

სოციალურ-ეკონომიკურ მეცნიერებათა სამართაშორისო აკადემია
პოლიტიკური მენეჯმენტის სამართაშორისო აკადემია
იურიდიულ მეცნიერებათა სამართაშორისო აკადემია

INTERNATIONAL ACADEMY OF SOCIAL-ECONOMIC SCIENCES
INTERNATIONAL ACADEMY OF POLITICAL MANAGEMENT
INTERNATIONAL ACADEMY OF JURIDICAL SCIENCES

МЕЖДУНАРОДНАЯ АКАДЕМИЯ СОЦИАЛЬНО-ЭКОНОМИЧЕСКИХ НАУК
МЕЖДУНАРОДНАЯ АКАДЕМИЯ ПОЛИТИЧЕСКОГО МЕНЕДЖМЕНТА
МЕЖДУНАРОДНАЯ АКАДЕМИЯ ЮРИДИЧЕСКИХ НАУК

ISSN 1512-0422



სამართაშორისო სამეცნიერო ჟურნალი

“პროგრესი”

INTERNATIONAL SCIENTIFIC JOURNAL

“PROGRESS”

МЕЖДУНАРОДНЫЙ НАУЧНЫЙ ЖУРНАЛ

«ПРОГРЕСС»

2017, №5-6

თბილისი
Tbilisi Тбилиси
2017

UDC 33

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IDENTIFICATION OF SECURITIES MARKETS' DETERMINANTS

Annotation. In connection with the increase in the scale and role of the securities markets in the national economies' development, scientific interests arise regarding the causes of such processes. This work concentrates on identifying key factors for the securities markets' development in the world.

Keywords: securities markets, fundamental determinants, informational and technological determinants, organizational and regulatory determinants

УДК 33

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ИДЕНТИФИКАЦИЯ ДЕТЕРМИНАНТОВ РЫНКА ЦЕННЫХ БУМАГ

Аннотация. В связи с увеличением масштабов и роли рынка ценных бумаг в развитии национальных экономик, возникают научные интересы относительно причин таких процессов. Данная работа концентрируется на определении ключевых факторов развития рынков ценных бумаг в мире.

Ключевые слова: рынок ценных бумаг, фундаментальные детерминанты, информационно-технологические детерминанты, организационно-регулятивные детерминанты

Formulation of the problem. Globalization, as a modern process of evolution, has led to the transformation of the global financial system towards the expansion of such a component as the securities market. According to the IMF, the capitalization of only classical securities (stocks, bonds) exceeded world GDP by more than 2 times (212% of world GDP), while global banking assets were 21% lower than the volume of issued shares and debt securities (excluding other types of financial instruments). Countries that had time to build an effective financial system have maximized the benefits of globalization (for example, the leaders among capital importers are: the United States – 35,5%, UK – 14%) [1, p.11,3]. The main component of their financial system is the securities market. Thus, the relevance of the identification and systematization of the securities markets' determinants is quite high.

Analysis of recent researches. A large number of scientists were engaged in researches of the factors influencing the securities markets' development, in particular, Ya.M. Mirkin, D.G. Lukyanenko, S.L. Kotlyarov, O.M.Mozgovy, M.G.Rozada, E.L. Yayati, K.J.Forbs, Menza D.Chinn and others. However, the scientific paradigm concerning the identification and characteristics of the securities markets' determinants is rather dispersed and ambiguous.

Purposes and objectives of the study. The purpose of this article is to identify and systematize the securities markets' determinants.

Scientific novelty. The author made his own identification of the securities markets' determinants. The whole set of the securities markets' determinants was divided into three groups: fundamental; informational and technological; organizational and regulatory. The structure of each of the group of factors is given.

Statement of the main material. Determinant – (from Latin Determinatus, determinatus – determinative) – a factor that can influence economic processes, relations [2]. In this study the notions "determinants", "factors" will be used as identical. Under the expression "the securities markets' determinants" should be understood the whole set of factors of both internal and external influence relative to the country, characterized by a high degree of interdependence in the context of an ever-increasing globalization of economies. Generally accepted is the understanding of the notion of "factor" as a driving force, the cause of a certain process, a phenomenon that determines its character or one of its characteristic features.

In his book Ya.M. Mirkin examines the fundamental factors of the securities markets' development, distinguishing external and internal factors. External factors include: long-term cycles of the global economy, regional affiliation, interdependence with other markets, world oil and raw material prices, the competitiveness of the country and its stock market, the degree of assessment of the securities market. To domestic: affiliation to developed markets or emerging markets; ownership structure; financial depth and financial structure of macroeconomics; economic and financial policies of the state; accumulation of imbalances and problems in the securities market organization; model of economic and political system, political and social stability; model of economic behavior of the population, religious factor; intra-economic cycles, economic conditions [3, p.75].

In the works of D.G. Lukyanenko we encounter the expression "global factors" as all-inclusive, namely, they include: economic, political, scientific and technological, socio-cultural factors [4, p.50].

M.G. Rozada, EL Yayati, considering the causes of the volatility of the cost of debt resources for developing countries, allocate global factors as external factors in relation to the country factors [5, p.4].

K.J.Forbes and Menza D. Chinn in their study of the impact of financial and commodity relations between countries on their financial markets singled out global factors as the general "drivers" of the market. These include: global interest rates (discount rates for the most influential economies in the world, in particular the US, UK, Japan, etc.), oil prices, gold, commodity prices.

S.L. Kotlyarov in his dissertation, explores the internal, environmental and external factors. To domestic include: market factors; institutional Infrastructure. To environmental factors: economical; political; legislative; institutional; regulatory; financial and monetary. To external: the state of development of the world economy, conjuncture of factor and investment markets; stability of world and regional currency systems; level of transnationalization of financial and investment business; the possibility of national companies' entry into foreign stock markets and quotations of securities of foreign companies in the national market; participation in international governmental and non-governmental organizations in the coordination and promotion of stock markets [6, p.22].

B.M.Smith in his book identifies the following factors that influence the development of securities markets: freely transferable capital, readily available credit, a willingness to take risk, reliable legislation and protection of property rights [7, p.10].

Taking into account all the above, the author proposes to systematize the entire set of the securities markets' determinants into three groups: fundamental, informational and technological, organizational and regulatory.

The first group is the fundamental factors. Without fundamental factors securities market cannot arise and develop. According to the author, they go first before informational and technological, organizational and regulatory factors. To the fundamental factors, the author considers the following three components: rational expectations of market participants; social norms; state form. These components form the basis for the emergence and evolution of the stock market in a particular country. For example, what kind of securities market can be used in countries such as Somalia, Libya, Ethiopia, Afghanistan, Guatemala, North Korea, etc., when they lack the basic (fundamental) conditions for the formation and further development of their securities market.

Rational expectations of securities market participants are based on:

– key market indicators (yield of financial assets, interest rates, interest spreads, volatility of prices for financial instruments, market liquidity, volatility of capital account, inflation rate, free float of liquid securities, capitalization of the stock market, concentration of ownership in joint-stock companies, structure of monetary mass, GDP growth, etc.);

– state financial policy (central bank refinancing rate, exchange rate, capital account liberalization, guarantees for the implementation of its investment rights, tax burden, currency regime, monetization of the economy, the size of international reserves, the size of public expenditures, the size of gross national savings, etc.).

A certain nation as a complex social system can function normally and develop only on the basis of certain rules to regulate the behavior of people and their associations in society. Such rules are called social norms (morals, customs, traditions, religious, legal, corporate, social and technical norms) [8, p.174]. Of great importance for the evolution of securities markets played and continue to play religious and philosophical worldviews. Historically, the system of values of a particular ethnic group plays a key role in the development of the financial sector.

Each state has its own form and content or structure. The form and structure of the state are the state system, which is characterized by the form of government, political state regime, administrative-territorial structure. Based on the synthesis of these three components of the state form, there is a political and socio-economic choice of society that can concentrate in one of the following directions: the command economy, fundamentalist economy, liberal economy and eclecticism.

The second group of factors – informational and technological. Modern world is at the stage of the informational society, where information with the help of modern technologies and techniques of its collection, storage, processing and exchange becomes a key element of socio-economic development. The notion of "informational and technological factors" in this paper is to be interpreted as the impact of information and communication technologies on the stock markets' development. The author attributes to this group the following factors:

– those that promote the development of stock markets (technical and technological innovations, the activity of rating agencies, modern electronic information systems of regulatory and supervisory authorities, media coverage of professional programs and news about the stock market, cybersecurity, etc.);

– those that hinder the development of stock markets (information asymmetry, information fragmentation, technological risks (computer crashes), etc.).

The third group includes organizational and regulatory factors. From the author's point of view, the whole block of organizational and regulatory factors of securities markets' development can be divided into the following components:

– legal support (legal environment; timely adoption of necessary rules of law; settlement of property relations; taxation of financial transactions; legal unregulated conflicts of interest; the existence of inheritance rights; etc.);

– model of regulation of the securities market (model of the mega-regulator, traditional or sectoral model, model of regulation on the functions of the financial market, model "Twin-peak", two-level model of regulation (or mixed), model of self-regulation);

– infrastructure development of securities markets (internal organizational environment (trading, depository, settlement components and risk management system); external organizational environment (regulatory, informational, innovative, educational components);

– organizational fragmentation of the securities market infrastructure (polycentricity of the market infrastructure, low liquidity and market attractiveness for large players, high cost of services, inconvenience in managing their investment portfolio);

– mechanisms for the restoration of violated rights at securities markets (the possibility of quick compensation of illegally lost funds at the expense of special funds of the market, as well as at the expense of state funds in cases of deliberate delay in litigation; creation of a public database of offenders with a description of their offenses and sanctions);

– international integration of securities market (infrastructure integration, the presence of foreign and international financial instruments, administrative restrictions on the movement of capital, openness to residents of foreign capital markets, etc.).

Conclusions. All set of the securities markets' determinants, from the author's point of view, is divided into three groups: fundamental; informational and technological; organizational and regulatory. The whole financial market is built on the trust of its participants. Under conditions of globalization, it is necessary to build an effective financial system in time to maximize the benefits of integration. Such a component as the securities market is a tool by which its participants can manage their financial resources, this is an alternative to the banking market with a wider functionality.

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