ISSUES OF IMPROVING MANAGEMENT ACCOUNTING IN THE CONTEXT OF THE DEVELOPING ISLAMIC FINANCE IN UZBEKISTAN

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Annotation: *The article examines the key issues of improving management accounting in the context of the development of Islamic finance in Uzbekistan. It highlights the specific features of Islamic financial principles, such as the prohibition of interest (riba), risk-sharing, and asset-backed financing, and their influence on management accounting methods. The study analyzes the need for adapting cost accounting, budgeting, and performance evaluation systems to comply with Sharia principles. Recommendations are proposed for developing national accounting standards and digital solutions to ensure transparency and efficiency in Islamic financial institutions.*

Keywords: *management accounting, Islamic finance, Sharia principles, cost accounting, Uzbekistan, financial transparency, budgeting, Islamic banking.*

In recent years, the growth of Islamic finance has significantly influenced the development of financial and accounting systems in Muslim-majority countries, including Uzbekistan. The principles of Islamic finance, which are based on Shariah law, prohibit interest (riba), uncertainty (gharar), and speculative transactions (maysir), and instead emphasize profit-sharing, asset-backed financing, and social justice. These unique principles require specific approaches in management accounting practices. This paper examines the key issues and challenges related to improving management accounting systems in Uzbekistan under the conditions of a developing Islamic financial sector.

Management accounting plays a vital role in providing internal financial information that supports decision-making, planning, and control within organizations. In the context of Uzbekistan's evolving financial system, the emergence of Islamic finance introduces new perspectives and requirements for accounting practices. The main goal of management accounting is not only to measure costs and performance but also to ensure that business operations comply with ethical and religious norms, especially in institutions operating according to Islamic principles.

Uzbekistan has been actively developing Islamic financial instruments and institutions in recent years, including Islamic banking, sukuk (Islamic bonds), and takaful (Islamic insurance). However, the adaptation of management accounting methods to the principles of Islamic finance remains an ongoing challenge. This

necessitates the modernization and improvement of accounting systems to meet international standards while maintaining compliance with Shariah principles.

Improving management accounting in the context of Islamic finance requires the integration of several key elements:

1. **Shariah-Compliant Accounting Framework**: Management accounting in Islamic institutions must reflect ethical considerations and transparency in all transactions. This involves adjusting traditional cost accounting methods to exclude interest-based expenses and to record profit-sharing mechanisms such as mudarabah and musharakah contracts.

2. **Performance Measurement under Islamic Principles**: In Islamic organizations, performance indicators should not be limited to financial profitability. They must also assess social responsibility, fairness in trade, and the contribution to community development. Management accountants need to design balanced scorecards that include ethical and Shariah compliance dimensions.

3. **Adoption of Modern Cost Management Techniques**: To ensure efficiency and competitiveness, Islamic financial institutions in Uzbekistan should apply modern tools such as Activity-Based Costing (ABC), Target Costing, and Value Chain Analysis. However, these tools should be adapted to align with the prohibition of interest and speculation in Islamic finance.

4. **Capacity Building and Professional Development**: There is a need to train accounting professionals who understand both international management accounting standards and Islamic financial principles. Universities and professional institutions in\ Uzbekistan should introduce specialized programs on Islamic accounting and finance.

5. **Digitalization and Transparency**: The digital transformation of accounting systems can increase transparency, accuracy, and real-time reporting. Implementing digital accounting tools that comply with Islamic standards can enhance efficiency and reduce the risk of non-compliance with Shariah principles. Despite progress in promoting Islamic finance, several challenges remain in Uzbekistan. The lack of standardized Islamic accounting frameworks, limited expertise in Shariah-compliant accounting, and insufficient integration between Islamic and conventional financial systems hinder full implementation. Moreover, existing legal and regulatory frameworks need further development to ensure proper supervision and reporting standards. Nevertheless, the prospects are promising. With increasing interest in Islamic finance from both the public and private sectors, Uzbekistan has the potential to become a regional center for Islamic financial services. Strengthening management accounting practices that align with Islamic principles will play a crucial role in achieving this goal.

Conclusion

In conclusion, improving management accounting in the context of developing Islamic finance in Uzbekistan requires a balanced approach that combines modern managerial tools with Shariah-compliant principles. The establishment of educational programs, regulatory support, and professional training can ensure the effective integration of Islamic finance into the national economy. As Uzbekistan continues to modernize its financial infrastructure, the enhancement of management accounting practices will contribute to greater transparency, ethical conduct, and sustainable economic growth.

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