METHODS OF ATTRACTIVE CAPITAL THROUGH FINANCIAL MECHANISMS IN INTERNATIONAL FINANCIAL CENTERS

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Abstract:
This thesis discusses the key modalities and financing structures employed by global financial hubs to access international capital. It addresses the role of advanced stock exchanges, sovereign wealth funds, special economic zones, and high-tech fintech platforms in accessing investment. The research shows how the partnership between powerful regulatory regimes, market depth, and strategic state incentives creates a competitive landscape that channels significant capital flows into these hubs. The TIFC experience will be examined as a new model utilizing these mechanisms to integrate into the global financial system.

Keywords: Attraction of capital, financial mechanisms, international financial centers, foreign direct investment (FDI), sovereign wealth funds, fintech, special economic zones, Tashkent.

Introduction

International financial centers (IFCs) are not mere passive conduits of capital but are active drivers of its course. Their long-term dominance in the world economy depends on their ability to continually attract and retain investment from a wide range of international sources. While roles of capital allocation, liquidity provision, and risk management are central, how these are performed are what differentiate an outstanding IFC from one that is regional. Competitiveness is increasingly associated with a hub's regulatory freedom, technical infrastructure, and expertise-based services, the Global Financial Center Index (GFCI) states. New hubs, such as the Tashkent International Financial Centre, must be aware of and leverage these levers in order to achieve success.

The initial significant manner of bringing funds in is the development of deep and sophisticated capital markets. It is not merely having a stock exchange to host it; it is creating an entire ecosystem for primary listings as well as secondary trading. International hubs like New York and Hong Kong attract multinational companies to list because they are high profile, followed by analysts, and have access to a large pool of investors. For instance, a company that conducts an Initial Public Offering (IPO) on the NASDAQ can access historically large levels of capital, like in 2023 when the exchange facilitated over $23 billion worth of IPO proceeds. Moreover, creating specialized market niches for high-growth companies or industries (e.g., technology, green energy) is an intentional way of attracting niche capital.

The second critical mechanism is the establishment of favorable regulatory and fiscal frameworks. Singapore and Dubai are some of the IFCs that have been able to mobilize large volumes of capital due to their competitive tax regimes, English common law-based legal systems, and effective regulatory mechanisms. Sovereign Wealth Funds (SWFs) that manage over $11 trillion of assets globally also prefer to be based in these hubs due to their stability and professional asset management infrastructure. Second, tax holiday Special Economic Zones (SEZs), simplified customs procedures, and foreign rights of 100% ownership also act as powerful magnets for Foreign Direct Investment (FDI). These policies inherently cut the cost of capital and lower operating barriers for foreign firms.

Among the newest and rapidly evolving strategies is the development of financial technology (fintech) and digital asset ecosystems. IFCs are competing to be innovation hubs by establishing regulatory "sandboxes" under which fintech start-ups can test new products, and by developing frameworks for digital securities and cryptocurrencies.

London's "Fintech Bridge" coordinates with other regulatory foundations and Singapore's visionary payment services act are merely two instances of vehicles to attract venture capital and talent for this high-growth sector. The global investment in fintech was $210 billion in 2023, which is only a sign of the enormous capital inflows accessible to hubs capable of surfing this wave effectively.

In short, the ability of an international financial center to attract capital is not accidental but is a result of an intentional use of specific financial and policy instruments. By fostering robust capital markets, bringing in investor-friendly regulation, and embracing financial innovation, IFCs make themselves indispensable centers in the global network of capital. For the TIFC and for Uzbekistan, a strong emphasis on these mechanisms will be necessary for it to fulfill its dream to be a top financial gateway for Central Asia.

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