

DEVELOPMENT OF ISLAMIC FINANCE IN UZBEKISTAN: PROSPECTS AND PROBLEMS

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Abstract: This article analyzes the importance of Islamic finance in Uzbekistan and its integration into the financial system. The principles of Islamic finance based on Sharia rules and their contribution to socio-economic stability are studied. For Uzbekistan, Islamic finance is gaining great importance not only as a new financial instrument, but also as a means of ensuring financial inclusion for the poor in the country. The article covers the current situation, development prospects and main problems of Islamic finance.

Key words: Islamic finance, Uzbekistan, Islamic banking, poverty alleviation, Sharia, financial inclusion, Qard hassan, social justice.

Creating a morally responsible market economy system reflects the essence of Islamic economy. One of its unique aspects is to satisfy the real needs of the individual and the society, and it does not envisage extra luxuries that are not so important for living. The Islamic economic model pays particular attention to the fair distribution of wealth in society, without which it is impossible to ensure social harmony and economic growth. This model is also useful in implementing the principles of sustainable development. The main values of Islamic economy include economic well-being based on Islamic spiritual values, equal rights and risk sharing, observance of moral rules, and religious tolerance.

The Islamic financial system includes financial practices that operate in accordance with the rules of Sharia. The main principles of this system are the prohibition of usury (riba) and risky financial transactions (gharar). Islamic finance focuses on social justice and sustainable development of society rather than profit.

Also, in this system, the advantage of non-collateral loans, investments supporting entrepreneurship and social assistance is ensured.

The importance of Islamic finance is emerging as a growing global financial instrument not only for Muslim societies, but also for various sectors of the world economy. Today, Islamic finance occupies a large part of the world financial market, and its scope is expanding every year. For example, in 2022, the assets owned by Islamic finance showed that the total financial assets exceeded 3.5 trillion dollars [1, p. 15].

Islamic finance is important as a means of ensuring financial inclusion in Uzbekistan. Islamic finance is aimed at reducing poverty and ensuring social stability for the poor and those who do not have access to financial services [2, p. 35].

From 2020, great attention is being paid to the development of Islamic finance in the economy of Uzbekistan. During this period, state programs were developed to attract local investments and support entrepreneurship through Islamic financial instruments. The activities of Islamic banks and financial institutions are being established, which helps to bring financial resources to all social strata in the country [1, p. 6].

One of the main goals of the Islamic financial system is to provide financial support to the poor. To achieve this goal, interest-free financial instruments such as "Qard hassan" have been developed. In this case, the bank allocates loan funds to the client based on the loan agreement, and the client, in turn, undertakes to repay this loan on time. Qard hassan is provided as financial assistance for people who are facing economic difficulties. This tool is aimed at ensuring social justice and financial inclusion for all segments of the population [3, p. 48].

The expansion of Islamic finance in Uzbekistan can play a major role in providing financial services to the most needy segments of the population. This not only expands opportunities for low-income groups, but also has a positive effect on the country's economy [2, p. 7].

Islamic finance is one of the financial systems successfully used in many countries. For example, Malaysia, Indonesia, UAE and Saudi Arabia are the leading countries in the field of Islamic finance. In these countries, Islamic finance is

integrated with the world financial system, and through this, economic stability and social justice are ensured [4, p. 63].

Based on international experience, Uzbekistan can take a direction in the development of Islamic finance. For example, the successful experience of Malaysia in the field of Islamic finance can be a model for Uzbekistan. In Malaysia, the Islamic financial system not only ensured financial inclusion in the country, but also strengthened its position in the international financial market [4, p. 68].

For the expansion of Islamic finance in Uzbekistan, it is important to attract international investments. Cooperation with international Islamic financial institutions, including investment attraction and expansion of financial services, can be implemented. It is possible to further develop the financial system in Uzbekistan through cooperation with the Islamic Development Bank and other international Islamic financial organizations [1, p. 45].

There are a number of problems that prevent the widespread popularity of Islamic finance as a means of financing in Uzbekistan:

1. Lack of legal and financial framework - one of the main factors preventing the expansion of Islamic finance in Uzbekistan is insufficient development of legal and financial framework. Legal procedures and financial mechanisms should be created for the development of Islamic finance. This process requires cooperation between specialists in the financial sector and state organizations [2, p. 72].

2. Low awareness of Islamic finance - lack of information and data about the Islamic finance system is also one of the factors preventing its expansion. Many segments of the population do not have complete knowledge about the benefits of Islamic finance and how it can be used. Therefore, it is necessary to implement a number of initiatives to raise awareness about Islamic finance [5, p. 88].

In solving the above-mentioned problems and determining the prospects for the development of Islamic finance:

- Expansion of Islamic finance tools

One of the prospects for the development of Islamic finance is the expansion of its financial services. In particular, it is possible to provide financial services to all segments of the population through qard hasan, interest-free loans, social assistance

and other financial means. Through this, it will be possible to ensure social justice and achieve economic stability in the country.

- Strengthening education and information activities

In order to increase awareness about Islamic finance, it is necessary to strengthen education and information activities. Financial inclusion can be ensured by increasing knowledge in this area and spreading the benefits of Islamic finance to the population. Also, great attention should be paid to the training of specialists in the field of Islamic finance [2, p. 75].

In conclusion, it can be noted that the development of Islamic finance in Uzbekistan is important for ensuring financial inclusion, reducing poverty and achieving social justice. Islamic finance is seen not only as a financial tool, but also as a tool for economic stability and social welfare in the country. It is expected that the future role of Islamic finance in Uzbekistan will increase through the use of development prospects and international experience.

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