



THE IMPORTANCE OF INTERRELATED DIGITALIZATION MODEL OF THE ACTIVITIES OF EVALUATION ORGANISATIONS AND RATING AGENCY

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Abstract

Keywords:

rating organizations, rating agencies, blockchain, "Related entities", digitization, structural model with digital transformation

This article discusses the creation of a digitalization model in relation to the activities of rating agencies and rating agencies in Uzbekistan, and offers suggestions.

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INTRODUCTION

It is recognized that the rating and ranking of value-valuing organizations in the world play an important role in the development of the economy of countries as a special expert-analytical process and business, their product as a market commodity and indicator, a set of these as a whole economic category and a field of science and practical activity related to this category. In world practice, rating agencies evaluate rating organizations based on three basic indexes covering relevant qualitative and quantitative indicators - business index, corporate index, financial index. The indicators used in the rating can be measured in different units, therefore, in the evaluation of the integral rating, they become a dimensionless quantity, that is, the maximum or minimum expression of a certain parameter is taken as a unit, and then the level of expression is determined for all rating objects in relation to the maximum or minimum value of this parameter. In this case, the reliability of the rating directly depends on the accuracy of the initial data and the qualification of the rating-expert.

conclusion of international experts in this field in world practice ¹, "... although the theoretical-factual base, methodological and institutional support of this field has been formed

¹ Development prospects of the world economy. Bulletin of the International Monetary Fund, October 2020 (www.imf.org); A document on the digital development of the world. UNCTAD, October 2020 (www.unctad.org/diae); World Bank, UN, Organization for Economic Cooperation and Development (OECD), World Economic Forum, Ernst&Young, KPMG, McKinsey, PricewaterhouseCoopers, Boston Consulting Group, Accenture Strategy, Huawei, Oxford Economics, Standard&Poors, Fitch Ratings, Moody's IS



in the world, but global instability and increased risks, the introduction of digital innovative technologies, the widespread spread of virus pandemics In the context of the development of global digital relations, various factors, such as , require an increase in the transparency and competitiveness of the activities of rating organizations, the accuracy, speed and reliability of rating and ranking.

In the conditions of global instability, digitization of activities of rating agencies and rating agencies has become an urgent issue [8]. That this issue is of particular importance in the context of the "Digital Uzbekistan-2030" Strategy [1] and the task of the Head of State regarding the introduction of the rating of the evaluation organizations based on the position occupied by the evaluation organizations in the market of property value assessment services (MQBXB) and other criteria [2] and on the other hand, under the influence of macroeconomic policy, the role of the National Economic Development Fund in the national economy has not been assessed, and the lack of a single methodology and rating agency that allows determining the rating and ranking of rating organizations in accordance with the conditions and requirements of Uzbekistan's current development determines the necessity of this research.

LITERATURE REVIEW

Currently, issues of digitization of evaluation activities (based on the use of information technologies) have become the research topic of many scientists and specialists. For example, it is possible to highlight the scientific works of foreign economists and researchers who studied the problematic aspects of the introduction of innovative digital technologies to economic development. For example, T.A. Gileva [4] defined the content of digital transformation, proposed a conceptual scheme for managing the digital maturity of an enterprise based on eliminating the gap between the current and target maturity level, and also presented a methodology for analyzing the readiness of enterprises to work in the digital economy. These results can be used to digitize business valuations.

E.A. Dyamyanova [5] developed theoretical principles and practical recommendations for the development of valuation methods for companies, gave and classified exogenous and endogenous factors that affect the value of companies, introducing modern financial technologies. Improves cash flow and real opportunity utilization, allowing for more accurate valuation of such companies.

N.A. Sedegov [6] proposed the functional structure of the information system of assessment organizations and also describes the tasks of the assessment system that meets the needs of the assessment organization in providing assessment services.

Modern Fundamentals of Digital Economy Professor Sh. Shokhazami's work [3] and our works [7, 8, 9] aimed at digitalization of evaluation activities are given, which can serve as a theoretical and methodological basis for systematic research and construction of digital economy used in digital evaluation organizations.



RESEARCH METHODOLOGY

In the course of the research, I studied the experience of world experts in solving the problems faced by digitization of the activities of rating organizations and rating agencies in the market of property value assessment services, interviewed economists-scientists and representatives of the field, analyzed their written and oral opinions, expert evaluation, observation of processes, a systematic approach to economic events and processes, comparative analysis with the author's experiences, relevant conclusions, suggestions and recommendations are given.

ANALYSIS AND DISCUSSION

In the conditions of global instability, viral pandemics and digitization of the economy, there was a decrease in business and real estate values and a decrease in rental prices in foreign currency, a decrease in the number of transactions, an increase in the value of loans, etc. At the same time, there have been problems related to the value of business and real estate, especially questions related to the value of real estate and business valuation related to trade and production. Not only organizations that evaluate property values, but agencies that evaluate their ratings have shown their reluctance in the eyes of consumers (clients), who are psychologically unprepared for the new reality of the pandemic. The reason for this is that rating organizations and their rating agencies (hereinafter referred to as "Related entities") are not ready for the solution of this demanding digitization issue. In this case, the digitization of "Related entities" means the widespread use of information and communication technologies in their activities. The implementation of digitization technologies in the activities of "affiliated entities" will reduce the financial and administrative burden on the state, these entities and their customers, and will allow obtaining information from the information base containing the latest information on the ownership of financial, physical or electronic assets. One of these technologies is the blockchain chain of transaction blocks (blockchain).

When digitizing assessment activities through blockchain technology, it is necessary to implement the following:

- 1) the fact that the pandemic and the economic crisis due to it have sharply reduced the size of the market of services of "Related entities", increased the need to digitize their activities;
 - 2) evaluators should consider using multiple approaches and methods in a numerical format, especially when there is insufficient real or observable input data for a single method to draw reliable conclusions. If several approaches and methods or even several methods are used within one approach, the result of an independent assessment should be logical and reasonable, and the process of analysis and coordination of the results obtained by different methods should be understandable;
 - 3) rating agencies need to digitize their methodology and rating assessment business;
 - 4) evaluation organizations should analyze the information about the previous crises collected in the database, it can be noted that the rental rates have changes compared to the sales prices, while the transaction prices reflect the situation in the pre-crisis period. In these circumstances, the difference between earnings and comparative methods over time can be significant. The comparative method is recommended to use transactions recorded in the pre-
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crisis period and adjust them to the current market situation. As for bid prices reflecting the pre-crisis level, it is recommended that bid corrections be increased. If no such adjustment is made, the comparative method may be assigned a relative weight over the income-based valuation method, which takes into account trends in the development of the property market;

5) rating agencies should form the necessary conclusions, decisions and measures to assess the rating of rating organizations in a crisis situation in a digital format based on the analysis of the data of the rating base of previous periods;

6) when using the valuation method based on the income approach in the numerical evaluation, it is recommended to pay attention to the fact that the rental rates used correspond to the level recorded in the pre-crisis period. Based on the analysis of the behavior of the real estate markets in previous crises, it is recommended to take into account the possibility of a decrease in rental income in the forecasts. When using the cumulative method of determining the discount rate, it is necessary to take into account the possibility of increasing the exposure time of the valuation objects in the market. If there are two or more alternative scenarios, the assessment report should be based on the most likely scenario to be described;

7) the appraiser should not use the pre-crisis criteria when assessing the value of the property in the digital evaluation activity, because this approach will lead to the false conclusion that the value will return to the pre-crisis level;

8) to analyze the value of the property using the income method in the valuation report formed in a digital format, to inform the client and users based on the results of the valuation, to determine the change in the value of the valuation object as a result of the change of the parameters entered in the use of the model. It should be remembered that the purpose of any uncertainty analysis is not to provide a forecast of possible fluctuations in the reported value for future dates, but to provide information on the variability of the value, taking into account the events that occurred on a particular valuation day;

9) A prerequisite for ensuring their professional safety in the activities of "Related entities" in the digital format is the constant analysis of current market data and the application of recommendations on the positions of professional associations of evaluators and leading international evaluation organizations and rating agencies on accounting and evaluation issues in the event of a pandemic.

On the basis of the above, it is possible to recommend digitalization of activities of rating agencies and rating agencies in Uzbekistan in three interrelated directions (Table 1): work with clients; business model; operational process. Each of these areas is divided into three elements that ensure the implementation of digital transformation, all of which are inextricably linked with "Digital Business Competencies".



Table 1.

A structural model of interdependent digital transformation of rating organization and rating agency activities

Working with customers				Common element for all tracks: "Digital Business Competencies"
1. Get to know customers closely, understand their needs and wishes	2. Increase revenue from customers	3. Search and find new points of interest in customer relations		
Business model				
4. Targeted introduction of new technologies	5. Introducing unknown innovative digital business models	6. Digital globalization		
Operating process				
7. Automation of production processes	8. Effective use of the creative potential of employees	9. Performance management based on "Big data" analysis		

In Table 1 above, the "Business Model" performs two functions: interconnects external (1, 2, 3) and internal (7, 8, 9) element activities (i.e. "Customer Service" and "Operational Process"); assesses organizations and their rating agency activities.

In the current conditions of Uzbekistan, the elements (1, 2, 3) of the first direction "Working with clients" are important for rating organizations and their rating agency. Because the digital transformation of these rating organizations and their rating agency activities is necessary to ensure an increase in the number of customers.

CONCLUSION

In conclusion, it can be said that in the conditions of global instability, viral pandemics and the digitization of the economy, the problems related to the decrease in the prices of goods, business and various property values, as well as the decrease in the rental prices in foreign currency, the decrease in the number of transactions, the increase in the value of loans and other negative situations are not only the appraiser of the property value. Organizations, as well as rating agencies, have shown their reluctance in the face of consumers (clients) who are psychologically unprepared for the new reality of the pandemic. The reason for this is that rating organizations and their rating agencies are not ready to deal with this demanding digitization challenge.

Today, the digital economy in the world and in Uzbekistan, including "Related entities" in its composition, has become a global trend and phenomenon covering all areas of modern socio-economic development.

will allow to obtain information from the information base containing the latest information on the ownership of financial, physical or electronic assets . One of these technologies is the blockchain chain of transaction blocks (blockchain). After all, the



blockchain helps us collect all the information related to the object of evaluation, including the evaluation approaches (profitable, comparative and cost) and the relevant database .

Digitization of the activities of rating organizations and rating agencies dramatically increases the efficiency of rating and ranking assessment and property value assessment in the same relationship.

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