

## Finance of Uzbekistan in the International Financial System and its Impact on the Global Economy

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**Abstract:** In this article, the international financial system, its structural structure, essence, and the role of Uzbekistan's finance in it were deeply analyzed, the problems in it were identified, the necessary solutions were proposed, and its impact on the global economy was considered separately.

**Keywords:** international financial market, international financial system, market economy, liquidity, investment, global economy, national credit markets, stock markets, international bonds, capital flow, venture investments, startups.

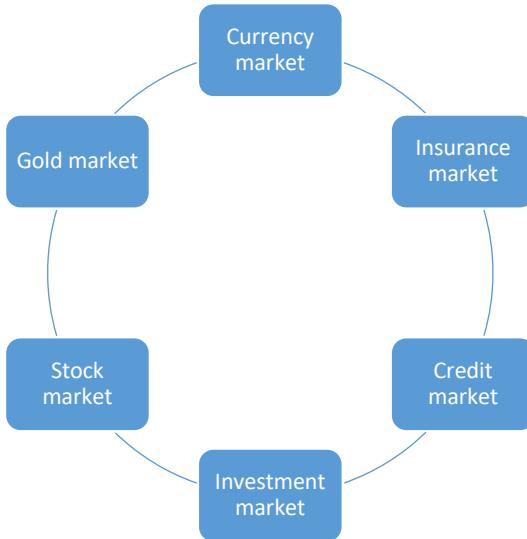
### INTRODUCTION

Today, the international financial market plays an important role in ensuring international trade and international relations between countries. The international financial system is extremely complex and dynamic and is one of the main driving forces of the world economy. Uzbekistan participates in this among countries with a developing market economy.

Before analyzing the financial market, it is necessary to study its essence, history (Table 1) and composition (Figure 1). Processes related to financial assets and their characteristics are analyzed in depth in the financial market. These features are:

- Durability
- Liquidity
- Mobility
- Universality and more.

In recent years, a number of decisions and decrees have been adopted by the President of the Republic of Uzbekistan in order to support the economy of our country. These documents state: "In the current unstable situation in the international financial market, it will be extremely difficult to attract foreign funds. In such conditions, it is necessary to make effective and full use of our own resources." At the same time, special emphasis was placed on investment support and rational use of natural resources.



**Figure 1. Structural view of the international financial market**

The international financial system has a significant impact on the global economy. Especially among countries, capital flow, investment flow, exchange rates in countries, inflation and interest rates, and participation in financial stability are high.

**Table 1. Structural structure of the international financial market and stages of its formation**

| STEPS            | Years        | <i>CHANGES IN THE STRUCTURE OF THE INTERNATIONAL FINANCIAL MARKET</i>  |
|------------------|--------------|--|
| The first stage  | 1860         | Development of foreign trade. The emergence of the international gold-currency market  |
| The second stage | 1950<br>1960 | Internationalization of transactions in national credit markets.<br>Formation of the international credit market.  |
| The third stage  | 1970<br>1980 | Formation of the international market of long-term capital.<br>Liberalization of national stock markets. Formation of the international stock market.<br>Rapid development of transnational banks and companies. Further expansion of international stock markets. Implementation of initial systematic operations in the international insurance market.<br>Development of operations in the international credit market. |
| The fourth stage | 1990<br>2000 | Rapid development of the fund segment of the international molly market. Formation of the international derivatives market.<br>Rapid development of the international derivatives market.  |

#### **Analysis and results:**

Starting from 2019, the Republic of Uzbekistan has successfully issued international bonds, such as government bonds issued in London, as one of the factors confirming the financial stability of the country in the global capital markets and also helped to improve the credit rating.

In recent years, as a result of economic reforms, Uzbekistan has become more active in attracting foreign investments. The state investment policy is aimed at creating favorable conditions for foreign investors, and in 2024, Uzbekistan increased the volume of foreign direct investments by 53.6% to 11.9 billion US dollars.

Uzbekistan's active cooperation with prestigious financial organizations such as the World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), Islamic Development

Bank (IDB) serves as the basis for the allocation of large investments for the development of infrastructure, agriculture, energy and social sectors of the country.

As a result of the Central Bank of Uzbekistan's efforts to liberalize the financial sector and adapt it to international standards, large local banks, including "Ipoteka-bank", "Uzmilliybank" and "Asakabank", have started working in cooperation with international financial organizations. In addition, it is planned to open foreign bank branches in our country.

The development strategy of New Uzbekistan for 2022-2026 is based on large-scale and deep economic, technological and social development. The financial sector contributes to the achievement of 39 of the 100 national goals and participates in all seven areas of the Strategy. In particular, the tasks of increasing the share of the private sector from 45% to 80% in GDP by 2026, completing the transformation processes in commercial banks with a state share, and increasing the share of the private sector in the assets of the banking system from 15% to 60% have been set.

Uzbekistan's "green" industries are actively attracting foreign investments. Today, financial markets in the world are increasing the effective approach and development of the "Green Economy". International investors are increasing the volume of green investments. In 2021, the issuance of stable bonds in the world amounted to 859 billion US dollars, which is more than 1.5 times the figure of 2020. This approach made it possible to direct free domestic investment resources to other sectors of the economy.

Also, in 2024, investments in fixed capital amounted to 333.8 trillion soums, and venture investments in startups amounted to 17.5 million dollars. However, the fact that the funds involved in 105 projects worth 9 billion dollars were not used, and only 6 of the 55 plots of land intended for sale were put up for electronic sale indicates that the implementation of the president's decision is not fully ensured.

### **Conclusion:**

In conclusion, the international financial system is the main engine of the global economy, which determines exchange rates, investments, loans and financial stability. However, this system also has risks - financial crises, debt problems and geopolitical rivalries affect its effectiveness.

Although Uzbekistan is trying to increase its participation in the international financial system, there are still some problems:

1. The need to increase the country's international credit rating
2. The need for complete modernization of the banking system
3. The need for full liberalization of the currency market
4. The need to prevent corruption and bureaucracy is one of them.

In order to strengthen its position in the international financial system in the future, Uzbekistan should deeply reform the financial markets, create more favorable conditions for investors, and pay great attention to the development of digital financial technologies as a solution to the above-mentioned problems.

In the near future, financial technologies and green investments are expected to further develop this system in our country.

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