

CONDITIONS FOR THE FORMATION AND DEVELOPMENT OF FINANCIAL CENTERS IN NATIONAL ECONOMY

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Annotation:

This article explores the conditions for the formation and development of financial centers in the national economy, with a particular focus on Uzbekistan's integration into the global financial system. It examines the importance of political stability, institutional and legislative reforms, and sophisticated financial infrastructure as the main foundations for creating financial hubs that are competitive. The contribution of global financial institutions like the World Bank and the Asian Development Bank to Uzbekistan's economic transition, investment climate, and long-term sustainable growth is given particular consideration.

Keywords: Financial centers, globalization, macroeconomic stability, financial infrastructure, international financial institutions, investment, Uzbekistan.

Introduction

Financial centers are critical hubs that facilitate international capital flows, promote trade, and foster innovation in the contemporary global economy. In addition to integrating domestic markets with the global financial system, they offer a concentration of banking, insurance, and investment services. Experience from around the world shows that strong financial hubs greatly boost economic expansion, competitiveness, and global economic integration. The establishment and growth of financial centers are especially crucial for developing nations like Uzbekistan. The nation's banking and financial systems are being strengthened, taxation, investment policy, and institutional frameworks are being reformed, and economic diversification is being vigorously pursued. The goal of these initiatives is to enhance the business environment and draw in foreign capital, both of which are essential for creating robust financial centers. In order to finance large-scale projects, assist infrastructure development, and modernize important economic sectors, Uzbekistan has collaborated with major international financial institutions such as the World Bank and the Asian Development Bank.

These collaborations support knowledge sharing and the implementation of international standards in economic management in addition to offering financial resources.

However, a number of interconnected factors, including political stability, macroeconomic equilibrium, sophisticated financial infrastructure, highly qualified human capital, institutional and legislative reforms, and technology advancement, are necessary for the construction of financial hubs. A fuller knowledge of how financial centers might be established to strengthen Uzbekistan's position in the regional and international economy while simultaneously guaranteeing long-term sustainable growth is made possible by examining these aspects in the context of the country.

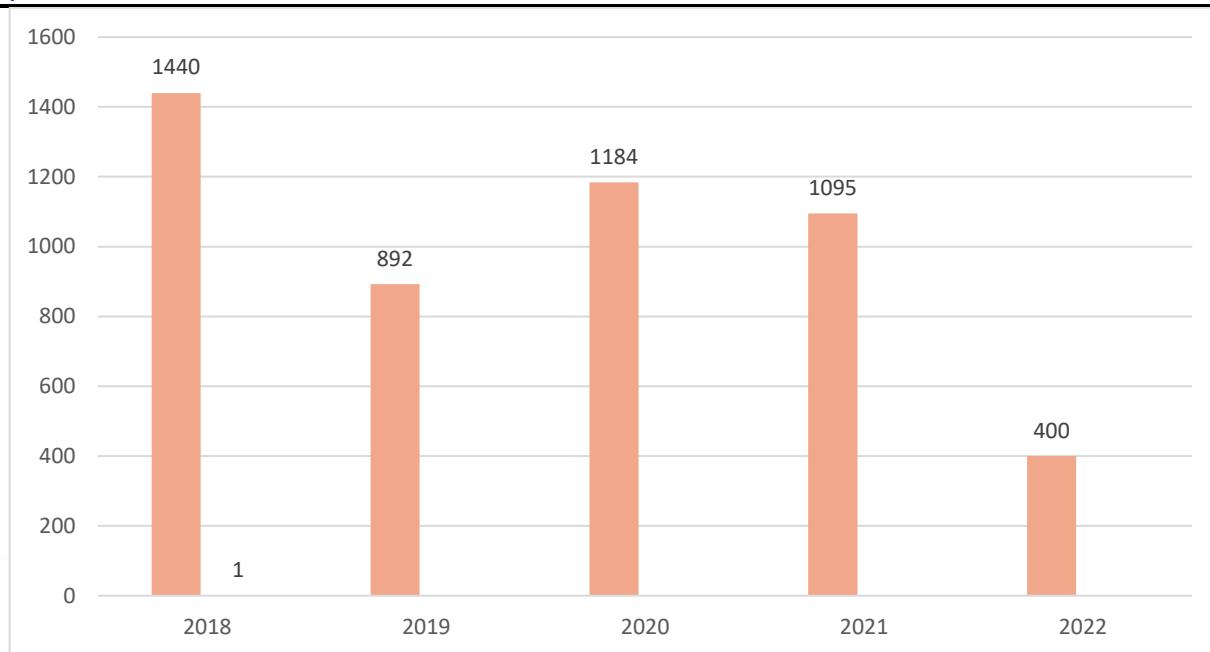
Financial centers must have at least a number of features to be considered international.

First of all, the economy of the country where the center is located should be integrated into the world economy, in which constant economic growth should be ensured on the basis of a stable currency, and effective financial policies should be pursued. Secondly, the center should follow a liberal tax and law system that does not hinder financial transactions and investments, allows effective distribution of funds. Thirdly, it is necessary that the financial center has a well-developed financial infrastructure, which includes a bank, exchange and insurance system, is effectively controlled [1].

Interaction with international financial organizations in the formation of financial centers.

International monetary and credit organizations represent international institutions established on the basis of intergovernmental agreements with the purpose of regulating financial and monetary-credit relations in order to ensure the stability of the global economy. The emergence of international monetary and credit organizations was mainly driven by the development of globalization processes in the world economy, as well as the increasing instability in international financial markets and the global monetary system.

Regional development banks provide for its development by allocating preferential loans to other international organizations to their regions. Asian Development Bank to such development organizations. Includes the European Development and reconstruction Bank, Inter-American Development Bank, African Development Bank, Islamic Development Banks [1].



Graph-1. Dynamics of Uzbekistan's Relations with the World Bank (IBRD and IDA)

(Amounts include IBRD and IDA commitments)

Today, the World Bank's country program in Uzbekistan ranks second in the Europe and Central Asia region, after Turkey. As of October 1, 2021, it consists of 26 projects with a total volume of approximately USD 4.8 billion. These include USD 1.7 billion in loans from the International Bank for Reconstruction and Development (IBRD) and around USD 3.1 billion in concessional credits from the International Development Association (IDA) [1].

Uzbekistan became a member of the Asian Development Bank (ADB) in 1995. Uzbekistan's shareholding and voting power in the ADB are as follows: Number of shares – 71,502 (0.672% of total shares); Votes – 110,616 (0.832% of total membership, 1.277% of total voting power). The subscribed capital amounts to USD 1.3 billion, with paid-in capital of USD 51.5 million. Currently, Kisun Bang serves as the Director, while Yu-Peng (James) Tseng acts as the Alternate Director representing Uzbekistan on the ADB Board of Directors. [2]

Conclusion

Financial centers play a vital role in the global economy, functioning as hubs for capital movements, investment, and innovation. A stable macroeconomic and political climate, sophisticated financial infrastructure, highly qualified human capital, robust institutional and legal frameworks, and the capacity to adjust to technology advancements are all necessary for their effective development. Financial hubs have been shown to be engines of economic expansion, international market integration, and sustained competitiveness in numerous nations. The establishment of financial centers in Uzbekistan is directly related to the country's larger reform strategy and economic diversification goals. Infrastructure development,

banking system modernization, and the enhancement of the investment climate have all benefited from collaboration with international financial institutions, especially the World Bank and the Asian Development Bank. Uzbekistan can create competitive financial hubs that will support sustained economic growth and improve its standing in regional and international markets by carrying out these reforms and adhering to international best practices. [3]

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