Financial Institutions and Markets

Abstract: The importance of economic cooperation in the development of the national economy increases with the development of the world economy and the deepening of the globalization process. Its main subjects are countries, multinational companies, regional and international economic organizations. Since the 80s of the 20th centuries, the scope of international economic cooperation has expanded and covered a wide range of economic relations. International financial institutions play a major role in the world economy. They provide funds and loans to various countries; help develop world trade and stabilize the financial system. International financial organizations are institutions established on the basis of international agreements in the field of international finance. In order to effectively and timely implement investment projects aimed at the rapid development of economic sectors in our country, consistent measures are being taken to actively attract funds from international financial institutions and donor countries. At the same time, the results of the analysis showed the existence of a number of problems in the management system of investment projects with the participation of international financial institutions and foreign government financial organizations that prevent the effective organization of work in this field, including: firstly, the lack of a systematic approach to the coordination of investment projects and the organization of control over their implementation leads to fraud, the timely utilization of allocated loan and grant funds, as well as unreasonably extending the project completion dates; secondly, the lack of adequate regulation of the issues of organizing the activities of relevant structures responsible for the implementation of investment projects leads to the duplication of obligations related to the implementation of projects and the burdening of organizations that do not have the necessary resources and opportunities for this.
The role of financial relations in the development of society is incomparable because they are a complex system of relations based on the formation, distribution and use of the movement of financial resources by international financial market institutions and financial institutions and organizations. For this reason, many financial organizations have established extensive economic relations with Uzbekistan and are establishing effective cooperative relations. These international financial organizations have made a number of investments in the social and economic spheres of Uzbekistan. The number of investment projects is large, and the strengthening of cooperation relations should be given constant attention. The reason is that entering the international market, one of the tasks is to develop relations with international financial institutions in order to increase the export potential of the state, social support of the population, and to improve the production and service infrastructure. The importance of economic cooperation in the development of the national economy increases with the development of the world economy and the deepening of the globalization process. Its main subjects are countries, multinational companies, regional and international economic organizations. Since the 80s of the 20th centuries, the scope of international economic cooperation has expanded and covered a wide range of economic relations. International financial institutions play a major role in the world economy. They provide funds and loans to various countries; help develop world trade and stabilize the financial system. International financial organizations are institutions established on the basis of international agreements in the field of international finance. In order to effectively and timely implement investment projects aimed at the rapid development of economic sectors in our country, consistent measures are being taken to actively attract funds from international financial institutions and donor countries. At the same time, the results of the analysis showed the existence of a number of problems in the management system of investment projects with the participation of international financial institutions and foreign government financial organizations that prevent the effective organization of work in this field, including: firstly, the lack of a systematic approach to the coordination of investment projects and the organization of control over their implementation leads to fraud, the timely utilization of allocated loan and grant funds, as well as unreasonably extending the project completion dates; secondly, the lack of adequate regulation of the issues of organizing the activities of relevant structures responsible for the implementation of investment projects leads to the duplication of obligations related to the implementation of projects and the burdening of organizations that do not have the necessary resources and opportunities for this; thirdly, narrow departmental approaches to the implementation of investment projects lead to inefficient organization of the work of project implementation teams, as well as the distraction of LAOG employees to activities unrelated to the main tasks and goals of investment projects; fourthly, the existence of many scattered LAOGs within one executive agency leads to an unjustified increase in the costs for managing investment projects; narrow departmental approaches to the implementation of investment projects cause ineffective organization of the work of project implementation groups, as well as the distraction of LAOG employees to activities unrelated to the main tasks and goals of investment projects; fourthly, the existence of many scattered LAOGs within one executive agency leads to an unjustified increase in costs for managing investment projects; narrow departmental approaches to the implementation of investment projects cause ineffective organization of the work of project implementation groups, as well as the distraction of LAOG employees to activities unrelated to the main tasks and goals of investment projects; fourthly, the lack of staff selection for LAOGs does not allow LAOGs to be filled with qualified personnel capable of effectively performing the tasks assigned to them. Organizationally, the financial market can be seen as a system of financial institutions - a set of economic entities that issue and buy and sell financial instruments, since the main task of financial institutions is to ensure free movement. Financial resources from the owners of these funds to the

1 https://hozir.org/khalqaro-moliyaviy-institutlar-va-uzbekiston-annotatsiya.html
borrowers of funds. Each financial organization is given certain powers to carry out financial transactions financial instruments characterized by a certain set. It is customary to divide financial institutions into the following types:

- commercial banks;
- mutual savings banks;
- credit unions;
- Insurance companies;
- non-state pension funds;
- investment funds;

financial companies

Financial intermediaries can be divided into four groups:

- deposit type financial institutions;
- contractual savings organizations;
- investment funds;
- other financial institutions.  

Financial markets, especially some of them, such as crypto-currency or the stock market or stocks, are very attractive to many who decide to invest in them. However, it should not be forgotten that this is a possible risk. Because prices fluctuate, because they are governed by the law of supply and demand, and the conditions of countries and their economies affect these markets, prices and investments may end or fall. In other words, you can make a lot of money or lose a lot. In general, the higher the volatility of a financial asset, the more it can lose; but, at the same time, the profit can be high. That's why many people take risks in search of that "treasure" they dream of. The problem is, if you don't walk with a lead, things can get very dangerous. For this, there must be a good preparation in the financial market in which it operates in order to wait for possible crises, good trading opportunities will appear or come. Now that you know more about the financial markets, you can decide whether to enter or stay out of them. If you go in, make sure you have all the information or people who really understand those markets.

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2 Decree of the President of the Republic of Uzbekistan, dated 16.07.2018 No. PQ-3857
Derivatives transactions that are not cleared through CCPs are subject to margin requirements under a global policy framework and schedule established by the BCBS and IOSCO. These margin requirements help ensure a counterparty’s exposures are backed by a sufficient number of resources in the event of a default. From 2017 to the commencement of the COVID-19 pandemic, the first four phases of the implementation of non-cleared margin rules have been completed.8 As shown in Figure 1.4, the initial margin (IM) for Phase One firms steadily increased over the years, and the amounts received and posted are approximately the same. Similarly, the IM received and posted for Phase Two and Phase Three firms increased from 2018 to 2019. In sum, at year-end 2019, large banks had received over $1 trillion of collateral from their counterparties to back their derivatives trades3.

The most common financial intermediaries are deposit-type institutions. The main institutions of this group of intermediaries are commercial banks, savings organizations and credit unions. Commercial banks usually offer a wide range of services for collecting funds from business entities and providing

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3 The role of financial markets and institutions in supporting the global economy during the COVID-19 pandemic May 2021
loans. Due to the great importance of commercial banks in the development of the economy in general, they are a strict subject of state supervision and control.

**Financial market** — a market in which the object of trade is money or paper equivalent to money. In this market, relationships are conducted regarding the temporary use of financial resources for a fee or their purchase, as well as the transfer of funds from savers to borrowers. Economic entities with surplus funds offer their financial resources to entities in need of funds. The financial market is conducted in banks, stock exchanges and auctions. Depending on the nature of financial transactions, there are several ways to categorize MB. According to the principle of return, the financial market is divided into 2: debt obligations and the capital market. In the debt obligations market, money is temporarily issued to the market as debt, and the money received is used for personal consumption. In the capital market, the right to receive income from invested money is sold and bought. In this market, funds are used as capital and generate profits. Taking this into account, the capital market can be divided into 2 segments: the loan capital market and the stock market. The loan capital market is the lending of capital in the form of money with the condition of paying interest. Short-term obligations are traded in this market. These are mainly obligations of the state and banks. Shares, bonds, promissory notes and others are traded in the primary and secondary stock markets. As a result of the internationalization of economic life, the world Financial Market appeared. In the past, financial markets took place at specific locations where the relationships were sought between the savings that families wanted and the investments that companies could provide and the financing of nations. Now it is very simple, because it is done through telematics platforms, so you only need a computer or mobile device to connect. Financial markets are easy to categorize, but as a result, there are different types according to different dimensions. For example, approximately:

- **Primary financial markets**: They are also called issuances, where securities are issued, such as government bonds, corporate bonds, etc.

- **Secondary Markets**: also called negotiation. They sell financial assets that are part of the primary market. One of the best known is the stock market, but there are many more that are starting from scratch.

Now if we classify the financial markets according to the time of investment, we find the following:

- **Money market**: it focuses on short-term assets

- **Capital market**: for long-term financial assets. List the best known stocks, fixed income or financials.

In addition, a more segmented classification also gives us the following markets:

- Raw material.

- Currency. The best in these cases is Forex.

- Financial derivatives, where you will find organized markets such as financial futures or financial options; or unorganized.

- Cash.

- Insurance.

- Interbank.

- Cryptocurrency market. One of the fastest growing things right now is the variety of cryptocurrencies available.
References:

1. The role of financial markets and institutions in supporting the global economy during the COVID-19 pandemic May 2021
3. Decree of the President of the Republic of Uzbekistan, dated 16.07.2018 No. PQ-3857