

MAIN ESSENCE AND STRUCTURE OF FINANCIAL MARKET UNDER THE FINANCIAL GLOBALIZATION CONDITIONS

ОСНОВНА СУТНІСТЬ І СТРУКТУРА ФІНАНСОВОГО РИНКУ В УМОВАХ ФІНАНСОВОЇ ГЛОБАЛІЗАЦІЇ

UDC 336.763:336.74

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The article describes the essence of the securities market as an integral part of the financial market; it studies the current state and prospects of the development, the tendencies of the activities of the security market, the main problems and prospects of their solutions. Also, the article analyses the current development of the financial market in terms of innovation. The aim of the study is to define the concept of innovation and its cue to the results of the functioning of the financial market in the era of innovation, which expand the capabilities of financial institutions in market conditions. Of particular importance is the innovative development of society in recent years in the era of virtualizing, internetization, and cloud technologies. The study, the individual conclusions for which are presented in this article, fixes the state of research features of the market and reflects devoted to the current trends in the development of the financial market in the context of diversification of innovations. Innovative development of the financial market implies the emergence of new tools and technologies.

Key words: financial market, stock market, securities, shares, securities market.

В статті розглядається сутність ринку цінних паперів як складової частини фінансового ринку, вивчається сучасний стан та перспективи розвитку.

финансового рынка, изучается современное состояние и перспективы развития. Тенденции деятельности рынка безопасности, основные проблемы и перспективы их решения. Также в статье анализируется текущее развитие финансового рынка с точки зрения инноваций. Целью исследования является определение понятия инноваций и его соответствия результатам функционирования финансового рынка в эпоху инноваций, которые расширяют возможности финансовых институтов в рыночных условиях. Особое значение имеет инновационное развитие общества в последние годы в эпоху виртуализации, интернет-технологий и облачных технологий. Исследование, отдельные выводы для которого представлены в данной статье. Фиксирует состояние исследований особенностей рынка и отражает посвященные современным тенденциям развития финансового рынка в условиях диверсификации инноваций. Инновационное развитие финансового рынка предполагает появление новых инструментов и технологий.

Ключевые слова: финансовый рынок, фондовый рынок, ценные бумаги, акции, рынок ценных бумаг.

У статті розглядається сутність ринку цінних паперів як складової частини фінансового ринку, вивчається сучасний стан та перспективи розвитку. Тенденції діяльності ринку безпеки, основні проблеми та перспективи їх вирішення. Також у статті проаналізовано сучасний розвиток фінансового ринку з точки зору інновацій. Метою дослідження є визначення концепції інновацій та її реплікації до результатів функціонування фінансового ринку в епоху інновацій, які розширюють можливості фінансових установ у ринкових умовах. Особливе значення має інноваційний розвиток суспільства в останні роки в епоху віртуалізації, інтернет-технологій і хмарних технологій. Дослідження, окремі висновки для яких представлені в цій статті. Фіксує стан дослідницьких особливостей ринку і відображає присвячені сучасним тенденціям розвитку фінансового ринку в контексті диверсифікації інновацій. Інноваційний розвиток фінансового ринку передбачає появу нових інструментів і технологій. У цій статті обговорюється ринок цінних паперів в цілому і було відзначено, що фондовий ринок є одним з найважливіших аспектів фінансової системи. У більшості наших робіт розглядаються облігації та, зокрема, єврооблігації. Що стосується ринку облігацій, то слід зазначити, що доступ на ринок іноземних облігацій не відкритий для всіх позичальників, і важче отримати його на ринку єврооблігацій. Ми також обговорювали статті на інші теми, які допомагають нам повністю відобразити ситуацію на ринку цінних паперів у системі фінансового ринку. Врахування того, що здатність застрахувати та мінімізувати ризик девальвації великих фінансових активів на ринку деривативів допоможе уникнути подальшої девальвації та суттєвого скорочення кількості угод на біржі. Ця стаття звертає увагу на значення ринку цінних паперів у структурі економічних відносин, їх вплив на економіку, а також наводить приклади практичного вирішення проблем, що виникають на цьому ринку. Наше дослідження враховує вплив кількісного послаблення на фінансових ринках, особливо на придбання активів Федеральної резервної системи. Як результат, суттєво впливає на довгострокові процентні ставки. У статті також обговорюється ринок облігацій. Що стосується ринку облігацій, то слід зазначити, що доступ на зовнішній ринок облігацій відкритий не для всіх позичальників, а на ринку єврооблігацій складніше отримати його. Ми також обговорили статті з інших тем, які допомагають нам повністю відобразити ситуацію на ринку цінних паперів у системі фінансових ринків.

Ключові слова: фінансовий ринок, фондовий ринок, цінні папери, акції, ринок цінних паперів.

Formulation of the problem. Development and formation of the financial market is prerequisite for the development of other sectors of the state economy. Well-functioning insurance market, developed non-bank credit institutions, pension funds, and other financial institutions contribute to stable and predictable development of all economic processes in society. Accumulating significant amounts of cash, financial institutions are a powerful investment source in quite dynamic developing economies. So, the European Bank for Reconstruction and Development over the 90s of the last century counted parameters advancement to the market in the areas

that cover four areas – entrepreneurship development; markets and trade; development of financial institutions; legal reform [8].

So, the optimal structure of the financial market in terms of proper development of relevant types of financial intermediaries is the necessary condition for the successful development of market economy and the effective interaction of its financial and real sectors.

The relevance of the article. The relevance of this area of research is due to several reasons. Firstly, the necessity for justification for the study of problems of the financial market. Secondly, the lack of theoretic

cal science and legal developments that determine the implementation of the regulation of the financial market. Thirdly, the need for an effective, practical approach, recommendations for further development and market formation.

Analysis of recent research and publications.

Theoretical and practical aspects of the formation of financial markets in different countries, their advantages and disadvantages, the impact on economic development are covered in the works of such foreign scientists as F. Allen, T. Beck, L. Gershenkron, R. Goldsmith, D. Christopoulos, R. Levine. Domestic scientists such as Ya. Belinskaya, M. Burmaka, S. Vatamanyuk, I. Kravchenko, V. Mishchenko, S. Naumenkova, Yu. Petrushenko, M. Dumpty, V. Smagin, V. Fedosov, A. Chukhno, I. Shkolnik paid considerable attention to the study of financial systems of foreign countries, the rationale for improving the domestic market. In particular, the works of the following authors should be highlighted: according to theoretical principles of functioning of financial systems in foreign countries – Yu. Lysenkov and T. Brief [3], P. Melnik, L. Tarangul, and A. Gordey [4], I. Dyakonova, N. Makarenko, and F. Zhuravka [5]; on determining the nature, disadvantages and advantages of financial market models – A. Semenog [9], I. Shkolnik [10]; on the impact of financial market models on economic development – M. Bagmet [1], I. Shkolnik [10]. However, in our opinion, under the conditions of expansion of globalization processes, there is a need for a systematic approach to studying the features of models financial markets to identify promising areas of development of the financial market.

Methodological approaches of various authors reduce to the following provisions about the financial market as a complex economic system:

- the sphere of manifestation of economic relations with value-added distribution and implementation by exchanging money for financial assets;
- the sphere of manifestation of economic relations between sellers and buyers of financial assets;
- the sphere of manifestation of economic relations between cost and use value of those goods traded in this market [16, p. 234].

As an economic category “financial market” expresses economic relations between economic entities about realizing the value and consumer value contained in financial assets. These economic relations are determined objective economic laws and financial state policy, influence of political parties and clans (especially in modern Ukraine at the stage of civilized statehood), which form the ultimate essence of the financial market, that is, connections and relationships both on the market itself and its relationship with other economic categories. In the financial market, there are laws of supply and demand, limiting utility, competition, conditional real the functioning of all economic entities in accordance with the conditions

of a market economy. In the financial market, there is a public determination of the quality and price of finance. If you are considering the financial market in terms of the opinion of the actors acting on it then maybe present the institutional structure of financial markets. The main market actors are: non-financial institutions, the state, population, financial institutions, institutions of infrastructure, foreign market participants. Depending on the nature of the movement of corresponding financial flows, the financial market is divided into the direct financing market where they are sold and bought, financial resources come directly between the seller and the buyer, and the market with indirect financing – where is the sale and sale through financial intermediaries.

Results. The financial market is a complex and diverse system. And the international securities market is one of the most important parts of this system.

Equity or shares are put up in bail without redemption and confirm the share in the recognized share capital of a limited liability company, confirming the membership in a limited liability company and the right to participate in its management. In addition, shareholders provide the right to receive profits in the form of dividends and give the right to participate in the distribution of assets after the dissolution of the joint-stock company.

The international stock market, depending on the level of economic development in the countries, is divided into several bases – in the markets of markets and developing markets.

Mature markets are stock markets in developed countries that are characterized by a large part of the stock exchange's trading structure, high market value, and a well-developed system of legal and organizational provision of equity. Emerging markets are markets in the US, Japan, the EU, Canada, Australia, and others.

The general index of mature markets makes up 93% of the total volume of world securities.

Emerging markets and developing countries with high interest in emerging markets have also high risk, low market value, and rules that are still emerging.

Forcing financial companies, government, and local governments issue bonds on the securities market. The bond is a debt instrument that confirms that the owner paid the money and confirmed his obligation to return it within a specified period at nominal value, paying a fixed part of the nominal value of the bond. The holder of a bond (investor) is not a co-owner of the authorized capital, he is a creditor and has the right to obtain an exact profit and return the nominal value of bonds or other similar assets within a certain period of time.

According to the IMF, the following types of securities issue:

- issue of non-resident securities in domestic or foreign currency in the domestic financial market;

- issue of securities by residents in foreign currency;
- issue of residents' securities in national currency, intended for sale to foreign investors [5].

It is noteworthy that the international securities market is divided as follows:

- The market for foreign securities. Financial markets in countries where foreign securities operate;
- Securities from Euromarket. The market for the production and sale of securities in Eurocurrency.

Euro Backgrounds are securities that:

- Underwriting in a contract, at least two of which are registered in different countries;
- Available in one or more countries, with the exception of the country of registration;
- May be originally purchased (including through a subscription) only through a credit institution or other financial institution [7].

According to some scholars, the securities market can be divided into primary and secondary markets.

The main market is the market, where securities pass the first two issues that they first put between investors [5]. Within this market, the initial placement of securities (their purchase and sale, subscription) was made. At the same time, the issuer guarantees certain rights to the asset and/or income from what it receives in investments. The primary goal of the primary market is to reduce the risk to investors. The process of initial placement of shares of companies is called securities issue or placement.

The international bond market is the source of medium and long-term capital in the global financial markets.

There are two types of international bonds: foreign and euro [4]. Foreign securities are securities issued by a non-resident in the market of treasury bills in another country and are represented in the national currency of this market. The main features of the issuance of foreign bonds are:

- bonds are issued by a foreign entity;
- bonds are denominated in a foreign currency;

The placement of bonds is carried out in the market of another country and is provided by a banking agreement [8].

The bond issue rates are determined by interest rates on the relevant markets since foreign bonds are issued on special domestic equity markets for long-term loans. The rule is that interest rates on hard currency bonds are lower, and in unstable currencies are higher. The interest rate on the bond market of international financial centres is determined by local demand and supply.

The main investors in the market for foreign bonds are those who reduce investment risk. This list includes banks, insurance companies, and pension funds.

Access to foreign bond markets is not available to all borrowers and it is much more difficult to get

than in the securities market. Thus, there are government restrictions on conditions, amounts that foreigners can receive, and the extent of their use. Monetary funds can only be limited using local capital controls. Access to these markets is only available to international investors with a high credit rating. Developing countries have limited access to this market. This range of investors means that low-credit borrowers will move away from a foreign bond market.

Issuance of foreign bonds is through underwriting (underwriting). The borrower, along with the CEO, intends to issue bonds on the most favourable terms: maturity, coupon income, early redemption, prepayment bonus, maturity. Foreign bonds are longer than 20-30 years [7].

Bonds are long-term bonds, which are placed at the same time in several markets with interdisciplinary relationships and the issuance choice is foreign investors they buy.

Icelanders have a number of valuable measures. First of all, they give the right to choose a currency. The currency component plays an irreplaceable role in bond issuance. But not every currency is suitable for expressing Eurobonds. The exchange rate should be freely convertible and commitments should be accounted for without risk. For a borrower, too hard a currency is undesirable and from a lender's point of view – soft. When choosing between two expressions in euros, there is a compromise between interest and currency. In some cases, is issued in several currencies. This allows the lender to claim payment in one of many currencies, which reduces the risk associated with the exchange rate and expands the circle of investors. At the same time, in most cases, dividends and the principal amount of US bonds are paid in US dollars. Secondly, the large-denominated bonds have the currency's flexibility, both in terms of the composition of the currency exchange rate and on the percentage of Eurobonds in a given currency, in their total weight.

The stock market does not have a specific geographical position, although new problems usually arise in London, Luxembourg. The securities market is multicurrency and highly anonymous, as Eurobonds are issued in a prohibited form, which is in line with many investors. Terms of repayment of Eurobonds are shorter (5, 10, 15 years) than foreign bonds. "The interest rate is usually determined by prices in the same currency in the domestic capital market but often lower due to the higher efficiency of the national securities" [2].

The main player in the securities market is the publisher. The structure of this market by categories of issuers is as follows: companies – 56%, banks – 25%, lenders – 7%, supranational organizations – 7%, others – 5% [1, p. 208].

The international bond market is characterized by data presented today. 80% of the total structure of

the international bond market consists of the United States, Europe, the UK, and Japan.

Due to the globalization process, the growth of government and corporate debt on the securities market becomes more transparent and quicker.

Over the past three decades, many new financial instruments have emerged in financial markets, called derivative securities or derivatives.

In the case of derivative financial instruments, we assume that financial instruments relate to risks associated with other financial or physical assets. The derivative is a standard document that confirms the right and/or obligation to purchase or sell the underlying asset in certain future circumstances.

If the securities are intended to attract long-term funding, derivative financial instruments are hedges, which are a risk to price risk. Derivative contracts are first ranked among various financial market risk instruments.

In line with the IMF's classification, there are four types of underlying assets, each of which may be related to a derivative contract:

- products (the price of derivative contracts is related to the price of a particular product or the index of the product group);
- shares (the price of derivative contracts is related to the price of a particular stock or a change in the price index for a shareholding);
- foreign currency (the price of derivative contracts is linked to the exchange rate of one or more currencies);
- interest rates (derivative prices are related to fixed, floating, not combined interest rate) [3].

The main derivatives are options and future real estate income, securities, currencies, interest rates and indices, interest and currency swaps, and futures.

The price of derivatives is determined by the level of prices for goods, financial instruments or price indices or the difference between these two prices.

Primary goals of the derivatives:

Determine the future value of each asset received today by completing a futures or future contract;

- exchange of cash flows or assets of contracts (swaps)
- the acquisition of the right but not the obligation to complete the transaction (a type of contract) [1].

In accordance with the method of financial institutions for the trading of international derivatives, there are two main types of contracts: futures and option contracts [2, p. 213].

Derivatives in the global derivatives market are characterized by an increase in volume. So, over the past 5 years, 125% have grown. This is due to sharp fluctuations in prices and increased risk of depreciation. Recently, some products of new enterprises appeared. Except for institutional investors, companies in management and the company take part in this market. Possibility of hedging and minimizing

the risk of impairment of financial assets in derivative derivatives markets helps to prevent further depreciation and significant reduction of operations in stock markets. The turnover of the market for derivatives is 8 times higher than GDP. According to the IMF, the total volume of international derivatives markets is about \$ 300 billion, while the currency market rate is over \$ 6.5 billion [2, p. 217].

An international derivative contract is concluded on stock exchanges (15% of international derivative contracts) and stock exchanges (margins) (85%). This led to the division of these financial instruments into secondary stock market transactions (future earnings and interest, foreign exchange markets and options, futures and market indices) and non-traded derivatives (currencies and instruments).

Almost all derivatives are oriented towards future earnings and interest (91%). Future and stock indices (7.4%) and future results, as well as future options and options, differ (1.6%). In 2011, trade revenues amounted to 11.2 million futures contracts and 11.1 billion options contracts.

In general, income from derivatives is increasing both in the global market and in some markets. In 2011, the Asia-Pacific region reached 886 million euros, including 717 million in contracts and 442 million in North America. In Europe, 1.53 billion dollars. In South America, the Korean stock market has become the world's largest derivatives contract market with 38 billion contracts this year.

Money market derivatives are concentrated in many large countries: the United Kingdom, the US, and Germany.

The stock market, unlike the retail market, provides the most standard trading; high sequence of accounting, reduction of financial risks; developed electronic communication system.

The growth of the derivative contract is mainly due to the restoration of the store, which is 7 times higher than the stock market. The bulk of trade balances is carried out at currency and interest rates. Advantages of market price compared to the stock market – more flexible contractual terms, rather than the introduction of new financial instruments, organized a system of bilateral bank accounts.

Conclusion. This article discusses the securities market as a whole and an example of someone else's research. And it was noted that the stock market is one of the most important aspects of the financial system.

Stocks, bonds, coupons, bills, checks, certificates of deposit, space papers, stock certificates, options, futures, all options are securities. The international securities market has the following structure: foreign securities and the euro market.

Most of our work is also limited to bonds and, in particular, Eurobonds.

As for the bond market, it should be noted that access to the foreign bond market is not open to all

borrowers, and it is more difficult to get it on the Euro-bond market. There are government restrictions on time, the amount that foreigners receive, and instructions for using them.

We also discussed articles on other topics that help us to fully reflect the situation on the securities market in the financial market system. Some researchers have conducted similar studies in the global stock market. Most of them take into account the impact of quantitative easing on financial markets, especially on the purchase of Federal Reserve assets. As a result, there is a significant effect on long-term interest rates.

It is shown that the international derivatives market is characterized by an increase in the volume of transactions with derivatives. Thus, it has increased by 125% over the past 5 years. This is due to the relatively high volatility of the quotes and a higher risk of losses due to currency devaluation. The ability to insure and minimize the risk of devaluation of large financial assets on the derivatives market will help avoid further devaluation and a significant reduction in the number of transactions on the exchange. The turnover of the derivatives market is eight times higher than world GDP. According to the data of the international clearing house, the total volume of the international derivatives market is about 300 trillion dollars, and its total market value exceeds 6.5 trillion dollars.

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MAIN ESSENCE AND STRUCTURE OF FINANCIAL MARKET UNDER THE FINANCIAL GLOBALIZATION CONDITIONS

The purpose of the article. The International Stock Market is one of the main parts of the financial market. Mature markets are stock markets in developed countries that are characterized by a large part of the stock exchange's trading structure, high market value, and a well-developed system of legal and organizational provision of equity. Based on this, it emerges that the study of this industry is extremely important today. Including the fact that during global globalization and digitalization, the financial services market is also globalizing and developing, producing new forms and types of its structure. The article analyses the current development of the financial market in terms of innovation. The aim of the study is to define the concept of innovation and its cue to the results of the functioning of the financial market in the era of innovation, which expand the capabilities of financial institutions in market conditions. Of particular importance is the innovative development of society in recent years in the era of virtualizing, internetization, and cloud technologies. The study, the individual conclusions for which are presented in this article, fixes the state of research features of the market and reflect devoted to the current trends in the development of the financial market in the context of diversification of innovations. Innovative development of the financial market implies the emergence of new tools and technologies.

Methodology. The survey is based on the structure of the financial market, namely stocks, bonds. Their types and functions are influenced by the globalization of the financial services market.

Results. This article discusses the securities market as a whole and it was noted that the stock market is one of the most important aspects of the financial system. In the biggest part of our work, bonds and, in particular, Eurobonds are regarded. As for the bond market, it should be noted that access to the foreign bond market is not open to all borrowers, and it is more difficult to get it on the Eurobond market. We also discussed articles on other topics that help us to fully reflect the situation on the securities market in the financial market system. The consideration that the ability to insure and minimize the risk of devaluation of large financial assets on the derivatives market will help avoid further devaluation and a significant reduction in the number of transactions on the exchange have arisen at the article.

Practical implications. This article draws attention to the importance of the securities market in the structure of economic relations, their impact on the economy, and also gives examples of practical solutions to the problems encountered in this market.

Value/originality. The article describes the essence of the securities market as an integral part of the financial market; it studies the current state and prospects of the development. The tendencies of the activities of the security market, the main problems and prospects of their solutions.