

MODERN TRENDS IN THE DEVELOPMENT OF THE GLOBAL FINANCIAL SYSTEM

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Annotation *The article delves into contemporary trends within the global evolution of pension systems, which constitute a vital component of the financial infrastructure. It centers on enhancing Uzbekistan's pension system by drawing insights from the experiences of advanced European nations, offering perspectives and suggestions on potential improvements.*

Key words. *Social security, pension system, world experience, financial stability, financial system, tax system.*

In today's global landscape, there is a noticeable trend towards the increasing influence of specialized pension systems within countries' economies. These systems serve not only to address state debts or budget deficits but also to efficiently allocate funds into long-term investments, particularly within industrial production sectors.

The emergence and development of non-state pension funds are not only indicative of a country's economic status but also reflect the evolution of its pension system over time. In developed nations, non-state pension funds serve as primary sources for forming term deposits in commercial banks. Hence, there are opportunities within our country to bolster the resource base of commercial banks by establishing and nurturing non-state pension funds.

Specialized pension funds offer significant advantages, especially in the context of the current need for long-term investment capital in economic production. Firstly, they broaden the pool of resources available for long-term lending. Secondly, their establishment helps alleviate social security expenditures from the national budget.

The diversification of pension provision schemes presents internal investment opportunities within the economy. The development of the capital market is pivotal in providing financial instruments for pension funds' investments. Therefore, by

directing investments into the economy, both state-run, institutional, and private pension provision systems can align with financial objectives effectively.

Consequently, in our country, enhancing the pension system based on global experiences assumes critical importance in ensuring the provision of quality-assured pensions to the elderly population.

In Uzbekistan, optimizing tax collection procedures holds significant importance in maintaining the financial stability of the pension system. By reducing the burden on the state pension fund, it enables the development and regulation of voluntary pension schemes. In 2013, pension expenditures in Uzbekistan amounted to approximately 7.3% of GDP. However, the proportion of pension payments within GDP highlights a considerable disparity between the high wages in the labor market and the relatively low pension benefits.

Transition economies, including Uzbekistan, have witnessed significant changes in their economic relations, leading to the evolution of the pension system from its traditional form to a new structure. These changes necessitate a comprehensive review of the pension system and the introduction of necessary adjustments. Enhancing the Uzbekistan pension system based on foreign experience is crucial in addressing these needs. This involves focusing on theoretical, methodological, and organizational aspects and developing practical recommendations in various areas:

Highlighting the nature and significance of international cooperation in social protection.

Describing the objectives, functions, and specific features of pension system reforms in foreign countries.

Analyzing the current state of pension systems in selected countries and identifying positive features for adaptation.

Examining the utilization of positive experiences from foreign countries in the Uzbekistan pension system and providing scientific recommendations.

Key challenges in the pension systems of developed countries include issues such as timely retirement, insufficient budget revenues, high pension costs,

privileged pensions availability, and the impact of inflation on pensions. Additionally, demographic factors such as population aging and declining birth rates, along with economic factors like high inflation and unemployment, contribute to the imbalance between the active population and pensioners. During the reform process, it is vital to focus on improving the quality of pension services, attracting additional resources, strengthening the financial sustainability of pension systems, establishing a direct link between an individual's pension and their contributions, and implementing measures that benefit both pensioners and the state budget.

In the ongoing reform of the pension system, the following principles should underpin Uzbekistan's policy:

- ✓ Departure from the principles of pension distribution as the primary pension provision system in the future.
- ✓ Transition to a three-tier pension system that incorporates elements of solidarity and accumulation present in most countries.
- ✓ Selection of the solidarity principle as the main principle for building the pension system.
- ✓ Development of voluntary pension provision and insurance, as well as related institutions.

It is crucial to recognize that reforms aimed at enhancing the financial stability of the pension system in our republic cannot be rushed; they must be implemented in tandem with broader economic and social reforms. This includes regulations in the labor market, adjustments in income levels, and changes in various sectors such as budgetary organizations, tax policies, finance, and credit sectors.

In 2015, a significant portion, around 98%, of pension payments in our country were directly allocated to the state pension system. The pension contributions made by citizens are regarded as "long-term" financial resources since these funds can be invested until retirement. Currently, there haven't been substantial deviations in the formation of the pension fund. Therefore, it is imperative to further refine this system and collaborate with non-state pension funds to establish financial institutions.

In essence, regional divisions of the Pension Fund, operating independently from the budget, play a vital role in determining, calculating, recalculating, and disbursing pensions and social benefits as stipulated by pension legislation. Moreover, reforms in the pension system directly impact the activities of these divisions, and the society evaluates their performance based on the attention given to pensioners. Hence, the Pension Fund, operating separately from the budget under the Ministry of Finance, bears significant responsibility in implementing the primary goals and objectives of the reforms and showcasing positive outcomes.

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