

**EUROPEAN INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY
RESEARCH AND MANAGEMENT STUDIES****VOLUME03 ISSUE07**DOI: <https://doi.org/10.55640/eijmrms-03-07-34>

Pages: 237-243

**CURRENCY AND FOREIGN TRADE*****Namozov Bekjon****Karshi Institute Of Engineering Economics A Student Of The Faculty Of Economics, Uzbekistan***ABOUT ARTICLE**

Key words: world financial market, international financial market, capital accumulation, redistribution, debt capital, debt instruments, derivative contracts, eurocurrency market, methodological approach, interest of economic agents.

Abstract: In this article, the economic essence, social characteristics of the world financial market and its theoretical and methodological aspects, its main and additional functions and principles, the implementation of market instruments are considered, scientifically based from the point of view of the participating institutions. perform the functions of its specific aspects.

Received: 20.07.2023**Accepted:** 25.07.2023**Published:** 30.07.2023**INTRODUCTION**

International commercial banks have extensive and developed branch networks and interbank representative accounts, which are ultimately the primary prerequisites for their high-level position in the international financial system.

International representative relations of commercial banks differ according to the geographical direction, types of operations and the nature of relations.

Mutual representative relations of commercial banks are divided into internal and external relations according to the geographical direction. Domestic relations mean established mutual representative relations between commercial banks within the same country. The main part of international settlements is carried out through foreign representative relations. Payments are made through "Nostro" and "Vostro" representative accounts.

The fact that commercial banks of the Republic of Uzbekistan have unilateral foreign representative relations with commercial banks of developed foreign countries has a negative effect on expanding the

scope of international operations. The essence of the matter is that large commercial banks of our Republic have their "Nostro" representative accounts in commercial banks of developed foreign countries. Commercial banks of developed foreign countries do not have their "Vostro" representative accounts in commercial banks of our republic.

It should also be noted that, taking into account the implementation of measures for the liberalization of the foreign exchange market of Uzbekistan, which will help to expand the scope of foreign exchange operations in accordance with world practice, the authorized banks should inform the interested bodies of the methods of operation of the international currency market. It is necessary to carefully study and create conditions for the use of currency risk regulation instruments in order to avoid negative effects on the country's economy. divided into relationships. Customer transactions include trust service transactions, customer commercial transactions, payment orders for their obligations, checks, documented letters of credit and collection transactions, securities transactions, guarantees to them. giving and other operations.

Banks' own operations include granting and receiving loans in foreign currency, accepting deposits, buying and selling currencies, securities.

None of the commercial banks of the Republic of Uzbekistan have been listed on the international securities market. This prevents them from developing operations related to securities denominated in foreign currency.

In most cases, mutual representative relations are implemented by opening bilateral or unilateral accounts.

At the same time, it is possible to establish mutual representative relations without opening accounts. In this case, international settlements are made through an account opened in a third bank.

The second main factor that determines the position of international settlement relations of commercial banks in the IIM system is their connection to the international electronic payment system.

After the independence of the Republic of Uzbekistan, as a result of reforms carried out in the banking sector, a national electronic payment system was introduced in a short period of time. As a result, the time for making payments between business entities in commercial banks of the Republic of Uzbekistan has been sharply reduced. This information is presented in the diagram below.

In addition, the currencies in which reserves can be formed (US dollar, pound sterling, French franc, German mark, Japanese yen, etc.) have decreased on the one hand (as a result of the adoption of the euro as a single currency throughout Europe, the German mark, Swiss franc, French franc, pound sterling (partially due to the withdrawal of reserve currencies), on the one hand, during the global financial crisis, as a result of the sharp rise in oil prices and the entry of the currencies of major oil-exporting countries into the world market, world currencies increased.

According to another principle adopted at the conference, a regime of free exchange rates should apply throughout the world. However, this regime is in force in only 23 countries of the world, and more than 100 countries have either a fixed currency system or a controlled exchange rate regime.

All these circumstances require reform of the International Monetary Fund. Because currently the International Monetary Fund does not have the ability to fully and consistently control financial and currency relations. For example, it is very difficult to control the FOREX system, a new form of the international currency market system. It can be said that this market cannot be regulated. In addition to the fact that this market is not located at a specific location, it operates throughout the day, which limits the possibility of controlling the transactions taking place in it.

In our opinion, the methodological approach to the concept of the world financial market should be based on the understanding of its multidimensionality, due to the impossibility of explaining this concept from one side. Even the most basic concept can reject several factors - the economic nature of the relations that arise in the market, the financial assets that circulate in it, the entities that carry out transactions in the market, as well as their importance in the world economy. Therefore, the analyzed approaches of different authors to the concept of the world financial market can be used as a complement.

The analysis of the geographical structure of the development of the world financial market shows the superiority of developed countries. North American countries (USA and Canada), European Union countries and Japan occupy a third of the total world market.

The role of the leading economic countries in the development of currency relations is significant. In the last decade, the activity of transition and developing countries in this field is also increasing.

Each developing country, implementing its currency policy related to the coordination of the economic situation, strives to eliminate the deficit of the balance of payments, to curb the import and export of

goods, and to protect the national currency reserves. For this, the following main methods of currency policy are used:

- 1) coordination of the exchange rate using various regimes such as fixed, floating, multiple and devaluation and, in rare cases, revaluation;
- 2) application of various forms of currency restrictions on current and financial transactions of the balance of payments;
- 3) establishment of interstate payment and clearing agreements in order to save currency reserves (Asian Clearing Union, West African Clearing Chamber, etc.);
- 4) development of currency cooperation and integration of developing countries by establishing their own currency groupings, joint currency funds designed to cover the deficit of the balance of payments.

Commercial banks take the main place in currency transactions. The legislation of most countries of the world imposes the right to carry out non-cash currency exchange operations mainly on commercial banks.

It should be noted that commercial banks carry out settlement and payment operations in the form of currency exchange transactions through their established representative accounts (accounts of banks opened in other commercial banks). This, in turn, determines the participation of commercial banks as the main participants in the Forex market.

Commercial banks should establish a number of special departments in the implementation of currency exchange operations:

- currency dealing (Dealing) department for concluding deals on the foreign exchange market;
- department of formalization of currency transactions (Back office);
- Settlements department.

Usually, foreign exchange transactions refer to transactions related to the exchange of property rights to foreign currencies and foreign currency assets.

There are several types of foreign exchange operations of commercial banks. In the economic literature, mainly two types are distinguished:

1. Cash transactions or spot operation;

2. Term contracts (their most common forms are forwards, options, futures, swaps, etc.).

A condition of cash transactions or spot transaction is that when the currencies arrive within two business days after the foreign exchange transaction is concluded, these are called spot transactions. If it is delayed by two working days of the bank, the guilty bank will pay a penalty. These two working days do not include bank holidays and holidays, and must be a working day for the banks of both countries. It is the main condition of fixed-term currency operations, and refers to operations that are carried out within a specified period, but in a period exceeding two working days. The most common form of currency futures is forward contracts. In banking practice, there are standard terms for the implementation of forward transactions. Examples of standard terms are 1, 3, 6, 9, and 12 months. Forward contracts are usually used to hedge risks arising from changes in exchange rates. For example, the exporter sold his goods with the condition of payment within 6 months. After 6 months, he got 10 mln. Must have foreign currency income in the amount of US dollars. If the exchange rate of the US dollar falls within 6 months, the exporter will suffer. To avoid losses, the exporter enters into a forward exchange contract with the bank. The commercial bank determines the exact forward rate at the time of signing the transaction, and after 90 days, the client will pay 10 mln. buys US dollars. In order to avoid losses, the commercial bank analyzes the amount of the transaction, the term of the transaction, the interest rate of loans in the currency of the transaction, the interest rates paid to deposits in the currency of the appraiser, determines whether it is a premium or a discount, and hedges (insures) the currencies. If the interest rate on the currency transaction is lower than the interest rate of the evaluation currency, this currency is quoted at a higher rate and the resulting index is sold at a premium. If the interest rate of the currency transaction is high, this indicator is a discount will be.

In the first half of 2021, the situation in the domestic currency market was formed in the context of an increase in the volume of supply and demand for foreign currency.

The total volume of foreign currency supply in the domestic currency market in the first half of 2021 is 9.8 billion. US dollars (excluding Central Bank interventions) and increased by 1.6 times compared to the corresponding period last year (in 2020 - 6.0 billion US dollars, in 2019 - 5.1 billion US dollars).

In January-June of this year, the total amount of demand in domestic currency market operations is 11.3 billion. US dollars and increased by 1.7 and 1.4 times compared to the corresponding periods of 2019 and 2020. In addition, the share of individuals and legal entities in the total demand was 18 and 82 percent in 2021, while in the corresponding period of 2020 this figure was 21 and 79 percent, respectively.

The Australian dollar, the Canadian dollar, the Swiss franc and the Chinese yuan take the next places in terms of usage.

In general, in the near future, the national currencies of developing countries do not have the opportunity to lead global currency transactions. At the moment, even among developed countries, it can be seen that the US currency has high liquidity and does not lose its leadership due to its participation in currency pairs and cross rates.

In Uzbekistan, spot currency operations with US dollars are developed in exchange and over-the-counter currency markets. Although the trading instrument with the euro is included in the trading system of the currency exchange, its scope is not significant. At the moment, all legal grounds are sufficient for the Central Bank and commercial banks to carry out currency swap operations. However, forward, futures and option contracts with foreign currency remain undeveloped in the national currency market.

According to the research of the current trends in the world market, there is a possibility of profound changes in the financial sector of most countries in the near and long term. Despite the revival of business activity in 2009-2010, the consequences of the current global financial crisis have not been completely eliminated. In our opinion, in the next few years, the world financial market will be dominated by two main factors - the direct impact of the consequences of the global financial crisis, as well as the change in the regulatory environment, aimed at creating a more stable financial system and causing the crisis.

As a result, there is a possibility of large-scale changes in the activity of the financial sector, the size of financial institutions, methods of financing operations, risk management policies, and the characteristics of competition in individual states (countries) and global financial markets.

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