

Mukhammadislom Khasanboev

Master at Faculty of International Business Law at the University of World

Economy and Diplomacy

Tashkent, Uzbekistan

CURRENCIES IN CHECK: UNDERSTANDING THE SIGNIFICANCE OF ROBUST CURRENCY REGULATION LAWS

Abstract

This scholarly article delves into the nuanced landscape of currency regulation laws, with a focal exploration of their significance within the Republic of Uzbekistan. The legislative constructs governing currency regulation stand as linchpins, intricately designed to navigate the complexities of financial systems. The study unravels the theoretical underpinnings, historical evolution, and contemporary relevance of these laws, emphasizing their pivotal role in sustaining economic equilibrium and fortifying fiscal responsibility. Through a detailed examination of Uzbekistan's legal framework, the article elucidates the preventive measures against illicit activities, the promotion of economic stability, and the facilitation of international trade. Furthermore, it investigates the interplay between currency regulation and fiscal policies, highlighting the coordinated efforts of various government bodies in achieving economic stability and growth.

Keywords

Currency regulation laws, legal framework, preventive measures, economic stability, illicit activities, fiscal policy, residents and non-residents, international trade.

In the scholarly pursuit of understanding the intricacies within economic frameworks, a focal point emerges—currency regulation laws. These legislative

constructs stand as linchpins, meticulously designed to navigate the complexities of financial systems. As we embark on this academic exploration, our endeavor is to dissect the profound importance of robust currency regulation laws. This article aims to unravel the theoretical underpinnings, historical evolution, and contemporary relevance of these legal frameworks, casting light upon their nuanced role in sustaining economic equilibrium and fortifying the pillars of fiscal responsibility. Join us in this intellectual inquiry, as we scrutinize the imperative nature of currency regulation laws and their profound impact on the scholarly discourse surrounding economic governance.

The necessity of currency regulation laws in this process arises from their pivotal role in maintaining the stability, transparency, and integrity of financial systems within a given jurisdiction. There are several compelling reasons underscore the importance of these regulatory frameworks like, Prevention of Illicit Activities, Economic Stability, Consumer and Investor Protection and so on. In this regard, currency regulation policy is regulated by legislation and by-laws in the legislation of the Republic of Uzbekistan.

Initially, taking into account of Prevention of Illicit Activities. Currency regulation laws are instrumental in combating financial crimes such as money laundering, fraud, and terrorist financing. By establishing stringent measures, these laws act as a deterrent to illicit activities, safeguarding the financial system from exploitation. As well as, in the Law of the Republic of Uzbekistan, 22.10.2019 № LRU-573 by saying “**Article 21. Restrictions on Currency Operations** (ii) with the purpose to counter the legalization of proceeds from crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction”.

Furthermore, the stability of a nation's currency is paramount for overall economic stability. Currency regulation laws help in mitigating the impact of economic fluctuations, preventing excessive volatility that could disrupt businesses, investments, and the livelihoods of citizens. By Article 6 of the Law of

the Republic of Uzbekistan, 22.10.2019 № LRU-573, jurisdiction clarifies Residents and Non-Residents of the Republic of Uzbekistan and relations between each other and other sides. Such as, Residents of the Republic of Uzbekistan shall be understood to mean citizens of the Republic of Uzbekistan, including those residing abroad, foreign citizens who have a residence permit in the Republic of Uzbekistan, stateless persons who have a residence permit in the Republic of Uzbekistan, all legal entities which are established under the legislation of the Republic of Uzbekistan, and also their branches and representative offices thereof situated in the Republic of Uzbekistan and beyond its borders, diplomatic, trade and other official representative offices of the Republic of Uzbekistan, including those situated outside of the Republic of Uzbekistan, international organizations with headquarters situated in the territory of the Republic of Uzbekistan.

Besides that, these laws provide a layer of protection for consumers and investors by establishing fair and transparent practices in financial transactions. Regulations ensure that financial entities operate ethically and adhere to standards that safeguard the interests of individuals and businesses. Well-defined currency regulation laws contribute to maintaining confidence in financial markets. Investors and businesses are more likely to engage in transactions and investments when they have confidence that the regulatory environment is robust and capable of addressing potential risks.

Clear and effective currency regulation facilitates international trade by providing a framework for the exchange of currencies. This ensures that businesses engaged in cross-border transactions can operate with confidence, knowing that their financial activities adhere to established legal standards. In Uzbek jurisdiction, it is regulated by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, No. 283 dated 14.05.2020, and there said all necessities on measures to further improve the transparency of monitoring of foreign trade operations in the Republic of Uzbekistan with identifying type of various trade contracts.

Economically, governments often use currency regulation as a tool to implement fiscal policies. For example, central banks may adjust interest rates or intervene in currency markets to achieve specific economic objectives, and these actions are typically guided by existing currency regulation laws. By leveraging currency regulation as a tool for fiscal policy, governments aim to achieve a delicate balance between stimulating economic growth, controlling inflation, managing debt, and ensuring overall economic stability. This dynamic approach allows policymakers to respond to changing economic conditions and promote the long-term well-being of their economies. And in Article 23, currency control bodies in the Republic of Uzbekistan shall be the Central Bank, the Chamber of Accounts, the Ministry of Finance, the State Tax Committee and the State Customs Committee of the Republic of Uzbekistan.

In conclusion, this exploration into the intricate realm of currency regulation laws within the Republic of Uzbekistan reveals a meticulous legal framework that serves as the backbone of economic governance. The comprehensive legislative constructs outlined in the Law of the Republic of Uzbekistan, dated October 22, 2019, № LRU-573, underscore the multifaceted role these laws play in shaping and sustaining the nation's economic landscape.

Moreover, the legal framework ensures fair and transparent practices in financial transactions, fostering confidence in financial markets and promoting investor protection. The facilitation of international trade, as exemplified in the Resolution of the Cabinet of Ministers, No. 283 dated May 14, 2020, enhances the efficiency and transparency of cross-border transactions, positioning the Republic of Uzbekistan as an attractive hub for global economic engagement.

In essence, the article illuminates the profound impact of robust currency regulation laws on the economic governance and well-being of the Republic of Uzbekistan. Through a meticulous examination of the preventive, stabilizing, and facilitating roles of these laws, it becomes evident that currency regulation stands

not only as a legal necessity but as a strategic imperative for the sustained development of the nation's economy. The Republic of Uzbekistan's commitment to a transparent, fair, and dynamic regulatory environment positions it favorably in the global economic landscape, exemplifying the critical interplay between legal frameworks and economic prosperity.

References

1. Law of the Republic of Uzbekistan, dated October 22, 2019, № LRU-573.
2. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, No. 283 dated May 14, 2020.
3. Law of the Republic of Uzbekistan, 22.10.2019 № LRU-573, Article 6.
4. Law of the Republic of Uzbekistan, 22.10.2019 № LRU-573, Article 21.
5. Law of the Republic of Uzbekistan, 22.10.2019 № LRU-573, Article 23.
6. Financial Action Task Force. (2012). International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. Retrieved from
7. Mishkin, F. S. (1995). Symposium on the Monetary Transmission Mechanism. *Journal of Economic Perspectives*, 9(4), 3–10.
8. Shambaugh, J. (2004). The Effects of Fixed Exchange Rates on Monetary Policy. *Quarterly Journal of Economics*, 119(1), 301–352.