

DEVELOPMENT OF THE FINANCIAL MARKET IS AN IMPORTANT FACTOR OF THE ECONOMY

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Abstract: This article examines the financial market and ways to further develop it, as well as several factors that are hindering it. In addition, the role of the stock market in the economy and the views of local and foreign scientists in this regard were studied, and the circulation of the stock market of Uzbekistan and Japan was analyzed.

Keywords: stock market, securities, equity, shares, bond, financial instruments.

Introduction

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 2022-2026¹, it is planned to increase the financial resources in the economy from 200 million US dollars to 7 billion dollars by introducing the stock market circulation, to complete the transformation processes in commercial banks with a state share, and to bring the share of the private sector in the assets of the banking system to 60% by the end of 2026. It is envisaged to accelerate the transformation of commercial banks, abandon subsidized lending, and actively transform commercial banks with state shares into modern institutions by increasing their role as financial intermediaries.

Today, it is very important that all the necessary conditions are being created for foreign investors to enter the market in Uzbekistan. In addition, he touched on the existing problems related to the trust of citizens. This was due to the difficulty of receiving deposits from the population due to problems related to cash. Today, citizens' deposits are 100 percent protected. Work is also underway to improve service delivery, protect investors' rights from any fraud and lies. There is no doubt that all the measures taken will have a positive effect on the further development of the capital market.

In the future, the development of the financial market in our country, in turn, requires the establishment of a regional investment financial center for the development of the national market, regulation, improvement of the infrastructure, existing instruments of the financial market, and the attraction of international financial institutions.

For this, it is necessary to introduce new modern methods that allow automating the banking system and increasing the efficiency of service provision. Of course, regulating the financial market is a very difficult task. Since trends are constantly changing, new trends and products appear that expand the range of financial instruments, and it is precisely because of these factors that we have encountered several obstacles in the development of the financial market.

Analysis of literatures

In the literature related to the economy, there are studies and analyzes of the financial market and its origin, its segments, especially the stock market and several factors hindering its development and their elimination.

¹ <https://strategy.uz/index.php?news=1275&lang=uz>

In Western economic literature, financial markets are presented as a set of market institutions that direct the flow of funds from savers to borrowers.²

According to the definition of VEChernova from foreign scientists³, the financial market is the total amount of all money resources in constant motion, that is, placement and redistribution by various subjects of the economy through changes in demand and supply for these resources.

From the above analysis, it can be noted that the financial market, with the help of these financial institutions, brings together sectors with a need for funds and those with excess funds. Also, the financial market serves as a key pillar in the development of the economy, and by further improving its infrastructure, it is possible to achieve economic stability in the country and increase investment attractiveness.

Research methodology

This article analyzed the scientific-theoretical views of foreign and local scientists about the financial market and its current role, as well as several factors hindering its development and measures to prevent them. Several methods such as assessment, monitoring, analysis, synthesis were used during the research.

Analysis and results

As of November 1, 2020, the total market capitalization of the "Tashkent" Republican Stock Exchange was 52.55 trillion soums (more than 5 billion dollars).

In the 10th month of 2020, 30,489 deals worth 421.1 billion soums were concluded with securities of 96 companies at the "Tashkent" Republican Stock Exchange. For comparison, in the same period of 2019, 25,305 transactions worth 376.3 billion soums were carried out (increase in the number of transactions was 20.5 percent, in monetary terms - 12 percent).

During January-October 2020, securities of 41 joint-stock companies were included in the list of stock exchange quotations (in the same period of 2019, only 23 issuers were included). At the end of October 2020, securities of 133 joint-stock companies were listed on the trading floor of the stock exchange, which is 25% more than last year.

Picture 1. Trading turnover of "Tashkent" Republican Stock Exchange in 2020.



²Edwin G. Dolan, Coin D. Campbell, Rosemary G. Campbell. Money, banking and monetary policy. C. "Harcourt School", 1988. P. 15.

³Chernova V.E. Finansovye rynki: uchebnoe posobie/SPbGTURP. - SPb.: 2015. 73 p.

Source: Taken from Uzse.uz.

As of December 31, 2020, there were 145 joint-stock companies with a market capitalization of 54.80 trillion soums in the list of stock exchange quotations of "Tashkent" RFB. In the middle of April, the capitalization of the stock market reached a minimum level in 2020 and approached the figure of 49 trillion soums. This decrease in market capitalization began in February, mainly due to the deregistration of 18 joint-stock companies, the majority of which did not meet the requirements of the regulation on the list of stock exchange quotations. Then, in the next 5 months, the capitalization of the stock market will show an average level of 50 trillion. approached soum.⁴ According to the results of stock market trading in 2020, the share of the primary placement of securities in the total stock turnover is 50.9% or 86.8 billion. amounted to soum. Thus, the total volume of stock market turnover shows the following situation: Primary placement volume:

- Issue of additional shares - 59.3 bln. soum;
- Corporate bonds - 34.4 bln. Soum. Volume of secondary market turnover:
- Shares - 51.2 bln. soum;
- Corporate bonds - 24.5 billion soums.

Figure 2.4-year trading turnover of the Japanese stock market.

Stock market capitalisation

US\$ tn



Source: Bloomberg data
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China has become the world's second-largest stock market after a months-long rout that saw it lose \$2.29 trillion from its January peak. Chinese stocks were worth \$6.09 trillion at Thursday's close, while the Japanese market was worth \$6.16 trillion, according to Bloomberg data. The US remained

⁴https://www.uzse.uz/system/analytics/pdfs/000/000/098/original/market_overview_2020_rus.pdf?1613567625

the largest stock market at \$31 trillion. It marks the first time China has missed out on the title since November 2014 when they finished second behind Japan. The fall also highlights lingering trade tensions with the U.S., Beijing's campaign to ease debt-fueled growth and signs of slowing domestic demand. They have combined to dampen investor sentiment for Chinese assets. The CSI 300 index of major stocks listed on the Shanghai and Shenzhen exchanges has fallen more than 17 percent year to date, while the onshore renminbi is down 5.3 percent against the dollar. By comparison, Tokyo's Topix index fell just 4 percent in 2018, while the Japanese yen gained almost 1 percent against the greenback. All this is a far cry from the boom of June 2015, when China's stock market reached \$10 trillion just before the stock market bloodbath began, eventually wiping \$5 trillion off the market. Threw it and saw it in a short time. prok fell, while the onshore renminbi exchange rate fell by 5.3 percent against the dollar. By comparison, Tokyo's Topix index fell just 4 percent in 2018, while the Japanese yen gained almost 1 percent against the greenback. All this is a far cry from the boom of June 2015, when China's stock market reached \$10 trillion just before the stock market bloodbath began, eventually wiping \$5 trillion off the market. Threw it and saw it in a short time.⁵

Conclusions and suggestions

Today we see many opportunities for the development of the financial market. However, for it to work well, it is necessary to introduce various tools and know-how. The private sector must have access to finance.

At the same time, he said that this issue should not be based only on the development of the banking sector, for this it is important to attract investors, create an infrastructure that meets international standards, and gain the trust of not only large market participants, but also the trust of ordinary citizens. Because people have to trust the local market.

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⁵<https://www.ft.com/content/19fa375a-96cf-11e8-b67b-b8205561c3fe>