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TRENDS AND MECHANISMS OF MODERN FINANCIAL MARKET DEVELOPMENT IN THE EXAMPLE OF WORLD EXPERIENCE

Isayeva Nilufar
Master Student of KIUT Samarqand Branch

Abstract

In order to provide financial support for the strategy of long-term economic development, the problem of increasing the efficiency of the redistribution of financial resources through the mechanism of the financial market must be solved. This article briefly and systematically reveals the trends in the functioning of the financial market that emerged in the late 19th and early 21st centuries, and substantiates its place and role in investment support for the growth of the real sector of the economy.

Keywords: financial market, economic growth, investments.

Introduction

In modern conditions, the most important factor in ensuring the conditions for a real economic breakthrough of Uzbekistan on the basis of increasing the level of competitiveness of the national economy, implementing structural changes in the national economy, introducing the latest achievements of technological progress, as well as improving the quantitative and qualitative indicators of economic activity at all levels is becoming building an effective national financial market. Today, the whole world is working with borrowed capital, with various financial instruments and funds attracted with their help in the financial markets. This is one of the main reasons for strengthening industrial power, maintaining a high level of national competitiveness and sustainable economic growth [1, p. 143].

Literary Review and Methodology

In the context of the globalization of the world economy and the rapid spread of new technologies at the turn of the 20th-21st centuries, the functioning of financial markets, especially securities markets, has undergone significant changes, which are expressed by the following main trends.

In recent years, the role of financial markets in the investment process has become more active, its importance in the accumulation and redistribution of investment resources in economically developed countries has increased. Specific relationships between the main forms of mobilization of investment resources in different countries are not the same and largely depend on the level and nature of the development of various market institutions, the national model of the financial market. Currently, there are two most common financial market models in the world, which differ in the nature of regulation, the structure of sources and methods of raising capital by corporations, as well as the behavior of investors and issuers (companies) associated with them: the Anglo-American model (USA, Great Britain); continental model (Germany, Japan) [2, p. 38–40].

Previously and now, the credit market and the securities market securities, acting as components (segments) within the framework of a single financial market, not only complemented and complement each other, but also compete with each other, are in conflicting relationships. As a consequence, their dynamics are usually opposite in direction. For example, active credit expansion will inevitably reduce the need for financing the economy through the issuance of securities and vice versa. Therefore, it is necessary to take into account the circumstances that make the mechanism of the securities market more preferable in comparison with a bank loan [3, p. 121–122]. Despite the obvious strengthening of the role of the securities market, two mechanisms for financial support of economic growth - through the securities market and through bank credit - should not be opposed. In our opinion, it seems optimal to establish a kind of "division of labor" between them: the securities market should become the main source of investment in order to renew fixed capital and expand production; a bank loan can serve as an auxiliary mechanism for stabilizing cash flows. A rational correlation, a balance between these two competing mechanisms will not be established immediately - this is a long-term multifactorial process.

One of the key trends was a significant change in the structure of market financial instruments in circulation in favor of real sector instruments — corporate securities and their derivative financial instruments. As a result, there is a constant growth in absolute and relative terms of the corporate securities sector (primarily shares, bonds). For example, the capitalization of world stock markets over the last two decades of the 20th century grew by almost 13 times, while total GDP grew by about 2.5 times over the same period. The ratio between private debt and world GDP over the last decade of the 20th century increased from 34 to 56% [4, p. 22, 52]. This increase takes place mainly due to the United States and Western European countries and is due to a reduction in government borrowing and due to the growth of cross-border transactions.

Recently, there has been a strengthening of the relationship between the financial and real sectors of the economy. The action of this trend is stimulated by a natural desire to obtain excess profits in excess of the average rate of profit, due to lower production costs, higher quality and novelty of goods. This affects the appreciation and profitability of the financial assets of leading corporations as a reflection of their degree of efficiency and profitability.

The appearance of their financial instruments on the markets invariably arouses the increased interest of a wide range of investors interested in placing their funds. Outwardly, this trend is reflected in the fact that for industrial companies (first of all, newly created ones) the issue of securities (shares and bonds) has become the main means of mobilizing investment resources. In turn, the mechanism of the financial market ensures the redistribution of funds in favor of the most promising companies, which stimulates structural transformations in the economy. A characteristic feature of the current stage of development of the financial market is the further concentration and centralization of capital. The trend towards the concentration and centralization of capital has two aspects in relation to the securities market. On the one hand, all new participants are involved in the securities market. For them, this activity becomes the main, professional one. On the other hand, there is a process of spinning off large, leading market professionals on the basis of both increasing their own capital (capital concentration) and by merging them into even larger securities market structures (capital centralization). A clear illustration of the latter statement is the processes of concentration of stock exchanges that have taken place over the past decades. The result was a reduction in their total number. In many countries with developed and emerging markets, all transactions are usually carried out on a single exchange. Thus, in the UK, the formal merger of all the stock exchanges operating here took place in 1973, in Australia - in 1987, in France - in fact in 1991, in Switzerland and Italy - in the mid-1990s. The total number of stock exchanges in the US has declined from 38 in the early 1930s. up to 8 at the beginning of the XXI century (including NASDAQ). At the same time, in those countries where there is still a large number of exchanges, the share of 1–2 largest accounts for the bulk of all transactions [4, p. 151].

Discussion and Results

The scale of computerization and global technological re-equipment of financial markets based on modern electronic technologies is rapidly growing. Computerization has become the foundation for key innovations in the securities market, among which stand out: new instruments of the securities market; new securities trading systems; new infrastructure of the securities market. Undoubtedly, a positive consequence of the global technological re-equipment of financial markets based on modern electronic, including Internet technologies, can be considered increased competition, improved quality of financial services provided, their diversification, as well as the possibility of a significant increase in the volume of transactions with derivative financial instruments. One of the key trends in the development of the securities market at the present stage is associated with the process of securitization. Securitization causes the transfer of funds from their traditional forms (savings, cash, deposits, etc.) into the form of securities, contributes to the transformation of an increasing mass of capital into the form of securities, the transformation of some forms of securities into others, more accessible to the general public investors. The reasons for securitization are connected, on the one hand, with the growth of concentration and centralization of production and capital and the increasing role of large companies in the financial and real sectors of the economy, and on the other hand, with the objective need to increase the liquidity of financial instruments in the context of liberalization and internationalization of financial markets and solving management problems financial flows that a bank loan is not always able to cope with.
As a result of securitization in industrial.
In developed countries, under conditions of an equilibrium economy, a significant part of free capital is invested directly in the purchase of securities. In the last decades of the last century, even in conditions of unstable economic conditions, there was a tendency to modify the forms of monetary savings. So, in the 1990s. most of the borrowings on the international market (from 50 to 80%) accounted for the issue of securities, and more than half - for medium and long-term bonds. Such a structure of international borrowing began to take shape in the 1980s; previously, loans were the main form of international financing. Thus, the trend of securitization manifests itself both at the level of the markets of individual countries and at the international level. This process is an integral part of a larger process - the so-called financialization of all economic life, the acquisition of economic relations in the form of financial contracts.
A significant trend is the increase.
The role and importance of individual investors in the financial market. In recent years, a growing number of individuals have seen operations in the securities market as an opportunity for profitable and fairly reliable placement of their savings, despite certain risk factors. However, we are talking not only about the direct (direct) investment of funds by investors in the securities of various companies, but also about indirect investment using various forms of collective investment operating in industrialized countries.

The reliability of the financial market and the degree of confidence in it are increasing. The securities market, like the entire economy, is not immune from recessions, crises and other shocks. Moreover, it is the collapse in the financial market that can serve as an omen of a general financial catastrophe in the state. Therefore, it is natural that the securities markets in many countries have become the object of state regulation. The reliability of the securities market and the degree of confidence in it on the part of the mass investor are directly related to the increase in the level of market organization, the operation of the self-regulation mechanism and the strengthening of state control over it.

Thus, foreign experience indicates that the role of the financial market as a mechanism for the accumulation and redistribution of capital in the system of the investment process in modern conditions is increasing. Its emergence and development was objectively connected with the needs of commodity production, since without the attraction of private capital and their association through the issuance of securities, it would be impossible to create new enterprises and sectors of the national economy. That is why financial markets currently in their development reflect the newly emerging needs of the world economic space, which are reflected in the development trends that have been formed today, which we have considered.

In a competitive economy, the financial market is the center for making the most efficient investment decisions that ensure the intersectoral flow of capital, and the only tool for preserving and increasing national savings. As the analysis showed, the fairly rapid development of financial markets at the turn of the 20th–21st centuries, accompanied at certain points in time by serious crisis phenomena (shocks), contributed to the growing interest of the scientific community in questions about the place and role of the financial system in the national economy. economy, the mechanisms of its impact on investment activity, economic growth and competitiveness, as well as the reasons for differences in the levels of development of financial systems and their structure in different countries.

Research of features of functioning

Financial markets abroad allowed us to identify a number of key trends in their development: strengthening the role of the securities market as a source of investment resources; increase in the share of financial instruments of the real sector in circulation; strengthening the relationship between the financial and real sectors; continuation of the processes of concentration and centralization of capital and deployment of the process of securitization; technological re-equipment of financial markets based on modern electronic technologies; strengthening the importance of individual investors; growth of reliability and confidence in the securities market as a result of an effective system of regulation abroad; internationalization and globalization of financial markets. The isolation of these trends is of interest not in itself, but from the standpoint of their manifestation in relation to the financial market in our country.

Conclusion

The solution of these problems will undoubtedly make it possible to consider the financial market as the most efficient and flexible mechanism for redistributing investment resources, transforming savings into investments, adequate to the conditions of a modern market economy, and, ultimately, as a real factor in activating the investment process. In this context, due to a number of macroeconomic factors, the further progressive development of the financial sector will become one of the key moments that determine the competitiveness of Uzbekistan economy in the coming decades and contribute to improving its efficiency.

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