



## WAYS OF DEVELOPING THE FINANCIAL MARKET

Oromov Jakhongir

Senior Teacher of Karshi Engineering Economics Institute

### ABSTRACT

Financial markets are an important component in the transmission of monetary policy and play a key role in fostering financial stability. Financial market development aims at enhancing the capacity of the financial system to pool domestic savings and foreign capital in funding investment and consumption, and at enabling efficient risk-sharing.

**Keywords:** Monetary policy, Marketing, Economy, Financial market, Economic system, Investors

Financial market is a crucial component in the economic system. It is the engine that drives the economy, being a platform where surplus units meet deficit units and negotiate various kinds of financial agreement. The objective of financial market development is, therefore, to enhance the capability of the financial market to act efficiently as an intermediary. An efficient financial market is one with proper depth and breadth, that is on the supply side, there is a wide range of financial instruments, offering choices of issuers, credit risks, and etc. to satisfy all classes of asset demand. On the demand side, there has to be sizable investment demand from various types of investors, with different risk-return appetites. Also, a good diversity among issuers and investors usually brings about a good mix of market views, leading to an active exchange of financial assets. A highly liquid financial market as such is able to accommodate large and varied issuance of financial instruments with minimum price effect. Here, financial instruments can be quickly exchanged at reasonable cost. Efficient clearing and settlement system is a key supporting factor that helps lower transaction cost.

Financial theory has developed very dynamically in the last 50 years. There has been a remarkable interaction between theory and practice. Academic research has contributed to our understanding of investor behaviour and the functioning of financial markets. Academic research has also stimulated financial innovation and led to development of new financial instruments and markets. Particularly important financial research areas in the past five decades have been portfolio theory, capital asset pricing theory, interest rate structure theory, capital structure theory, agency theory, efficient markets theory, and option pricing theory.





The number of research articles and books published is very large. Below, a small selection has been made including several contributions from Nobel Prize winners in Economics. Researchers have access to an incredible amount of data concerning the development of financial markets. Interestingly, however, financial market data spanning the whole 50 years are not so readily available. This reflects, on the one hand, that financial markets evolved gradually only, with some segments, such as derivatives markets, virtually being non-existent 50 years ago. In addition, prior to the crisis, the volume of capital inflows surpassed that of the underlying current account deficits of Asian countries, resulting in a large surplus on the overall balance of payments and a substantial accumulation of foreign reserves. Moreover, the increased foreign borrowing promoted domestic credit expansion by the domestic financial sector in an environment of premature and weak financial systems, which gave rise to bubbles in real estate and equity markets and excess capacity in manufacturing. Domestic absorption, thus, increased, causing the current account deficit to widen to match the capital account surplus. Such capital inflows were attracted by strong macroeconomic fundamentals-sustained economic growth, inflation that remained relatively under control, sound fiscal balances, and high savings and investment rates-and growing optimism surrounding Asia's emerging market economies. In 1995-1996, some of the bubbles burst and consequently financial sector assets turned into non-performing assets.

This caused a shift in investors' sentiment about Asia's economies, leading to a reduction of capital inflows and triggering speculative attacks against domestic currencies. These attacks generated a sudden and massive reversal of capital flows. The failure to defend the fixed exchange rates and subsequent depreciation of local currencies immediately worsened the problems associated with a currency mismatch by expanding external liabilities in terms of domestic currency. Thus, the declining value of domestic assets and the expansion of liabilities as a result of double mismatches of the financial sector deepened the crisis. The resultant rapid deterioration of the balance sheets of domestic financial sectors and enterprises caused a further capital withdrawal, sending domestic currencies into free fall (i.e. a sudden and substantial depreciation).

The downward spiral of worsening balance sheets, depreciation of local currencies and massive capital outflows caused an international liquidity shortage (i.e., a sharp drain of external reserves) and domestic banking crises due to insolvency and deposit withdrawals of financial institutions amid double mismatches. In these circumstances, commercial banks and nonbanks found it difficult to maintain new or even existing credit lines to the private sector, causing a credit crunch and recession.





In the face of spreading bankruptcy of enterprises and sharp depreciation of local currencies, which worsened financial institutions' balance sheets even further, domestic absorption sharply reduced and domestic recession deepened quickly. Therefore, the Asian crisis can be characterized as twin crises, a combined currency and banking crisis.

## References

1. Irgashevich, S. T., Odilovich, O. A., & Mamadaliyevich, G. E. (2022). INTERNET TECHNOLOGIES IN THE TOURISM INDUSTRY. *Web of Scientist: International Scientific Research Journal*, 3(9), 57-64.
2. Irgashevich, S. T., Erkin, G., & Dilnoza, S. (2022). IMPORTANCE OF FOREIGN LANGUAGES IN DEVELOPING HOSPITALITY AND TOURISM SECTOR OF UZBEKISTAN. *Web of Scientist: International Scientific Research Journal*, 3(9), 48-56.
3. Odilovich, O. A., & Shukhratovich, M. S. (2021). Opportunities to develop forecast parameters of the regional labor market through the R programming language. *DEVELOPMENT ISSUES OF INNOVATIVE ECONOMY IN THE AGRICULTURAL SECTOR*, 40.
4. Якубова, Э. Т., & Валиев, Б. Б. (2015). ПЕРСПЕКТИВА СОЦИАЛЬНО-ЭКОНОМИЧЕСКОГО РАЗВИТИЯ РЕГИОНОВ ПРИАРАЛЬЯ. In *Экологическая безопасность промышленных регионов* (pp. 287-290).
5. Elnora-khan, Y. (2022). Assessment Of the Territorial Balance of Industry. *The Peerian Journal*, 5, 126-129.
6. Кузиев, К. Ф. (2014). Исследование эффективного использования земельно-водных ресурсов в регионах в условиях реализации программы политики ресурсосбережения. *Пути повышения эффективности орошаемого земледелия: Сборник научных трудов*, (56-2), 108-115.
7. Кузиев, К. Ф. (2018). Региональные особенности развития сельского хозяйства в Узбекистане в условиях дефицита водных ресурсов. *Региональная экономика: теория и практика*, 16(4 (451)), 711-723.
8. Якубова, Э. Т., & Муминов, Т. К. (2021). INDUSTRIAL DEVELOPMENT FEATURES OF THE TERRITORIES: SPECIALIZATION, DIVERSIFICATION AND POINTS OF PRODUCTION GROWTH (ON THE EXAMPLE OF KASHKADARYA REGION). *Экономика и финансы (Узбекистан)*, (6), 48-56.
9. Жумаева, Г. Ж., Хасанова, Ю. М., & Рузиев, З. И. СВОБОДНЫЕ ЭКОНОМИЧЕСКИЕ ЗОНЫ И ИХ РОЛЬ В РАЗВИТИИ ЭКОНОМИКИ УЗБЕКИСТАНА.





10. Khamidovich, T. S., & Ikromovich, R. Z. (2021). Prospects for Increasing the Competitiveness of Private Enterprises in Territorial Development. *Academic Journal of Digital Economics and Stability*, 85-90.
11. Shukurov, F. T., & Khamrokulov, J. A. (2021). TOURISM AND ECONOMIC GROWTH IN THE CASE OF UZBEKISTAN. *ResearchJet Journal of Analysis and Inventions*, 2(05), 470-477.
12. Tokhirovich, S. F., Patterson, I., Sitora, S., & Jurabek, K. (2021). An analysis of tourist satisfaction toward public transportation—the case study of Samarkand, Uzbekistan. *CENTRAL ASIAN JOURNAL OF INNOVATIONS ON TOURISM MANAGEMENT AND FINANCE*, 2(3), 31-39.
13. Mallaevna, O. N. (2021). Theoretical Basis of Formation of Pedagogical Ethics in Students. *International Journal of Development and Public Policy*, 1(5), 131-132.
14. Mallaevna, O. N. (2022). THE PROCESS OF FORMING PEDAGOGICAL ETHICS IN STUDENTS AND ITS EFFICIENCY. *Web of Scientist: International Scientific Research Journal*, 3(02), 679-682.
15. Очилова, Н. М. (2017). СОВРЕМЕННЫЕ ТРЕБОВАНИЯ К УРОКАМ АНГЛИЙСКОГО ЯЗЫКА. *Ученый XXI века*, 43.
16. Amridinova, D. T. (2020). THE IDEA OF A PERFECT PERSON IN OUR SPIRITUAL HERITAGE (ON THE EXAMPLE OF THE DOCTRINE OF ACCELERATION). *Scientific Bulletin of Namangan State University*, 2(7), 171-176.
17. Амридинова, Д. Т. (2019). ДУХОВНО-НРАВСТВЕННЫЕ ОРИЕНТИРЫ СТРАТЕГИЧЕСКОГО ПАРТНЕРСТВА УЗБЕКИСТАНА И ТАДЖИКИСТАНА НА СОВРЕМЕННОМ ЭТАПЕ. *Вестник Таджикского национального университета*, (10-1), 49-52.
18. Саримсаков, М. И., Султанова, Р. Х., & Иброхимов, И. (2021). Фармакологические свойства масел, полученных на основе растений. *ББК 72я43 (4Бел+ 5Кит) Н76*, 97.
19. Саримсаков, М. И., & Султанова, Р. Х. (2021). Изучение фитомасел при воспалительных процессах.
20. Тухтаев, Х. Р., Хамидов, О. Ж., Султанова, Р. Х., & Чинибеекова, Н. К. (2021). ЭКСТРАКТ ИЗ ЦВЕТКОВ РОМАШКИ НА МАСЛЕ ГОРЬКОГО МИНДАЛЯ И ПОЛУЧЕНИЕ СТАБИЛЬНЫХ ЭМУЛЬСИЙ НА ЕГО ОСНОВЕ. *Известия высших учебных заведений. Химия и химическая технология*, 64(7), 61-67.
21. Султанова, Р. Х., Алиев, Х. У., & Батырбеков, А. А. (2012). Изучение влияния вигитрила на иммунологическое состояние у экспериментальных животных. *Сибирский медицинский журнал (Иркутск)*, 110(3), 40-42.



22. Султанова, Р. Х., Туляганов, Р. Т., Юсупова, Д. А., & Шильцова, Н. В. ВЛИЯНИЕ КООРДИНАЦИОННОГО ПРЕПАРАТА ВИСМУТА (III) С ГИСТИДИНОМ НА МОРФОЛОГИЧЕСКУЮ КАРТИНУ ОРГАНОВ ЖЕЛУДОЧНО-КИШЕЧНОГО ТРАКТА. *FARMATSEVTIKA JURNALI*, 83.
23. Очилова, Н. Р. (2021). ЗНАЧЕНИЕ ДУХОВНОГО ВОСПИТАНИЯ МОЛОДЁЖИ С ИНТЕЛЛЕКТУАЛЬНЫМ ПОТЕНЦИАЛОМ. *Scientific progress*, 1(5), 251-254.
24. Манзаров, Ю. Х., & Очилова, Н. Р. (2019). Как воздействовать на своё отношение к человеку. *Academy*, (11 (50)), 18-20.
25. Ruzimuratovna, O. N. (2021). Moral Threats in the Era of Globalism: The Main Goals and Directions. *Journal of Ethics and Diversity in International Communication*, 1(4), 39-41.
26. Ruzimuratovna, O. N., Khurramovich, M. Y., & Suyunovna, J. S. (2020). The main features of western Europe medieval, modern philosophy and philosophical views in the 9TH-12TH centuries in Central Asia. *Journal of Critical Reviews*, 7(14), 193-199.
27. Ruzimuratovna, O. N. (2022). ROLE OF NATIONAL AND CULTURAL CENTERS OF UZBEKISTAN IN PUBLIC LIFE. *INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT, ENGINEERING AND SOCIAL SCIENCES ISSN: 2349-7793 Impact Factor: 6.876*, 16(5), 73-75.
28. Ibragimkhodjayev, A. M., Rakhmonberdiyev, G. R., Murodov, M. M., & Kodirov, O. S. (2009). "Influence of ripening process of cellulose from topinambour on its fractional composition. Chemistry and chemical technology. *Tashkent*, (4), 57.
29. Valijanovna, M. S., Zulfiya, S., & Rayxonoy, T. (2021). Selection of effective method of paraffin purification using adsorbents from local raw materials. *Asian journal of multidimensional research*, 10(4), 101-105.
30. Mamadaliyeva, S. V., & Abdurakhimov, S. A. (2018). Purifying sulphur paraffine components adsorbent from local clay. *Научный журнал*, (6), 15-16.
31. Komilovich, R. O., Valijonovna, M. S., & Abduraxmonovich, A. S. (2021). Results of experimental and production testing of developed technologies for the production of acid-activated adsorbents of MCA for purification of paraffin and ceresins on their compositions. *Asian journal of multidimensional research*, 10(6), 146-149.
32. Мамадалиева, С. В., Абдурахимов, С. А., & Мирсалимова, С. Р. (2019). Активация глинистых адсорбентов омагниченным раствором серной кислоты. *Universum: технические науки*, (11-2 (68)), 62-64.



33. Мамадалиева, С. В. (2022). КОМБИНИРОВАННАЯ ТЕХНОЛОГИЯ ГЛУБОКОЙ ОЧИСТКИ ПАРАФИНА НА АДСОРБЕНТАХ ИЗ МЕСТНОГО СЫРЬЯ. *Главный редактор: Ахметов Сайранбек Махсutowич, д-р техн. наук; Заместитель главного редактора: Ахмеднабиев Расул Магомедович, канд. техн. наук; Члены редакционной коллегии, 68.*
34. Карабаева, М. И., Мирсалимова, С. Р., Салиханова, Д. С., Мамадалиева, С. В., & Ортикова, С. С. (2022). Основные направления использования отходов растительного сырья (скорлупа арахиса) в качестве адсорбентов (ОБЗОР). *Химия растительного сырья, (1), 53-69.*
35. Iftixorovna, K. M. (2020). Study of properties and methods of carbon-containing raw material activation. *ACADEMICIA: An International Multidisciplinary Research Journal, 10(11), 442-445.*
36. Iftixorovna, K. M., & Qizi, T. M. S. (2021). The study of the ash-content of activated carbons based on vegetable raw materials. *Asian Journal Of Multidimensional Research, 10(6), 143-145.*
37. Sodiqovna, O. M., & Alisherovna, A. M. (2021). Classification Of Inorganic Substances and Their Types. *Texas Journal of Multidisciplinary Studies, 2, 231-234.*
38. Tulanovna, K. D., Alisherovna, A. M., & Hoshimjon o'g'li, S. S. (2022). Studying the Synthesis of Modified Formaldehyde Resins from Vat Residue. *Eurasian Research Bulletin, 9, 47-50.*
39. Ubaydullayeva, S. B. Q. (2022). KOMPLEKS TARKIBINI IZOMOLYAR SERIYALAR METODI YORDAMIDA ANIQLASH. *Oriental renaissance: Innovative, educational, natural and social sciences, 2(5), 578-582.*
40. G'ofurovich, J. A. (2022). Determination of the Complex Composition by the Method of Isomolar Series. *Eurasian Journal of Physics, Chemistry and Mathematics, 6, 55-58.*
41. Saidakhon, U., Usmonali, S., Nozima, Y., & Amirov, A. (2022). Selection of optimal conditions for complex combination of nickel (II) ion with dimethylglyoxime REAGENT. *American Journal Of Applied Science And Technology, 2(04), 29-34.*
42. Ubaydullaeva, S. B., & Sodikov, U. X. (2022). Determination of the Optimal Conditions of the Bond of Nickel (II) Ion Complex with Dimethyl glyoxime Reagent. *Eurasian Research Bulletin, 8, 1-5.*
43. Ibragimkhodjayev, A. M., Rakhmonberdiyev, G. R., Murodov, M. M., & Kodirov, O. S. (2009). "Influence of ripening process of cellulose from topinambour on its fractional composition. *Chemistry and chemical technology. Tashkent, (4), 57.*