



THE MAIN DIRECTIONS OF DEVELOPMENT OF THE INTERNATIONAL FINANCIAL SYSTEM IN THE CONTEXT OF GLOBALIZATION

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Article history:	Abstract:
Received: 10 th February 2022 Accepted: 11 th March 2022 Published: 30 th April 2022	This article provides comprehensive research on the process of financial globalization, the international financial system, global financial formation, the important role of financial security in achieving the stability of the global financial architecture, the role of transnational corporations (TNCs) in the development of capital movements in international finance. and conclusions are given Introduction.
Keywords: Financial globalization, international financial system, financial security, financial architecture, transnational corporations, international finance, capital markets and exchange market.	

INTRODUCTION.

In the context of globalization, the issue of maintaining a dynamic balance in terms of the stability of the global financial system, the integrity of its components and functions is urgent. In this process, taking into account the impact of globalization, it is important to establish clear principles for the development of international financial and credit relations and take the necessary measures to reduce potential risks.

Today, the process of financial globalization is emerging as a key factor in qualitatively and quantitatively changing the institutional environment of the international financial system. The formation of a global financial market in common with a number of national financial markets is a clear indication of these changes.

In the context of globalization, the state of its financial architecture, the level of regulation and coordination of the participants of the international financial system play an important role in ensuring the stability of the global financial system. Therefore, it is important to study the state of the global financial architecture and its current changes and influencing factors.

The global financial architecture is an institutional structure of the global financial system formed at the national, regional and global levels, which includes institutions, various financial market instruments, as well as commitments and rules to ensure the internal and external balance of financial and economic development in the context of financial globalization.

ANALYSIS AND RESEARCH:

In the context of financial globalization, the stability of the monetary system in the national economies, which are its components, the degree of liberalization of the domestic financial sector and the state of its financial security play an important role in achieving the stability of the global financial architecture. In this process, it is important for countries to lift restrictions on the movement of capital and create conditions for the free movement of capital and the formation of a stable monetary policy, as well as the effective implementation of programs aimed at developing the national economy.

The next important component of the global financial architecture is financial institutions, whose activities represent complex multilateral contractual relationships related to large-scale transfers, the formation of investment resources for economic growth, and the distribution of assets. Reforming them is an important factor in financial and economic growth and social development, and determines the level of development of national, regional and global economies.

According to many researchers, the global financial system includes national financial systems and the international financial system that unites them, in which part of the national financial flows are combined into international monetary and credit flows and participate in the formation of financial resources of each partner country.

The international financial system includes institutional investors, including multinational companies and



banks, financial corporations, central banks of individual countries, international financial institutions, pension, investment funds and insurance companies, and major financial centers. Its instruments include deposits, goods and services purchased from abroad, including international money transfers for shares, loans received and issued, promissory notes, bonds, and derivative financial instruments.

The global financial system operates in accordance with international treaties, intergovernmental agreements, statutes of multilateral financial institutions, as well as the obligations (rights) established by various international associations of non-governmental sector enterprises.

It should be noted that the global financial system is independent in its activities, so once the crisis is resolved, it seeks to further expand the opportunities for the free movement of financial capital. In this regard, it is important to prevent the possible crises in ensuring the stability of the global financial architecture and to increase the role of international financial institutions in the development of the country's financial system. In this process, the main directions, rules and tools of financial institutions should be combined into a single goal, that is, economic policies and reforms implemented by each country should be aimed at ensuring internal and external balance. The global financial architecture must have the necessary infrastructure for the mechanisms and structures in place to establish these procedures and rules.

In recent years, the role of transnational corporations (TNCs) in the development of capital movements in the international financial system has been growing. This is because transnational corporations are the main driving force behind changes in the modern world economy and the international financial system. TMCs focus on the production of high-capacity products with a high level of production and financial capacity, which contributes to the expansion of production activities and technological development. At the same time, they control the level of competitiveness of products and services in the world market, the movement of international capital and foreign direct investment.

At present, the influence of TMCs is growing in all areas, and they are one of the key players in regulating changes in the international financial system. The role of TMCs in the modern global financial system can be seen in the following indicators:

- TMCs control about 2/3 of world trade;
- About half of the world's industrial production is accounted for by TMCs;
- About 10% of all employed people work in the branches of TMCs;

- Almost 4/5 of the world's existing patents, licenses and know-how are controlled by TMCs.

Therefore, they have the potential to have a significant impact on the development of financial relations at the global level and the movement of international capital.

The majority of TNCs in the world economy are in the United States (174), followed by developed and developing countries such as Japan (38), the United Kingdom (38), and China (34).

Today, experts estimate that world capital is three times the value of the real sector of the economy, that is, financial liabilities in the world economy are three times the value of all goods and services, and this gap is widening. World capital, including market and bank deposits, as well as bonds, amounted to 140 trillion. Exceeded the U.S. dollar. The financial globalization of the world economy is growing as a result of the growing participation of developing and least developed countries in world capital markets, increasing industrialization and their widespread involvement in international financial circulation.

The higher the level of integration of countries into the international financial system, the greater the chances of the financial sector to redistribute funds for investment purposes and achieve sustainable economic growth and development. This process will lead to an increase in the volume of financial resources in the world economy and the strengthening of financial integration of countries. It is important to assess the ratio of money supply, financial assets, stock market capitalization, and credit to GDP. For example, the ratio of global financial assets to world GDP increased from 103% to 292% between 1980 and 2008, and economists estimate that this figure will be around 420-450% in 2020. From the above, it can be seen that the ratio of global financial assets and other indicators to world GDP continues to grow, as in recent years the financial turnover and assets have grown faster than the dynamics of the real economy. Developed countries, mainly in the areas of finance, economics and innovation, are actively pursuing measures to strengthen their leadership in the global financial system.



Dynamics of development of foreign direct investment in the world economy

Indicators	Value in current prices, bln. U.S. dollar					In 2019, compared to 1990. change, times
	1990 y.	2016 y.	2017 y.	2018 y.	2019 y.	
Attracting foreign direct investment	205	1919	1700	1495	1540	7,5
Excluding foreign direct investment	244	1550	1601	986	1314	5,4
The volume of foreign direct investment	449	3469	3301	2481	2854	6,4

In the 1990s, the world's inflow of foreign direct investment amounted to 449 billion dollars. This figure is expected to reach \$ 2.8 trillion by 2019. dollars. This is due to the growing demand for national economies, as well as international capital flows.

In the 21st century, foreign direct investment has become a driving force in the process of globalization. In particular, the total volume of attracted, diverted and foreign direct investment in 2019 increased by 5-7 times compared to 1990. However, in 2019, the volume of foreign direct investment in the world will increase by 3% compared to 2018 or 45 billion. The volume of foreign direct investment amounted to 328 billion US dollars. The world's foreign direct investment (FDI) has risen to \$ 373 billion. U.S. dollars.

The decline in the volume of foreign direct investment in the world compared to previous years was due to the decline in cross-border mergers and acquisitions (M&A). The reasons and driving forces for the growth of foreign direct investment are:

- Possibility of monopolistic profits in national markets with the help of foreign direct investment;
- Possibility of additional profit from foreign trade;

- The emergence of transnational corporations as carriers of foreign direct investment;
- a sharp increase in the need of developing countries for foreign direct investment;
- Establishment of mechanisms to encourage foreign direct investment in the recipient countries.

In 2019, the inflow of foreign direct investment in all major economic groups - developed, developing and transition economies - began to change dramatically. In 2019, the inflow of foreign direct investment in the world economy in developed countries has a tendency to increase significantly compared to 2018. 14 billion in developing countries. There was a decrease in the US dollar. In transition economies, foreign direct investment is estimated at \$ 20 billion. USD, and the volume of exports in 2019 compared to 2018 amounted to 14 bln. Decreased to USD.

In 2019, certain factors influenced the change in the level of foreign direct investment inflows and outflows around the world.

The United States, Canada, the United Kingdom, Japan, Germany, the Netherlands, and France are the main investors in the international market, generating foreign direct investment. In particular, in 2019, 9.5% of total foreign direct investment in the United States, 5.8% in Canada, 7.5% in Germany, 17.3% in Japan, 2.4% in the United Kingdom, 3.0%. France and the Netherlands accounted for 9.5 percent.

China is one of the developing countries that has created a favorable investment climate for foreign direct investment. In 2019, the volume of foreign direct investment in the Chinese economy will reach 141 billion US dollars. USD 4 billion compared to 2018. Increased to USD.

The international currency market is one of the main factors influencing the state of the global financial architecture and the stability of the international financial system.

The modern foreign exchange market is the result of the integration of national economies and the rapid development of financial relations between them in the context of globalization. In the economy and information environment, new innovative technologies have enabled rapid transfers and settlements between buyers and sellers, accelerated the pace of trade, and contributed to the further expansion of the international currency market worldwide.

CONCLUSION.

Based on the research conducted in this thesis, the following scientific conclusions have been formed:

1. At present, the factors influencing the international financial system and its environment are the movement of international capital, the state of the foreign exchange market and the dynamics of



operations in it, as well as the activities of TNCs that play a key role in mobilizing these factors. This is because the active participation of TNCs in the international investment and foreign exchange markets determines their ability to sharply influence the state of investment relations and international currency operations in the world, and thus the international financial system.

2. The harmonization of the interests of the components of the global financial architecture will ultimately serve to increase the stability of the international financial system. In this regard, the development of cooperation with international financial institutions, the introduction of new forms and mechanisms of cooperation play an important role in stabilizing the economies of countries.
3. In the context of globalization of the world economy, international financial transactions are developing rapidly, in turn, these operations are manifested in the form of international currency operations, credit operations, trade operations, capital movements, leasing operations. Therefore, this situation requires effective management of the above operations and, ultimately, a positive result.

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