

THE IMPORTANCE OF FINANCIAL SECURITY AND INSURANCE MECHANISMS IN ATTRACTING FOREIGN INVESTMENTS

Tirkashev Farruxjon Kholyigitovich

Independent researcher

Today, foreign investments are recognized as a crucial factor in the economic growth of countries within the global economy. Foreign capital helps create new jobs, introduce technologies, increase economic efficiency, and strengthen integration between countries. At the same time, mechanisms ensuring financial security and risk reduction for investors, including insurance systems, play a significant role in the process of attracting investments. These factors increase investor confidence and enable them to allocate their funds safely and effectively.

Globally, financial security and insurance mechanisms aim to protect investors from political, economic, financial, and other risks that may arise during the investment process. For example, political risk insurance safeguards against threats such as nationalization of investments, civil unrest, or currency conversion restrictions. International financial institutions, particularly organizations like the Multilateral Investment Guarantee Agency (MIGA) under the World Bank system, provide such insurance, offering additional guarantees to investors.

International experience shows that countries with mechanisms ensuring financial security attract more foreign investments. For instance, in developed countries, insurance and risk management systems are well-established, enhancing investors' sense of security and leading to an increase in long-term investments. In such countries, the stability of financial markets, reliability of legal guarantees, and political stability are key pillars of the investment environment.

In Uzbekistan, significant progress has been made in recent years to attract foreign investments and ensure financial security. The government has enacted laws to protect investors, and efforts are underway to develop insurance systems to strengthen the country's financial stability. Cooperation with international insurance institutions is being enhanced to reduce political and economic risks. Additionally, a system of state

E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30th October 2025

Website: <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

insurance and guarantees is being established, which further boosts investor confidence.

According to statistical data, the volume of foreign direct investment (FDI) inflows into Uzbekistan has been steadily growing over the past five years. This growth is also linked to the effective implementation of financial security and insurance mechanisms. The availability of guarantees and insurance protection makes the country more attractive to foreign investors. However, much work remains to be done to develop insurance mechanisms and ensure investment security fully. It is necessary to improve market mechanisms, financial institutions, and the legislative framework, develop systems for assessing investment risks, and expand insurance services that comply with international standards. At the same time, informing investors about financial risks and insurance opportunities, and increasing financial literacy, are also of great importance.

Financial security and insurance mechanisms play a vital role in attracting foreign investments. In the global economy, investors demand protection of their investments from various risks, as political instability, economic fluctuations, and financial hazards can negatively affect the investment process. Therefore, effective financial security systems and insurance instruments increase investor confidence and attract them to new markets, including developing countries like Uzbekistan.

Global experience shows that countries with advanced insurance mechanisms attract more and longer-term foreign investments. Efforts to develop financial security and insurance systems in Uzbekistan contribute to the growth of foreign investment activity. However, creating more efficient systems, implementing insurance services aligned with international standards, and improving risk management mechanisms remain essential tasks.

Moreover, collaboration between the state and the private sector, increasing financial literacy, and strengthening legal guarantees will make the investment environment more attractive. As a result, Uzbekistan will have the opportunity to accelerate economic growth, introduce new technologies and innovations, and become competitive in international financial markets.

E- Global Congress

Hosted online from Dubai, U. A. E., E - Conference.

Date: 30th October 2025

Website: <https://eglobalcongress.com/index.php/egc>

ISSN (E): 2836-3612

In conclusion, developing financial security and insurance mechanisms is a key condition for attracting foreign investments. This process requires a comprehensive approach and strategic planning.