

The Importance of Developing the Participation of International Rating Agencies in the Performance of Commercial Banks

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Abstract: This article discusses the importance of investment activities in the development of the participation of international rating agencies in our country, as well as publishing issues. When carrying out investment activities, the activities of rating agencies were analyzed and relevant conventions were drawn about their activities.

Keywords: commercial banks, investments, rating agencies, investment activity, international rating methodology, economic freedom index, business conduct index.

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1. Introduction

One of the important directions of Uzbekistan's creative potential is the renewal of the country's image on the world stage, which is reflected in the improvement of its position in international ratings. To this end, resources are mobilized, modern approaches and methods of management of transformation processes are widely introduced in the country and purposeful work is carried out to ensure an objective and correct assessment of its position in international ratings. In addition, within the framework of the implementation of the strategy of action on five priority areas of the development of the Republic of Uzbekistan in 2017-2021, the creation of a positive image of the country in the international arena, at the same time, despite the measures taken, there is no complete system for assessing the reforms carried out in many. This situation is one of the global problems of the present time, which does not allow systematic cooperation with international organizations and scientific institutions, creation of relevant databases in the ministries and departments of specialists.

As noted by President of the Republic of Uzbekistan Shavkat Mirziyoyev, "economic reforms are continuing intensively in our country. For the first time, we have openly declared our resolute decision to reduce poverty. (2020) we will achieve this by developing entrepreneurship and creating additional jobs, improving the investment and business environment, restoring modern infrastructure, educating people in new professions and providing targeted social assistance to the population." This sentence is definitely not accidental. From world practice it can be seen that the development of investment activity is of great importance in the development of the country's economy in the world arena, as well as in the worthy place in international ratings. Therefore, today there is a need to develop investment activities of domestic and foreign investors, protect their legal and legal interests, restore a new system that meets the requirements of international andozas. However, there are not enough economic measures in our country to assess the activities of domestic and foreign investors in international ratings.

Critical analysis of the literature on the topic

Extensive information on the scientific work of a number of economists on the development of participation of international rating agencies has been provided. For example, A. A. In the scientific work of fatkhullina (Russian scientist) (2014), "each region has its own characteristics, so the work activity of each of them is characterized by its own characteristics. When calculating the index of business activity at the regional level, it is important to take into account this specificity, taking into account the natural, geographical, historical, cultural and other characteristics inherent in it".

B.P.Borisova, I.V.Etyudi v duxe postmoderna under the editorship of Kachubeya (2016) in the monograph F.On the philosophy of Kotler's introduction to Business (2018), his theoretical and methodological approaches are based

N. X. "First of all, the natural question arises as to why the rating is needed," Jumaev said. The rating can be varied, business rating, investment attractivenessadorlik rating and so on. If any state participates in the ratings, and it is in high place, this will demonstrate the openness, transparency and economic potential of this state. Proceeding from this, it should be said that it is natural that states that are carrying out large-scale reforms to ensure economic development and are in the development sphere, of course, seek to occupy worthy places in the ratings. Negaki noted that countries and organizations wishing to establish cooperation in today's modern world should definitely pay attention to the overall ratings" (2020).

2. Research methodology

The topic of the article is aimed at the importance of carrying out investment activities in the development of participation of international rating agencies in our country, first of all the relevance of the topic the scientific work of foreign and local scientists in this field was studied. The situation of the indicators of rating agencies in the conduct of business and its evaluation in our country was analyzed. In its analysis, methods of comparative analysis, structural analysis and monographic analysis were used and proposals were developed.

3. Analysis and results

On February 25, 2019, the decree of the president of the Republic of Uzbekistan "on measures to improve the position of the Republic of Uzbekistan in international ratings and indices" was adopted in order to form a holistic and independent system of assessing the country's ongoing reforms, as well as to ensure the improvement of the country's position in international ratings.

Reforms aimed at guaranteeing the protection of human rights, increasing the standard of living of the population, ensuring freedom of economic activity, improving the material and professional norms in the field of judicial law are causing an increase in the country's international ratings and indices.

In particular, over the past four years, the Heritage Fund of our country has increased 52 points in the index of "Economic Freedom", 19 points in the index of "logistics efficiency" of the World Bank, 18 points in the index of "doing business".

The organization of Economic Cooperation and development of Uzbekistan has increased from 6-group countries in the system of "classification of risks specific to countries" to 5-group countries.

At the same time, due to the fact that some leaders do not pay enough attention to work with ratings, and the majority of the surveys conducted by international organizations do not reflect the reforms, the priority remains in the international ratings and indices in the lower ranks of the Republic of Uzbekistan.

In order to strengthen the country's investment attractiveness and image in the international arena, to introduce new measures for working with international ratings and indexes in state bodies and organizations, as well as to carry out the tasks defined in the strategy of action on five priority directions of development of the Republic of Uzbekistan in 2017-2021, the Republican

The main tasks of the council were as follows:

To conduct a systematic analysis of the level of socio-economic and political-legal development of the country, to ensure that the fundamental changes carried out in various spheres serve the purposes of improving the country's position in the international ratings and indexes, which are the priorities for the Republic of Uzbekistan, to eliminate the problems that are hindering the effectiveness of;

In order to improve the position of the country in the international ratings and indexes, which are the priorities for the Republic of Uzbekistan, to promote initiatives to improve the system of state power and management, to democratize society, to carry out reforms in the field of building a state and society based on Advanced International experience;

To evaluate the normative-legal acts aimed at regulating various aspects of the life of the state and society and their projects in terms of their impact on the place of the country in the international ratings and indexes, which is the priority for the Republic of Uzbekistan.

It was determined that the council will develop and implement effective measures aimed at improving the position of the country in the international ratings and indexes, which are the priorities for the Republic of Uzbekistan distributed by the working bodies of the council, and establish control over the implementation of systematic international cooperation in this direction. The most important indicators of efficiency in international ratings and indices, which are the priorities for the Republic of Uzbekistan, have been developed (Table 1).

Table 1

The most important indicators of efficiency in international ratings and indices, which are the priorities for the Republic of Uzbekistan¹ (KPI)

№	Categories naming	Current status	2020 year	2022 year	2030 year	
1.	(Doing Business Index)	69,9 (69-place)	72,43	77,08	89,36	
2.	(Statistical Capacity Indicators of the World Bank)	64,4	67,8	74,4	100	
3.	(Economic Freedom Index)	57,2 (114-place)	57,2	63,6	82,3	
3.1	Openness of markets	Trading freedom	67,6	67,6	68,8	73,6
		Investments freedom	20	20	40	80
		Financial freedom	20	20	40	80

As can be seen from the above table, the most important indicators of efficiency in the international ratings and indices, which are the priorities for the Republic of Uzbekistan, are analyzed in the image of the growth of the most important indicators of efficiency in the international ratings and indices, which are the priorities for our economy in the period from 2020 to 2030

We can also see that according to the index of "openness of markets" "of the network" index of Economic Freedom "investment landkinligi" is aimed at achieving from 20 percent to 80 percent of the year 2030.

In addition, in the current year, the Federal Competitiveness and statistics body of the UAE improved its skills in coordination of the activities of ministries and departments in working with international ratings and indexes, as well as in working with "Global Competitiveness Index" and "business conduct" indexes, and established relations with the following international organizations and experts:

1. The UAE's Federal body for competitiveness and statistics is Hanan Ahli.
2. World Economic Forum (Global Competitiveness Index 4.0) – Grigory Shutko.

¹ <https://lex.uz/docs/4838762> the website was compiled by the author on the basis of information.

3. The World Bank (management quality indicators) – Aart Grey.
4. Organization for Economic Cooperation and Development (country specific risk classification system) – Douglas Fray, Verena Utzinger.
5. Economist Intelligence Unit (Management Quality Indicators, "risk briefing") – Alex Dimitriou.

Felt Markit Global Insight (quality indicators of management) - Oleg Golovenko; vii. The PRS Group Inc. (The International Country Risk Guide) - Christopher McKee.

International ratings and indexes are an integral part of the digital economy and serve as a "barometer" or "KPI" (the most important indicator of efficiency), assessing the effectiveness and effectiveness of the reforms carried out in the framework of the "strategy of action 2017-2021" in the Republic.

The decline in demand for consumption and investment under the influence of the pandemic was mainly due to the fact that the economy's services and some consumer goods adversely affected the production sectors, in particular tourism, trade and public catering, transport. In turn, measures taken in fiscal and monetary policy to mitigate the consequences of the pandemic, prevent the spread of coronavirus, restore economic activity, support for the population and business entities were among the main factors mitigating the economic situation. Also, monetary policy measures during this period were aimed at ensuring the banking system and macroeconomic stability.

The return of Foreign, including direct investment, to positive growth rates as a result of the restoration of economic activity, serves as one of the main sources of financing the negative balance of payments surplus. According to the World Bank classification, if Uzbekistan takes into account its entry into the group of low-income countries, the growth of foreign direct investment in our country by 1 per cent point serves to increase the per capita GDP to 0.18 per cent point in the Real account. From this point of view, it is urgent to increase the volume of direct foreign investment, which in the future will be involved in the increase of per capita income, first of all, in the sectors of the economy.

In many developing economies, the rate of inflation is higher than the current interest rates, while the rate of the national currency is unstable, the Real income of investors does not cover the high level of risk, and as a result, the inflow of capital into the country is limited.

If we look at the "index of emerging markets currencies", which is considered by the Bank of JP Morgan, then the decline in the index, in principle, coincided with the period when the main rates fell. Also, as a result of the continuation of the capital flow from these countries, there was a decrease in the Foreign Exchange index during August-September.

Today, the money market interest rate index, where capital and financial markets have not developed, serves as the main "benchmark" for assessing the price of financial instruments in the economy. The Central bank of the Republic of Uzbekistan has set up a daily announcement on the official website of the banklararo money market interest rates and Telegram channel, which will give signals to the subjects of the economy about the price formation of resources by forming a Monetary Market Index and making a permanent announcement in the future. In this direction, with the support of the European bank for reconstruction and development, the "Working Group on improving the money market" is established, with the participation of foreign experts, the methodology for calculating the money market index is being developed.

Our country entered the sovereign credit rating on December 21-22, 2018 with the first rating of "VV-" ("stable" forecast) by the international rating agencies marotaba Fitch Ratings and S&P Global Ratings. The acquisition of these rating indicators led to an almost 8-fold increase in the application requirements for the first sovereign international bonds of the Republic of Uzbekistan to the proposal at the London International Exchange on February 14, 2019. On April 10 this year, Fitch Ratings international rating agency, South Africa, the Republic of Colombia, the Sultanate of Oman and the Federal Republic of Nigeria lowered their ratings, while keeping the rating of the sovereign credit rating of the Republic of Uzbekistan at a VV- (stable) level despite the negative impact of the COVID-19 pandemic on the economy.

4. Discussion of the findings of the study

For growth in ratings and indices, for example, the World Bank's Index "doing business" indicates a decrease in the number of procedures for countries, the transition of the exchange of documents to electronic form, the rapid review of entrepreneurs' appeals by state bodies and the result in this index is achieved only if transparency is increased.

In countries that have achieved good results in the index of "doing business", it is possible to observe low levels of entrepreneurial activity and corruption.

In our country, there is a significant increase in 6 out of 10 indicators of the World Bank's Doing business Report 2018.

Achieving positive results in the economic indices-will lead to an increase in the flow of foreign direct investment, a decrease in the unemployment rate and a better standard of living.

In countries where the role in the index of economic freedom is increasing, the rate of poverty decreases.

The economies that show positive results in the Economic Freedom Index will lead to a better education system, improved health and a higher standard of living for their citizens.

Another index that will drive the development of countries is the African Development Bank's index of openness of African visas. Which African countries that support the free movement of people across this continent are showing improvements. "Since the introduction of this index, a number of countries, including Ghana and Ethiopia, have been allowing Africans to obtain visas when they arrive at the border post."

The country's ratings on international socio-economic spheres indicate the level of development of the country and the effectiveness of the reforms carried out.

5. Conclusion and recommendation

In the course of the study, a number of the following problems were identified that directly influenced the development of participation of international rating agencies in the implementation of investment activities in the country. This way:

- as a result of insufficient attention in our country to work with international ratings and indexes, and the majority of the surveys conducted by international organizations do not reflect the reforms, the priority remains in the international ratings and indexes in the lower ranks of the Republic of Uzbekistan;

- there are some shortcomings in strengthening the investment attractiveness of the country and its image in the international arena, the introduction of new ways of working with international ratings and indexes in state bodies and organizations;
- to conduct a systematic analysis of the level of socio-economic and political-legal development of the country, to ensure that the fundamental changes carried out in various spheres serve the purposes of improving the country's position in the international ratings and indexes, which are the priorities for the Republic of Uzbekistan, and the problems hindering the effectiveness of the work in;
- to create a favorable information environment for foreign investors on the basis of wide acceptance of the international standards of financial reporting (hereinafter — the IASC) at the present stage of the country's economic development and, as a result, to achieve an increase in the investment and export potential of economic sectors and the activity of local businesses in the international financial markets.

We also believe that the country should take the following measures to develop the participation of international rating agencies in the implementation of investment activities in the country:

1. To attract foreign private Equity funds (Private Equity Fund) to the Republic with the aim of diversifying the sources of financing investment activities and forming a healthy competition in the financial market.
2. In financing investment activities, it is necessary to develop the investment climate and investment attractiveness in the economy of the country according to the "index of restrictions on the regulation of Foreign Direct Investment" (FDI Regulatory Restrictiveness Index).
3. It would be desirable to strengthen the investment attractiveness of the country and its image in the international arena, to introduce into practice new elements of working with international ratings and indices in state bodies and organizations.
4. It is necessary to develop practical proposals aimed at recording the necessary indicators of international ratings and indexes, as well as cooperation with organizations that publish ratings and indexes, as well as information sources used in their formation.

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