



Prospective Directions of Financial Market Development in Uzbekistan

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Received 25th Nov 2023,
Accepted 30th Dec 2023,
Online 8th Jan 2024

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ABSTRACT: The role and importance of the financial market in the country's economy, its principal directions in the prospect are widely explained in this article. Also, prospects for improving the activity of the stock exchange of Uzbekistan in the context of the development of the financial market were also considered.

KEYWORDS: financial market, commercial bank, securities market, joint stock company, stock exchange, currency market, financial resources.

INTRODUCTION

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 are carried out at the same time as conducting an effective economic policy. The market economy is important as a stable financial system that provides access to 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 high national income per capita, including (availability of securities in circulation on the financial market, high dividend policy in joint-stock companies, improvement of stock trading systems) is explained by the high level of development of the financial market, in particular, the high share of the capitalization of the stock market in relation to the volume of the gross domestic product.

The role of the financial market in achieving the growth of our national economy is great. In this case, we always use the example of economically developed countries. The role of financial markets in the development of the real sector is incomparable.

Despite the scope of the reforms implemented in recent years, the high share of the state in the financial markets in our republic, show that, the low level of financial literacy of the population, the need to

improve the legal framework, the inefficient management systems of state-owned enterprises, and the fact that foreign investments in our country remain below our potential and the financial market is lagging behind the development .

This makes it necessary to carry out scientific research on this topic and in this way determines the relevance of the chosen topic.

MAIN PART

In recent years, a number of important changes have taken place in the financial market of Uzbekistan, in particular, in accordance with the development strategy of New Uzbekistan in 2022-2026, increasing financial resources in the economy from 200 million US dollars to 7 billion dollars by introducing stock market circulation and completing transformation processes in commercial banks with a state share, by the end of 2026, it is planned to increase the share of the private sector in the assets of the banking system to 60%.¹ It is envisaged to accelerate the transformation of commercial banks, to abandon subsidized lending, and to actively transform commercial banks with a state share into modern institutions by increasing their role as financial intermediaries. Likewise, in the context of financial globalization, the international development of the financial market and the solution of issues aimed at the effective use of investments are envisaged. scientific research is being conducted to achieve it. Based on the results of the research, the development of national and international systems of the financial market is emphasized and continuously improved.

It is known that in recent years, great work has been done in Uzbekistan to develop the capital market, which is of great importance for banks. Today, all necessary conditions have been created for foreign investors to enter the market in our country.²

At the same time, there are also problems related to the trust of citizens. Including

First of all, due to cash problems, the problems associated with obtaining citizens' deposits.

Secondly, the work being done to improve the service, protect the rights of investors from any fraud and lies.

In order to overcome the above-mentioned problems, it is necessary to develop the national market in our country, to regulate, to improve the infrastructure, the existing instruments of the financial market, and to establish a regional investment financial center in order to attract international financial institutions. Therefore, new modern methods are being introduced to automate the banking system and improve the efficiency of service provision. Of course, regulating the financial market is a very difficult task. As trends are constantly changing, new trends and products emerge that expand the range of financial instruments.

It is necessary to attract investments in order to reduce the impact of the global instability currently occurring in the architecture of the world financial market on our national financial market, to increase the importance of the national financial market in the economy, to modernize the economy, to ensure economic growth, and to reduce inflation.

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. A new document on the development of the stock market was adopted in Uzbekistan. One of the KPIs for the next seven years is to increase the volume of publicly traded shares to \$8 billion. Uzbekistan will increase the capitalization of freely traded shares to at least 8 billion dollars by 2030.³ Now this indicator is 340 million dollars. It follows that the free market capitalization of the stock market of Uzbekistan should

grow more than 20 times in seven years. In the spring of 2021, the Ministry of Economy and Finance became the regulatory body of the capital market of the Republic of Uzbekistan. The decree "On measures for further development of the capital market" included an extensive list of measures to be implemented by the end of 2023 and a number of KPIs. By the end of 2023, the total value of shares in free circulation was planned to reach 45 trillion soums (equivalent to 3.7 billion dollars, 5% of the republic's gross domestic product). According to the results of last August, in reality, the dollar capitalization of the free float market was about \$340 million, which is \$100 million more than in 2020, but it was 0.4 percent of GDP. The main reason for this failure is that the country's major companies and banks have not gone public for two years. As a result of the reforms implemented in the financial market in our country, a single depository system will be introduced in Uzbekistan from January 1, 2025. It is also planned to encourage local investors. For example, the implementation of the employee stock ownership plan, the part of the salary used for the purchase of securities is exempted from income tax with ESOP, the amount is required not to exceed the monthly income. Also, citizens will be able to open a personal investment account with an income tax exemption of up to 100 times the minimum wage. But there is one condition - securities must be purchased within 12 months and funds must not be withdrawn during this period. Otherwise, you will have to pay tax. There are currently no such benefits on the market. Dividend tax benefits will be extended until 2028. According to the State Statistics Committee of the Republic of Uzbekistan, the rate of growth of the Commodity Exchange (UzRTXB) is regularly recorded (+2.44%). Including, UzRTXB will pay 2.3 thousand soums per share in 2022 based on the results of the work.

Change in share price (Prices are shown in soums. The final price is taken into account.)⁴

Name of the company	The value of 31.03.2023	The value of 07.04.2023	Change, %
Uzautomotors	63 500	68 000	+7,09%
O`zbekiston Respublika Tovar-xomashyo bazasi	20 499	21 000	+2,44%
Ipotekabank	0,87	0,89	+2,30%
Hamkorbank	96	98	+2,08%
O`zmetkombinat	8 825	8 800	-0,28%
O`zsanoatqurilishbank	10,08	9,73	-3,47%
Olmaliq kon -metallurgiya kombinat	10 801	10 060	-6,86%

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. The currency policy should fully serve the interests of business and economic development, and give a positive impetus to investment activity." Therefore, the President of the Republic of Kazakhstan "Developed a strategy for the development of the financial market in 2020-2025 and the gross domestic value of all securities in free circulation" it was noted that the main issue on the agenda is to bring the ratio to the volume of products to at least 10-15% by the end of 2025".⁵ 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.

CONCLUSION

In developed foreign countries, through the financial market, on the one hand, state enterprises and organizations, the population attract the necessary funds for themselves, on the other hand, enterprises, organizations and the population use their temporarily idle money in securities. Few will benefit by directing them to buy. 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 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. Joint-stock companies, 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. It is necessary to develop directions for the gradual reduction of the state's share in the share capital structure of large companies of strategic importance. As a result, it will be possible to increase the volume of production, create new jobs and increase budget revenues in industries that require large investments. The development of the financial market serves not only the formation and placement of state or enterprise funds, but also the attraction of public funds to this market. All these cases indicate that there is a strong need for a unified concept for the development of the financial market in Uzbekistan. The results of correlation and regression analysis of the effect of population income and money supply on changes in the volume of GDP show that the increase in income of the population is inversely proportional (affects) to the volume of GDP. indicates that it is being redirected. In addition, it should be recognized that the participation of the population's income in the financial market is limited in the country, most of the income is spent on consumption, or the economic interest of the population in directing the income to the financial market is not high, or the investment attractiveness of the financial market is weak. The market that deals with the issue of securities and their trading in the financial market is called the financial market. The main task of this market is to collect and distribute the necessary investment funds for the development of the economy, develop ownership relations, redistribute the market through the sale of securities, and finance the debt of the state and joint-stock companies through the issuance of securities.

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