E-ISSN: 2997-934X

American Journal of Business Practice
https://semantjournals.org/index.php/AJBP

| Research Article

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The Importance of Finance in the Economy

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Abstract: Today, various management system reforms are being implemented, and special attention is being paid to improving and developing the financial system. Enhancing and modernizing the financial system is essential to ensure its effective performance and productivity. It is important for Uzbekistan to learn from the positive aspects of developed countries' financial systems and apply these lessons in a way that improves the efficiency of financial operations domestically. Understanding the principles used in these countries and their practical applications is crucial for improving national practices.

Key words: finance, public finance, financial standards, accounting, auditing.

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Introduction

Financial control plays a critical role in ensuring a country's economic stability, the effective use of financial resources, and the prevention of negative events such as corruption. This management element relies on international experiments, but each country's specific economic and political conditions ultimately shape the system's effectiveness. International practices can help improve the efficiency of Uzbekistan's financial control system, but domestic economic, legal, and cultural factors also determine how well the system performs.

This article analyzes international experience in financial control and explores how these lessons can be adapted to Uzbekistan's context. Strengthening the financial system is of great importance to the national economy and is ultimately expected to become a vital profession for the country's progressive development. Currently, many reforms are underway to improve and expand the management system.

For example, under the order of the Ministry of Finance dated January 11, 2023, recipients of budgetary funds are required to submit quarterly (and annual) reports, such as the Balance Sheet (Form No. 1), Performance Evaluation Reports on Expenditures (Form No. 2), information on accounts receivable and payable, and reports on the movement of commodity reserves and non-financial resources, all in accordance with standard requirements. This reform is designed to create a more comfortable investment environment and attract foreign investors. Additionally, a

significant portion of investment in Uzbekistan comes from foreign investors, making it necessary to improve accounting and auditing systems.

Methodology

This article uses systematic and comparative methods to analyze the state of financial control, drawing on international experience as well as documents related to Uzbekistan's financial control system, official statistics, and reports issued by national and international organizations. The study focuses on identifying the effectiveness of international practices and the challenges present in Uzbekistan's system, as well as opportunities for adaptation.

In developing effective financial control strategies in Uzbekistan, the following key aspects are considered essential:

Analysis of financial markets;

Evaluation of the status of the banking and credit system;

Assessment of the efficiency of financial institutions;

Use of regression analysis and econometric models;

Application of indicator-based analysis (e.g., liquidity, profitability, capital levels);

Implementation of Monte Carlo simulations and risk assessments.

By applying these analytical tools, Uzbekistan can strengthen its financial control system and achieve more effective results. Moreover, integrating foreign experiences into the development of the national financial control system is necessary, particularly because developed countries use international standards, advanced techniques, and cutting-edge technologies in accounting and auditing.

It is essential to study the audit systems of the United States in order to strengthen audit mechanisms in Uzbekistan, develop independent audit institutions, and advance the digitalization of audit processes. This is particularly important because the United States is home to the world's largest stock market, a system that depends on strong financial control.

In the European Union and the United States, the fundamental principles of financial control are transparency, accountability, and auditing. These countries have highly developed expenditure control and auditing systems, with strict mechanisms designed to prevent corruption. For example, in the U.S., the Government Accountability Office (GAO) conducts comprehensive audits and evaluates the efficiency of state expenditures.

Because of the need to manage such large capital markets, their strategies and principles offer valuable models. By studying these concepts and strategies, Uzbekistan can apply them to its own national financial strategies and implement them in practice, potentially boosting overall effectiveness.

Japan's financial control system is characterized by transparency and openness. The government ensures that every financial transaction is monitored through external audits and oversight. For Uzbekistan, this experience offers valuable insights into ensuring transparent and efficient public spending. Japan's economic strength, fueled by its high population density and large labor force, has been supported by the use of modern technologies that ensure effective financial monitoring.

South Korea's experience shows that the use of digital technologies allows for automation in controlling state expenditures and revenues. Electronic audit systems and remote monitoring help combat corruption and ensure the efficient use of public resources.

International experiments emphasize that openness and accountability are crucial components of financial control. Uzbekistan, too, must provide open public reports on every state financial transaction and ensure mechanisms for public oversight.

In developed countries, the success of financial control systems is usually determined by the leadership's commitment to adopting best practices. Therefore, applying these principles can provide Uzbekistan with valuable opportunities to strengthen its own systems.

Innovative technologies such as electronic audit systems and automated reporting make financial control even more effective, and this applies to Uzbekistan as well. The country is undergoing widespread digitalization, offering new opportunities to integrate these experiences effectively.

Since 2017, Uzbekistan has launched a series of reforms to improve financial control, reorganizing its system and adopting new legal and regulatory frameworks. However, several challenges remain: public financial control lacks transparency, audit processes are not sufficiently effective, and mechanisms to prevent corruption are still weak.

The role of auditing in Uzbekistan has been expanding, particularly with the establishment of the Chamber of Auditors in 2019 as a state body playing an important role in financial control. Nevertheless, the auditing system still faces weaknesses, including a lack of transparent audit procedures and the need for broader-scale oversight.

International experience offers Uzbekistan valuable lessons that can help introduce a series of useful changes. Strengthening the audit and monitoring systems, ensuring greater transparency, and introducing effective anti-corruption mechanisms can significantly improve the effectiveness of financial control in the country.

Conclusion

The financial control system is crucial for ensuring economic stability and the effective use of resources. International experience offers Uzbekistan practical guidance for making its financial control system more efficient. At the same time, Uzbekistan must adapt these lessons to its own unique economic and political conditions, modernizing the national system and introducing necessary reforms in auditing, transparency, and innovation. As Uzbekistan continues to grow, improving financial efficiency and establishing strong anti-corruption mechanisms will play an increasingly important role in the country's sustainable economic progress.

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