

THE ROLE OF INTERNATIONAL FINANCE IN THE WORLD ECONOMY

Tashkent State University of Economics

Faculty of "Finance", 1st-year student

Hasanova Madina Zarifjon qizi

Independent Researcher

Abstract

In the context of globalization, the international financial system plays a crucial role in the economic stability, innovative development, and digital transformation of countries. This article analyzes the theoretical foundations of international finance, financial flows, the formation of exchange rates, and the impact of digital finance on growth. Furthermore, it examines Uzbekistan's cooperation with international financial institutions and its role in global integration using the IMRaD method.

Keywords: International finance, global integration, investment flows, exchange rates, digital currencies, fintech, financial stability, World Bank, IMF, Uzbekistan.

INTRODUCTION

The existence of an open economic policy, liberalization of currency markets, and tax and customs privileges are vital for modern development. International finance is a complex system of economic mechanisms that ensures the flow of capital, currency, credit, and investment between different countries. It has formed as the "lifeblood" of the global economy, interconnecting national economies. Through this system, states increase their economic potential, balance their foreign trade, and attract foreign investment.

For Uzbekistan, the international financial system is of strategic importance in terms of modernizing the national economy, increasing competitiveness, and rapidly entering global integration. In recent years, the country's open economy policy has expanded global financial cooperation by creating favorable conditions for foreign investment and liberalizing currency markets. Together with the World Bank, the International Monetary Fund (IMF), and the Islamic Development Bank, Uzbekistan is working to strengthen its position in the international financial arena, finance infrastructure projects, and attract technological innovations.

Therefore, a deep understanding of the international financial system, its theoretical foundations, practical mechanisms, and Uzbekistan's role in global integration is a pressing issue worthy of scientific study.

LITERATURE REVIEW

The theory of international finance has been shaped based on various scientific schools and economic models. The theory of balance of payments explains the impact of international trade and capital flows on external economic stability (Levi, 2005). Chinn and Irwin (2007) analyzed the role of capital flows in long-term stability and national economies. Furthermore, blockchain, cryptocurrencies, and digital payment systems are leading the international financial system into a new digital era (Elmirzaev & Karimov, 2019).

International financial institutions—such as the World Bank and the IMF—are primary instruments for ensuring financial stability and supporting global economic integration. Uzbekistan has the opportunity to modernize infrastructure, attract investment, and increase export potential through cooperation with these institutions.

RESEARCH METHODOLOGY

The impact of the international financial system on the economy was analyzed in this research based on theoretical models, historical processes, and statistical data. Foreign investments, currency reserves, external debt, and the share of the financial sector between 2015 and 2025 were studied as empirical data. The analysis was based on laws regarding "Currency Regulation," Presidential decrees, and materials from international financial institution.

RESULTS

The results of the analysis show significant growth dynamics in the economy of Uzbekistan;

No	Indicators	2015	2025	Growth
1	Volume of Foreign Investment	\$3,2 billion	\$ 7,6 billion	243%
2	Foreign Trade Turnover	\$24,8 billion	\$42.1 billion	134%
3	Foreign Currency Reserves	\$26,0 billion	\$35,1 billion	60%
4	State External Dept	\$6,3 billion	\$ 29,4 billion	367%
				1-picture.

-The results indicate that the volume of foreign investment and the flow of funds are showing growth trends every year. Foreign trade turnover also plays an important role, which significantly affects the economy of Uzbekistan. There is a noticeable difference in the economy between 2015 and 2025. Digital finance, primarily fintech, blockchain, and cryptocurrencies, makes international transactions fast, transparent, and affordable. Additionally, shifts in the currency market show that while the US dollar remains the primary reserve currency, the share of the Chinese yuan is increasing, making the global financial system multi-polar.

CONCLUSION

The international financial system serves as the "circulatory system" of the world economy, providing economic growth and stability to countries. For Uzbekistan, international financial cooperation is the key to modernizing the national economy, entering global integration, and achieving regional leadership.

In recent years, the implementation of digital finance, blockchain, and cryptocurrencies has accelerated international financial operations and increased the level of transparency and security. These processes have expanded the opportunities for the digital transformation of Uzbekistan's economy. While the US dollar remains the main reserve currency, the increase in the share of regional currencies indicates the formation of a multi-polar structure.

To accelerate economic growth, the following measures are proposed:

Expanding International Cooperation: Strengthening the financing of new investment and infrastructure projects with the World Bank, IMF, Islamic Development Bank, and regional financial institutions.

Digital Finance and Fintech: Effectively applying blockchain and cryptocurrencies in cross-border payments and financial services.

Currency Risk Management: Developing strategies to ensure the stability of the national currency and adapt to fluctuations in the global financial market.

Investment Environment: Strengthening legal guarantees for foreign capital and expanding tax and customs incentives.

Global Integration: Strengthening Uzbekistan's position in the international financial system and actively participating in regional projects.

REFERENCES

1. Constitution of the Republic of Uzbekistan, PQ-51, 2025.

2. Ataniyazov J.X., Hamidova F.A. International Financial Institutions (Study Guide). Tashkent.
3. Elmirzayev N., Karimov A. Financial Market and Financial Technologies.
4. Vaxobov A.V., Jumayev N.H., Hoshimov E.A. International Financial Relations. Tashkent: "Sharq" Publishing.
5. Mallaboyev A. International Finance Market. Textbook for Higher Education.
6. Obidov A. International Economic Integration. Study Guide.
7. Reports of the Ministry of Foreign Affairs of the Republic of Uzbekistan on International Financial Cooperation, 2020–2025.
8. Tolibjonov X. Financial Future and Fundamentals about Convergence.
9. Maurice D. Levi. International Finance.
10. Keith Pilbeam. International Finance, 5th Edition.
11. Menzie D. Chinn, Irwin. International Finan