Modern tendecies of financial market development

Lecture 1 Financial market theory in the system of economic sciences

The goal: to reveal the content of scientific concepts of the financial market in classical and modern versions

Lecture questions

1 Evolution of financial market theories in economics.

2 Approaches to the interpretation of the concept of "financial market". Segmental approach to defining the essence of the financial market.

3 Scenarios for the development of the financial market in economic science: directive, fundamental, liberal, eclectic

- The term "financial market", in contrast to the classical categories "money", "capital", "finance" appeared not so long ago - 25-30 years ago.
- According to the existing concepts of the financial market, the following classification of its main definitions can be carried out: money, segmental and capital market
- Representatives of the monetary concept define the financial market as an integral part of the money market. Along with representatives of the theory of the origin of the financial market as an integral part of the capital market, they consider it precisely as a stock mechanism with its instruments - securities (V. Esipov, D. Kidwell, R. Peterson, D. Blackwell, J. Sachs, F. Larren, V.V. Kovalev, V.D. Lee). *The disadvantage of this concept from the point of view of the purpose of this course is that the object of research - the financial market - narrows to the framework of only one of the seven segments - the securities market and does not allow considering the relationship of this market with other markets.*

- Representatives of the concept of the financial market as a capital market regard it as a market based on the redistribution of capital between lenders and borrowers in its various forms (E.A. Barinov, O.V. Khmyz, E.J.Dolan, R.L. Miller , D. Van-Hoos, N. Gregory Mankiw, T. V. Teplova, L. N. Krasavina, V. D. Melnikov, K. K. Ilyasov). In our opinion, the definition of the financial market only in the plane of the relationship "lender and borrower", as well as in the monetary concept, narrows the object of research, although it is somewhat broader than in the previous version.

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- The segment theory is adhered to by those representatives of financial science and practice who believe that the financial market is something more than a separate sector of the economy and includes all market segments directly related to it (P.N. Tesl, D. Stiglitz, L. Gitman, M. Dzhonk, E. V. Samoilov, A. A. Pervozvansky, V. I. Kolesnikov, D. Mikhailov, T. G. Morozova, U. M. Iskakov, D. T. Bokhaev, E. A. Ruzieva) [15,16,17,18,19,20,21,22,23,24]. Among the representatives of the segmental theory, it is necessary to make additional segmentation: considering the structure according to the temporal basis (the market of short-term and the market of long-term instruments) and according to the functional basis (the market of loans, deposits, foreign exchange, etc.).

- *The disadvantage of the segmented concept, in our opinion, is the narrowness of the scope of research, limited by the framework of the structure of the financial market. This disadvantage was revealed in the development of integration and globalization processes in the world economy. This is what actualized the need to study the essence of the financial market from the standpoint of the segmental relationship of the sectors included in it. The study of the market structure through the interrelation of segments contributed to the determination of the emphasis in this study on the construction of a multifactor dynamic model of an effective financial market*

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Factors that determined the development of financial science

1 significant change in the configuration of international financial flows and the rapid growth of assets of institutional investors

2 the world widespread deregulation of the circulation of financial capital

3 since 1980, the constant growth of the state budget deficit in economically developed countries, which was accompanied by the emission and placement of GSEs

4 active operations in financial markets were accompanied by a sharp increase in the volume of international transactions in securities

5 significant growth in capitalization of the real sector of the economy and financial institutions

6 the growth of the world's financial centers intensified competition between them for circulating financial capital

7 growth of financial risks, the emergence of more and more new financial products and services

8 the development of market relations contributed to the maximum narrowing of the role of the state in the redistribution of financial resources

Modern tendecies of financial market development
Лекция 1 Теория финансового рынка в системе экономических учений

- The key principles of the functioning of the financial market as a market mechanism include:
- - regulation of economic activity - through the circulation of financial market instruments, the regulation of economic activity of economic agents, money supply in circulation, etc is carried out;
- - promoting the development of competition and creating equal conditions for all participants in the financial market, depending on their role in it - taking into account the separate approach to large and small financial institutions, large and small market participants;
- - ensuring the efficiency of the financial market in view of its special role in the country's economy as one of its leading sectors holding an "active position" - an investor in the national economy.

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In our opinion, the main principles of the financial market include:

- security - since the instruments are based on capital, the condition for its functioning should be the provision of real assets. This guarantees the solvency of issuers and players and is achieved through the control, licensing (listing) procedure;
- publicity - the effectiveness of instruments, the objectivity of price formation can be achieved only by creating conditions for the full coverage of market participants - stakeholders;
- orderliness - a feature of the financial market mechanism and instruments, lies in the fact that the price of instruments is formed at a certain point in time. This is a source of income from transactions made on it. Therefore, it is important to regulate the rules for trading, making settlements and providing information;
- efficiency - the interest of current and potential market participants should be supported by creating conditions for the investment attractiveness of financial market instruments that can generate income on them.