

Development Tendencies of World and National Financial Markets in the Process of Financial Globalization

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Abstract: This article analyzes the impact of globalization on economic and financial systems, highlighting how through globalization, national economies integrate into the global economy, ensuring the free movement of capital, goods, services, and labor. The article discusses key aspects of financial globalization, including the strengthening of international capital flows, market integration, the implementation of financial technologies, and changes in exchange rates.

Key words: globalization, financial globalization, integration of markets, financial technologies, financial stability, investment opportunities, global financial system, international financial organizations, capital movements, exchange rates, economic integration, investment environment.



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INTRODUCTION

Globalization refers to the ongoing trend of increasing interconnection between countries around the world, driven by advances in transportation and information technology. Globalization is economically facilitated through free trade agreements, which allow for barrier-free imports and exports across borders. While globalization has brought many advantages, including lower prices and higher living standards for some, it also has disadvantages, such as concentration of wealth and cultural homogeneity. Globalization is often used to refer to economic globalization, the integration of national economies into the international economy through transnational trade, foreign direct investment, capital flows, and migration. Economic globalization is a dynamic and multifaceted process of economic integration. National resources are becoming more and more mobile at the international level, and because of this, the national economy is also growing more and more interdependent. This process refers to the reduction and removal of barriers between national borders to facilitate the flow of goods, capital, services and labor. As a part of economic globalization, financial globalization refers to the integration of a country's domestic financial

system with international financial markets and institutions. Such integration usually requires governments to liberalize the domestic financial sector and capital account.

LITERATURE REVIEW

The growing impact of financial globalization as a significant economic phenomenon of today shapes the development and evolution of national financial markets. These processes, on one hand, create advantages and opportunities for integration into the global financial system, while on the other hand, bring various risks and issues to national markets and economies. From this perspective, research and analyses conducted by various scholars on the trends of national financial market development in the process of financial globalization are quite important. Analysts, such as Cohen (2004) and Obstfeld (2005), study the impact of globalization on the financial system and the mechanisms for its management. They primarily highlight the new economic and political issues that arise from the integration of national financial markets and their interconnection with the global system.

In studying the development trends of national financial markets, processes such as economic liberalization, financial freedom, and reduced government intervention are particularly emphasized. Through the process of financial liberalization, openness, competition, and liquidity in national financial markets increase. This facilitates attracting investments and the movement of capital.

In recent years, new factors have also emerged in the development trends of national financial markets. New elements such as fintech (financial technologies), blockchain technology, digital currencies, and online financial services are influencing the development of national markets. Scholars such as Narula (2017) and Brynjolfsson (2014) emphasize that the technological innovations have brought changes to national financial markets, reshaping the global financial services industry.

Robert Mundell, a Nobel laureate and one of the most renowned specialists in economics, has insights regarding the global financial market that are mainly focused on international monetary theory and exchange rate systems. He proposed the "Optimal Currency Area" theory, which explains how financial markets should be regulated on a global scale. According to Mundell, effective operation of global financial markets requires economic integration and the alignment of multiple countries' economies.

ANALYSIS AND RESULTS

The scale and structure of the global financial market have become one of the main factors influencing its intersectoral distribution. In turn, the strengthening of global financial flows significantly impacts the economies of participating countries, further developing the institutional structure of banking services and capital markets. During this period, a clear trend has emerged towards increasing the role of the corporate sector in the global capital market as a source of financial resource mobilization by the state, as well as reallocating funds in the secondary market. This has notably affected the capital market, government debt, and financial institutions.

Below, you can see the growth rates in the global currency market (Figure 1.1), the securities market (Figure 1.2), and the cryptocurrency market (Figure 1.3), based on statistical data obtained from the Trading Economics website:

Major	Price	Day	%	Weekly	Monthly	YTD	YoY	Date
EURUSD	1.02589	▲ 0.00139	0.14%	-0.80%	-2.41%	-0.97%	-6.31%	16.05
GBPUSD	1.21891	▼ 0.00119	-0.10%	-2.33%	-3.91%	-2.66%	-4.23%	16.05
AUDUSD	0.61852	▲ 0.00082	0.13%	-0.72%	-2.90%	-0.06%	-7.12%	16.05
NZDUSD	0.56080	▲ 0.0049	0.88%	-0.66%	-2.97%	0.28%	-9.52%	16.05
USDJPY	157.878	▲ 0.401	0.25%	-0.13%	2.43%	0.33%	8.33%	16.05
USDCNY	7.34740	▼ 0.00055	-0.01%	0.08%	0.75%	0.14%	2.29%	16.05
USDCHF	0.91614	▼ 0.00136	-0.15%	0.69%	2.41%	0.96%	7.10%	16.05
USDCAD	1.43823	▲ 0.00023	0.02%	0.06%	0.98%	0.03%	7.13%	16.05
USDMXN	20.6336	▼ 0.0183	-0.09%	1.49%	2.49%	-1.04%	22.26%	Jan/14
USDINR	86.5520	▼ 0.1018	-0.12%	0.88%	1.97%	1.14%	4.50%	16.05
USDBRL	6.09480	▼ 0.00150	-0.02%	-0.11%	-0.89%	-1.45%	25.34%	Jan/14
USDRUB	102.9985	▲ 0.253	0.25%	-3.96%	-0.57%	-9.25%	17.42%	16.05

Rates of change in the world currency market (Figure 1.1) [8.]

Major	Price	Day	%	Weekly	Monthly	YTD	YoY	Date
US500	5869.70	▲ 33.48	0.57%	-0.67%	-3.36%	-0.20%	23.16%	Jan/14
US30	42379	▲ 81	0.19%	-0.35%	-3.06%	-0.39%	13.43%	Jan/14
US100	20954	▲ 169	0.81%	-1.03%	-5.17%	-0.28%	24.50%	Jan/14
JP225	38650	▼ 540	-1.38%	-3.58%	-2.05%	-3.12%	7.65%	Jan/14
GB100	8234	▲ 10	0.12%	-0.14%	-0.34%	0.74%	8.41%	Jan/14
DE40	20272	▲ 139	0.69%	-0.34%	-0.20%	1.82%	21.96%	Jan/14
FR40	7487	▲ 78	1.05%	-0.04%	1.76%	1.44%	1.01%	Jan/14
IT40	35148	▲ 349	1.00%	0.60%	1.17%	2.81%	15.89%	Jan/14
ES35	11738	▲ 50	0.43%	-0.63%	-0.34%	1.23%	16.48%	Jan/14
ASX200	8207	▲ 15	0.18%	-0.94%	-0.52%	0.59%	9.48%	Jan/14
SHANGHAI	3241	▲ 80	2.54%	0.35%	-4.29%	-3.31%	12.29%	Jan/14

Rates of change in the stock market (Figure 1.2) [9.]

Crypto	Price	Day	%	Weekly	Monthly	YTD	YoY	MarketCap	Date
Bitcoin	96564	▲ 2,205	2.34%	-0.42%	-7.77%	3.49%	126.25%	\$1,891,194M	Jan/14
Ether	3230.43	▲ 99.47	3.18%	-4.63%	-18.22%	-2.98%	28.20%	\$478,544M	16.07
Binance	695.5	▲ 8.1	1.18%	-0.12%	-3.54%	-0.35%	119.12%	\$99,433M	Jan/14
Cardano	0.97000	▲ 0.02490	2.63%	-2.64%	-12.49%	15.18%	83.72%	\$33,933M	Jan/14
Solana	187.7505	▲ 4.4841	2.45%	-7.43%	-16.38%	-0.66%	99.27%	\$90,536M	Jan/14
Ripple	2.58063	▲ 0.05415	2.14%	12.95%	5.04%	24.39%	346.06%	\$146,146M	Jan/14
Polkadot	6.51	▲ 0.12	1.81%	-7.65%	-28.11%	-1.56%	-13.44%	\$9,876M	Jan/14
Avalanche	36.09	▲ 0.78	2.21%	-8.47%	-29.16%	1.58%	1.29%	\$14,602M	Jan/14
Polygon	0.45	▲ 0.01	2.17%	-4.62%	-27.10%	-0.22%	-46.94%	\$871M	Jan/14
Cosmos	6.22	▼ 0.06	-0.91%	-8.75%	-31.58%	0.77%	-39.12%	\$2,380M	Jan/14
Dai	0.99984	▼ 0.00010	-0.01%	-0.01%	-0.02%	-0.03%	0.04%	\$5,365M	Jan/14
Litecoin	99.820	▲ 1.280	1.30%	-3.22%	-17.89%	-2.81%	43.83%	\$7,441M	Jan/14

Rates of change in the cryptocurrency market (Figure 1.3) [10.]

Globalization brings a number of significant changes to financial markets, which include the following:

1. Strengthening of International Capital Flows

During the process of globalization, international capital flows become freer. The movement of capital across national borders becomes easier, allowing developing countries to attract international investments. The unrestricted movement of capital helps make global financial markets more interactive. For example, stock exchanges and other financial institutions begin to operate on a global scale.

2. Integration of Markets

The integration of national financial markets creates new methods for managing capital, financial instruments, and investments worldwide. This process can occur not only in developed countries but also in developing states. In this context, national markets become interconnected, enhancing their cooperation. Additionally, international financial institutions and companies, such as the World Bank, International Monetary Fund (IMF), and European Central Bank, influence the development of national markets.

3. Implementation of Financial Technologies

The development of FinTech (financial technologies) and digital financial technologies fundamentally changes financial markets. Electronic payment systems, cryptocurrencies, blockchain technologies, and automated financial services transform the dynamics of financial markets. The global proliferation of these technologies creates new financial opportunities and reduces government intervention in financial markets.

4. Fluctuations in Exchange Rates

Changes in the global economy directly impact exchange rates. The free movement of capital, international trade, and the growth of financial institutions stabilize exchange rates and alter the global exchange rates of currencies. Domestic economic policies, export-import activities, inflation, and other factors can influence exchange rates.

5. International Financial Crises and Interconnection

The interconnection of international financial markets during the globalization process can deepen global economic crises. The 2008 global financial crisis is a vivid example of this. The interconnectedness of financial institutions and the spread of debt and credit internationally can lead to financial instability. Thus, national markets are affected by global crises, requiring stronger regulatory measures to ensure stability.

6. Liberalization of Markets and Decreased Political Sovereignty

In the process of globalization, the free movement of goods and capital between countries enhances the liberalization of financial markets. This process influences the regulatory policies of countries concerning their financial markets and forces them to modify their national economies. This can sometimes lead to limitations on national sovereignty, as international organizations and transnational corporations play a significant role in making financial decisions.

Proposals and Solutions

Globalization enriches financial markets with new opportunities, risks, and innovative technologies. However, this process may also have negative consequences. Cooperation between states and international organizations, ensuring financial stability, and managing integration processes are crucial in developing national financial markets. In the context of globalization, continuous updates, regulation, and innovation are essential for the effective development of national financial markets.

International financial organizations, including the International Monetary Fund (IMF), the World Bank, the Asian Development Bank (ADB), the World Trade Organization (WTO), and the International Financial Committee, along with industrialized countries such as the United States, the European Union, Japan, and others, play a vital role in developing financial markets. Cooperation with these organizations is of great importance. Through effective collaboration with international financial organizations and developed countries, national markets can ensure economic stability, stimulate the growth of the financial system, increase investment flows, and ensure successful integration into the global financial system. This cooperation not only provides access to financial resources but also supports technological development through best practices and innovations. By adopting the experience of developed countries, especially those who have achieved significant progress in the fields of FinTech and digital financial technologies, national financial markets can optimize financial services, develop digital payment systems, and accelerate the digitization of the economy. At the same time, developed countries are ready to collaborate in supporting technological infrastructure and implementing new financial innovations. Cooperation in investment, trade, technology, and regulation will accelerate the growth of national markets and help integrate the economy into the global system. Thus, international cooperation plays a crucial role in ensuring the stable and competitive development of national markets.

Conclusion

As emphasized in the article, the importance of international cooperation, ensuring financial stability, and introducing new innovative technologies in developing national financial markets is significant. Effective collaboration with developed countries and international financial organizations leads to the strengthening and diversification of national markets. Furthermore, improving financial infrastructure, creating an investment-friendly environment, and simplifying regulatory policies support the development of national financial markets. In conclusion, the process of integrating national financial markets into the global system is a crucial and complex stage, and if successfully implemented, it will positively impact not only the economic development of countries but also the stability and competitiveness of the global financial system. At the same time, strong cooperation between states, international organizations, and financial institutions is essential for effectively managing and coordinating this process.

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