



ISSUES OF INCREASING THE INVESTMENT ATTRACTIVENESS OF JOINT STOCK COMPANIES IN THE STOCK MARKET

ULMAS EGAMBERDIEV

Abstract

Keywords: financial stability and investment attractiveness, commercial banks, stock market, corporate governance.

The article examines foreign and local literature, the payment of regular dividends and its advantages in the development of dividend policy in commercial banks of the Republic of Uzbekistan. suggestions are given.

Author correspondence:

ULMAS EGAMBERDIEV

Student of Master degree, Banking and Finance Academy of the Republic of Uzbekistan,
Tashkent, Uzbekistan

Email: ulmas_egamberiev@gmail.com

INTRODUCTION

The development of the financial market in our country requires improving the activities of commercial banks and establishing effective corporate governance in them. It should be noted that a reasonable dividend policy has a special role in the organization of effective corporate governance in commercial banks, and this can be considered as a shortcoming in the corporate governance of banks today. The high share of the state in the majority of commercial banks in the country is noteworthy. This has a negative impact on the performance of these commercial banks, and is having an impact on the economy. It is known that commercial banks are required to constantly increase their authorized capital to ensure financial stability. In order to increase the authorized capital, it is necessary to place the bank's shares on the stock market and, first of all, attract foreign and domestic investors to the shares. The amount of dividends paid per share is



one of the most important issues for investors. Therefore, in order to develop the banking system of Uzbekistan, increasing the role of dividend policy in joint-stock commercial banks on the basis of best practices is a topical and practical issue, and in this regard requires serious attention to dividend policy.

In accordance with the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025 with the support of international financial institutions JSCB "Ipoteka-Bank", JSCB "Uzpromstroybank", JSCB "Asaka", JSC "Aloqabank", JSC "QishloqQurilish Bank" Gradual privatization of state-owned shares in JSCB and JSCB "Turonbank" shows. Today, commercial banks are working to implement the above issues, and we can see a lot of progress in recent years. (1)

LITERATURE REVIEW

Although there are many local and local views on the issue of dividend policy, the research on the management and development of bank dividend policy in this area has not lost its relevance. This issue is especially in the spotlight of researchers and economists. In this regard, S. Elmirzaev studied in detail the economic nature of dividends, the results that can be achieved by joint-stock companies through a reasonable dividend policy, the analysis of dividends. (2)

N. Sherkuzieva studied the role of dividend policy in the financial management system of joint-stock companies, studied in detail the basic theories of dividend policy, the principles of dividend policy, the procedure for declaring and paying dividends. In this study, the researcher analyzed the dividend policy of joint stock companies in general, but did not emphasize the dividend policy of individual commercial banks. We can see that it is expedient to use it for its activity as well. (3)

Ross N. Dickens and K. Michael Casey, foreign scholars, studied the assessment of the direct impact of regulations and taxes on the dividend policy of commercial banks. It is noted that the policy has different characteristics. (4)



Banks can improve their capitalization by reducing dividend payments or not paying dividends. However, some observers argue that the reduction in dividend payments is interpreted by investors and financial analysts as a negative signal indicating future problems (5).

According to M. Belloni, M. Grodzicki, and M. Jarmuzek, there are three main reasons for the organization of dividend payment regulation: asymmetric data between shareholders and management, the presence of agency costs, and the presence of regulatory constraints (6).

ANALYSIS AND RESULTS

To date, ensuring economic development has created a demand for foreign capital, along with ensuring socio-economic development through the full transfer of domestic financial resources to the economy through the national financial market. Therefore, every state, every company prioritizes the issue of attracting capital from the international financial markets.

At a time when large-scale economic reforms and structural changes are being carried out in our country to ensure macroeconomic stability and radically improve the investment climate for private, including foreign investment, to integrate the country into international capital markets, attract additional sources of external funding and expand practical reforms have been implemented and initial successful results have been achieved.

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The stock market is a set of financial relations in the field of securities issuance and sale, as well as the circulation of securities, the main task of which is the launch of the “fund-investment” mechanism, collection and distribution of financial resources required for production and technical development, ensuring the modernization of the economy by attracting



investments of legal entities and individuals, increasing it and directing it to the sectors of the economy. The stock market and the intermediaries operating in it are also part of the financial system, allowing the redistribution of surplus funds from investors to consumers.

On the one hand, the stock market - capital suppliers, individuals with free funds, legal entities and individuals wishing to invest and increase these funds, as well as government participation. On the other hand, there are market entities that need start-up or additional capital to start a new production, provide work, services, or modernize, expand, or renovate production. It should be noted that enterprises, organizations, the population, as well as the state can directly participate in the application for capital.

Today, especially in a pandemic, many countries need to issue sovereign bonds. At the same time, the countries are using the funds received to support certain sectors, as well as to address the negative consequences of the COVID-19 pandemic. One month after the World Health Organization (WHO) declared COVID-19 a global pandemic (March 11, 2020), weekly sovereign bond issuance rose nearly \$ 20 billion USD. For example, Israel has issued a total of \$ 5 billion in sovereign bonds to combat COVID-19. The Government of the Kingdom of Bhutan has pledged \$ 41 million at an annual coupon rate of 6.5 percent to support the financing of financial needs against the COVID-19 pandemic [5].

According to the International Capital Markets Association (ICMA) in August 2020, the US (22.4 trillion US dollars), China (19.8 trillion US dollars) and Japan (12.4 trillion US dollars) were traded in the SSA bond market. Sovereign bonds account for 73% of the SSA bond market (\$ 63.7 trillion). In particular, sovereign bonds in the U.S. SSA bond market totalled \$ 20 trillion and China's SSA bond market was worth \$ 7 trillion [6].

The stock market also performs a number of important macro and microeconomic functions in a developed economy.



First, the stock market acts as a coordinator of investment flows, ensuring the optimal structure of resource use for society. It is through the stock market that the bulk of capital inflows take place in industries with a higher rate of return on capital investment. The stock price in the secondary market, which fluctuates based on supply and demand in the market (of course, investors try to get rid of low-yielding securities by directing their funds to more profitable projects), which is important for production. determines the price of the primary market. Businesses will be able to get the capital they need to grow only in the primary market. In developed markets, the success or failure of a start-up depends on the attitude to its securities, that is, the rate of acquisition.

Second, the stock market provides for the mass nature of the investment process. That is, it allows a volunteer economic agent with free cash to invest in production by purchasing securities. The concentration of securities turnover between stock exchanges and professional intermediaries allows the investor to facilitate the investment process.

Third, the stock market quickly reflects changes in the social, political, foreign economic and other spheres of society. In this regard, the general state of the stock market is a key indicator when considering the economic situation in the country as a whole. A narrow analysis of the situation in the stock market can be used to assess the performance of a particular region, industry and a particular enterprise.

Fourth, securities demonstrate the democratic principles of micro-economy management. For example, when a stockholder makes a decision by voting, that is, when one vote corresponds to one stock, the stockholder who has more stocks is more likely to make decisions immediately (expeditiously).

Fifth, the state implements its structural policy by purchasing stocks in individual enterprises. It buys the stocks of strategic enterprises and thus invests in production that is important for the development of society.



Sixth, the stock market is an important tool of public fiscal policy. The main tool for this function is the government securities market. The government, through the stock market, influences the money supply and the growth or decline of GDP [7].

In 2019, there were significant changes in stock market indicators, both quantitatively and qualitatively. This is evidenced by the growth of exchange turnover, the acceleration of transactions, the development of all infrastructure serving the stock market, as well as the improvement of legislation and coordination. All this serves to increase the interest of stock market participants and the general public in the stock market.

By increasing the financial stability and investment attractiveness of joint-stock companies and ensuring the integration of the domestic stock market with foreign stock exchanges, it will be possible to attract investment from global markets.

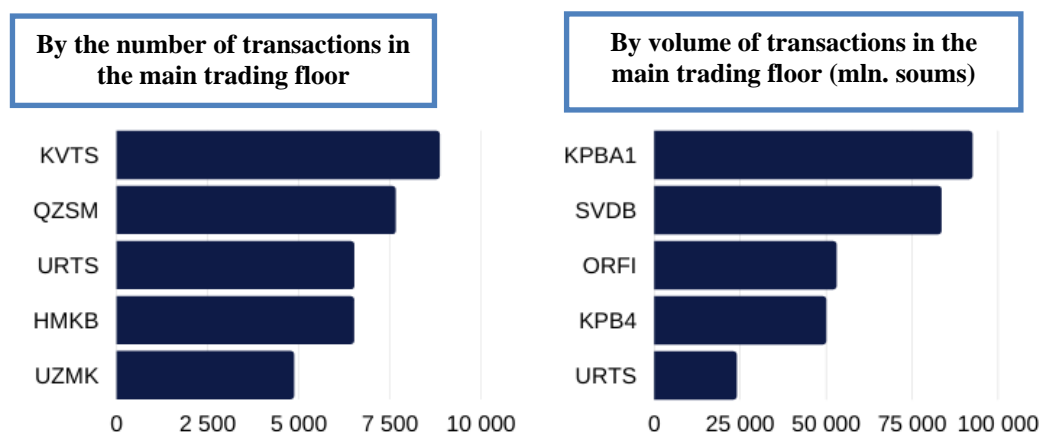


Figure 1. Top-5 Securities of RSE "Tashkent"¹

Figure 1 shows the top 5 securities of RSE "Tashkent" in terms of the number of transactions on the trading floor of JSC "Quartz", JSC "Qizilqumsement", JSC "Commodity

¹<https://www.uzse.uz/boards/2848>- information of "Tashkent" RSE website



Exchange of the Republic of Uzbekistan", JSC "Hamkorbank" and Metallurgy of Uzbekistan. The stocks of JSC AJ have the highest performance. In terms of the volume of transactions on the main trading floor, the stocks of Kapitalbank JSCB, Savdogar Bank JSCB, Orient Finance JSCB, JSC Commodity Exchange of the Republic of Uzbekistan took the highest place.

We analyze the dynamics of the stock price of some of the above-mentioned joint-stock companies on the stock exchange (Table 1).

Table 1

Dynamics of stock prices of Qizilqumsement JSC in RSE "Tashkent"²

Date	Closed price	Change	Open price	Max. price	Min. price
25.03.2022	4250	-49	4490	4490	4250
24.03.2022	4299	43,99	4202	4300	4202
18.03.2022	4255,01	-1,99	4390	4390	4255,01
17.03.2022	4257	47	4390	4398	4257
16.03.2022	4210	-189	4399,9	4399,9	4210
15.03.2022	4399	104	4300	4399	4200
14.03.2022	4295	92	4390	4390	4201
11.03.2022	4203	-0,02	4250	4485	4200,04
10.03.2022	4203,02	-198,98	4499	4599,99	4200,03
09.03.2022	4402	0,99	4600	4600	4300
07.03.2022	4401,01	-48,99	4325,01	4599	4325
04.03.2022	4450	50	4899	4899	4300
03.03.2022	4400	2	4800	4800	4201,01
02.03.2022	4398	197,9	4749,99	4749,99	4203,99
01.03.2022	4200,1	-787,9	4899	4899	4200
28.02.2022	4988	388	4600	4988	4500

Table 1 shows the stock price of QizilqumsementJSC. According to the table, the stock price has changed in the range of 4200-4988 soums for a month.

²https://www.uzse.uz/isu_infos/STK?isu_cd=UZ7025770007 - information of "Toshkent" RSE website



Table 2

Dynamics of stock prices of “Kvarts” JSC in RSE “Tashkent”³

Date	Closed price	Change	Open price	Max. price	Min. price
25.03.2022	3999	149	3200	4300	3200
24.03.2022	3850	-50	3900	3900	3706,01
18.03.2022	3900	49	4059,99	4059,99	3830
17.03.2022	3851	-9	3901,99	3985	3850,01
16.03.2022	3860	-39	3995	3995	3852
15.03.2022	3899	49	3830	4000	3830
14.03.2022	3850	-169	3900	3999	3802
11.03.2022	4019	169	3900	4034	3900
10.03.2022	3850	-150	3900	4039,99	3830,01
09.03.2022	4000	10	4066	4066	3800
07.03.2022	3990	41	4060	4060	3702
04.03.2022	3949	99	4000	4000	3920
03.03.2022	3850	-100,01	3800,01	4050	3800,01
02.03.2022	3950,01	-47,99	3851	4050	3800,02
01.03.2022	3998	48	3910	3998	3800
28.02.2022	3950	-161	4099,99	4100	3950

In the Table 2, if we look at the stock prices of KvartsJSC, the price of these stocks fluctuated between 3200-4300 soums.

³https://www.uzse.uz/isu_infos/STK?isu_cd=UZ7025770007 - information of “Toshkent” RSE website



CONCLUSIONS

Based on the above, the following conclusions can be made about the organizational features of stock markets.

1. Attracting investments through the stock market is a tool based on market mechanisms of investment financing, which is a convenient tool for effective investment attraction. The implementation and development of reforms in the stock market will pave the way for the full intensification of investment activity.

2. At a time when the stock market is an important and basic means of attracting investment in developed countries, the stock market in the country is underdeveloped, as a result of its inability to allocate and redistribute financial resources, businesses and the population prefer the credit market. The participants need to study issues such as the limitation of commercial banks and joint-stock companies with high state share, the low attractiveness of joint-stock companies in the national stock market for foreign investors and improve the conceptual framework for stock market development.

3. Given the complexity and cost of listing requirements in the stock market, there are a number of problems in activating securities trading, the creation of opportunities for efficient use of the system will lead to an increase in trade turnover in the market.

4. It is essential to take into account the urgency of the process of attracting foreign investment through the sale of stocks of domestic joint stock companies in major foreign stock markets



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