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Corporate Relations in Multinational Companies

Egamberdiev Shukhrat Satimbaevich

Tashkent State University of Economics, Faculty of Business Administration, Deputy Dean for
Youth Affairs and Spiritual Education
(Associate Professor of the Department of Corporate Management)

ABSTRACT

The article analyzes corporate relations in multinational companies. Problems in corporate governance in international multinational companies are identified and practical suggestions and recommendations are given for their improvement.

Keywords: multinational company, corporate relationship, state share, capital, asset, liability, loan, net profit, liquidity.

Introduction

International financial and credit relations and the globalization of the world economy, as well as the intensification of competition between banks in the international and domestic spheres, bring to light the urgent issues of increasing their level of capitalization. Because capital is the main financial source for protection against losses that may occur unexpectedly in the activity of banks and for determining the appropriate norms for asset operations. In international practice, after the global financial and economic crisis, despite the fact that serious attention is paid to this issue, a number of problematic situations are occurring. In particular, "the International Basel Committee has increased the conservation buffer of capital from 1.8% to 2.5% in 2023, the requirement for core capital from 6.3% to 7.0%, and the requirement for total capital from 9.8% to 10.5%." 58 bln. EUR and 65 bln. exceeding the euro, indicates that this issue is even more serious.

Among the effective economic reforms implemented in the banking system of Uzbekistan, the Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. PF-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" - a number of measures were implemented during the consistent reform of the financial sector it is determined to increase, conduct advanced banking business and create necessary conditions for strengthening the competitive environment in this sector. In particular, the Laws of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan", "On Banks and Banking Activities", "On Currency Regulation" and "Payments and Payment Systems" which conform to international standards and create an attractive legal environment for foreign investments in the financial sector on" was adopted. The main attention is paid to solving the problems related to increasing the level of capitalization of commercial banks, in particular, increasing the capital of banks at the expense of sustainable sources, increasing the role of income, reducing the state share in the capital

structure of banks, introducing the mechanism of selling bank shares to the population and legal organizations, and increasing their transparency. In this case, identifying existing problems and finding a solution for increasing the level of capitalization of commercial banks is defined as one of the important issues.

Literature review

The essence of the capital of commercial banks, its structure, its adequacy, and issues of improving the level of capitalization are discussed by foreign classical and modern economists - A. Smith, K. Marks, I. Trakhtenberg, S. Lukash, V. Kiselev, O. Lavrushin, J. Matuk, Dj. Barlton, D. MacNaughton, E. Reid researched in depth.

There is no consensus on the economic nature, functions and sources of bank capital. In our opinion, the main reason for this is that in a market economy, economic and financial relations are constantly changing under the influence of available resources and traditions. This, in turn, is reflected in bank capital, capitalization and other processes. For example, A. Smith described that "the bank turns the full capital of individual entrepreneurs, which is considered extremely valuable for society, but temporarily unused for them, into an asset and productive capital."

So, banks accept investment risks by collecting temporarily idle funds of businessmen, turning them into capital, i.e., a new value creator.

K. Marks, in the process of defining the essence of banks, specifically mentioned that they accumulate a large amount of loan capital in their hands. Also, in his famous work "Capital", K. Marx emphasized the fact that banks accumulate savings of commercial and industrial capital in exchange for the emergence of loan capital.

One-sided views on bank capital were also expressed by American scholars Chris D. Barlton and Diana McNaughton. According to them, the bank capital is a sufficient reserve to prevent various contingencies arising in the banking activity, and it helps to eliminate the inability to pay while adapting to the changing conditions. We partially agree with this opinion, but we want to admit that the basis of the bank's capital's activity and the coordinating nature of its activity have been left out of consideration.

Professor I.O. Lavrushin briefly described bank capital as a "protective cushion". Here, as well as the above points, the bank's capital should be protected from the point of view of its compensation and solvency recovery if it suffers an unexpected loss.

In our opinion, when talking about the capital of the bank, first of all, it is necessary not to forget the funds that should be organized by its founders before obtaining a special license for operation.

Research methodology

During the study, econometric analyzes were made on increasing the efficiency of the capital of commercial banks through the monographic research method. Also, with the help of the economic-statistical method, practical proposals were made for increasing the capital efficiency of commercial banks, and methodologies were developed in this direction.

Analysis and results

Issuance and realization of electronic money begins with the sending of a notification and documents to the Central Bank in the form approved by the issuing bank. The notification received by the Central Bank will be reviewed within 10 days, and a record of the date of issuance of money will be recorded in the relevant Register maintained on the official website of the Central Bank.

Electronic money is made within the framework of funds received from individuals or an agent, in accordance with the agreement on the issuance, use and reimbursement of electronic money. Based on this contract, the conditions for the realization of electronic money are determined. Before concluding the contract, the issuer or operator must provide the individual with information on:

- the name and address of the issuer and the operator (postal address) (in the case of a payment organization - license number);
- Terms of use of electronic money;
- the procedure and amount of collecting the brokerage fee from the owner of electronic money;
- methods of submitting objections and the procedure for their consideration.

Electronic money is realized by transferring it to an individual and an agent to an electronic wallet that is created for each owner of electronic money. Proof of purchase of electronic money is confirmed by a receipt and other documents in paper or electronic form containing the following information:

- name of the issuer and operator;
- the date of the operation;
- sequence number of the operation;
- amount of electronic money;
- the identification code of the electronic wallet belonging to the owner of electronic money;
- the amount of brokerage fee to be charged (if it is specified in the contract on the issuance, use and compensation of electronic money). Also, the issuer may enter additional details. Electronic money is reimbursed by the issuing bank to its owners by exchanging it for cash or by transferring non-cash funds to the bank account of the owner of electronic money. Electronic money is withdrawn from circulation after payment.

The number of electronic money systems (EPT) in Uzbekistan is 12. These electronic money are Turkistonbank (Oson EPT), Universalbank (E-card, QIWI Uzbekistan EPT), Agrobank (Click EPT), Kapitalbank (Wooppay, Interpay, QIWI Uzbekistan EPT), Aloqabank (alif.mobi, 1HLSW, GlobalPay EPT), Bank It is issued by Apelsin (A-pay, Pay Way, Apelsin EPT).

As of August 11, 2023, the electronic money systems listed in Table 1 were included in the Central Bank register, and the number of electronic wallets opened in them reached 5.5 million. Compared to 2022, the number of transactions made through the system increased by 4.6 times to 6.8 million, and their volume increased by 8.5 times to 175.7 billion soums.

It is clear that for a long time, payments using plastic cards have been the leader among various payment methods, but in addition to plastic cards, there are other alternative payment methods that can be analyzed from the point of view of use in the field of e-commerce. Several groups were identified to analyze the volume of payments using alternative payment methods:

1. Bank cards divided into payment cards, credit cards, debit cards and prepaid cards.
2. Bank transfer.
3. Cash on delivery.
4. Direct debit.
5. Invoices. Examples: Klarna, Afterpay.
6. Electronic wallets
7. Payment after payment.
8. Other payment methods.

Table 1. Register of electronic money systems

#	The name of the electronic money system	The name of the operator	Name of the issuer	The date of the start of activities on the issuance of electronic money
1.	"OSON"	"BRIO GROUP" LTD	"Turkiston" PSCB	16.06.2020
2.	"E-CARD"	"INSPIRED" LTD	"Universalbank" SCB	21.08.2020
3.	"CLICK"	"CLICK" LTD	"Agrobank" SCB	21.08.2020
4.	"WOOPPAY"	"WOOPPAY UZ" LTD	"Kapitalbank" SCB	02.11.2020
5.	"alif.mobi"	"ALIF TECH" LTD	SC "Aloqabank"	02.11.2020
6.	"Interpay"	"Interpay sys" LTD	"Kapitalbank" SCB	28.07.2021
7.	"A-pay"	"CENTER FOR DIGITAL TECHNOLOGY AND INNOVATION" LTD	"Bank Apelsin" SC	01.07.2022
8.	"QIWI Uzbekistan"	"Payment Aggregation Systems" LTD	"Bank Apelsin" SC	11.08.2022
9.	"1HLSW"	"Genesis Innovation" LTD	SC "Aloqabank"	17.11.2021
10.	"GlobalPay"	"Global Solutions" LTD	SC "Aloqabank"	17.11.2021
11.	"Pay Way"	"Pay Way" LTD	"Bank Apelsin" SC	29.07.2022
12.	"Apelsin"	"Bank Apelsin" SC	"Bank Apelsin" SC	29.07.2022

Comparative analysis of actual data for 2017, 2019 and forecast data for 2024 is a clear reflection of the current situation with the introduction of new forms of payments and current trends in the online retail sector. (Figure 1).

According to most economic and rating agencies, 2014 was recognized as the year of full recovery from the crisis of developed countries, and accordingly, the indicators reflected in 2014 can be called the fairest in the last ten years. This explains the choice of 2014 for comparison with the actual data of 2016-2017 for the alternative calculation methods, and the strategic forecast of the calculation volume for 2023 using different methods is also interesting to study. Also, using one or another method, indicators of the size of settlements are shown by the main regions: North America, Latin America, Asia and Oceania, as well as Europe, the Middle East and Africa. This section will help to analyze as accurately as possible the readiness of the regions to apply innovations in the field of international economic and financial relations, as well as evaluate the real possibility of introducing electronic money and cryptocurrencies into general use everywhere.

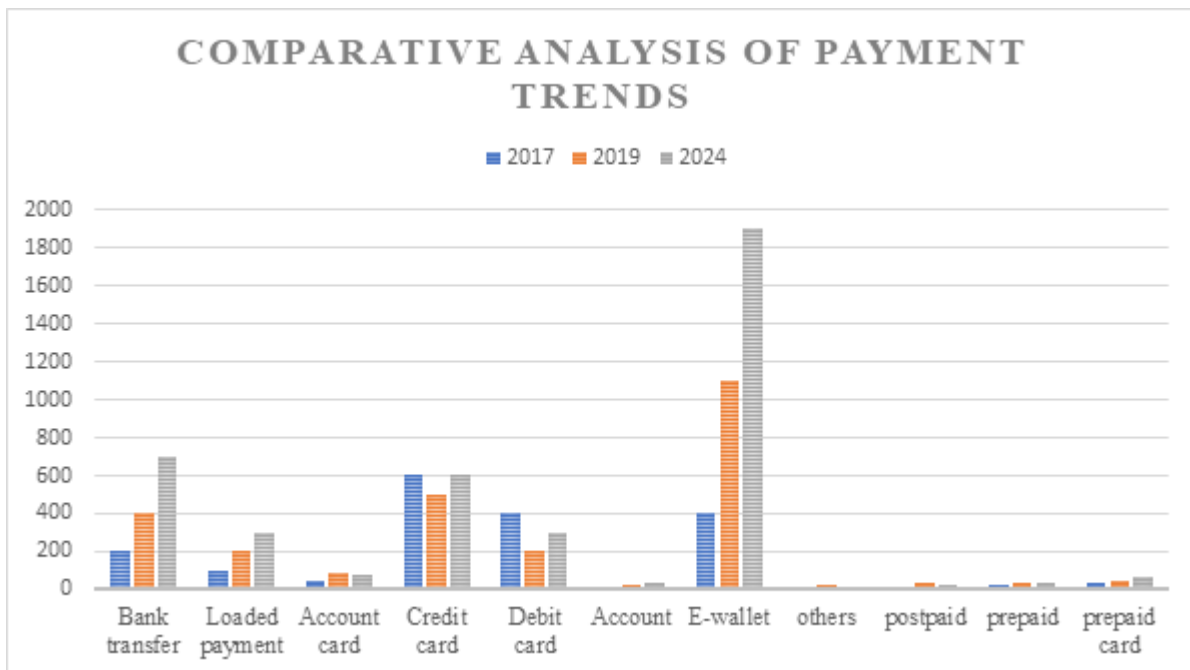


Figure 1. Data on the volume of various calculations, methods for 2017 - 2019, forecast 2024, billion \$

In 2017, credit cards were the most important alternative in the field of international payments in the consumer e-commerce market, and the total volume of payments exceeded 570 billion dollars. In 2019, the electronic wallet took the leading position. At the same time, the total real volume for credit cards in 10 months 2019 is almost at the same level as before, but compared to the volume of settlements using electronic money, it turned out to be less than half. The volume of payments with these cards was only 19.3% of the total volume of payments, and debit cards and bank transfers lag behind credit cards by another third. Comparing the actual data on online payments using e-wallet, this method of payment was not only equal to debit cards in 2017 and had a total volume of almost \$400 billion. In 2019, the volume of e-wallet payments not only exceeded \$1.076 billion, but also became the number one payment method. At the same time, according to odu's 2024 forecast, the volume of payments through electronic wallets is already 1.916 billion dollars and accounts for 45.9%, which is half of the total volume of payments. Surprisingly, in 2019, cash payments for courier delivery amounted to only 202 billion dollars, but it should be noted that in many developing countries, as well as in electronic shopping within one city, cash on delivery is a very effective method and they do not trust modern means. It is projected to grow to \$301 billion in 2024 by cash calculations.

If we talk about the reasons for such a dynamic, then it will be difficult to achieve a significant popularity of electronic wallets due to the introduction of this payment method to the masses, due to the very simple operation of electronic wallets. In addition, as mentioned above, the electronic wallet managed to overcome a number of disadvantages associated with bank cards, such as commission and transaction time, which helps to attract a part of the audience that can use credit and debit cards. At the same time, due to such an exit of users, the volume of payments using plastic cards will decrease significantly, which will lead to the emergence of bank transfers that do not cover their target audience with electronic wallets. Thus, it should be concluded that according to WorldPay's forecasts and the comparative dynamics and forecast indicators of real data from 2017 and 2024, electronic money can increase its target audience by 2024, which will help them to present themselves as a new form of payment, but this growth will not have. It has a major impact on international economic and financial relations, but it only increases the competition between calculation methods. Another important condition of this trend is the global economic position of monetary regulators. According to many economists, the largest countries are on the verge of a trend of reducing cash payments in the direction of cashless, which will

continue to stimulate the growth of various methods of cashless payment. If we talk specifically about electronic wallets, the idea of payment secrecy is very relevant for users who try to conduct their activities on the Internet as secretly as possible, including e-commerce. So, if the circulation of cash decreases, the only advanced alternative form of payment with privacy will be: the e-wallet. In addition, the absence of commissions and the ease of working with electronic wallets, as well as the absence of dependence on intermediaries representing banking organizations, along with minimal transaction and time costs, will continue to encourage consumers to switch to electronic payments using electronic payment systems and electronic money. More precisely, the competition between online payment methods can be seen in the table of shares below (Figure 2).

The period of econometric analysis of commercial banks of our country covers the period from 2013 to 2020, and they are brought to the same unit. This prevents an increase in the standard error in the results of the analysis.

An increase in the volume of commercial bank loans leads to an increase in the value of goods and services provided by them. In order to verify this hypothesis, in this paragraph below, we will perform a correlational relationship between the factors and a regression analysis of this relationship.

We will carry out an econometric analysis, specifying the following sequence of tasks:

- ✓ We construct a linear correlation equation;
- ✓ We determine the correlation coefficient, determination coefficient;
- ✓ We evaluate the adequacy of the regression equation according to Fisher's F-criterion.

Using the data from the table above, we determine the correlation coefficient that describes the relationship of all factors.

$$r_{xy} = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}} = 0,9008$$

Therefore, there is a very strong close relationship between the private correlation coefficients between the factors, that is, the influencing factor (Xi) and the resulting factor (Y).

So, there is a strong relationship between the value of the goods produced by the commercial bank and the value of the services it provides.

We will create an econometric model representing the impact of the volume of loans allocated by commercial banks on the value of goods and services. In general, it is expressed as follows for a linear regression relationship in practice:

$$y = a + b \cdot x \quad (1)$$

In order to determine the unknown parameters a and b, we enter data on 8 observations covering the years 2013-2021 mentioned in the table above into the Excel program and perform regression analysis.

The results of the regression analysis are presented in the table below, the data in it will be useful in building our model and evaluating the importance of the built model (Table 3).

Table 3. The result of the econometric analysis of the factors affecting the growth of the value of goods and services

Dependent variable: Value of goods and services of business entities (Y)				
Method: Least squares method				
Selection (Customized): 2013-2021				
Included observations: 8 ra				
Variable	Coefficient	Standard error	t- statistics	P- value
Constanta	63531,8528	11838,7290	5,3664	0,0017

X	2,4169	0,4757	5,0804	0,0023
In the plural R	0,9008			
R- square	0,8114			
Adjusted R-squared	0,7799			
Standard erro	20990,8987			

Source: Based on regression analysis results.

The above figure shows the results of the regression analysis.

According to the analysis result, the correlation coefficient R (or r_{xy}) was equal to 0.9008. The dependence characteristic of the dependence density is very strong (falls in the range of 0.9-0.99). We determine that the coefficient of determination is equal to 0.8114.

$$Y = 63531,85 + 2,42 \cdot X \quad (2)$$

We will analyze the quality indicators of the model (2) based on the increase in the value of goods and services.

We use Fisher's F-test to check the statistical significance of the econometric model (2) based on the growth of the value of goods and services or its relevance to the process being studied..

Then Fisher's F-criterion can be expressed as follows:

$$F = \frac{R^2}{1 - R^2} \cdot (n - 2), \quad (3)$$

where: R^2 - coefficient of determination;

n - coefficient of determination.

F- the calculated value of the criterion $F_{\text{хисоб}} = 25,81$ is equal to. If F- if the calculated value of the criterion is greater than the value in the table, then the constructed multifactor econometric model is called statistically significant or adequate to the process being studied.

$$25,81 > 3,87 \quad (t_r > t_f)$$

The inequality is confirmed, so the correlational link is significant.

We check the adequacy of the regression equation using the coefficient of determination R^2 .

We check the adequacy of the regression equation using the coefficient of determination.

$$R^2 = 1 - \frac{\sum(y_i - y_x)^2}{\sum(y_i - \bar{y})^2} = 0,8114$$

It can be seen that the coefficient of determination is equal to the square of the correlation coefficient, which confirms the correctness of the determined regression equation and the existence of a linear relationship.

Conclusions and suggestions

A number of limitations occurred during the research process. The following can be included among them:

1. Update of the requirements for the structure of writing a dissertation from this year. This update was manifested mainly in the addition of new requirements, such as conducting econometric analyzes within the scope of the topic, reviewing previously conducted research on the research topic, and conducting a literature review. However, it was definitely beneficial for the listeners. Because, during the writing of the dissertation, some skills were formed in the implementation of econometric analyzes.

2. Difficulties in finding the necessary data for analysis. Due to the fact that the level of study of the subject is not high, there were some difficulties in collecting theoretical data and obtaining data for analysis.

However, despite the limitations of the existing coverage, I believe that the essence of the topic has been revealed. In the future scientific research, the existing shortcomings will definitely be eliminated and researched in a wider scope.

Among the measures to be implemented in future research on this topic, it would be appropriate if the following were implemented:

- ✓ Forming data sources before starting the work, having studied the research topic in depth;
- ✓ Studying the recommendations and conclusions of previous scientific researches;
- ✓ Taking a larger time period for econometric analyzes to be more accurate;
- ✓ Use of more advanced methods of econometric modeling.

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