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**PROSPECTS OF ISSUING ISLAMIC SECURITIES IN THE FINANCIAL MARKET OF THE
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ABOUT ARTICLE**Key words:** Islamic Finance, Capital Market, Islamic Banking, Credit.**Received:** 19.05.2024**Accepted:** 24.05.2024**Published:** 29.05.2024**Abstract:** This article examines the prospects for the introduction of Islamic securities in the financial market of Uzbekistan, includes existing problems and potential solutions. With the growing interest in Islamic finance globally, Uzbekistan is going through an important period to diversify its financial products and secure a wider investor base. However, a number of obstacles prevent the smooth integration of Islamic securities, including the absence of a regulatory legal framework, lack of awareness and market infrastructure. This article analyzes the experience of other countries and offers solutions to overcome these difficulties, taking into account the unique socio-economic conditions of Uzbekistan.

INTRODUCTION

The essence of Islamic economics is to create a moral market economy system. One of its unique aspects is to satisfy the real needs of the individual and the society. The Islamic economic model pays special attention to the fair distribution of wealth in society, without which it is impossible to ensure social harmony (harmony) and economic growth.

The Islamic financial system is a part of the Islamic ecosystem, which includes economic relations in accordance with the rules of Islamic law in the process of using and distributing funds. For example, in Islam, it is forbidden to receive a profit in exchange for lending or borrowing, and all financial processes

must be based on real economic activity. It is not allowed to finance industries that can harm a person - for example, gambling, alcohol, tobacco products, etc.

According to the econometric analyzes conducted on the introduction of Islamic finance, the introduction of Islamic finance will also cause an increase in the country's GDP. According to such studies, empirical evidence points to a positive relationship between investment and GDP growth, especially in countries with large Muslim populations. According to an analysis by Turkish researchers examining the Turkish experience, a 1 percent increase in the average cost of Islamic finance increases GDP by 4.97 percent on average (Ledhem and Mekidiche, article 2020). Naz and Gulzor's research, based on empirical estimates in Muslim-majority countries, shows that a 1 percent increase in financing by Islamic banks can increase real GDP by 4.1 percent.

RESEARCH METHODOLOGY

This research used the bibliographic research method because it is oriented towards the study and analysis of the scientific works carried out within the subject. In this, 50 articles written by foreign and domestic scientists on the subject were selected and studied from ScienceDirect, Google Scholar and other scientific databases, and 20 of them were reflected in our scientific work.

ANALYSIS AND DISCUSSION OF RESULTS

In Uzbekistan, taking into account the above-mentioned potential, various opportunities and facilities are being created for the capital market participants in order to further develop the economy and attract the funds that are idle in the hands of the population to the financial markets. On the initiative of the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, interest in Islamic finance and efforts to introduce it are gradually showing results. In particular, the Law of the Republic of Uzbekistan on "Nonbank Credit Organizations and Microfinancing Activities" adopted on March 17, 2022 gives nonbank credit organizations and microfinancing organizations the right to provide financial services using Islamic instruments during their activities.

There is a high demand for Islamic finance in Uzbekistan, and several studies have been conducted in this regard by independent researchers and reputable organizations. One such study, the 2020 study of the United Nations Development Program, showed that 56% of individuals and 38% of businesses in Uzbekistan do not use bank loans due to their religious beliefs.

One of the main reasons why entrepreneurs and individuals do not use bank loans is that conventional loans do not comply with Islamic norms. Despite the fact that they are necessary in business and social life, this leads to them not using credit lines and closing them. Other specific reasons include high interest rates, complex terms and collateral in lending by banks.

According to experts, through the introduction of Islamic banking, the country can attract up to \$10 billion in additional foreign investment (spot.uz, 2019). An Islamic bank, like a traditional bank, connects the haves with the have-nots. However,

it does this not through an interest margin, but by directly participating in the financing of the real economy by assuming business risks. On the one hand, the Islamic bank is a fiduciary representative of investors' and depositors' money, and on the other hand, it is a seller, lessor, as well as a business partner and investor.

For example, take Murabaha, the most popular product of Islamic banking, which at first glance looks very similar to a loan. Here, an Islamic bank buys a product at the request of a customer and distributes it to that customer at a fixed rate. Here, from the time of purchase to the sale, the bank itself bears all the risks associated with the product.

In the capital market, Islamic finance can offer several products: an alternative to classic bonds in Islamic finance is "sukuk". It serves as a means of direct financing of companies and the state.

It is often referred to as an Islamic bond, although this is technically incorrect, as sukuk investors do not lend money at interest for "general purposes" but instead assume real financial and business risks. finance specific projects (spot.uz, 2023).

For investors from Islamic countries, Uzbekistan stands out for its political stability, ongoing economic reforms, growing prosperity, large and young population, deep culture and entrepreneurial spirit. These are great ingredients for Gulf and Southeast Asian investors.

As a result of our observations, we grouped the existing problems in the introduction of Islamic finance and the capital market in Uzbekistan into two large groups and proposed alternative solutions. In our opinion, the main problem in the introduction of Islamic finance is the lack of financial literacy of the population and the lack of legal framework.

CONCLUSION

In conclusion, in the face of increasing instability and competition for financial resources in the world economy, Islamic finance offers a promising alternative to attract investment, stimulate entrepreneurship, facilitate international trade, and alleviate poverty. However, in order for Uzbekistan to take full advantage of the opportunities of Islamic finance, it is necessary to make legal amendments that help its implementation. In addition, the creation of educational programs for undergraduate and graduate degrees in Islamic finance is essential, as there is currently a lack of expertise in this area. By implementing these strategic actions, Uzbekistan can effectively use Islamic finance to achieve economic growth and prosperity.

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