

THE IMPORTANCE OF THE DEVELOPMENT OF FINANCIAL MARKETS IN THE ECONOMY OF UZBEKISTAN

Ozatbekova Ozodakhon¹

Student of the faculty of economics,
e-mail: ozoda.ozatbekova@mail.ru

Ozatbekov Yusupkhon²

Assistant of the department of transport economics,
e-mail: yusuf.ozodbekov@mail.ru

Gulamov Abdulaziz Abdullayevich³

Vice-rector for academic affairs of

¹⁻²⁻³Tashkent State University of transport
<https://doi.org/10.5281/zenodo.7005556>

ANNOTATSIYA

Until now, when the question of the role of the financial sector in the development of the country's economy was put forward by Josef Schumpeter in 1911, it has been recognized by all scientists that the development of this industry is necessary for the development of the economy. Financial sector, on the other hand, is a set of financial institutions, instruments and markets. Taking into account the fact that today the highest share in the gross domestic product of the developed countries of the world belongs precisely to the sphere of financial services, relying on their experience, the development of the sphere of financial services in the economy of Uzbekistan, especially financial markets, is one of the most important issues facing our country.

Key words: financial sector, financial market, investment, financial services.

The financial system stimulates economic growth by increasing the volume of savings, attracting and consolidating savings, producing information about investments, facilitating the inflow of foreign capital, as well as optimizing the allocation of capital. In countries with a well-developed financial system, economic development will also be high. In addition, it reduces poverty and inequality by expanding financing opportunities for poor and disadvantaged groups, increasing investment and productivity, which leads to increased income.

Since the development of the financial system occupies an important place in the development of the country's economy, it is of great importance for each country to assess the development of its own financial sphere. In world practice, several tools are used for this. For example, the ratio of assets of financial institutions to GDP, the ratio of liquid liabilities to GDP and the ratio of deposits to GDP. However, since the financial system consists of various institutions and markets,

they do not fully reflect financial development. For this reason, the World Bank has developed a methodology for assessing financial development, which defines four indicators representing a well-functioning financial system: financial scale, accessibility, efficiency and stability. We can illustrate this in more detail in table 1 below:

table 1¹

	Financial institutions:	Financial markets:
By application area:	<ul style="list-style-type: none"> Private sector loan against GDP Assets of financial institutions in relation to GDP M2 in relation to Gross Domestic Product Deposits in relation to GDP Share of financial sector in GDP 	<ul style="list-style-type: none"> Capitalization of the securities market in relation to vayaim, special debt obligations Private debt to GDP Public debt to GDP International debt to GDP Capitalization of securities market in relation to GDP Shares sold in relation to GDP
The possibility of using:	<ul style="list-style-type: none"> Accounts per person of Harming (commercial banks) Branches per hundred people (commercial banks) Percentage of people with bank accounts (by survey) Percentage of enterprises with credit lines (all enterprises) 	<ul style="list-style-type: none"> Market capitalization rate outside the 10 largest companies Profitability of government bonds (3 months, and 10 years) Ratio of internal debt to total supply The ratio of the issuance of new corporate bonds to GDP
Efficiency:	<ul style="list-style-type: none"> Account Flyers per thousand people (commercial banks) Branches per hundred thousand people (commercial banks) Percentage of people with bank accounts (questionnaire) Percentage of enterprises with credit lines (Hammers) 	<ul style="list-style-type: none"> Stock market turnover ratio Price synchronicity (add-on) Private information trading Influence of prices Liquidity / transactional costs Quotation on government bonds Turnover of bonds (private, public) on the stock exchange Accountability

	<ul style="list-style-type: none"> • Suffoizmargisi • Savings-deposits • Interest-free • Additive properties (jamiaktivlarga nisbatan foizda) • Profitability (return on assets, capitalization) • Boon indicator (oriherfindahlyoki H-statistics) 	
Stability:	<ul style="list-style-type: none"> • Z-points • Investment adequacy ratios • Asset quality ratios • Liquidity ratios • Others (net currency status in relation to capital, etc.) 	<ul style="list-style-type: none"> • Volatility of the stock price index (standard yield / average), index of independent bonds • Index uncertainty (stock price, independent bond) • Weakness in revenue management • Price / income ratio • Duration • Ratio to the total amount of short-term bonds (internal) • Relationship with the main yield of bonds

When we talk about financial markets, they include banks, pension, insurance, foreign exchange funds and many other economic institutions that help distribute and redistribute money.

Financial markets differ depending on the type of assets, delivery dates, and form of organization. Together, financial markets can be divided into the following types:

1-drawing.



Financial markets vary greatly in size, liquidity, and technology adoption. As a rule, financial markets have trading hours and deadlines during which transactions must be concluded. Auctions are organized by the market itself or according to its rules.

The financial market performs several functions, and they are as follows:

- **Price determination:** Supply and demand in the financial market help determine the price. An investor is someone who provides funds, and industries and businesses need such funds. Thus, as a result of the interaction of these two participants and other market forces, the market price is formed.
- **Mobilization of savings:** for the success of the economy, it is important that money is in constant motion. The financial market, however, helps to connect the owners of money with those who need money, and ensures the efficient movement of money.
- **Provides liquidity:** buyers and sellers receive high liquidity in the financial market. This means that investors can easily sell assets and convert them into cash whenever they want. Liquidity is an important factor of investors' participation in trading.
- **Saving time and money:** Financial markets serve as a platform where buyers and sellers can easily find each other without much effort and without wasting time. In addition, since a large number of transactions are made in these markets, scaling them helps to save money. This leads to lower transaction costs and costs for investors.

The role of investments in the economies of countries around the world is invaluable. Since investments allow for structural transformations in the economy, further strengthening of the country's export potential, the creation of high-tech competitive industries, the introduction of advanced foreign technologies, know-how and management experience.

The share of investments attracted in 2019 in the gross domestic product amounted to 37.1%, and further increase of this indicator is one of the main tasks facing the country's economy. Financial markets are of great importance in attracting investments. Considering this, the President of our country Shavkat Mirziyoyev pays great attention to the development of financial markets in our country. In particular, in accordance with the Decree of the President of the Republic of Uzbekistan dated January 14, 2019 No. UP-5630 "on measures to radically improve the system of state assets management, antimonopoly regulation and capital market" Agency for State assets Management, in accordance with the Decree of the President of the Republic of Uzbekistan dated January 24, 2019 No. PP-4127 "On measures to radically improve the system "On the organization of the activities of the Agency for the Development of the Capital Market of the Republic of Uzbekistan " Agency for the development of the capital market , On August 5, 2019, by the Decree of the President of the Republic of Uzbekistan "On measures to reform and ensure the accelerated development of the insurance market of the Republic of Uzbekistan", the Insurance Market Development Agency under the Ministry of Finance of the Republic of Uzbekistan was established on the basis of the State Insurance Supervision Inspectorate under the Ministry of Finance of the Republic of Uzbekistan.

In addition, the resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On approval of the Regulations on the Capital Market Development Agency of the Republic of Uzbekistan and the Capital Market Development Assistance Fund under the Capital Market Development Agency of the Republic of Uzbekistan" dated August 7, 2019 also provides for the development of financial markets in our country.

However, as the President of our country noted at a meeting dedicated to the development of the stock market on October 7, 2019, the total value of shares on the stock market is 25 trillion soums, which is 6 percent of our gross domestic product. For comparison, in Singapore this figure is 188, in Malaysia-112, in Russia-34 percent. In addition, the total number of professional stock market participants is less than 100 people. This indicates that there is still a lot of work to be done in our country to develop the financial market. In this regard, our country plans to develop a stock market development strategy for 2020-2025, which provides for bringing the ratio of the total value of freely traded securities to GDP to at least 10-15 percent by the end of 2025.

List of used literature:

- 1) Based on World Bank data:

<https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/financial-development>

2) Data of the official website of the Statistical Committee of the Republic of Uzbekistan:

<https://stat.uz/uz/press-sluzhba/novosti-gks/8290-asosiy-kapitalga-investitsiyalar-12-19>

3) Official website of the president of the Republic of Uzbekistan:

<https://president.uz/uz/2703>