



## "THE ROLE OF INNOVATIVE INFORMATION TECHNOLOGIES IN THE DEVELOPMENT OF THE CAPITAL MARKET OF UZBEKISTAN"

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### ABSTRACT

*In this article, the role of innovative information technologies in the development of the capital market of Uzbekistan, the fact that the capital market of Uzbekistan is much larger than other countries, and that it is developing, were presented.*

The capital market of Uzbekistan is one of the largest and most influential stock markets in the world, serving not only as a source of investment capital, but also as a platform for trading rates, bonds and other securities. In recent years, the role of modern information technologies in the development of the capital market of Uzbekistan has significantly increased. This development has changed the way Uzbekistan's capital market operates and significantly changed the investment landscape for investors.

### The role of big data in the capital market of Uzbekistan

Perhaps the most significant impact of modern information technologies on the capital market of Uzbekistan is the use of big data. This technology allows companies to collect, store and analyze large amounts of data. Investment firms are now using big data analytics to predict market trends, identify patterns that affect share prices, and adjust investment strategies to generate the most significant returns. Thus, it has changed the way investors expect and react to market conditions.

### Automation and trading algorithms

Modern information technology in the capital market of Uzbekistan has also led to the use of automation and trading algorithms. Automation is used to carry out trading operations with high speed, accuracy and efficiency. Domestic traders and multinational institutions use automation technology to implement their strategies, buy and sell rates and other securities in real time. The use of trading algorithms has made the market more efficient, while automation has allowed the market to operate with less human intervention and faster execution speed.

### Online trading platforms

The emergence of online trading platforms is another modern information technology that has played a significant role in the development of the capital market of Uzbekistan. Online trading platforms such as Robinhood, Etrade and Charles Schwab are making investment opportunities more accessible and affordable for individual investors by removing the need for intermediaries. Now these platforms are expanding the market by providing



cheap trading options to new and small investors. It also allows investors to buy and sell stocks in real time from anywhere and anytime.

The capital market of Uzbekistan is a rapidly developing financial sector that has made significant progress in recent years. The country's government is working hard to create a more open, transparent and investor-friendly market to attract more foreign investment. In this article, we will examine the current state of Uzbekistan's capital market, its potential, and the challenges that hinder its growth.

## **General information about the capital market of Uzbekistan**

The capital market of Uzbekistan is relatively new compared to other countries, as it officially began to operate in 1996. Tashkent Stock Exchange (TSE) is the primary capital market platform, where a wide range of securities are listed. These include shares of companies, government bonds and other securities. During the years of independence, the government of Uzbekistan implemented a number of initiatives to develop the capital market, improve regulation and attract foreign investment. In 2019, Uzbekistan adopted a new "Code on Securities and Stock Exchanges", which replaced the 1996 Law "On Securities and Stock Exchanges" in order to modernize the legal environment of the capital market.

## **The potential of the capital market of Uzbekistan**

The potential growth of Uzbekistan's capital market is significant given the country's growing economy and demographics. With one of the highest growth rates among CIS countries, the country's Gross Domestic Product (GDP) is growing at an annual average of 5-6%. Also, its population is one of the youngest and most significant in the region. This demographic gives companies an opportunity to tap into the growing middle class and increase profitability. Another factor providing opportunities for the growth of Uzbekistan's capital market is its abundance of natural resources, including the production of raw cotton, uranium and gold. The country is a regional hub for Central Asia and a gateway to China's Belt and Road Initiative.

## **Challenges facing the capital market of Uzbekistan**

Despite the growth potential, there are several obstacles preventing the development of Uzbekistan's capital market. One of the primary challenges is the country's poor internal currency exchange. The Uzbek soum is a non-convertible currency, which means that it can only be exchanged within the country at a fixed exchange rate. This limits the ability of foreign investors to withdraw their funds from the country.

Lack of disclosure and transparency in financial reporting is also a challenge. This makes it difficult for investors to make an informed decision, thereby preventing more significant investments from foreign investors. Also, the small size of the market and the limited number of financial instruments listed on the TSE further hinder its growth.

In conclusion, Uzbekistan's capital market offers significant potential for growth. Its demographics, natural resources and location make it a strong position to continue to attract foreign investment. Although there are some challenges that need to be overcome, the government of Uzbekistan is taking steps to improve legal regulation, information disclosure and transparency to make its capital market more attractive. If more work is done to overcome these difficulties, the capital market of Uzbekistan can continue to expand and contribute to the growing economy of the country. Modern information technologies are



playing an increasingly critical role in the development of the capital market of Uzbekistan. From big data analytics to trading algorithms and online trading platforms, this technology has transformed how investment firms operate. This transformation has made the market more efficient, reliable and transparent, leading to greater participation by small and large investors. As these technologies continue to develop, we can expect further changes to the way Uzbekistan's capital market operates and the opportunities it offers investors.

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