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FEATURES, ANALYSIS AND RESULTS OF METHODS OF ATTRACTING FINANCIAL RESOURCES FROM THE INTERNATIONAL FINANCIAL MARKET

Submission Date: May 21, 2023, **Accepted Date:** May 26, 2023,

Published Date: May 31, 2023

Crossref doi: <https://doi.org/10.37547/ijmef/Volume03Issue05-13>

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ABSTRACT

This article examines and analyzes the essence and specific aspects of various methods of attracting capital from the international financial market, the processes related to the organization of effective capital attraction and efficient use through the international financial market, IPO practice. In addition, various research methods were used to analyze the optimal use of cheap and long-term financial resources through the use of various methods of attracting capital through the international financial market. Also, the essence, development trends of the international financial market, main aspects of international financial assets, characteristics of IPO practice were analyzed. Scientific conclusions and suggestions on further development of Uzbekistan's participation in the international financial market and attracting and using foreign capital are given.

KEYWORDS

International financial market, IPO, bonds, capital, international financial assets, capital market.

INTRODUCTION

It is known that the demand for financial resources is increasing day by day in the conditions of fierce competition in the world economy and financial and

economic globalization. Based on this, enterprises in developed and developing countries are trying to solve financial issues during their activities by attracting

capital not only from the national market, but also from the international financial market. They are trying to introduce themselves in the international market, strengthen their position and expand their activities at the international level.

Further development of attracting capital from the international financial market in our country, "developing the capital market, fundamentally improving the investment environment, deepening the process of selling state shares, reducing the state's participation in the economy, including transitioning to modern approaches to managing state assets, making the capital market one of the leading factors of economic development that it is important to transform the country's economy into one" and a number of reforms for its development are still being continued in our country. The Decree of the President of the Republic of Uzbekistan No. PF-6207 dated April 13, 2021 is also cited as a priority reform direction [1].

Currently, the modernization and innovative development of the economy increases the demand for financial resources on a large scale. This process shows that there is a need to attract capital from the international financial market. This shows the urgency of attracting capital by actively participating in the international financial market.

MATERIAL AND METHOD

Several economists have studied the scientific-theoretical and practical aspects of the national financial market and the international financial market

and the process of raising capital from it in their scientific works.

Y. Polyakova emphasized that international finance is the sum of financial resources used in international economic relations. [2].

According to J. Ataniyazov, E. Alimardonov, international finance is a concept that represents the set of international financial resources and their movement. He believed that international financial relations represent economic relations in the process of distribution and use of financial resources formed at the international level to achieve certain goals. [3].

Based on the above, Bekmurodov A.Sh, Abdullayev Z.A, Badalov B.M. put forward the idea that the international financial market is the accumulation of free financial resources in the global system and their provision to borrowers [4].

According to S.E. Elmirzayev, joint-stock companies as stock market issuers can place their shares in open and closed subscription. The issue of attracting foreign capital is important in increasing the international competitiveness of joint-stock companies operating in our country, and this issue is implemented by placing shares on international stock exchanges in the form of open subscription, and directly affects the increase in the quality of production and service. expressed his opinion about the effect [5].

In today's modern world, the issue of ecology is very serious, especially the transition to renewable energy sources, the improvement of projects that improve the

environmental situation, and the control of various risks are becoming part of our life activities. Therefore, it is necessary to pay special attention to the financing of environmental projects, and for this purpose, a new financial instrument - "green" bonds - has appeared. They differ in structure and behavior [6].

The international financial market is the accumulation of available financial resources in the global system and their provision to borrowers. [4].

RESULTS. The international financial market is an integral part of the world economy. We all know that economic relations are based on the world-class international division of labor, and it provides an opportunity for more rational use of the world's resources and leads to deepening of specialization in international production. These processes lead to the formation of new forms of cooperation between countries, including in the financial sector.

The development of the international financial market occurs in parallel with the development of world money and world economic relations.

International capital movement is the transfer of money or goods with a relative surplus outside the territory of the country. A synonym for this phrase is capital export or capital outflow.

The formation of the international financial market has gone through several stages of development [4].

Stage I. Including the 1860s of the XIX century, this is directly related to the development of foreign trade and the formation of the foreign exchange market.

Stage II. It includes the processes of internationalization of operations in the national markets of credit funds in the 1950s of the 20th century and the formation and development of the international credit funds market in the 1960s.

Stage III. In the 1970s, the formation of the long-term international credit market and the organization of the international investment market, the liberalization of national stock markets, and the formation of international stock markets took place. In the 1980s, processes related to the rapid development of transnational banks and companies, the further development of the international investment and stock market, and the increase of operations in the international credit market took place.

Stage IV. In the 1990s of the 20th century, the fund segment of the financial market developed rapidly, and the international derivatives market was formed. In the 2000s of the 21st century, we can observe the rapid development of the international derivatives market. The formation and development of the international financial market took place directly in parallel with international trade.

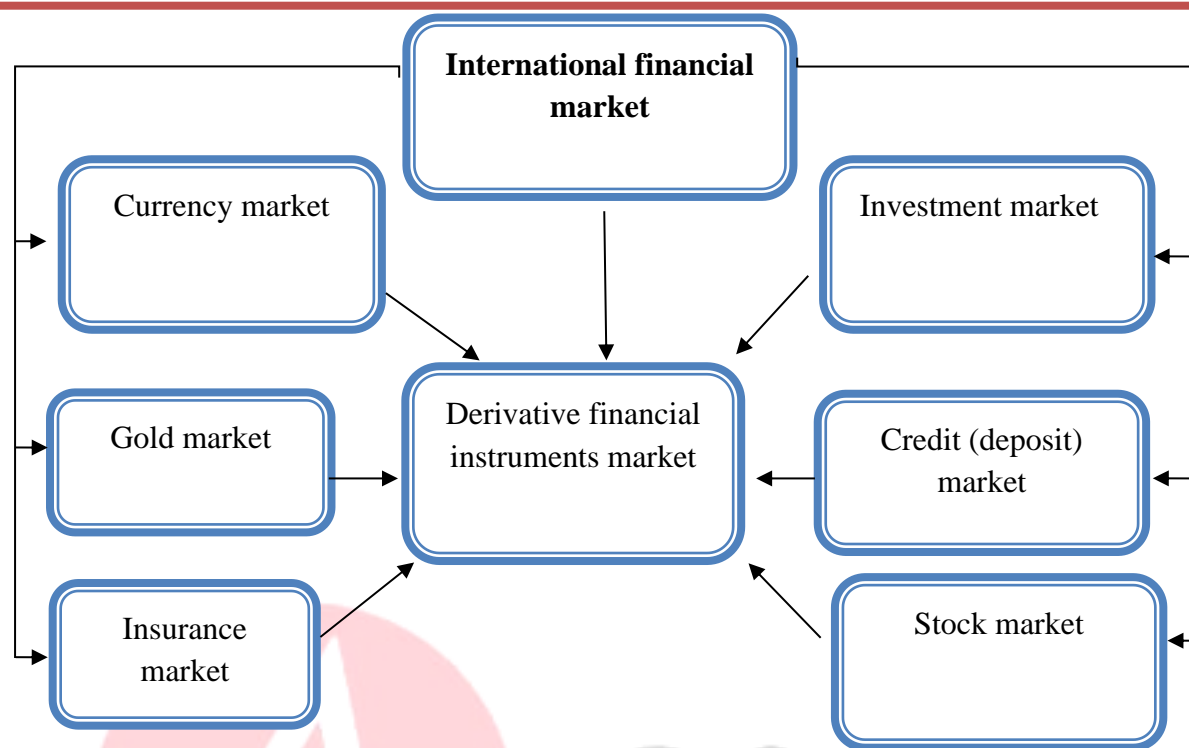


Figure 1. COMPOSITION OF THE INTERNATIONAL FINANCIAL MARKET [7]

Through the international financial market, the production of products and services can be financed indirectly (loan (deposit) market) and directly (securities).

Individual financial markets are interconnected. Different financial markets are classified into money market or capital market based on the maturity of the financial instruments in circulation.

The money market (short-term capital market) includes the trading of securities with a primary maturity of one year or less. This can include treasury bills, commercial securities, and certificates of deposit (CDs).

The capital market (long-term capital market) includes securities with a primary maturity of more than one year. Examples of this are corporate bonds, shares, treasury notes and bonds.

**Table 1
CAPITAL MARKET INSTRUMENTS [4]**

Instruments	Coverage period	Principal borrowers	In the secondary market
corporate actions	–	corporations	very active for large corporations
mortgage lending	15 to 30 years	principal owners and other investors	moderately active
corporate bonds	From 2 to 30 years	corporations	active
US government securities: notes and bonds	From 2 to 10 years to 30 years	US Government US Government	very active very active
Government Agency Securities	up to 30 years	State institutions	active
municipal bonds	From 2 to 30 years	state and local governments	active

International financial assets include the following features:

1. Features of strength, reliability, embodying the results of work. The reliability of financial assets is caused by the consumption of goods, all processes of exchange and production, as well as the time factor.
2. Liquidity. This feature of financial assets shows their ability to be quickly exchanged for other goods at any time.
3. Mobility. In the modern economy, it is precisely financial assets that have the property of quickly reaching that place, if there is an opportunity to use them effectively in any part of the world.

4. Universality. Nowadays, all economic relations are accompanied by financial relations.

5. The property of dividing financial assets without dividing real assets. This feature of them makes it possible to attract not only large investors, but also the funds of small investors in the organization of investments, saves the time factor, increases the speed of investment turnover, and increases the return on capital.

6. Commodity-like nature of securities. After buying and selling securities, they are not consumed, securities do not go out of circulation until they are

extinguished. The owner of securities can bring them to the market and sell them at any time.

There is a significant need for capital to increase the international competitiveness of joint-stock companies operating in our country. This shows that attracting foreign capital is important. This is also solved by placing shares on international stock exchanges in the form of open subscription and has a positive effect on the growth of production and service quality. Below we will give our opinion about the practice of placing shares in the order of open subscription.

The practice of placing shares in an open subscription procedure is called IPO (Initial Public Offering) for short. An IPO is a placement of shares on the market by the issuer in the method of primary public subscription, during which they reach a wide range of investors and

carry out free trade on the stock exchange. In other words, IPO means that the issuing company's shares are offered for sale on the open market for the first time. In this way, investors who are interested in the company's shares can freely buy them on the stock exchange. As a result of the circulation of the company's securities on the stock exchange, they become the subject of free trade, their liquidity increases and their market price increases to the maximum. With the help of IPO, the company will have the opportunity to cover current costs and attract long-term external financial resources for the implementation of large projects. The processes required for an IPO and their implementation increase the transparency of the company and allow an objective assessment of its financial condition [5].

Table 2.

LARGE JOINT STOCK COMPANIES WITH STATE PARTICIPATION WHICH ARE DESIGNATED FOR THE PRIMARY AND SECONDARY PUBLIC PLACEMENT OF THEIR SHARES ON THE STOCK EXCHANGE IN 2022-2023 [8]

T/N	Name of enterprises	Form of public placement of shares	Time to prepare for public offering of shares of the company ("IPO").	Announcing the results of the IPO
1.	"Uzmetkombinat" JSC	IPO	September 2022	IV quarter of 2022 — I quarter of 2023
2.	"Kurilishmashlizing" JSC	IPO	December 2022	At times agreed with the underwriters
3.	"Uzbekistan Airways" JSC	IPO	September 2022	At times agreed with the underwriters
4.	"Uzbekinvest" JSC	IPO	December 2022	II-III quarter of 2023

5.	"Uztransgaz" JSC	IPO	According to the recommendation of underwriters and consultants	According to the recommendation of underwriters and consultants
6.	AT People's Bank	IPO	September 2022	II quarter of 2023
7.	"Uzagrosugurta" JSC	IPO	November 2022	III-IV quarter of 2023
8.	"Kishloq Kurilish Bank" ATB	IPO	During 2022	October 2022
9.	"Agrobank" JSC	IPO	August - October 2022	June 2023
10.	"Uzmilliybank" JSC	IPO	October 2022	July 2023
11.	"Uzbekneftgaz" JSC	IPO	2022-2023 years	March 2023
12.	"Microkreditbank" ATB	IPO	December 2022	June 2023
13.	"Uzauto Motors" JSC	IPO	August 2022	(Expected in the IV quarter of 2022 — the I quarter of 2023)
14.	"Uzavtosanoat" JSC	IPO	October 2022	March 2023
15.	AT "Alokabank"	IPO	January 2023	April 2023
16.	"Uztemiryocontainer" JSC	IPO) / (SPO	October 2022	June 2023
17.	"Uzbekistan Post" JSC	SPO	December 2022	According to the recommendation of underwriters and financial consultants
18.	"Uzbekgeofizika" JSC	IPO	October 2022	II-III quarter of 2023
19.	"Universal Insurance" JSC	SPO	September 2022	June 2023
20.	"Alskom" JSC	SPO	September 2022	June 2023
21.	"Dori-Darmon" JSC	SPO	September 2022	Within one month of the secondary public offering of shares

In Table 2, in 2022-2023, 21 large joint-stock companies with state participation were scheduled to place their shares on the stock exchange through primary and secondary public placement. At the IPO of UzAuto Motors, only 0.29 percent of the company's shares were sold instead of the 5 percent announced at the

road show. Although the company was able to attract 5 million dollars (56.9 billion soums) instead of the expected 90 million dollars, this placement became the largest indicator in the history of the country. On February 20, 2023, trading of UzAuto Motors shares began on the secondary market (RFB) of the

"Tashkent" Republican Stock Exchange. The company was due to go public last year, but the closing date was pushed back twice due to low demand. For the first time, from December 22 to December 28, 2022, and then until February 15, 2023. As a result, the company's IPO subscription process took more than two months. Institutional investors bought 80% of the total volume of shares sold, and individuals bought 20% (about 1 million dollars). The rest of the joint-stock companies are also expected to carry out their IPO and SPO operations in 2023.

If we focus on the analysis of IPO practices carried out by developed countries, the share of stock market or stock exchange capitalization in the country's gross domestic product (GDP/GDP ratio) in developed countries is very high, and this indicator is New York and 70-90 percent on the Tokyo stock exchange, 100-120 percent on the Korean and London stock exchanges, 1000-1200 percent on the Hong Kong stock exchange [9].

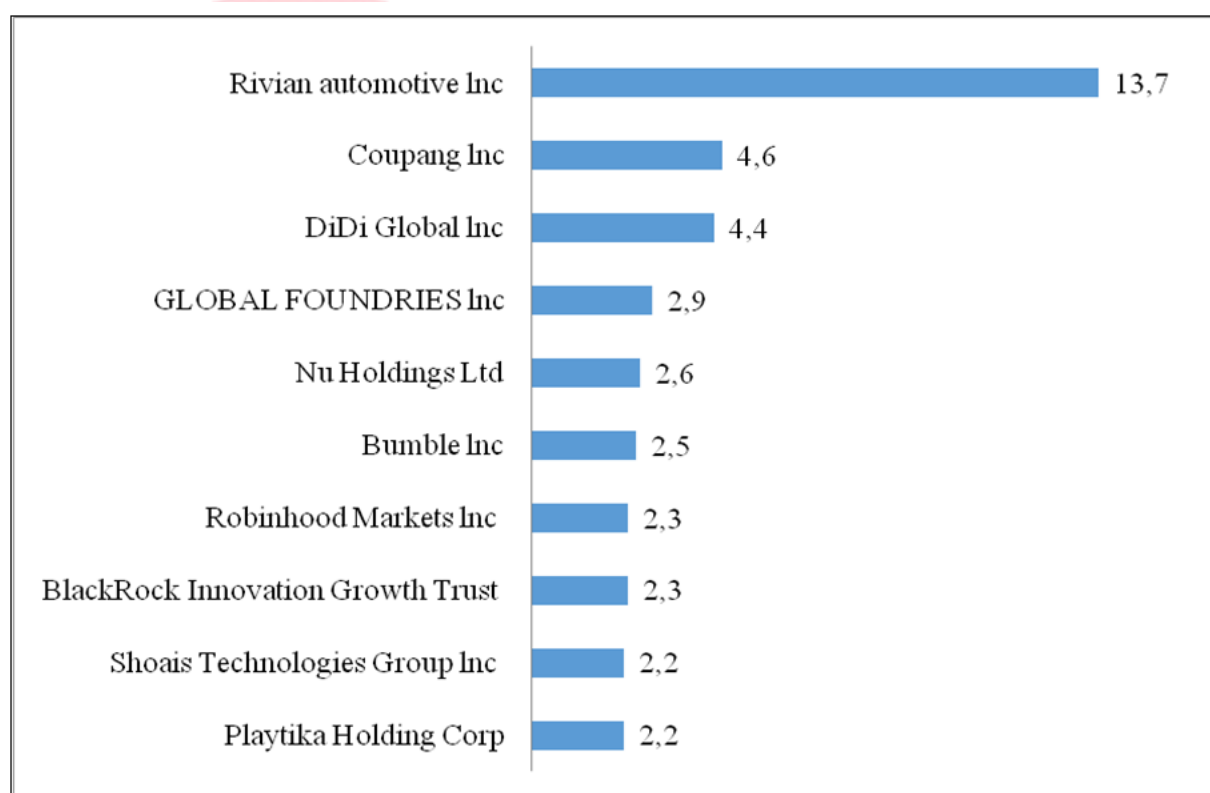


Figure 2. TOP US IPO COMPANIES BY DEAL VOLUME IN 2021 (US\$ BILLIONS) [10]

On November 10, 2021, electric vehicle manufacturer Rivian Automotive raised \$13.7 billion through an IPO.

It was the largest initial public offering (IPO) in the United States in 2020. And this year, each of the ten

largest IPOs was able to raise more than two billion US dollars.

DISCUSSION

An IPO is a long and expensive process. This requires cooperation with investment advisory firms to ensure that all requirements are met and the process is optimally planned. The company is subject to government and public scrutiny - any negative information, such as rumors of insider trading, can cause the share price to fall. Also, the timing of the public release is very important. Even a thriving company can have very low profits during a recession. In general, the public offering of shares is a positive situation in the dynamics of the market development, and it implies having a large amount of reserves for the growth, development and expansion of the company, and it implies access to foreign capital markets for the future prospects of the company in the long term. It should be noted that the financing of large investment projects in corporate structures is of systemic importance for the country's economy, but this is mainly done by attracting private investors. For this purpose, the IPO mechanism, which creates opportunities for companies, also allows attracting national and foreign investors. In this respect, the public status of the company makes it possible to attract additional capital by issuing additional shares and selling them on the capital market.

CONCLUSION

In recent years, a number of activities and activities have been carried out to reform the securities market and improve the legal system in this area, effectively regulate the capital market, expand cooperation with international financial institutions, and develop capital attraction from the international financial market.

Today, there are a number of urgent problems and shortcomings that await their solution in connection with the further development of the capital market, the promotion of foreign capital attraction, the formation of a competitive environment and the increase of the liquidity of the stock market. They consist of:

- the share of freely traded securities of companies in relation to the country's gross domestic product is low (0.3 percent);
- most of the transactions carried out on the stock market, i.e. more than 70% of the volumes on the stock exchange, are accounted for by state-owned enterprises;
- market infrastructure is insufficiently provided with modern information and communication systems;

In general, the placement of shares in the international stock exchanges in the form of open subscription, that is, about the features of IPO operations we can state the following conclusions: First of all, public offering of shares requires relatively high costs and a lot of time, but allows attracting a large amount of capital. This will allow the

implementation of new promising projects in the future.

Secondly, it is important not to ignore the shortcomings of this practice in the process of organizing and conducting IPO operations by corporate structures of strategic importance. Because the entry of some investors into the activities of corporate structures has a high probability of having a negative impact on the company's financial security.

Thirdly, through the circulation of Eurobonds, it will be possible to use low-interest and long-term financial resources. Directing it to projects that are intended to be implemented in advance at the expense of the funds involved and approved will further increase the efficiency of its use.

Fourthly, there is also an opportunity to have a positive international credit history due to the redemption of Eurobonds at maturity, and thereby gain confidence in attracting capital in the future; Fifth, it is necessary to take into account the level of initial payments and annual payments, which are one of the listing requirements, when organizing the practice of publicly placing shares of joint-stock companies operating in our country on international stock exchanges. Because it is important that the implementation of such payments does not seriously affect the financial condition of joint-stock companies.

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