

FINANCIAL GLOBALIZATION: OPPORTUNITIES AND OBSTACLES

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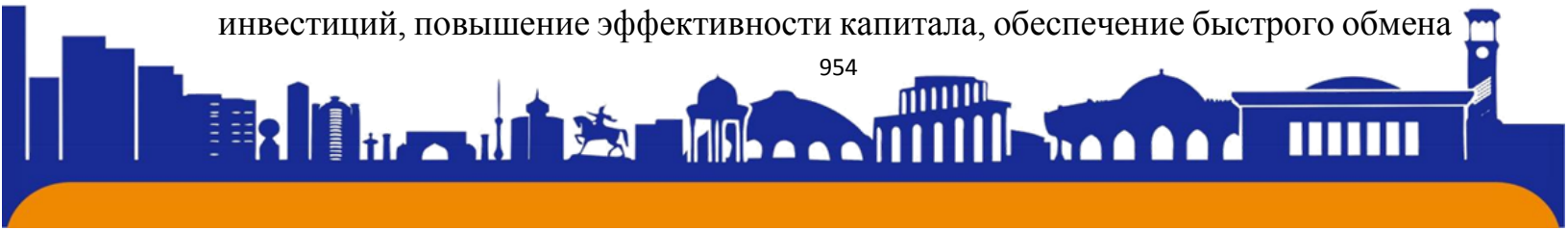
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Annotation. Financial globalization, a process that ensures the free movement of capital and financial services internationally, has become an integral part of the modern economy. This article analyzes the possibilities and obstacles of financial globalization. Among the possibilities, aspects such as attracting foreign investments, increasing capital efficiency, ensuring the rapid exchange of technology and knowledge are discussed. Financial globalization increases international financial cooperation by expanding diversification opportunities for investors. However, there are also obstacles associated with this process. Problems such as changes in exchange rates, the spread of financial crises, regulatory differences and the weakness of financial control can threaten financial stability. In addition, financial globalization can exacerbate social and economic inequalities such as uneven distribution of wealth and loss of jobs. The article emphasizes that countries must maintain a stable financial policy, strengthen international financial cooperation and improve financial control in order to get the maximum benefit from financial globalization. Through a deeper understanding of the possibilities and barriers of financial globalization, global economic stability and growth can be ensured.

Keywords: financial globalization, foreign investment, economic growth, exchange rates, financial crisis, regulation, social inequality

ФИНАНСОВАЯ ГЛОБАЛИЗАЦИЯ: ВОЗМОЖНОСТИ И ПРЕПЯТСТВИЯ

Аннотация. Финансовая глобализация, процесс, который обеспечивает свободное движение капитала и финансовых услуг на международном уровне, стала неотъемлемой частью современной экономики. В данной статье анализируются возможности и препятствия финансовой глобализации. Среди возможностей обсуждаются такие аспекты, как привлечение иностранных инвестиций, повышение эффективности капитала, обеспечение быстрого обмена

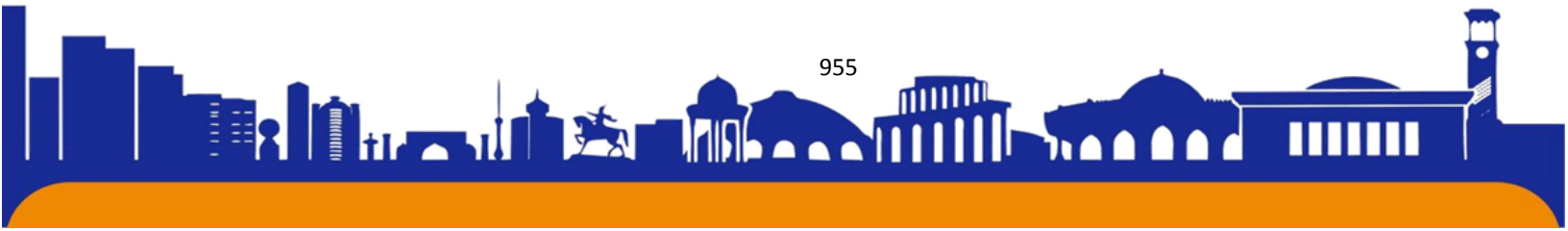




технологиями и знаниями. Финансовая глобализация увеличивает международное финансовое сотрудничество за счет расширения возможностей диверсификации для инвесторов. Однако существуют и препятствия, связанные с этим процессом. Такие проблемы, как изменение обменных курсов, распространение финансовых кризисов, различия в регулировании и слабость финансового контроля, могут угрожать финансовой стабильности. Кроме того, финансовая глобализация может усугубить социальное и экономическое неравенство, такое как неравномерное распределение богатства и потеря рабочих мест. В статье подчеркивается, что страны должны поддерживать стабильную финансовую политику, укреплять международное финансовое сотрудничество и улучшать финансовый контроль, чтобы получить максимальную выгоду от финансовой глобализации. Благодаря более глубокому пониманию возможностей и барьеров финансовой глобализации можно обеспечить глобальную экономическую стабильность и рост.

Ключевые слова: финансовая глобализация, иностранные инвестиции, экономический рост, обменные курсы, финансовый кризис, регулирование, социальное неравенство

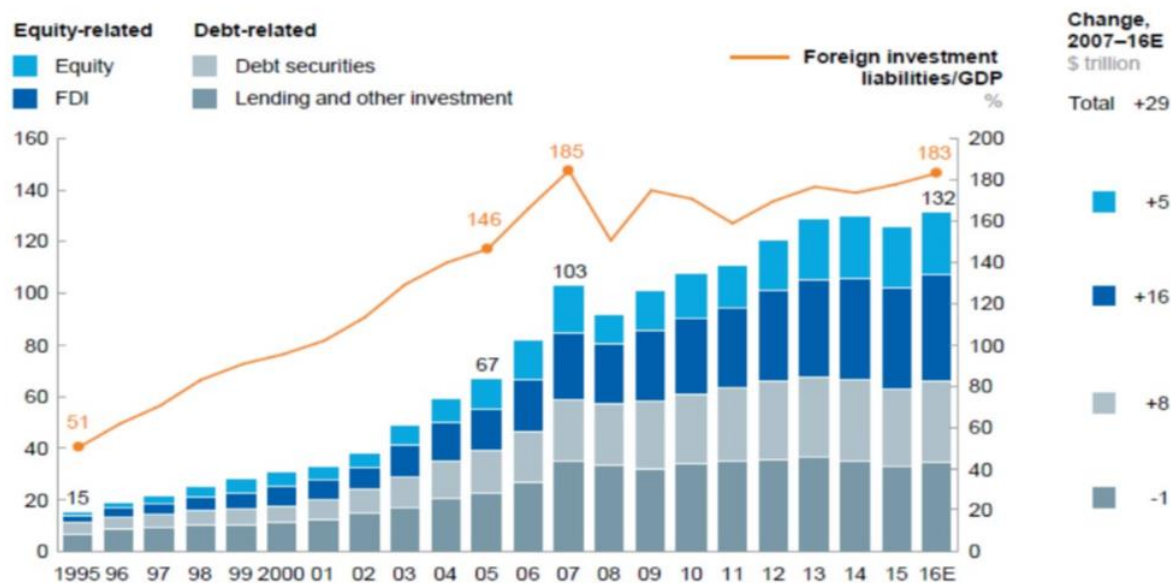
Financial globalization has developed rapidly in recent decades, becoming a process that connects national economies internationally and ensures effective distribution of financial resources. This process has a significant impact on the economic growth and development of countries through investments, capital flows and free movement of financial services. The basic tenet of financial globalization is to ensure that capital moves without restrictions, which makes it possible to attract foreign investment to national economies and stimulates the rapid exchange of technology, knowledge and innovation. The possibilities of financial globalization include many positive aspects. In particular, it brings advantages such as increasing the efficiency of capital by attracting and diversifying foreign investments, accelerating technological progress and economic growth, strengthening international financial cooperation. However, there are also certain barriers to financial globalization, which include financial volatility, uncertainty of exchange rates, regulatory differences, and socio-economic inequalities. These barriers can adversely affect global financial stability.



The purpose of the article is to analyze the possibilities and barriers of financial globalization and to study the impact of this process on economic development and sustainability. It is also discussed what strategies countries should employ to maximize profits from financial globalization and reduce their negative consequences. Thus, the article highlights various aspects of financial globalization and helps to understand its importance to the global economy.

Financial globalization has become an integral part of the modern economy, ensuring free movement of capital and financial services internationally. This process provides many opportunities for national economies, but there are also certain obstacles. The possibilities and obstacles of this process can be considered on the example of the countries of the world and Central Asia, in particular Uzbekistan. One of the main advantages of financial globalization is the possibility of attracting foreign investments. Foreign investment plays an important role in attracting additional financial resources to national economies and promoting economic growth. Taking China and India on a global scale, foreign investment has been attracted to many infrastructure projects through China's One Belt, One Road Initiative. This initiative accelerated the economic development of the country and created many new jobs. India's IT industry has achieved great success by attracting foreign investment. As a result of foreign companies investing in the country, new technologies and knowledge entered, which gave a great impetus to economic growth. Uzbekistan and Kazakhstan from the countries of Central Asia. Uzbekistan has in recent years activated the attraction of foreign investment through economic reforms and liberalization processes. In particular, foreign investments are being made in the automotive, textile and energy sectors. For example, the construction of an automobile plant in cooperation with the General Motors Company made a significant contribution to the country's economy. Kazakhstan has provided economic growth by attracting foreign investment in the oil and gas sector. Large companies such as Chevron, ExxonMobil have invested in the country and major changes have occurred in this area.

Рисунок 1 Stock of foreign investment liabilities (US\$ trillion, annual nominal exchange rates)



Source: McKinsey Global Institute, The New Dynamics of Financial Globalization, August 2017

Financial globalization in capital efficiency and diversification makes it possible for investors to effectively distribute and diversify capital. By investing in different countries, investors can reduce risks and direct capital to areas with high profitability. Examples include investments in the US and European markets. The US and European financial markets offer investors a wide range of opportunities. By investing in different areas, investors can diversify their portfolio and reduce risks. Small businesses in Uzbekistan, small and medium-sized businesses in Uzbekistan are developing through foreign investment. The penetration of foreign capital brings new technologies and experiences for these enterprises.

As for the exchange of technology and knowledge, financial globalization provides a quick exchange of technology and knowledge. Through foreign investment, countries can master new technologies and innovate. For example, South Korea and Japan, South Korea and Japan accelerated economic growth by adopting high technologies through foreign investment and technological cooperation. These countries have become the leading technological centers in the world today. Technology parks and innovation centers are being established in Uzbekistan through



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foreign investment and cooperation. In particular, Inha University and other technological educational institutions in Tashkent are developing due to foreign investment.

Among the negative aspects of financial globalization, volatility and uncertainty, which are caused by changes in exchange rates and financial crises, occupy an important place. Such changes can have a significant impact on financial stability, since the crisis in one country will quickly spread to other countries. For example, the 1997 Asian financial crisis caused significant damage to Southeast Asian countries. This crisis, which began due to the currency crisis in Thailand, soon spread to Indonesia, South Korea and other countries, as a result of which financial systems were derailed and economic growth decreased. The impact of this crisis has had a negative impact not only within the region, but also on global financial markets and economies. Another barrier to financial globalization is related to financial regulatory differences and control problems in different countries. Differences in financial regulation between countries can be a barrier to financial flows. In some countries, weak financial controls threaten financial stability. For example, in the process of economic reforms in Uzbekistan, some regulatory differences and bureaucratic obstacles can create difficulties for investors. This slows down the process of attracting foreign investment and negatively affects the economic development of the country. Countries need to improve financial regulation and strengthen control mechanisms in order to get the maximum benefit from financial globalization.

The fact that financial globalization leads to social and economic inequality is also an important obstacle. Uneven distribution of wealth exacerbates social problems. Jobs may be lost as a result of the closure of non-competitive industries and businesses. During Global financial crises, there is a decrease in jobs and an increase in economic uncertainty in developing countries. For example, the global financial crisis of 2008 has caused significant damage to economies around the world, especially in developing countries where economic uncertainty and unemployment rates have increased. This increased social discontent and also affected political stability.

On the example of Uzbekistan, in order to use financial globalization and reduce the negative consequences, it is necessary to modernize the country's economic policy, reform the financial system and strengthen international financial cooperation. By attracting foreign investment, the country can master technology and create new jobs.





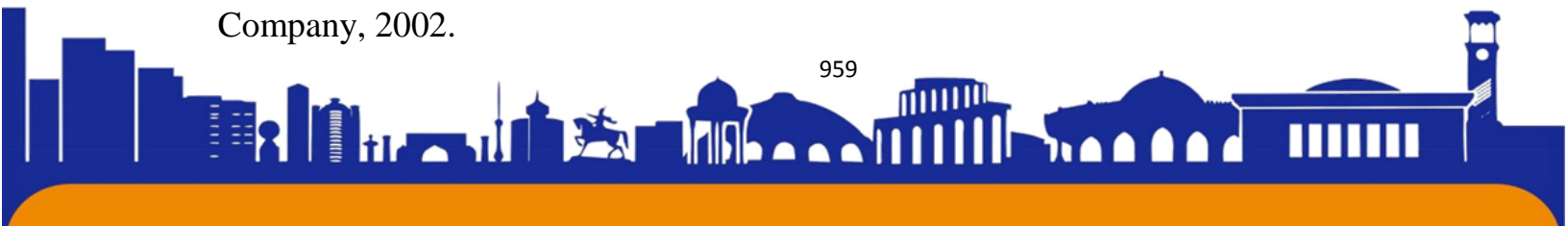
However, regulatory problems and bureaucratic obstacles remain serious obstacles for investors. The country should focus on improving financial regulation, optimizing the investment environment and creating favorable conditions for foreign investors. In order to reduce the negative aspects of financial globalization and make the most of its capabilities, countries must maintain a stable financial policy. By strengthening international financial cooperation, it is possible to ensure global financial stability and promote economic growth. In this process, developing countries, including Uzbekistan, can accelerate economic development by attracting foreign investment and exchanging technology. Through a deep understanding of the possibilities and obstacles of financial globalization, countries can find ways to get the maximum benefit from this process and reduce the negative consequences.

Conclusion financial globalization has become an integral part of the modern economy, which provides many opportunities for national economies. Advantages such as attracting foreign investment, capital efficiency and diversification, technology and Knowledge Exchange play an important role in the development of national economies. For example, the successful investment policies of China and India, as well as Uzbekistan's foreign investment in the automotive and technology sectors, have contributed significantly to the economic growth of countries. However, there are also barriers to financial globalization. Changes in exchange rates and financial crises, differences in financial regulation and control problems in different countries, as well as an uneven distribution of wealth, exacerbate social and economic problems. Examples of the 1997 Asian financial crisis and the 2008 global financial crisis clearly illustrate these obstacles.

In order to get the maximum benefit from financial globalization and reduce its negative consequences, it is necessary that countries maintain a stable financial policy, reform the financial system and strengthen international financial cooperation. It is important for Uzbekistan to attract foreign investment, master technology and continue economic reforms. Thus, through a deep understanding of the possibilities and barriers of financial globalization, countries can find ways to get the maximum benefit from this process and ensure global economic growth.

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