

**FINANCIAL MARKETS AND ISSUES OF IMPROVEMENT OF
THEIR ACTIVITIES**

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Annotation. *This article is devoted to the topic "Financial markets and issues of improvement of their activities" and analyzes the main functions, structure of financial markets and their place in the economy. The article examines ways to improve the efficiency of financial markets, ensure security for investors and consumers, as well as improve market performance by introducing financial innovation. The article also covers changes in global financial markets, digital transformation, and the impact of fintech technologies. The legislative and regulatory mechanisms necessary to ensure the stability of financial markets are analyzed, as well as international experiences.*

Keywords: *financial markets, investors, consumers, financial innovation, global financial markets, digital transformation, fintech technologies.*

Introduction. Financial markets are one of the important components of the economy and play an important role in the allocation of resources, the exchange of financial instruments and the promotion of economic growth. Financial markets, in principle, fulfill two main functions: the collection of capital and its distribution.

The main functions of financial markets include:

✓ Financial markets play an important role in raising capital from investors and making it available to entities seeking finance, such as businesses or the state. Through this process, investments are made, new projects are opened and the growth of the economy is ensured.



✓ Financial markets distribute capital through various financial assets. These assets include shares, bonds, and other financial instruments [1]. Each investor can choose assets that match their financial goals, which will help diversify risks.

✓ Through financial markets, the prices of assets can be set. These prices are formed on the basis of supply and demand and indicate the state of the economy. Price changes affect investor decisions, and this in turn affects the economy.

✓ Financial markets provide risk management opportunities for investors. Derivatives, such as options and futures, can help reduce investors' risks.

✓ Financial markets provide the information needed by investors. Through this information, investors can conduct a decision-making process more efficiently.

Financial markets consist of several main departments:

1. Money market-trading of short-term financial assets is carried out. This market is mainly trading bonds and other short-term financial instruments for less than 1 year.

2. Capital market-designed for the sale of long-term financial instruments. This market sells shares and long-term bonds.

3. Trading between currencies of different countries is carried out. This market is important in global trade and economy.

4. Designed for trading options, futures and other derivative instruments. There are risk management and speculation opportunities in this market [2].

Financial markets perform a number of important functions in the economy:

✓ Financial markets provide economic growth by attracting investment. It provides the necessary sources of finance for the opening of new businesses and the expansion of existing businesses.

✓ The financial markets will help to effectively allocate resources. They indicate which sectors should be invested in the economy.

✓ The correct allocation of resources through financial markets increases the stability of the economy of the OECD. Sustainable financial markets improve the overall health of the economy.



✓ The foreign exchange market plays an important role in stimulating international trade, as it allows the exchange of currencies of different states.

Thus, financial markets are the main mechanisms necessary for the effective functioning and development of the economy [3]. Their functional structure and interactions ensure the stability and growth of the economy.

Improving the efficiency of financial markets, ensuring security for investors and consumers, as well as the introduction of financial innovation, are important for the stability and growth of the economy. A number of strategies can be considered on these issues.

To increase the efficiency of financial markets, it is necessary, first of all, to ensure the transparency of the market. Transparency facilitates the decision-making process of investors and increases the confidence of market participants. For this:

❖ It is necessary to make it possible to easily obtain financial information, for example, reports of companies, prices and other statistics. This information provides transparency and helps investors make the best decisions.

❖ The regulators of the financial markets of the OECD must introduce effective and modern legislation. It plays an important role in protecting investors and consumers. For example, it is necessary to create powerful control mechanisms to prevent financial fraud.

Ensuring security for investors and consumers is important in increasing the stability of financial markets [4]. There are several methods to do this:

– Insurance of financial products will help reduce the risk of investors □
For example, through the insurance system for bank deposits, consumers can be protected from losing their funds.

– Through financial instruments such as derivatives, investors are able to diversify their risks. Through these tools, investors can defend against market uncertainties.

– It is important to develop educational programs to increase financial literacy to investors and consumers. Through these programs, people better understand financial markets and know how to manage their own funds.



Financial innovation plays an important role in improving the efficiency of financial markets. By introducing them:

- Fintech companies provide the opportunity to make financial services more convenient and fast. For example, simplifying the processes of investing or obtaining loans through mobile applications will create new opportunities for investors and consumers.
- Blockchain technology helps to carry out financial transactions more safely and quickly. Through this technology, transaction transparency increases and the risk of fraud decreases.
- Digital currencies, such as cryptocurrencies, open up new investment opportunities. Their introduction brings new competitors to the financial markets and encourages the improvement of classical financial systems.

Improving the efficiency of financial markets, ensuring security for investors and consumers, as well as the introduction of financial innovations are necessary for the sustainable development of the economy. All this together will help make financial markets more competitive and efficient. As a result, the overall health of the economy improves, and financial stability is ensured in society.

In recent years, significant changes have occurred in global financial markets. These changes are mainly due to the rapid development of digital transformation and fintech technologies. These processes affect financial services, investments and economic growth.

Digital transformation is creating new opportunities in finance. Traditionalist banking systems and financial services are moving to digital platforms, allowing customers to provide more convenient and fast services [5]. Through digital transformation, banks and financial institutions have been able to offer their services online, make transactions through mobile applications and develop interactive communication with customers. As a result of this process, consumer services have become more transparent and accessible. For example, through online banking services, users were able to quickly carry out the processes of managing their accounts, making transfers and obtaining loans. In addition, access to financial



information through digital platforms has become easier, which has eased the decision-making process of investors.

Innovations in the field of Fintech (financial technologies) are changing the dynamics of financial markets. Fintech companies offer innovative solutions, unlike traditional banks. They often simplify financial services by offering services based on digital platforms, mobile applications, and artificial intelligence. One of the main advantages of Fintech technologies is cost reduction. Compared to traditional banking systems, fintech companies tend to have lower operating costs, allowing them to offer their services at lower prices. For example, crypto-currency exchange platforms or online lenders can provide services on faster and more favorable terms than traditional banks. Also, new investment opportunities are emerging in the financial sector through fintech technologies. Through Crowdfunding platforms, small businesses and startups are finding new ways to attract investors. This encourages innovation in various sectors of the economy and creates new jobs.

The impact of digital transformation and fintech technologies in Global financial markets is extensive. First, these processes ensure that financial services are more competitive globally. At a time when Fintech companies are trying to gain a foothold in the market with new innovative solutions, traditional banks are also being forced to renew their services.

Secondly, digital transformation and fintech also facilitate risk management in finance. With the help of artificial intelligence and data analysis tools, investors and financial institutions are able to assess risks more efficiently. This will help increase the stability of financial markets.

Thirdly, the expansion of digital transformation in global financial markets is also helping to increase financial inclusiveness. Through digital platforms, many people are gaining access to financial services, which has a positive impact on economic progress.

Conclusion. In conclusion, the functioning of financial markets is an important component of the economic system, which plays an important role in ensuring economic growth, attracting investments and efficiently distributing



financial resources. The improvement of financial markets, on the other hand, must be achieved primarily by increasing their transparency, enhancing their competitiveness and introducing innovative technologies. There are several main areas for improving financial markets. Among these, it is important to improve the quality of financial services, carry out digital transformation, expand fintech technologies and ensure financial inclusion. These processes help to make financial markets more stable, efficient and user-friendly. Public Policy and regulation also play an important role in the development of financial markets. The role of the state in improving financial markets, on the one hand, consists in supporting reforms and ensuring the stability of the financial system, on the other hand, includes the protection of the rights of investors and consumers. In general, the issues of improving financial markets require an integrated approach aimed not only at ensuring economic growth, but also at expanding access to financial services for all segments of society and improving their quality. This will serve to ensure the stability and development of financial markets in the future.

Foydalanilgan adabiyotlar:

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