

THE ORIGIN OF MONEY AND ITS ROLE IN THE MODERN ECONOMY

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Annotation: This article examines the historical stages of the emergence of money, its role as an initial medium of exchange, and its development over the centuries. The place and significance of money in economic categories, its main functions, and the reasons behind its transformation into a vital element of social progress are thoroughly analyzed. Special attention is given to the role of money in the modern economy, including mechanisms for ensuring economic stability and growth through monetary circulation. The article also explores new trends in the concept of money related to the development of digital technologies and the role of modern payment instruments in economic transactions.

Keywords: Money, economy, exchange, central bank, digital payments, economic stability, functions of money, financial system, inflation, modern economic relations.

Anotatsiya: Mazkur maqolada pulning tarixiy shakllanish jarayoni, uning dastlabki ayirboshlash vositasi sifatidagi roli va rivojlanish bosqichlari tahlil qilinadi. Pulning iqtisodiy kategoriyalardagi o'ri, uning asosiy funksiyalari hamda jamiyat taraqqiyoti uchun zaruriyat darajasiga ko'tarilgan sabablari keng yoritiladi. Shuningdek, zamonaviy iqtisodiyot sharoitida pulning ahamiyati, u orqali iqtisodiy barqarorlik va o'sishni ta'minlash mexanizmlari chuqur o'rganiladi. Maqolada raqamli texnologiyalarning rivojlanishi natijasida pul tushunchasida yuzaga kelgan yangi tendensiyalar hamda zamonaviy to'lov vositalarining iqtisodiy muomaladagi o'ri tahlil etilgan.

Kalit so'zlar: Pul, iqtisodiyot, ayirboshlash, markaziy bank, raqamli to'lovlar, iqtisodiy barqarorlik, pul funksiyalari, moliyaviy tizim, inflyatsiya, zamonaviy iqtisodiy munosabatlar.

Аннотация: В данной статье рассматриваются исторические этапы возникновения денег, их роль в качестве первоначального средства обмена и развитие на протяжении веков. Анализируются место и значение денег в экономических категориях, их основные функции, а также причины превращения денег в необходимый элемент общественного развития. Особое внимание уделено роли денег в современной экономике, механизмам обеспечения экономической стабильности и роста посредством денежного обращения. Также исследуются новые тенденции в понимании денег, связанные с развитием цифровых технологий, и роль современных платёжных средств в экономическом обороте.

Ключевые слова: Деньги, экономика, обмен, центральный банк, цифровые платежи, экономическая стабильность, функции денег, финансовая система, инфляция, современные экономические отношения.

Introduction

Money has been one of the decisive factors in the formation and development of economic relations throughout human history. Initially, people met their needs through the direct exchange of goods—barter. Over the course of development, it gradually consolidated its essence as a specially designated means of exchange. In every economic system, the existence and stability of money became a fundamental factor in coordinating the processes of production, distribution, and consumption. In the modern economy, the role of money has become even more complex: it now functions not only in cash form but also through bank electronic payments, digital currencies, and cryptocurrencies. The importance of money and its stability for national and global economies is officially recognized in policy documents. For instance, the Presidential Decree of the Republic of Uzbekistan No. PQ-336 dated July 21, 2022, "On Measures to Improve Monetary Policy and Ensure Financial Stability," highlights the necessity of developing an effective monetary system to ensure sustainable economic growth and financial resilience. Processes of globalization and technological advancement have profoundly transformed monetary relations, turning money into a driving force behind contemporary economic interactions. Efficient management of financial flows today plays a crucial role not only in ensuring the economic stability of individual countries but also in maintaining the integrity of the global financial system. Therefore, studying the origin of money and analyzing its role in the modern economy holds fundamental importance for every economist. Money is one of the key phenomena that has served as a vital tool in the formation of social progress and economic relations throughout human history. Although economic activity in early societies was conducted through barter, this system faced numerous inefficiencies. These shortcomings prompted the emergence of a universal medium of exchange—money. However, over time, humanity recognized precious metals, particularly gold and silver, as money, significantly accelerating economic transactions. The main functions of money—serving as a measure of value, a medium of exchange, a means of saving, and a means of payment—played an essential role in the development of economic systems. As a measure of value, money enabled the comparative assessment of goods and services. As a medium of exchange, it simplified transactions and stimulated relationships among economic agents. As a means of saving, it allowed individuals to accumulate wealth for future needs. As a means of payment, money laid the foundation for the development of credit relations, which ultimately contributed to the formation of modern financial systems. Throughout centuries, the evolution of money forms has led to the increasing complexity of financial systems. Initially appearing as solid coins, money later transitioned into paper form. Central banks began to regulate the money supply and interest rates within economies, playing a vital role in maintaining economic stability. In this regard, numerous regulatory initiatives, including the Law of the Republic of Uzbekistan "On the Central Bank of the Republic of Uzbekistan" (new edition adopted on November 11, 2019), reaffirm the central role of monetary authorities in preserving the soundness and reliability of the financial system. Today, the concept of money has moved beyond traditional forms to more sophisticated ones. In the context of the digital economy, electronic money, plastic cards, online payment systems, and even cryptocurrencies have created new forms of monetary

relations. In particular, cryptocurrencies based on blockchain technology—such as Bitcoin and Ethereum—have introduced opportunities for exchanges that bypass national borders and centralized control. This development requires a reevaluation of traditional notions of money's connection with sovereignty. At the same time, the widespread use of digital money has increased risks within financial systems. Issues such as cybersecurity, money laundering, and digital crime have brought economic security to the forefront. Consequently, central banks are actively working on developing digital currencies, such as Central Bank Digital Currencies (CBDCs), to maintain financial oversight and stability. In the modern economy, the role of money extends beyond serving as a medium of exchange; it has also become a critical instrument for implementing economic policy. Through monetary policy, governments aim to control inflation, stimulate economic growth, and reduce unemployment. Particularly during unexpected economic shocks—such as the global pandemic—the flexibility and effectiveness of monetary policy proved crucial for sustaining the stability of entire economic systems. Moreover, money is an inseparable part of global economic integration. As the primary vehicle for international trade and investment flows, money fosters the development of cross-border economic relations. Meanwhile, the stability of national currencies and their relative values have become essential components of the international economic order.

Conclusion

The analysis presented above clearly demonstrates that money has played a decisive role not only in the development of economic systems but also in the broader formation and evolution of social relations throughout human civilization. A thorough examination of the historical evolution of the monetary system, along with its functions and role in the modern economy, reveals a fundamental truth: money is not merely. In today's era of globalization, monetary relations and financial systems have become increasingly complex. The emergence of electronic money, digital currencies, and cryptocurrencies has added new dimensions to the nature of money. In the conduct of modern economic policy, monetary instruments now serve strategic functions such as controlling inflation, stimulating economic growth, and ensuring global financial stability. In conclusion, money's significance extends beyond economic functions to its critical role in maintaining social and global stability. Scientifically grounded reflections show that the proper management of monetary systems has become a decisive factor in ensuring social justice, economic prosperity, and international peace. Particularly against the backdrop of rapid developments in the digital economy, the correct regulation of financial technologies and the preservation of monetary sovereignty have become essential prerequisites for the sustainability of the global economic system. Therefore, in-depth study of monetary and banking systems is necessary not only for understanding economic processes but also for building a robust and stable foundation for future economic policy. For every economist, gaining a comprehensive and profound understanding of the evolution of money—from its historical roots to its modern economic functions—is an inseparable part of enhancing professional knowledge and expertise.

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