

SYSTEM OF CHANGES AND REFORMS IN THE FIELD OF MONETARY POLICY

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Annotation: In this article, issues related to financial stability and the process of reforms in the financial system are mentioned in the sustainable development of the economy.

Also, measures to be implemented in the field of money and credit in our country and ways to ensure macroeconomic stability in the future are described.

Key words: financial stability, financial system, banks, credit, money market, financial sector, economic performance (income), monetary policy, financial market, market mechanisms, credit resources.

АННОТАЦИЯ: В статье рассматриваются вопросы финансовой стабильности и процесса реформирования финансовой системы в контексте устойчивого экономического развития.

В нем также изложены меры, которые необходимо принять в денежно-кредитной сфере нашей страны, и пути обеспечения макроэкономической стабильности в будущем.

Ключевые слова: финансовая устойчивость, финансовая система, банки, кредит, денежный рынок, финансовый сектор, экономическая эффективность (доход), денежно-кредитная политика, финансовый рынок, рыночные механизмы, кредитные ресурсы.

Financial stability cannot be achieved without the development of the money market in every country that has organized its national economy based on the laws of the market economy. Financial stability is the basis of sustainable development and growth of the economy. The financial system is considered stable only when banks, other credit organizations and financial markets can provide households and business entities with the necessary financial investments for their participation in the economy and its growth, preventing a sharp slowdown in the functioning system. In an otherwise unstable system, economic shocks can adversely affect the real economy, derail lending and lead to greater than expected risk, reduced employment and dampened economic activity.

In the conditions of financial instability, the financial system cannot provide the necessary financial services for the economy. For example, difficulties in a large financial institution can cause financial instability. In addition, problems in one institution can spread to other organizations of the system that are closely interconnected due to interbank transactions. The general activity of institutions can create a risk for the entire financial system, that is, a systemic risk, which can lead to financial instability of an individual organization that seems to be reliable. Therefore, we can say that one of the components of the transition to a market economy is the development of the country's financial system. The experience of developing countries shows that the money market is becoming the most important segment of the developing financial sector. In developed foreign countries, on the one hand, the state, enterprises and organizations, the population attract the funds they need from this market, on the other hand, the enterprises,

organizations and the population receive economic benefits (income) by directing their temporarily idle funds to purchase valuable securities [1]. In recent years, in our country, enterprises and organizations, residents have been earning income by depositing their temporarily idle funds in banks.

Since the banking sector is the most important link of the financial system of Uzbekistan, ensuring its stability is one of the main tasks of the Central Bank of the Republic of Uzbekistan. The Central Bank monitors and evaluates changes in the banking system, and also takes measures to reduce the accumulation of systemic risks and ensure the stability of the banking system. Today, through the process of reforms in the banking system, many conveniences are being created for the population in the monetary and credit policy. International experience of using monetary policy regimes The methods widely used by central banks of developed and developing countries include inflation targeting, monetary targeting, and exchange rate targeting regimes. Although the task of achieving inflation targets is considered the main goal for most central banks, the methods mentioned above differ mainly according to the immediate and intermediate targets.

In the following years, due to the development of financial markets and the implementation of new financial instruments, the demand for money was at an unstable level, which led to a decrease in the effectiveness of this method. As a result, it was observed that the ability of central banks to effectively influence changes in the money supply and to ensure inflation targets was limited. Along with the liberalization of the economy and the increasing influence of market mechanisms, the implementation of an active monetary policy significantly strengthens the interest channel of the transmission mechanism. The credit channel is one of the main influence channels of monetary policy, and through this channel, the interest rate affects the processes in the real sector of the economy. The effectiveness of this channel depends to a large extent on the responsiveness of the supply and demand for credit resources to changes in the Central Bank's interest rates.

Since the main part of the increase in the money supply in the economy is accounted for by the credit channel, its change has a significant impact on the price level in the domestic market. In particular, in the first half of 2017, a significant increase in the volume of lending to the real sector of the economy by commercial banks led to an acceleration of the growth rate of the money supply and increased inflationary pressure in the economy. In order to stabilize the credit level of the economy, the refinancing rate was increased by the Central Bank to 14% from the second half of 2017, and the monetary policy was tightened. This, in turn, led to an increase in the interest rates of credit resources [2]. Also, factors such as the high share of foreign currency deposits and loans in the structure of total deposits and loans and the existence of a secret economy significantly reduce the effectiveness of monetary policy based on influencing the volume of lending to the economy. On the other hand, non-granting of loans by commercial banks on the basis of market conditions, i.e. granting preferential and targeted loans within the framework of state programs of socio-economic development, is causing the decrease in the efficiency of the credit channel. In such cases, the Central Bank intends to actively pursue a policy of increasing the attractiveness of loans and deposits in national currency based on the strengthening of prudential control requirements for commercial banks and the rational use of monetary policy instruments.

The main directions of the monetary and credit policy reflect the set of measures to be implemented by the Central Bank in the coming years, and include the measures, principles and instruments used in the field in the context of changes in external and internal macroeconomic situations. One of the next important steps to improve the monetary policy in the future is to determine the one-sided direction of monetary operations. In order to improve the operational mechanism, it is planned to introduce "correction operations" lasting from 2 to 13 days in order to increase the flexibility of liquidity management in the banking system. In addition, it is planned to ensure effective redistribution of liquidity in the interbank money market and to gradually reduce the role of the Central Bank in this market. It should be noted that in the medium-term perspective, ensuring macroeconomic stability and achieving high-speed economic growth depends to a large extent on the structural reforms to be implemented in the coming years and the attraction of domestic and foreign private investments to our economy. This, in turn, is closely related to the improvement of effectiveness and practical importance of measures aimed at reforming state enterprises, developing a competitive environment in the economy, providing favorable institutional conditions for doing business, and increasing gross productivity. In this case, the central bank will focus on the tasks of ensuring the harmony of the implemented structural reforms and the measures taken in the field of macroeconomic policy with the target indicators of inflation and supporting financial stability [3].

The main directions of the monetary policy reflect the measures to be implemented in the monetary sector in the period of 2023 and 2024-2025, the Central Bank's response and response measures to changes in external and internal economic conditions, approaches to conducting monetary policy, and prospects for improvement. In the following years, the main attention in the implementation of the monetary policy will be focused on achieving the main goal established by the law - price stability in the economy. In accordance with this main goal, monetary and credit conditions that serve inclusive economic growth and financial stability will be provided in our country. In particular, the reforms started to improve the operational mechanism of the monetary and credit policy, develop the internal currency market and analytical and forecasting potential, as well as improve the communication policy will be activated.

In conclusion, the growing demand for the formation of the money market is inextricably linked with the growing needs of the national economy for investments. The development of the money market is important for the sustainable development of the economy and, as a result, for the improvement of the welfare of the population.

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