Specific Characteristics of Financial Convergence in The Region

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ABSTRACT

The article shows the specific features of financial convergence. It is justified that the development of financial convergence processes has a significant impact on the financial market. Development indicators of financial convergence in the digital economy have been developed.

Keywords: Financial convergence, convergence processes, divergence, optimal order, company merger, Financial convergence, system efficiency, integration and globalization processes.

I.Introduction.

A distinctive feature of regional financial convergence is that convergents and their participants are subjects of different sectors of the financial market, competing with each other. Under the terms of convergence, the majority of the revenue generated by convergence will be received by the initiator of convergence. With the voluntary form of convergence, the efforts of its participants bring the activities of economic entities closer to each other, the entities united in the market by convergence work as a single entity, so the competition moves to the next, higher level. At the same time, all its participants receive income from the interpenetration of the activities of the entities.

It should be noted that the processes of intra-segment and inter-segment convergence are initially more evident in the financial market, which makes it possible to designate the processes of convergence and interpenetration of the activities of individual entities of the financial market as financial convergence. However, the strengthening of integration and globalization processes can be effective by "moving back" from the financial sector and creating new forms of joint business organization with participants from different sectors of the economy within the framework of intersectoral cooperation. But, subject to a number of conditions, the creation of economic ecosystems can be considered as a modern direction of increasing the efficiency of the entire social production. Solving this problem is urgent as the most important segment of the financial sector.

The process of constantly increasing mutual exchange and interdependence between various types of financial intermediaries has become a modern global trend of the development of the financial services industry in the world financial market - financial convergence. Non-bank institutional investors representing banks, insurance corporations and investment funds, pension funds, based on diversification in the world financial market, form special associations - financial conglomerates (Like many terms, the word "conglomerate" is derived from the Latin language. " Conglomeratus" when literally translated "crowded, gathered".) begin to organize.

The processes of financial convergence in the world economy and the formation of new institutional forms of financial associations led to the formation of new synthetic institutions - financial conglomerates, operating in different segments of the world financial market and under different brands.

Another characteristic of financial convergence is that it is conceived as a means of competition, using the similarity of different sectors of the financial market, and at the same time becomes a mechanism for increasing the competitiveness of entities (firms) of different sectors of the financial market.

Financial convergence proposed in the article defines the following goals:

- determination of the impact of digitization and financial convergence on changes in the financial market, as well as interregional approximation of the activities of economic entities in the region based on the analysis of this impact;
- formation of financial convergence using digital technologies and creation of models for their formation so that their actual creation and operation will support the effective development of the national market;
- financial convergence - to reveal the nature and parameters of the mechanism of increasing the competitiveness of organizations as economic subjects;
- building a classification of levels of economic convergence based on the different content of its main parameters proposed in the work;
-Determining the features of digitization in the financial market of Uzbekistan;
- to reveal the role of digitalization in the processes of convergence of the economy and to highlight the parameters of their interaction;
- development of the theory of effective activity of the organization on the basis of the financial model developed on the basis of the use of algorithms for the formation of plans for increasing the efficiency of the company and organizations. consideration of the proposed performance criterion;
- development of a theoretical concept of economic convergence as an effective business model, taking into account the impact of digitization, including the definition, classification and models of financial convergence.

In scientific literature, special attention is paid to financial convergence, and it is considered as one of the important areas of development of insurance markets.

II. Methods

The most interesting discussion for us is the convergence of national financial models in the context of integration and globalization. As part of this discussion, the question of the best existing financial system was actively discussed. A. Gerschenkron[1]. he was one of the first to compare the development models of Germany and Great Britain. After that, there were many comparative studies based on the models of the financial systems of the USA, the European Union, Great Britain, Japan and others (T. Rujbinski (Ryzbinski T.)) [2] J. Hanson and others (Hanson JA Et all) [3] and others.

Chicago School of Economics (USA) researchers U. Bratton and J. McCory (Bratton U., McCary J.) [4]. According to him, the convergence based on the evolutionary paradigm is based on the principle of "survival of the fittest". With this approach, there is no need for institutionalization. Because in the long term, international competition encourages companies to minimize costs, that is, to attract external (borrowed) capital at the lowest price. This perspective describes institutional competition (i.e. competition of institutions) in the form of traditional market competition of products on the market. As for financial markets, the financial system is considered as a system of minimum complexity, where the structural dependencies between the components do not play any role. As a result of competition and convergence, it is assumed that the most efficient system will emerge: market-oriented or bank-oriented.

English researchers H. Hansmann and R. Kraakman (Hansmann H., Kraakman R.) [5]. argue that market-oriented systems occupy a higher "evolutionary plateau" and are intrinsically superior to bank-oriented financial systems. However, not everything is so clear. Determining the best system is a difficult task. Official reform of corporate laws did not bring their financial systems closer to ideal, as was shown in the case of Germany and Japan after World War II. For example, in Japan, a law similar to the American Glass-Steagall Act "On the Protection of Minority Shareholders"[6] was adopted, according to which banks were prohibited from mutual ownership of each other's shares. However, this legislation was bypassed through mutual instructions. In the late 1980s and early 20th century, a counter-argument was made that bank-oriented financial systems would be more prone to economic growth and therefore dominate the world. In the last decade, the vector of the study of economic systems from the perspective of the neoclassical "mainstream" has been oriented towards the market. He returned to the systems (the Anglo-American legal model typical of the USA, Great Britain, etc.). Economic growth O. A. Hathaway, R. G. Ryan and L. Zingalez (Hathaway OA; Rajan RG, Zingalez L.) [7].

The theory of convergence became the basis for the harmonization of the systems of regulation and control of modern trends in development, as well as the mechanisms of coordination of macroeconomic policies of various countries and regions of the world economy. On the one hand, this is the convergence of economic and socio-economic development levels of countries, regions, industries, individual enterprises, etc. Within this approach, the concept of convergence is used to study the spatial inequality of incomes (regions, countries, etc.), searching for an answer to the question, income distribution in the studied economies is becoming more equal. This approach is based on R. Solow's neoclassical model of economic growth. The most famous in this context are the concepts of β (beta)- and c (sigma)-convergence proposed by R. Barro.

(Barro R., Sala-i-Martin H.) [8]. These concepts are based on the log-linear approximation of the Solow model of economic growth with the Cobb-Douglas production function and create a new basis for the theory of convergence-divergence as a method of studying industrial markets. Beta convergence is the process of catching up with development, narrowing the gap between more and less developed insurance areas so that the highest possible growth brings the development levels of the center and periphery closer together. Beta convergence shows the dynamics of the vasigma-convergence indicator due to the negative correlation between the rate of economic growth of the regional market and its initial level of development.

The presence and dynamics of the Sigma convergence indicator indicate a decrease or increase in the time of the spread (spread over time) of the development indicators. D. Levy, M. Higgins and others (Levy AT, Higgins D. and others) in their work proved that sigma convergence implies beta-convergence, but sigma convergence does not follow from beta-convergence [9]. This means that if there is convergence on the studied trait, beta convergence analysis does not provide any additional information, but if there is no convergence, the results of diagnosing beta convergence can be misleading to the reader. Therefore, for further empirical analysis of convergence processes, the sigma approximation is of interest, as its presence in the studied indicators directly shows (for the selected population).

In Western economic science, much attention is paid to the study of convergence between the countries of the European Union, which is pursuing a targeted policy to equalize the differences in the level of socio-economic disparity of the participating countries[10]. At the same time, there are regulatory documents specially developed by the European Commission, both at the level of the European Union and at the level of individual European countries, which determine the development vectors of these processes[11].

Practical studies on the convergence-divergence phenomenon have spread to the financial markets in connection with the integration processes in the European space and are mainly focused on the analysis of financial integration. There are certain conditions for this. Let's list the main ones.

1. Increasing the efficiency and speed of providing financial services, which is primarily the rapid development of information and communication technologies and the use of the Internet as a market place for the provision of services (24-hour operation of institutions, money transfers), the transfer of settlements to the virtual space, remote services 'show etc.)[12].

2. Change in the quality of competition, transition from competition based on the institution's affiliation to a certain industry to product (product competition).

3. Increasing the efficiency of financial markets by increasing the mobility of international capital.

It is the integration processes that have become the subject of research by European authors who have examined various aspects of financial integration in the European Union, in various segments of the financial market. For example, P. R. Lane and L. Reichlin (Lane PR, Reichlin L.)[13]. Convergence is considered a system of leveling differences.

Both political and economic L. Baele, A. Ferrando et al. (Baele, L., Ferrando, A. et al.) [14] defines financial integration as a certain financial instrument market between the member states of the Union. When economic entities with the same relevant characteristics operate under the same rules in the same administrative environment. R. Rosenov and K. Hristov, (Khristov K., Rozenov R.) [15], J. Adam, T. Jappelli (Adam K., Jappelli T. and others) [16] measure the evolution of integration. These studies show that, as noted by N. P. Kuznesova and G. V. Chernova[17], financial integration of economic entities is based on compliance with the principle of homogeneity to ensure stable homogeneity according to certain characteristics. It reflects the merger (integration) of homogeneous financial market entities - for example, merger of banks, merger of insurance companies, merger of investment and pension funds (PF), etc. [18].

Convergence is heterogeneity (heterogeneity in composition and origin, as opposed to homogeneity) in the functional structures and management strategies adopted by financial institutions, which leads to various potential synergies and potential combinations of risks. N. P. Kuznesova and J. V. Pisarenko determine the signs of heterogeneity in the financial market[19]:

- homogeneity of market subjects in terms of sum or one of their signs;

- uniformity of institutions in terms of composition and origin;

-variety of strategic decisions and their adoption in financial institutions in different segments of the financial market.

In the future, the processes of financial convergence were reflected in the work of many foreign and Russian researchers. Italian researchers proposed to consider convergence in terms of general changes in financial institutions, for example, when analyzing the reasons for the creation of European unity, focusing on the consequences of convergence processes, not the causes, based on quantitative methods.

The next direction of the convergence theory is based on the process of diffusion of knowledge and large investments in education and science. One of the supporters of this concept is T. Piketty[20]. He believed that the spread of convergence mainly depends on the existence and development of educational institutions in the state and their financial support.

In the countries of the European Union (EU), much attention is paid to the analysis of the convergence processes between the Western countries, many studies are being conducted aimed at reducing the differences in the level of socio-economic development of the countries of the European Union. At the same time, there are regulatory documents specially developed by the European Commission, both at the level of the European Union and at the level of individual European countries, which define the development vectors of these processes.

There are very few studies of convergence processes by Russian researchers. Thus, the research of N.P. Kuznetsova and G.V. Chernova [21] showed the general directions of financial market development on the example of financial convergence and globalization.

III. Results and Discussion

The practical features of algorithms of traditional, systematic and situational approaches to strategic decision-making for the creation of a multi-channel system of value-oriented business processes in various express delivery enterprises, their life cycle and type, are revealed and defined. Providing services (specialized, integrated, innovative), which ensures the formation of optimal control effects on business processes, taking into account their configuration, current management goals in a given situation, and also increases the efficiency of the convergence process.

The most important factors of modern economic development that can affect the efficiency of the financial market of Uzbekistan are digitization and economic convergence. The influence of these factors is manifested at the level of organizations and companies, therefore, the condition for the effective development of the financial market of Uzbekistan as a whole is the effective development of convergence due to the positive impact of these trends on the activity.

The effective operation or development of companies participating in joint business, that is, operating within the framework of financial convergence, may also be related to the implementation of certain areas of efficiency improvement. At the same time, in order to ensure the maximization of the effectiveness of joint business, in determining all possible directions, not only the specific characteristics of the companies' activities, but also the directions related to the direct impact of digitalization must also be specified. Joint ventures should be considered; those determined by the possibilities of economic convergence processes and those determined by the impact of digitization on these economic convergence processes.

The financial convergence (joint activity) business model, which implements the most effective of all possible directions of increasing efficiency under the influence of digitization, can be considered as the economic system that best meets the task of effective development of the financial market of the whole of Uzbekistan.

In general, under certain conditions, digitalization is a factor of effective development of any company, and for companies participating in the process of financial convergence, digitalization and economic convergence become factors of their effective development, which affects the results of their activities both independently and jointly. The effective direction of development of the financial market of Uzbekistan is the direction determined by the implementation of business processes and the influence of digitization.

Thus, in the medium term, there will be trends in the external environment of express delivery companies that will encourage the integration of services and their close cooperation with compensation operators, which can be ensured only if the management levels of express delivery companies change. In the process of integration, the expansion of the higher institutional level of management takes place, because management must make responsible strategic decisions. The implementation of these solutions is accompanied by horizontal functional separation at the primary management level, from which integration processes with other services are implemented and coordinated.

IV. Conclusions

In conclusion, the integration processes and the speed of convergence allow us to conclude that the implementation of the modern transformation of express delivery services as a result of the evolution of the online trade market can be achieved through the flexible change of the management system of express delivery enterprises to stimulate the consolidation processes. Their integration with other last-mile services is accompanied by the development of a horizontal functional division of the primary management level, which increases the efficiency of the process of convergence of services in the market, as well as their interaction with payment operators.

From our point of view, the implementation of this scheme for changing the management system of express delivery enterprises, which is dominated by the development of a horizontal functional division due to the need to ensure operational cooperation with other services, provides a certain synergy.

The current trends of market development actually determine the imperative - unchanging direction of the strategic development of fast delivery companies, which is not related to separation from competitors (differentiation), but to the implementation of an integrated interaction strategy.

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