

# ENHANCING THE WAY FINANCIAL SECTOR ORGANIZATIONS ARE GOVERNED BY IMPLEMENTING GLOBAL PRINCIPLES

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## **Abstract**

This article discusses the importance of implementing global principles to improve corporate governance in the financial sector. It highlights the significance of transparency, accountability, and risk management practices in maintaining public trust and confidence in financial institutions. The article also explores the benefits of adopting global principles, such as improving overall stability and sustainability of the financial sector. However, it acknowledges the challenges and limitations of implementation, including the need for consistent implementation across different jurisdictions and the need for balancing global standards with local flexibility. Overall, this article provides valuable insights into the importance of implementing global principles to enhance the way financial sector organizations are governed.

**Key words:** corporate governance, financial sector, global principles

The financial sector is a critical component of the global economy, and effective corporate governance is essential for its stability and growth. In recent years, there has been a growing recognition of the need to enhance the way financial sector organizations are governed by implementing global principles. This article explores the significance of implementing global principles to improve corporate governance in the financial sector.

Corporate governance is the set of regulations, customs, and procedures that govern the direction and management of a company. In the financial sector, corporate governance is of utmost importance due to the potential impact of financial institutions on the broader economy. However, the financial crisis of 2008 exposed significant flaws in the governance practices of many financial institutions, resulting in a loss of public trust and confidence in the sector.

Since then, there have been significant efforts to enhance corporate governance in the financial sector. Several countries have introduced new regulations and guidelines, and international organizations such as the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO) have established global principles and standards.

Implementing global principles can bring significant benefits to financial sector organizations. Firstly, it can enhance transparency and accountability, which are crucial for maintaining public trust and confidence. By adhering to global principles, financial institutions can demonstrate their commitment to best practices and show that they are accountable to a broader range of stakeholders.

Secondly, implementing global principles can improve risk management practices. Financial institutions operate in a complex and rapidly changing environment, and effective risk management is essential for their long-term

sustainability. Global principles can provide a framework for identifying and managing risks, helping financial institutions to avoid past mistakes.

Finally, implementing global principles can enhance the overall stability and sustainability of the financial sector. By adopting best practices and standards, financial institutions can contribute to a more stable and resilient global financial system.

Despite the benefits of implementing global principles, there are also significant challenges and limitations. Firstly, there is the challenge of ensuring that global principles are implemented consistently across different jurisdictions and financial institutions. This requires a coordinated effort from regulators, financial institutions, and other stakeholders.

Secondly, there is the challenge of balancing the need for global standards with the need for local flexibility. Financial institutions operate in different markets and face different challenges, and it is important that global principles are flexible enough to accommodate these differences.

Finally, there is the challenge of ensuring that global principles are effective in practice. Simply adopting global principles is not enough; financial institutions must also ensure that they are implemented effectively and that they lead to real improvements in governance practices.

In conclusion, enhancing the way financial sector organizations are governed by implementing global principles is essential for the stability and sustainability of the global economy. By improving transparency, accountability, and risk management practices, financial institutions can contribute to a more stable and resilient financial system. However, there are also significant challenges and limitations to implementation, and it is important that these are addressed in order to ensure that global principles are effective in practice.

## **Reference**

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## **IMPROVEMENT OF CORPORATE MANAGEMENT IN FINANCIAL SECTOR ORGANIZATIONS BASED ON INTERNATIONAL PRINCIPLES**

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### **Abstract**

Corporate governance is an essential function of financial sector organizations, as it ensures transparency, accountability, and ethical management practices. The purpose of this paper is to examine the ways through which corporate management in financial sector organizations can be improved based on international principles. The paper analyzes the current state of corporate management in financial sector