo'rayev Og'abek

The student of TSUE
ogabekjorayev081@gmail.com

ABSTRACT

The role and importance of the financial market in the country's economy, its main trends in the future are widely explained in the article. In the context of the development of the financial market, prospects for improving the activity of the Uzbekistan Stock Exchange were considered.

Keywords:

financial market, financial instruments, stock exchange, stock market, real investment, market capitalization, strategy, foreign exchange market, corporate management, financial resource

The stock market occupies a very important place in the modern economy. In order to stabilize and develop the economy, it is a fact that institutional reforms in the financial sector should be carried out at the same time as conducting an effective economic policy. In the conditions of the market economy, it is of great importance as a stable financial system that creates the opportunity to optimally use securities on the stock market. Countries with such a financial system are more resilient to economic risks.

World experience shows that the most important indicators related to the level of economic development of countries and the high national income per capita, including (a large number of types of securities in circulation in the financial market and high liquidity, high dividend policy in joint-stock companies (JSCs), improvement of stock exchange trading systems) are highly developed in the financial market, in particular, the capitalization of the securities market (QQB). It is explained by the high share of the gross domestic product (GDP).

In the context of financial globalization, scientific research is being conducted to achieve solutions to issues aimed at the international

development of the financial market, effective use of investments. Based on the results of the research, the development of national and international systems of the financial market is emphasized and continuously improved.¹ However, it is of urgent importance to conduct scientific research aimed at the high share of the state in the share capital structure of large companies, the improvement of attracting investment through the financial market, increasing the liquidity of financial instruments, expanding the attraction of financial resources by ensuring their integration into the world capital market, and developing the secondary market of securities.

It is known that the current structural changes in the economy of Uzbekistan are directly related to the stock market. Because in the implementation of the planned investment program in the Republic, the limitation of financial resources characteristic of the transition period is felt. Therefore, effective use of securities of the stock market, using their most convenient forms, remains one of the important issues.

In the conditions of current globalization, stock markets are the main branch of the

economy. It is clear from this that the development of the stock market means the development of the economy. Currently, the global stock markets are experiencing several problematic situations. The President expressed the following opinions about these problems: - "An important issue is that in order to further develop the stock market and stock exchange in our country, it is necessary to fundamentally reorganize the work of the Securities Market Coordination and Development Center. We will continue work on the transfer of vacant state-owned objects to the private sector on the basis of mutual partnership. It is necessary to establish a unified procedure for allocating plots of land, including for entrepreneurs, through electronic sales and auctions on the Internet. For this purpose, starting from 2018, an electronic system for the sale of state assets through electronic trading platforms will be established. In 2018, it is necessary to pay the main attention to the issues of ensuring effective and mutually beneficial cooperation between banks and business entities in the implementation of the tasks set for the development of the banking system. Despite the hesitancy and "advice" of some "experts" against the reform of the currency market, we started the process of currency liberalization based on international standards in a short period of time. But we understand very well that this work is only the beginning of reforms in this area. Currency policy should fully serve the interests of business and economic development, and give a positive impetus to investment activity. For this reason, it was emphasized by the Honorable President that "developing a financial market development strategy in 2020-2025 and bringing the ratio of total securities in free circulation to GDP to at least 10-15% by the end of 2025 is the main issue on the agenda"³. The effective implementation of such priority and urgent tasks indicates the need to study the characteristics and development trends of the financial market in our country and to activate measures aimed at the development of the financial market.

If you look at the history of economic development, you can see the formation of the

financial market, first of all, from the emergence of money in human society and the beginning of the implementation of market relations related to it. Over the centuries, the financial market, its content and related concepts have been forming and developing continuously. The reason for this is the enrichment of the experience of human civilization in the field of finance, in which the financial relations and interests of individuals (legal and physical) expand, their goals and types of activities increase, their interests grow more and more, and their rights are increasingly strengthened and secured.

The most highly developed type of market is the financial market. Now it is becoming clear that the financial market is a complex system that is highly organized and continuously developing, which is becoming increasingly globalized on a global scale and is manifested as a complex of relationships and institutions (participants) with its own environment. In this case, financial markets determine the development of not only the national economy, but also the global economy. Its content is determined on the basis of the following conceptual concepts and laws.

The financial market, in general, can be described as follows.

The financial market is a system that manifests itself as a complex that creates the necessary market conditions for economic entities, which is provided by an organized economic-legal mechanism related to financial instruments equivalent to the monetized real investment base.

"The financial market is a set of economic relations and institutions related to the movement of money capital."

"Financial market - the field of financial transactions using financial instruments."

"Financial market is a market that serves to transfer money from people with excess funds to those who do not have enough funds."

The analysis of theoretical and practical approaches to justifying the methods used in attracting financial resources made it possible to draw the following conclusions in relation to local, national and global capital markets:

- first of all, the methods of attracting financial resources differ according to the goals of financial management;

- secondly, the methods of attracting financial resources have their own characteristics according to the segments and types of the capital market;

- thirdly, methods of attracting financial resources are determined based on financial instruments;

- fourthly, the methods of attracting financial resources depend on the following parameters: the goals, size and conditions of attracting financial resources, organizational and economic characteristics of the company.

In the process of attracting financial resources, mutual relations of capital market segments are formed in the corporate sector of the economy based on the specific characteristics of the financial instruments used. In turn, the analysis of the characteristics and degree of interaction of segments allows to determine and describe three types of correlation between the stock market and the credit market (strong, medium, weak).

But if we take into account that the meaning of classifying any market based on one or another sign is determined by its practical significance in connection with the characteristics of its goods, and if we compare the characteristics, origin and market behavior of the goods in the considered market types with each other, a significant difference will certainly appear. For example, for the circulation of manufactured goods, a market specific to them is necessary, and for securities, only the financial market, for money (currency) and credits - there should be a money market and a credit market, respectively, and so on. Unlike financial instruments, real goods can be traded one or more times, while securities can be traded an unlimited number of times. In general, a commodity is produced by someone, and a financial instrument (including a security) is put into circulation.

The financial market is a structural, but the main and separate part of the general market of any country. However, the basis of the financial market is the market of real goods. At the same time, the financial market is

manifested as a structure of the real economy and the commodity market, provides financial support and coordinates the commodity market and the economy, expresses the objective state of the economy in general and determines its development.

It is desirable to further increase the importance of the stock market in the economy of Uzbekistan. In this regard, based on the order of the President of the Republic of Uzbekistan

Certain activities are being carried out by the responsible state bodies and organizations regarding the development of the "2020-2025 stock market development strategy". Also, taking into account that the share of the organized securities market in the total volume of trading in the securities market is significantly lower, it is appropriate to further develop the organized securities market from an institutional and infrastructural point of view, to review the stock exchange listing requirements, to ease the tariff of commission fees in the stock exchange and electronic trading systems, and to organize free trading of the state share in JSCs in the stock exchanges during privatization processes. The effective organization of the financial market is closely related to the structure of the capital market, the functions of the stock exchange and the central depository, the technology of stock exchanges, listing features, the basics of corporate governance, relations with investors, marketing tools, paying serious attention to foreign experience and practice in project management, as well as solving problems in this regard. According to the analysis, one of the common aspects observed in all developing countries is the lack of liquidity. However, liquidity is a decisive factor in the development of any economy, and there is such an interrelated process that a foreign investor attracts investment to a company if it is liquid, and at the same time, it is difficult to increase liquidity without investing in the company. Ensuring or managing this interdependence requires a professional approach.

The regulatory process is very important in the effective organization and management of the financial market, but it should not be overly strict. For the development of this market, it is

necessary to expand the scope of its participants, and this process should not be carried out at the expense of enterprises that do not meet the requirements of listing.

If there are more issuers on the stock exchange, and if bonds and shares are issued by them and are profitable, the interest in buying them will increase. As a result, the balancing of shares of banks and stock exchanges in the volume of GDP is ensured. Also, increasing the financial culture among the population has a special role in the development of the financial market plays. For example, in Hungary, in 2003, a major reform was started in this regard, and by now, the question of forming a financial culture in this country has been included in school textbooks.

Another important aspect observed in the world capital market is that if a foreign investor wants to invest in a country, it is difficult for him to adapt to local laws and regulations.

Existing national legislation in accordance with international standards creates favorable conditions for foreign investors. The corporate governance code can be included among similar documents that are implemented based on global requirements. Therefore, the legal basis of the principles of corporate governance, the specific features of its implementation, as well as the board of directors of JSCs, in which independent members have a special place, are given to the participants. There, as in developed countries, it is possible to open a remote brokerage account for stock trading. This is a great convenience for foreign investors and one of the necessary factors in increasing the number of market participants. In our country, this process has not yet been launched, and it is impossible to implement it without making changes to the existing legislation.

On the basis of providing services to corporate actions: reducing the time and financial costs of capital market participants; reduction of risk in mutual settlements of capital market participants; introduction of a centralized system of income payment and extinguishment of financial instruments; The central depository will be developed as a single settlement organization in the capital market of Uzbekistan.

In developed foreign countries, through the financial market, on the one hand, state enterprises and organizations, the population attract the funds necessary for them, on the other hand, enterprises, organizations, and the population benefit by directing their temporarily idle funds to purchase valuable securities. This ensures the movement of financial resources and stimulates economic growth.

Increasing the investment activity of the financial market should be carried out not only along with the increase in the value of assets and trading volumes, but also the activity of all participants of the securities market should be ensured. It is desirable to direct the development of the stock market to the activation of financial resources, their rational use and redistribution in order to somewhat accelerate economic development.

JSCs in which the state and business associations have a share must be sold on the basis of primary and secondary public offering (IPO and SPO). As a result, it is possible to increase the position of the capital (financial) market in the national economy and its role in attracting investments, and to attract the general public to stock market trading.

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