

**THEORETICAL APPROACHES TO STRUCTURAL MODERNIZATION OF THE
ECONOMY AND THE ROLE OF THE FINANCIAL SECTOR**

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Annotation. The article examines theoretical approaches to structural modernization of the economy and reveals the key role of the financial sector in ensuring sustainable economic development. The main scientific concepts of modernization, including industrial, innovative, institutional, sustainable and digital approaches, are considered. Special attention is paid to the mechanisms of functioning of the financial sector as a source of investment resources and a tool for capital redistribution. It is proved that the banking system, the capital market and digital financial technologies are the most important drivers of structural transformation. The conclusion is made about the need for further development of the financial infrastructure to accelerate modernization processes.

Keywords: structural modernization of the economy, financial sector, banking system, investment, innovation, digitalization, capital market, economic growth, institutional reforms, financial infrastructure

Introduction. The current stage of development of the world economy is characterized by the acceleration of technological renewal processes, increased global competition, digitalization of economic relations and transformation of financial resource allocation mechanisms. In these conditions, the problem of structural modernization of the economy, aimed at creating a sustainable, innovation-oriented and competitive model of economic growth, becomes particularly relevant. For most countries, modernization acts not only as a tool for improving production efficiency, but also as an essential condition for ensuring macroeconomic stability, increasing the level of employment, increasing investment activity, and strengthening national economic security.

Structural modernization is a complex process of qualitative transformation of the sectoral, institutional and technological structure of the economy. Its main goal is to move from a raw material and extensive management model to an innovative economy based on knowledge, modern technologies and efficient use of human capital. At the same time, the success of modernization processes is largely determined by the level of development of the financial sector, which ensures the redistribution of monetary resources, the formation of investment potential and support for long-term economic transformations.

The financial sector performs a strategic function in ensuring the modernization of the economy, since it is through the banking system, the capital market, investment institutions and state financial mechanisms that resources are mobilized to update the production base, develop infrastructure, introduce innovations and stimulate entrepreneurial activity. In modern conditions, financial institutions are increasingly important as intermediaries between savings and investment, as well as as mechanisms for reducing risks and ensuring the stability of the economic system.

This problem is particularly important for developing countries and countries with economies in transition, where structural imbalances, limited investment resources and dependence on external factors hinder modernization processes. In this regard, the study of

theoretical approaches to structural modernization of the economy and determining the role of the financial sector in these processes is of great scientific and practical importance.

The degree of knowledge of the problem. Problems of structural modernization of the economy and development of the financial sector occupy an important place in economics and are considered in the works of both foreign and domestic researchers. The theoretical foundations of modernization processes were laid by representatives of classical and neoclassical economic schools, as well as scientists who studied the issues of economic growth, innovative development and institutional transformation.

A significant contribution to the study of structural changes in the economy was made by J. R. R. Tolkien. Keynes, J. Schumpeter, W. Rostow, S. Kuznets, A. Lewis and other scientists. In the works of J. Schumpeter, modernization is considered through the prism of innovative development and technological transformations that ensure qualitative changes in the production system. According to its concept, economic growth is ensured by the introduction of new technologies, the development of entrepreneurship and investment activity.

The theory of stages of economic growth by W. Rostow reveals the relationship between the modernization of the economy and the transition of the state to a higher level of industrial development. In turn, S. Kuznets ' research is devoted to the analysis of structural shifts occurring in the process of industrialization and changes in the sectoral structure of the national economy.

Significant attention was paid to the issues of financial support for economic development in the works of R. Goldsmith, J. Gurley, E. Shaw and R. McKinnon. These scientists considered the financial sector as one of the key factors of economic growth, ensuring an effective redistribution of capital between economic sectors. The theory of financial deepening by R. McKinnon and E. Shaw justifies the need to develop financial institutions and liberalize the financial market to stimulate investment activity.

In modern research, much attention is paid to the issues of digitalization of the financial sector, the development of innovative financial technologies and their impact on the modernization of the economy. In particular, the article examines the mechanisms of financing innovative projects, the role of venture capital, digital banking services and the stock market in ensuring structural transformation.

Among the scientists of the CIS countries and Uzbekistan, the issues of economic modernization, investment development and financial support for structural transformations were studied in works devoted to the problems of increasing the competitiveness of the national economy, improving the banking system, developing investment policy and stimulating innovation activity.

Despite a significant amount of research, some aspects of the relationship between structural modernization and the financial sector require further study. In particular, the mechanisms of adaptation of the financial system to modern challenges of the digital economy, the issues of improving the efficiency of investment financing of innovative projects and the formation of a sustainable financial infrastructure for modernization are insufficiently studied.

The main part. Structural modernization of the economy is a process of qualitative renewal of the national economic system, aimed at changing the sectoral structure, increasing the technological level of production and forming effective mechanisms of economic management. Unlike quantitative economic growth, modernization is focused on deep institutional and technological transformations that ensure long-term economic development.

The main directions of structural modernization are:

- improvement of the sectoral structure of the economy;
- development of high-tech and high-tech industries;
- increase of labor productivity;

- introduction of digital technologies;
- strengthening the investment potential;
- development of innovative infrastructure;
- improving the competitiveness of the national economy.

Structural changes are usually accompanied by a reallocation of resources between economic sectors. In modern conditions, there is a gradual reduction in the share of traditional industries and an increase in the importance of services, information technology, the digital economy and innovative production. This process requires significant financial resources and an efficient distribution system.

From the point of view of economic theory, structural modernization is considered as a necessary condition for sustainable economic growth. Economies that are unable to adapt to technological changes and global trends face the risk of declining competitiveness, a worsening investment climate, and a slowdown in development.

An important factor of modernization is the state economic policy. The state creates institutional conditions for the development of entrepreneurship, encourages investment activities, supports innovative projects and ensures the development of financial infrastructure. At the same time, the effectiveness of modernization processes depends on the coordination of actions of the state, business and financial institutions.

Several theoretical approaches to the study of structural modernization have been developed in economics.

The first approach is related to the theory of industrialization, according to which economic development is provided by the accelerated development of industrial production. Representatives of this direction believe that the modernization of the economy is impossible without creating a modern industrial base that can ensure an increase in labor productivity and increase the country's export potential.

The second approach is based on the innovation theory of development. According to J. Schumpeter's concept *Шумпетера*, the main factor of modernization is innovation, which provides technological renewal of the economy and creates conditions for the formation of new industries. Innovative modernization involves the active introduction of scientific developments, digital technologies and modern management methods.

The third approach is represented by the institutional theory, according to which the effectiveness of modernization depends on the quality of economic institutions. Within the framework of this concept, protection of property rights, development of a competitive environment, improvement of the financial system and ensuring transparency of public administration are of particular importance.

The fourth approach is related to the concept of sustainable development, which implies a combination of economic growth, social stability and environmental security. In modern conditions, economic modernization should take into account the need for rational use of natural resources, the development of a "green" economy and energy efficiency.

In addition, in recent years, the digital concept of modernization has been actively developing, focused on the introduction of artificial intelligence, automation, big data and digital financial instruments. Digital transformation of the economy contributes to the acceleration of financial transactions, increasing the transparency of economic activities and expanding investment financing opportunities.

The financial sector plays a strategically important role in the processes of structural modernization of the economy, since it is through financial mechanisms that capital is redistributed between different sectors of the economy, investment activity is stimulated, and conditions for innovation are formed. In modern conditions, the level of development of the

financial system directly affects the rate of economic growth, technological renewal of production and the competitiveness of the national economy.

One of the key functions of the financial sector is to mobilize temporarily available monetary resources and transform them into investments. The banking system, the capital market, insurance companies, investment and pension funds ensure the accumulation of financial resources and their direction in priority sectors of the economy. This creates conditions for modernizing the production infrastructure, introducing modern technologies and improving the efficiency of economic activities.

The banking system plays a special role in the structural modernization of the economy. Banks act as the main intermediaries between capital owners and business entities, providing loans for investment projects, supporting small businesses, and financing innovative industries. In the context of economic modernization, the importance of long-term investment lending increases, which allows enterprises to carry out technological renewal and expand their production capacities.

The development of the stock market also has a significant impact on the structural transformation of the economy. Through the mechanisms of issuing shares and bonds, enterprises gain access to additional sources of financing, which contributes to the implementation of large investment projects and the development of high-tech industries. An efficient capital market increases the investment attractiveness of the economy and contributes to the formation of a competitive financial environment.

In modern conditions, the role of the financial sector in supporting innovative development is significantly increasing. Financing of research projects, startups, and high-tech enterprises requires well-developed venture investment mechanisms, specialized investment funds, and government programs to support innovation. It is financial institutions that create conditions for commercialization of scientific developments and acceleration of technological modernization of the economy.

Digitalization of the financial sector is also becoming an important factor in structural modernization. The development of fintech technologies, electronic payment systems, digital banking and online finance contributes to increasing the availability of financial services, reducing transaction costs and accelerating the movement of capital. The use of digital technologies makes it possible to increase the transparency of financial transactions and the efficiency of the investment process.

Government involvement in regulating the financial sector and stimulating modernization processes is essential. State financial policy is aimed at creating a favorable investment climate, developing financial market infrastructure, supporting strategically important industries, and ensuring macroeconomic stability. Through the mechanisms of concessional lending, subsidies, and public-private partnerships, the State contributes to accelerating structural transformation.

At the same time, the insufficient level of development of the financial sector can become a serious obstacle to the modernization of the economy. Limited long-term financial resources, high cost of loans, weak development of the stock market and low level of investment activity reduce the opportunities for technological renewal of production and economic diversification.

The financial sector is one of the key factors of structural modernization of the economy. An efficient financial system mobilizes investment resources, supports innovation, promotes entrepreneurship, and accelerates technological transformation. In modern conditions, further improvement of the financial sector is becoming a necessary condition for sustainable economic growth and increasing the competitiveness of the national economy.

Conclusion. In modern conditions, structural modernization of the economy is one of the most important directions for ensuring sustainable economic growth, improving the competitiveness of the national economy and adapting the economy to global challenges. The

study showed that modernization is a complex process of qualitative transformation, covering the industry structure, institutional system, technological base and financial mechanisms of economic development.

The analysis of theoretical approaches allowed us to determine that structural modernization is based on the relationship between innovative development, industrialization, digital transformation and improvement of the institutional environment. In modern conditions, innovative growth factors, the development of high-tech industries and the formation of the knowledge economy are of particular importance.

The study confirmed that the financial sector plays a strategic role in ensuring modernization processes. Through the banking system, the capital market, investment institutions and digital financial technologies, financial resources are mobilized and effectively redistributed between economic sectors. The development of the financial system contributes to increasing investment activity, supporting innovative projects, developing entrepreneurship and technological renewal of production.

At the same time, it is revealed that the insufficient level of financial market development, limited long-term financing, high cost of credit resources and institutional constraints can significantly slow down the processes of structural transformation of the economy. In this regard, there is a growing need to improve the mechanisms of state regulation of the financial sector, the development of the stock market, the expansion of investment financing tools and the introduction of modern digital technologies.

The development of sustainable and innovative financing aimed at supporting high-tech industries, the digital economy and environmentally oriented projects is becoming particularly relevant in modern conditions. Improving the efficiency of interaction between the state, business and financial institutions will create favorable conditions for accelerating structural modernization and strengthening macroeconomic stability.

Thus, the structural modernization of the economy and the development of the financial sector are interrelated processes that determine the prospects for long-term economic development of the country. The formation of a modern, sustainable and innovation-oriented financial system is the most important condition for successful transformation of the economy and increasing its competitiveness in the global economic system.

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