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## PROBLEMS OF TRAINING FINANCIAL ANALYSTS IN

### THE REPUBLIC OF UZBEKISTAN

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#### Abstract

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#### Keywords:

*analyst, financial analyst, investments, certification of financial analysts, investment appraisal analysis, asset valuation, investment fund, mutual fund, security market.*

The training of specialists focused on the practical application of methods and tools of financial analysis is very relevant for countries with economies in transition. The actuality of the economic life of Uzbekistan also confirm this statement. The established practice of teaching economic analysis and determining the prospects for creating and improving the system of training financial analysts required a separate approach to the problem. The study of the process of training financial analysts in the most developed countries made it possible to formulate proposals for accelerating the training of financial analysts, taking into account the effective state of affairs in the Republic of Uzbekistan. The implementation of the necessary measures should contribute to solving problems not only with the training of specialists, but also with the development of the securities market in the country.

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## INTRODUCTION

Changes in the economy of the Republic of Uzbekistan in recent years have shown an acute shortage of specialists in the field of financial analysis. At the same time, the availability of qualified financial analysts is one of the main components of the investment environment of any country. It can be said that the training of specialists in financial analysis is becoming one of the main tasks in the formation of a full-fledged securities market. In this regard, we will consider the current practice of teaching economic analysis and determine the prospects for improving (more precisely, creating) the training of financial analysts in our republic.

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To date, the training of specialists focused on the practical application of methods and methods of financial analysis is carried out as part of the training of bachelors in the direction of "Accounting and Audit" and masters in the specialties "Accounting" and "Audit". Teaching of the discipline "Analysis of Financial Statements" is provided for masters in the specialties "Accounting" and "Audit", and within the framework of the bachelor's program in the direction of "Accounting and Audit" - the discipline "Economic Analysis". The curricula of these disciplines are developed taking into account the requirements for training personnel and training specialists with the skills to analyze the financial and economic activities of economic entities and the economic analysis of the performance, financial situation and development prospects of a particular economic entity. Training is aimed at conducting analysis and obtaining conclusions that allow making managerial decisions at a particular enterprise (organization, institution). At the same time, the main sources of information are information generated within the enterprise. The results of the economic analysis are sufficient to solve problems related to the prospects for the operation of this enterprise as a supplier, contractor, buyer, investor. However, due to the expansion of the list of investment areas, the emergence of collective investment institutions, the emergence of issues of reliable management of free funds of legal entities and individuals, other problems arise, especially when making decisions in the field of investment, which require finding answers to these questions and solving problems.

### **MATERIALS AND METHODS**

In general, the concepts of an analyst (who deals with the economic analysis of the activities of enterprises) and a financial analyst do not coincide. At one time, due to the change in our country of the name of the subject "Economic analysis (analysis of economic activity)" to "Financial and managerial analysis", these terms began to be used as synonyms. At the same time, studying the experience of other countries shows that the definition of "financial analyst" is suitable for an investment specialist whose field of activity includes many different areas. "Investment bankers, brokers, portfolio managers, traders, financial analysts, salespeople, consultants and pension fund managers are investment professionals" [3, p. 48]. The decisions made by these professionals, as well as the results of the organizations they work for, affect the personal well-being of the millions of people who work with them. Therefore, the training of financial analysts is a very responsible task in the

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conditions of the transitional economy of the Republic of Uzbekistan, in the light of the measures taken to create a full-fledged securities market in the country.

A study of the training process for financial analysts showed that the most significant experience in this regard has been accumulated in the United States of America (USA). Undoubtedly, having the largest stock market in the world directly influenced and helped this. An analysis of the training and activities of financial analysts in the United States allows us to accept the existing special training program for financial analysts, which arose in connection with the need to develop a common concept of investment management and standards of professional conduct for various participants in the investment industry. We studied the history of the Chartered Financial Analysts (CFA) training program for financial analysts, which was created back in 1947 to collect and generalize existing concepts and methods for making investment decisions, establish common ethical standards of behavior and have CFA diplomas. The result of the study allowed us to conclude that this concept should have contributed to their manifestation in the daily life and activities of people who understand the examples given in the manuals, as well as adhering to the norms of ethical behavior. And this led to the formation of a conclusion about the possibility of using this program with appropriate amendments to the real picture in the Republic of Uzbekistan.

According to the requirements of the program, in the United States, candidates with a bachelor's degree (or relevant work experience) and positive letters of recommendation (at least three) are eligible to participate in the CFA degree program. In addition, they must pay a special fee. The diploma is issued after passing the prescribed examinations in the case of forty-eight months of work experience in the field of investment or a certificate from an educational institution on training while working and with membership in a society of financiers. The entrance fee to the society of financiers is 400-480 US dollars. Exams for all levels are held on the same day, usually on the first weekend in June. The cost of the exam varies from 710 to 955 dollars [4]. Level 1 exams are allowed to be taken twice a year - except for June, they can also be taken on the first weekend of December.

## **RESULTS AND DISCUSSIONS**

Based on the realities that have developed in the Republic of Uzbekistan today, in our opinion, applicants can be required to have bachelor's or master's degrees (establishing a requirement for relevant work experience at the moment will not be logical due to the lack of

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opportunities to accumulate such experience).The fee for passing the exam can be set within the equivalent of 150-180 US dollars (based on the level of fees for organizing exams for ACCA, IELTS and others), with possible reimbursement by government agencies or employers upon successful passing of the exam (such experience has been gained in the country for example of some programs).A public organization of financial analysts can be created as the number of specialists with the appropriate qualifications (confirmed by diplomas) grows, and then a requirement for membership in the relevant society is introduced.

One of the positive aspects that needs to be introduced in our country is that if it is impossible to comply with the above requirements, the CFA program allows you to take individual exams.The applicant must adhere to the requirements of the Code of Professional Conduct and demonstrate a high level of professional behavior in their actions. (Code adopted by the Association for Investment Management and Research - AIMR) [5].

In our opinion, the main stages of the certification process for financial analysts are training in special courses and passing exams. The number of exams may vary depending on the tasks set, the macroeconomic situation, new trends and trends in the stock markets, and investment activity.

Since an applicant can only take one exam per year in the US, the Institute of Chartered Financial Analysts (ICFA) does not seek to increase the number of exams taken, and they consist of three exams. (Even so, it takes at least three years to complete an ICFA diploma). ICFA makes up for the relatively small number of exams by arranging exam questions in order of increasing difficulty, with subsequent questions becoming more difficult than previous ones.

At the initial stage of training financial analysts in the Republic of Uzbekistan, it is more expedient to increase the frequency of passing exams (twice a year with an increase in the number of exams to four or six for an even breakdown of the studied material).It is also necessary to provide for the right to take more than one exam at a time (in order to create opportunities to obtain a financial analyst diploma in a shorter period of time).

All exams can be divided into the following areas, each of which has several topics:

- the first direction includes ethical and professional standards of financial analysts.

This direction consists of the following topics: current legislation and regulation of the work

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of a financial analyst; standards that must be observed in professional activities; professional ethics; international aspects of professional ethics and standards of conduct;

- the second direction consists of methods of evaluation and investment management. Topics in this specialty emphasize an introduction to the specialty and include an introduction to accounting and asset valuation, accounting and financial reporting, quantitative methods, economics (macro and microeconomics), portfolio management techniques;

- the third direction is the valuation of assets (investments), which includes the following topics: valuation and economic analysis in the evaluation of investments, industry and company analysis, stocks, fixed income securities, derivatives and other investment objects;

- the fourth direction covers the management of a portfolio of securities. General capital market theory, risk forecasting, asset allocation, investment process, portfolio management strategies (including equity and fixed income portfolios), real estate and specialty asset portfolio management, and performance evaluation are topics in this area.

As it was emphasized, systematic training of financial analysts has not yet been established in our republic. Such specialists are not trained in higher educational institutions. The training program for accountants, as we mentioned above, is aimed at training specialists in economic analysis (analysis of the results of economic activity of economic entities). At the moment, taking into account the prospects for the development of the securities market (stock market) and investment activity in the Republic of Uzbekistan, it can be predicted that this segment has a high probability of growth after amendments to the adopted legislation. Undoubtedly, the main factor influencing such growth is the real return on funds invested in securities. It should be higher than the yield of alternative investment methods (today, bank deposits are the main alternative). With a return on investment significantly higher than alternative ways of investing, the Uzbek stock market may begin to record good growth and expansion. One of the decisive subjects of such growth of the stock market should be financial analysts, in whom there has been an acute need in our country lately. To solve this problem, along with the measures taken to improve the investment environment in our republic, it is necessary to take measures to meet the needs of the economy in relevant specialists.

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In our opinion, the following measures should be taken in this direction.

Firstly, it is necessary to start training financial analysts in HEI of our country as a special area of undergraduate studies, as well as training masters in the specialties “Securities portfolio management”, “Real estate portfolio management and other assets”.The bachelor's training program in this area should include such disciplines as "assessment of the value of assets (investments)", "analysis of investment valuation", "analysis of an economic entity in the investment process", "forecasting risk factors", "investment process" and other disciplines, directly revealing the essence of the activities of the stock exchange.

Secondly, to create a system for training financial analysts by training specialists with a higher (accounting or analytical) economic education in retraining or advanced training courses, followed by certification for issuing an appropriate diploma similar to a CFA diploma.At the initial stage, the experience of ICFA or other organizations (both domestic and foreign) that carry out similar activities in our country can be used. The main thing is that the remuneration and presentation of diplomas of the appropriate level should be transparent, and the training of specialists should be at the level of the requirements of foreign systems for training financial analysts.Fulfillment of this requirement makes it possible to effectively integrate the local system of effective management of investor funds and training of financial analysts into the international community of such systems.

Thirdly, to develop a methodology and methodology for accounting for the sources of assets and funds of institutional investors, taking into account the high risk factor of investments in these institutions.Among the participants in the financial market, institutional investors occupy a special place, their classic types are investment and mutual (equity) funds, designed to perform the function of redistributing investment resources between business entities.According to Article 3 of the Law "On Investment and Mutual Funds" of the Republic of Uzbekistan: "Legal entity — a joint-stock company issuing shares in order to attract investors' funds and invest in investment assets, is an investment fund" [1].According to article 4 of this law: "A mutual fund is a combination of funds of two or more persons — investors, transferred by them to trust for the purpose of carrying out investment activities" [1].However, the fundamental specific conditions for the activities of investment and mutual funds, requiring a conservative and special approach to investment issues (taking into account



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the risk of losing funds), led to the emergence of venture funds as a special form of financing for newly created high-tech and innovative business structures.

Recently, special attention has been paid to the issues of venture financing in our republic. One of the legal documents in which the concepts of venture financing and venture funds were first mentioned is the Decree of the President of the Republic of Uzbekistan dated January 22, 2018 DP-5308 “On the state program for the implementation of the action strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021 years in the “Year of Support for Active Entrepreneurship, Innovative Ideas and Technologies”. Subparagraph a) of paragraph 8 of this Decree determined that: “... for the period until January 1, 2023, the following are exempt from paying all types of taxes and mandatory payments, with the exception of the unified social payment:

emerging venture funds that co-finance high-tech entrepreneurial start-up projects; high-tech start-up projects financed from venture funds...”[2].

### **CONCLUSION**

Considering that investments are increasingly placed at the international level and become international, it is necessary to establish active cooperation with public organizations (societies) of financial analysts in foreign countries. Such cooperation should be carried out both in the field of training specialists and in the direction of the development of generally recognized graduate certification systems.

Due to the high risk of investing in venture capital and other similar funds, it is necessary to legally approve the conditions for investing in areas with a high risk of non-return of investments and non-return of the relevant assets.

We express confidence that the implementation of the proposed measures will serve to ensure the quality training of financial analysts, which will ensure the transition of the stock market of our country to a new qualitative level, will positively affect the well-being of many people. We also hope for the speedy and full integration of the domestic securities market into international stock markets.



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