



Financial market and financial engineering
Lecture 2 Neo-finance: implementation of the concept of market structuring and its instruments

Цель: to reveal the essence of neo-finance, their role in the implementation of the concept of structuring the financial market

Lecture questions

- 1 Identification of the concepts of "market" and "system" in economic science.
- 2 The concept of structuring the financial market is the basis for the demonstration of neo-finance.
- 3 Features of the demonstration of globalization in the financial market. Globalization in building neo-finance.



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- *The financial market is an organized space where financial institutions and economic agents operate. Here financial instruments are circulated that accumulate and redistribute free money capital by making transactions.*
- *The financial market is the aggregate of all the country's monetary resources in constant circulation. Supply and demand from various economic actors affect these resources*



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- Identification of the concepts of "financial market" and "financial system«.
- “System” is a community of any of its constituent elements that function according to common principles. For example, the system: banking, credit, tax, health care, education. In them, institutions carry out activities aimed at meeting any needs of society. The system has horizontal and vertical links. In contrast - the market of banking services and products, the credit market, the market for medical services and the market for educational services
- Market - a system of relations for the movement of capital (cash) between various entities by making transactions. There are horizontal connections. The less an organization has a vertical subordination of relations, the closer it is to the market. The main attributes are price, demand, supply and object of purchase and sale



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- Segmental structure of the financial market of Kazakhstan by the instrumental and investment basis - money, deposit, credit, foreign exchange, insurance, pension and securities market;
- by institutional and regulatory basis - banking market, securities market, insurance and pension markets the structure of the financial market is considered as a whole with properties, functions and features characteristic of its constituent parts
- Segmental classification of the financial market of Kazakhstan Role segmentation - active, passive and infrastructural;
- Market segmentation - buying, selling and mediating this process market segments of the market.
- Resource-forming (passive and buying): deposit, insurance and pension markets
- Resource-placing (active and selling): the credit market and the securities market
- Resource providers (infrastructure and intermediaries): money and foreign exchange markets



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- The activity and passivity of market segments is assessed based on the principle of their role in resource segmentation in the market: resource-forming - market segments play a passive role in the market, forming liabilities - sources of financial resources in the financial market. Resource placeholders play an active role in the financial market by placing financial resources formed by other market segments - forming the assets of the financial market. Resource-serving markets play an infrastructural role in the financial market, since they are not engaged in the actual formation and allocation of resources, but without them, the circulation of financial flows in the form of financial instruments is impossible, in other words, they form the infrastructure of the financial market.



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Conclusion: financial resources are distributed between market segments not according to the value created with their help, but on the basis of the need to make the structure of the financial market most consistent with the structure of social needs. Moreover, this, in our opinion, is not only the significance of the financial market, but also its secondary nature after the national economy as such.



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Globalization as interdependence

The first group of existing interpretations in the definition of globalization, in our opinion, can be attributed to sayings, which are based on the principle of increasing interdependence of states under the influence of globalizing relations of production and consumption. Thus, globalization is understood as a special state of the economy, in which the economic development of most countries and regions is closely interconnected. Industrial cooperation and specialization reaches worldwide proportions. The globalization of the economy is seen as a kind of erasure of borders between states in the formation of a single world space. At the same time, globalization seems to deepen the differences that exist between countries in the development of economics, politics, etc., and this unevenness causes instability in the world arena.



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Globalization is like movement and overflow

In the second case, the main elements of the manifestation of globalization are the rapid development and spread of progress, the expansion of international production, the reduction of customs and other barriers to the movement of goods, capital and services across state borders. Thus, the formation of the world market for goods, services, technologies, capital and labor is becoming the direct basis of globalization. At the same time, the openness of national economies is growing. The unification of an increasing number of countries into major integration groupings such as the EU, OECD, APEC, as well as the presence of major international institutions such as the IMF, WTO and IBRD, was the result of the liberalization of national economies. The activities of these organizations and associations play an important role in smoothing out the negative impact of integration processes in the development of the world economy.



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Globalization as a transnational business

Representatives of the third direction consider the manifestation of globalization through the in-depth development of the international division of labor, which contributed to the strengthening of processes in the development of transnational business. This also affects the monetary policy of the countries of the world: the presence of transnational capital actually negates attempts to regulate domestic financial markets - Keynesian and monetarist methods turn out to be ineffective. At the same time, the very role of the nation state fades into the background, since transnational capital is outside the jurisdiction of these states.



Modern tendencies of financial market development

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The following factors of globalization played a decisive role in the formation and development of the financial market of Kazakhstan:

- the need to manage risks by diversifying investments due to oversaturation, overheating of the economy;
- - the need to reduce the degree of country legal regulation in the direction of market liberalization, and as a result, to minimize taxation;
- - the emergence of new financial instruments capable of providing income at a new level and quality of financial services;
- - the increased movement of capital in the world market has given and gives the national financial relations an international character. In turn, this contributes to the revitalization of IFIs, the formation of new financial products and services that meet international standards;
- - financial globalization increases the efficiency of the use of capital on an international scale, enabling resources to be located where they bring the greatest profit. Institutional investors determine the main vectors of international placements and savings. International financial relations between different countries, constantly developing, find their expression in different forms, one of which should be attributed to the formation of international financial centers (IFC), as an institutional form of corporate interaction.