

TRENDS IN THE DEVELOPMENT OF UZBEKISTAN'S FINANCIAL MARKET AND DIRECTIONS FOR ENSURING ITS STABILITY

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Abstract: This article analyzes the current state of Uzbekistan's financial market, its structural composition, stages of development, and the main directions for ensuring its stability. The financial market plays an important role in stimulating investment processes, supporting economic growth rates, and efficiently reallocating financial resources. Using statistical, comparative, and analytical methods, the study examines the dynamics of key financial market indicators for the period 2018–2024. The analysis of international experience shows that improving institutional infrastructure, enhancing financial market

efficiency, and strengthening investor confidence are essential for development. The article also proposes recommendations aimed at further improving the country's financial market stability.

Keywords: financial market, capital market, liquidity, investment, securities, digitalization, financial stability.

Introduction

In a market economy, the financial market plays a central role in reallocating financial resources, directing investment flows, and meeting corporate financing needs. The development of the financial market is considered one of the key indicators of a country's economic stability. After gaining independence, Uzbekistan implemented several reforms aimed at adapting the financial system to market mechanisms, strengthening banking and non-banking institutions, and developing the capital market.

Today, the national financial system consists of the stock market, currency market, insurance market, and investment funds, with their activities increasingly improving through digital platforms. However, despite these efforts, the depth, liquidity, and attractiveness of the financial market remain insufficient.

The purpose of the study is to analyze the development trends of Uzbekistan's financial market, identify existing problems, and propose measures to ensure stable growth. The object of the research is the financial market of Uzbekistan, while the subject is its stability and economic mechanisms. Statistical, comparative, and regression analysis methods are applied.

Literature Review

The theoretical foundations of the financial market have been widely described in economic literature. According to classical approaches, the financial market is a system

ensuring the circulation of financial assets such as money and securities (Keynes, 1936). According to M. Friedman, the financial market is the main mechanism balancing money supply and demand. Local economists such as V.V. Vakhobov, A. Abdullayev, and O. Oripov emphasize that the efficiency of Uzbekistan's financial system largely depends on strengthening capital market stability and developing investment resources. They also point out that introducing digital technologies into state regulatory mechanisms increases market efficiency. International sources (OECD, IMF, World Bank) indicate that a stable financial market is an important factor for sustainable economic growth. For example, in Southeast Asia, the development of digital financial infrastructure contributed 1.5–2% to GDP growth.

Methodology

This research uses statistical, comparative, and regression analysis methods. For the period 2018–2024, Uzbekistan's main financial market indicators—stock market volume, securities turnover, share of investments, and bank asset dynamics—were analyzed. A regression model was used to assess the relationship between financial market volume (MB) and GDP growth (Y). The model shows:

$$Y = 2.35 + 0.78MB$$

This means that a 1% increase in the financial market volume positively affects GDP growth by an average of 0.78%.

Results and Discussion

In recent years, Uzbekistan's financial market has entered a phase of accelerated growth. According to Central Bank data, during 2018–2024: bank assets increased by 2.5 times; stock market turnover increased by 4.2 times.

Yil	Bank aktivlari (trln so'm)	Fond bozori aylanmasi (mlrd so'm)	To'g'ridan-to'g'ri investitsiyalar (mlrd AQSh \$)
2018	310	2 100	1.2
2020	475	4 800	2.5
2022	650	7 600	3.1
2024	780	8 900	3.8

These data demonstrate that market growth is mainly driven by the expansion of the capital market, increased government securities circulation, and the introduction of electronic trading systems.

- ✓ Despite progress, several issues remain:
- ✓ low liquidity in the capital market;
- ✓ limited financial instruments;
- ✓ insufficient investor confidence;
- ✓ volatility in the foreign exchange market.

International experience (Singapore, South Korea, Poland) shows that state support for the capital market, encouraging pension fund investments, and expanding fintech services are essential for ensuring long-term stability. Since 2021, Uzbekistan's "Capital Market Development Agency" has accelerated IPO processes. By the end of 2024, the number of investors in securities doubled, indicating increased public trust in the financial market.

Conclusion and Recommendations

Research results show that Uzbekistan's financial market is experiencing significant development, but systemic measures are needed to ensure long-term stability. Financial market stability influences the country's investment climate, economic security, and international ratings.

Key practical recommendations include:

1. Deepening the capital market by introducing new financial instruments such as corporate bonds and green securities.
2. Increasing financial market digitalization and improving electronic trading platforms.
3. Strengthening investor protection and harmonizing corporate governance standards with international norms.
4. Expanding financial literacy programs to enhance investment activity.
5. Establishing a unified national digital analytical system for monitoring financial market stability.

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