



The Role and Significance of Securities in Improving the Financial Literacy of the Population

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Abstract: Financial literacy is one of the important factors that determine the level of correct and rational use of money by the population of the country. Financial literacy gives us the ability to control our money, manage various risks, protect our savings from various risks, and consider important factors when making investments.

Key words: population, financial literacy, share, stock market, securities, bonds, budgeting, input and output.

Financial literacy of the population plays an important role in the analysis of the country's economic situation. In particular, the movement of free funds of the population also reflects positive conditions in the financial circulation of the country.

Financial literacy is the ability to understand and effectively use a variety of financial skills, including personal financial management, budgeting, and investing. The lack of this ability in people causes various financial problems. On this basis, as a result of the lack of proper investment of financial funds, we can witness the lack of financial development, as well as the failure to raise the standard of living in life.

Financial illiteracy of the population has a negative impact not only on personal well-being, but also on the entire financial sector. Inadequate financial knowledge of the population causes poor development of various production sectors in the society, and they invest less in the stock market, i.e. shares. As a result of underdeveloped stock markets in our country, various financial problems arise among the population.

Tashkent Stock Exchange, considered the only stock exchange in Uzbekistan, was established on April 8, 1994, where 99 companies participate in trading with their shares and 4 issuers with their bonds. All registered securities are placed on the stock exchange, and individuals and legal entities, that is, investors, can buy from there. In many cases, ordinary shares do not provide for the payment of dividends, but allow participation in the activities of the joint-stock company. Preference shares are paid dividends regardless of whether the joint-stock company receives income.

Often, preferred stockholders do not vote at shareholders' meetings, but common stockholders vote on a one-share-one-vote basis. However, the nominal value of preferential shares does not exceed 20% of the authorized capital of the company. If the company goes bankrupt, preferred shares will have the opportunity to receive their shares earlier than the owners of ordinary shares. In this case, payment for the share is paid in the amount of its liquidation value.

The income from shares is called dividend. Dividend is the part of the profit that remains at the disposal of the joint-stock company after paying taxes and other mandatory payments, reinvestment, and should be distributed among the shareholders.¹.

We will get acquainted with the dividends of the ten companies that are at the top in terms of the number of transactions concluded with securities in the country during the six months of 2023.

Table 1. The number of transactions with securities

Name	Number of transactions	Ordinary shares	Preferential shares	Market value in percent
“Sanoatqurilishbank” JSC	18300	It does not pay dividends	4.37 so’m	11.8 %
Hamkorbank	17800	It does not pay dividends	1.5 so’m	1.67%
Ipotekabank OTP Group	9400	It does not pay dividends	0.25 so`m	6.4%
Kapital sug’urta	7000	It does not pay dividends	Relative to nominal 15 %	Relative to nominal 15 %
Uzmetkombinat AJ	6800	1211.97 so’m	300 so’m	Ordinary 13.5% Preferential 12.5%
UZbek Comodity EXchane (UZEX)	5500	2300 so’m	Not available	11.3%
Kvars AJ	5400	It does not pay dividends	Not available	-
Qizilqumsement AJ	3900	It does not pay dividends	Not available	-
“Chilonzor buyum savdo ” kompleksi AJ	3850	0.3 so’m	Not available	16.4%
“Ipak yo’li bank” AJ	3100	0.79 so’m	0.79 so’m	Ordinary 2.69% Preferential 7.9%

Note: the information was taken from <https://uz.kursiv.media>

It can be seen from the table that the most interest of investors is focused on banks, here "Sanoatqurilishbank" JSC, "Hamkorbank" JSC, "Ipotekabank" OTP Group do not pay dividends on ordinary shares, but dividends on preferred shares payment procedure is introduced. Also, due to the lack of dividends in "Kvars" JSC and "Kyzilqumsement" JSC, the interest of many investors decreases. If people spend their income on buying various securities, then it is necessary for them to pay attention to the company's dividend payment value. In some companies, this value is only a few pennies, while in others it is several hundreds of thousands. Multipliers should be used to determine the value of securities. It can be found mainly through the capitalization of the company on the last trading day and the ratio of net profit from the annual report. The smaller this indicator is, the higher the value of the company's shares will increase in the future. Also, if you buy shares of several companies, rather than just one company's shares, the level of profit or risk is high. In order to increase the level of financial literacy of the population, it is necessary to widely promote information about shares among more people and to ensure the openness of information in the stock exchanges. In our country, from April 1, 2022 to December 31, 2024, dividends received from shares

¹ Law of the Republic of Uzbekistan on protection of rights of joint-stock companies and shareholders, 26.04.1996. No. 223-I

by individuals who are residents and non-residents of Uzbekistan are exempted from income tax, and on bonds of economic societies of resident and non-resident individuals and legal entities Exemption of income from income tax and profit tax² is one of the opportunities created to increase the financial literacy of the population.

References

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² "On additional measures to introduce effective mechanisms to support the capital market" [PQ-90] 17.01.2022