

THE MECHANISM OF REGULATION IN THE FINANCIAL MARKET OF COUNTRIES

Shakizada Niyazbekova, Financial University under the Government of the Russian Federation

Milyausha Khalilova, Financial University under the Government of the Russian Federation

Konstantin Krinichansky, Financial University under the Government of the Russian Federation

Ludmila N. Andrianova, Financial University under the Government of the Russian Federation

Irina Guseva, Financial University under the Government of the Russian Federation

Sergei Matrosov, Financial University under the Government of the Russian Federation

Vasiliy Varzin, The Kosygin State University of Russia

Madina Kharesova, al-Farabi Kazakh National University

Svetlana Anzorova, Synergy University

ABSTRACT

***Object:** financial market. In Russia, control over financial relations of the financial market has its own mechanism. Thus, in Russia, control over financial relations of the financial market was previously carried out by the Federal Financial Markets Service, which gradually transferred its powers to the Bank of Russia, since 2013 it has been performing the function of a mega-regulator of financial relations of the financial market. The purpose of the study is to analyze the regulation of financial relations in the financial market. This study presents a mechanism for regulating financial relations in the financial market.*

Keywords: Financial Market, Financial Relations, Stock Index, Financial Sector.

INTRODUCTION

The financial market is the main indicator that shows the state of the economy. By itself, the financial market represents an opportunity to invest free funds and provide financial protection of funds. But because of the way money works, it is possible to determine economic stability (Kalkabayeva, 2021). The main subjects of the financial market are credit organizations that create Russian banking structure, which are engaged in servicing enterprises and organizations in various sectors of the economy, as well as financial resources of populations and households (Guseva, 2019; Gavrilova, 2021; Annenskaya et al, 2019; Rubtsov et al, 2019; Stetsyuk et al, 2020; Moldashbayeva et al, 2021; Rudenko, 2021; Dvoretzkaya, 2021).

In the financial sector of the country, the assets of credit institutions still occupy a greater share, despite the significant number of non-credit institutions. A negative characteristic for 2015–2020 is a reduction in the inflow of savings of the population and households. The transition of regulatory functions to the Central Bank has been transferred for the purpose of timely supervision and prevention of crises that may affect

the work of the financial market. An important aspect of the financial market's development of the Russian Federation is the size of loans issued and the level of debt on them. Additional reasons for the growth of overdue debt are the imperfect system of credit institutions, inaccuracies in the calculations of the creditworthiness of their own customers, and a decrease in their real incomes taking into account the need to repay all loans.

METHODS

In this study, such research methods as description, comparison, comparison are used. In conditions of financial instability and a high level of impact of global risks on economic processes in the state, the role of monetary regulation is increasing. In the framework of monetary regulation, direct and indirect methods are used. Due to the crisis phenomena in the global economy, the greatest attention is now paid to direct methods, since with their help central banks limit the value of the price variable and achieve a faster effect in terms of the central bank's control over the price and maximum volumes of deposits and loans. Indirect methods have become more actively used after overcoming the crisis phenomena in the global economy and positive changes in the main segments of the financial market.

RESULTS

There are many financial markets in our world, and every country has at least one. All of them differ in their volume. Types of markets:

1. The stock market. The stock market mainly trades shares of public companies.
2. The bond market.
3. Commodity market. The most popular type of transaction on the commodity exchange is futures.
4. The futures market. Such a market includes derivative financial instruments or contracts based on the market value of the traded assets. For example, futures used in the commodity market are an example of derivatives.

Its use saves funds for more productive use. A savings account that has money in it shouldn't just leave that money in the vault. Reduction of the transaction's cost. In the financial markets, one can get various information about securities at no cost.

DISCUSSIONS

The Bank of Russia is working to create a national technological infrastructure for the financial market, and is also responsible for combating cybercrime and preventing cyber risks in the financial sector (Patashkova et al, 2021; Troyanskaya et al, 2021; Nurpeisova et al., 2021; Goigova et al, 2021; Nazarenko, 2021). Leadership in this large, fast-growing sector is reflected in significant economic activity and direct and indirect job creation in the United States. In 2019, the United States exported 114.5 billion USD in financial services and insurance and had a surplus in the financial services and insurance sector of 40.8 billion USD (without reinsurance, the financial services and insurance sector had a surplus of USD 69.6 billion). As of the end of 2010, more than 6.3 million people were employed in the financial services and insurance sectors. Investing in the U.S. financial services industry offers significant benefits for financial companies. As of 2019, at least 28 financial services companies out of all Fortune Global 500 companies have their headquarters in the United States. The industry offers the widest range of

financial instruments and products that allow consumers to manage risks create wealth and meet financial needs. Banking: By the end of 2019, the US banking system had assets of 17.9 trillion USD and a net profit of 236.8 billion USD.

Fitch Solutions expects that the growth of assets and loans in the US commercial banking sector will remain steady in the next couple of years, which will be supported by economic growth ahead of the trend.

Asset Management: The US asset management subsector is unparalleled in its depth and diversity. US asset managers currently meet the pension fund management needs of more than 60 % of the global pension market.

Moreover, if you include insurance assets and mutual funds, American asset managers in 2016 held under management long-term traditional assets worth almost 51 trillion USD (more than 47 % of global assets) for these funds in total. Insurance: In 2018, net written insurance premiums totaled 1.1 trillion USD. According to the NAIC, insurance premiums registered by life and health insurers amounted to almost 53 percent, and premiums of insurance companies for property and accident insurance – 47 %.

In 2018, 84 billion USD was invested in the US venture capital industry in more than 8000 different transactions, which is the highest amount since the early 2000s and 16 % more than that of 2016. American companies account for 82% of private sector research and developments. Historically, these companies have generated revenue equal to 21 % of US GDP. The industry owns more than 30,000 private companies in the USA.

Development of financial markets in Europe. In recent months, there has been an accelerated pace of changes in the infrastructure of financial markets in the euro area. These changes have brought a number of advantages to market participants. However, in the newly built infrastructure, it is necessary to ensure that all the necessary mechanisms are in place so that markets can function as if in bad weather conditions. Figure 1 shows the indices of the global financial market as of November 22, 2021.



FIGURE 1
GLOBAL FINANCIAL MARKET INDICES AS OF NOVEMBER 22, 2021

Just as market participants comprehensively tested the ability of their information technology systems to withstand the change of centuries, market service providers need to stress-test the new financial market infrastructure in the euro area, as it was previously developed. One should ask whether trading systems are able to withstand the failure of a market participant to fulfill its obligations without problems or whether this can lead to serious disruptions in trading activities. Europe's financial system is currently undergoing a series of profound changes. These changes apply to all financial markets, from the foreign exchange market to the bond market and the stock market. The European Economic and Monetary Union have promoted change in two ways. First, closer

economic integration has created more financial interconnections across the borders of countries in the euro area.

In this regard, the contribution of price stability and public confidence in the Euro-system should be mentioned. This has led to the development of a «credit risk culture» that contributes to the efficiency of the financial markets of the euro area. In this context of changes, financial markets in the euro area have great opportunities to become even more efficient and open, which will contribute to economic growth in the medium and long term. At the same time, some market segments are still lagging behind, for example, the repo market or the international retail payments market. In addition, there are some risks that naturally arise during the period of accelerated changes. For example, SIX Swiss Exchange is one of the most important stock exchanges in Europe. It has outstanding liquidity when trading securities in Switzerland and connects companies from all over the world with international investors and bidders. Switzerland is a very attractive financial center for domestic and foreign companies looking for capital because it is well managed, closely connected, and internationally oriented. Therefore, it is not surprising that the financial center of Switzerland boasts a huge number of global corporations, financial service providers and strong investors. Due to its competence in the field of self-regulation, the Swiss Exchange creates market-friendly conditions for listing and trading domestic and foreign stocks, bonds, ETFs, ETPs, funds, and structured products. Active stocks of the Dow Jones index are shown in Figure 2.

Name ↕	Last	Prev.	High	Low	Chg. % ↕	Vol. ↕	Time ↕
▲ Apple	160.55	157.87	161.02	156.53	+1.70%	114.94M	19/11 🕒
▼ Cisco	53.25	53.63	53.69	52.78	-0.71%	29.85M	19/11 🕒
▼ Intel	49.52	49.68	49.73	49.24	-0.32%	26.29M	19/11 🕒
▲ Microsoft	343.11	341.27	345.10	342.20	+0.54%	21.09M	19/11 🕒
▼ Verizon	50.86	51.24	51.31	50.67	-0.74%	20.87M	19/11 🕒

FIGURE 2
MOST ACTIVE STOCK DOW JONES INDUSTRIAL AVERAGE STOCKS

Swiss Exchange SIX is part of the SIX Group, which offers services in the field of trading and processing, as well as financial information and payment transactions. Switzerland has always lived up to its reputation as a stable country. The inflation rate, measured using the Swiss consumer price index, has consistently remained much lower than in the EU and major industrialized countries. Although it has remained in negative territory for many years, it has been moving at a rate of 0.5 % per year.

CONCLUSIONS

Therefore, the financial market is an important element for a market economy. A developed market provides support for economic growth, more efficient capital allocation, improvement in the trade balance, promotion of a better risk development, diversification, and ensures financial stability. In order for the capital market to be effective, it is necessary to correctly establish its legislative framework and take into account the investment base, political, and economic balance of the state. The key role of the banking sector is to transfer financial resources, transfer risks, and ensure a stable financial system. Banks and other financial institutions operating in the financial market should monitor and control their financial activities. Standard regulation protects consumer deposits, increases the transparency of investment projects, and provides the

bank with sufficient capital in case of a more serious financial downturn. In the global economy, financial markets have different structures and indicators. The US market has a higher market capitalization, more developed than European markets, and is dominated by direct investment financing. The dynamics of the US market are similar to the Japanese capital market. The Chinese capital market is the smallest market among the leading economic powers. Capital markets in Europe are largely segmented, dominated by the credit mechanism, and trade of financial institutions. Switzerland is the most similar to the US market in Europe.

REFERENCES

- Adamova, K., & Annenskaya N. (2019) REPO operations in the Russian market: the impact of the evolution of the practice of refinancing financial assets on the development of property relations. *Journal studies in computational intelligence*, 826, 569-577.
- Ayuk, J.A., Bystryakov, A.Y., & Karpenko, O.A. (2016). Financing sustainable development of small and medium enterprises in cameroon. *2016 in International Journal of Environmental and Science Education*.
- Development of the financial market - Bank of Russia. Retrieved from <https://www.cbr.ru/develop/>.
- Dvoretzkaya, A., Aibota, R., & Gaukhar, K. (2021). The role of financial intermediaries in digital economy development. *Financial markets Evolution*, 2021, 49-64.
- Financial services spotlight. Select USA. URL: <https://www.selectusa.gov/financial-services-industry-united-states> (URL: 23.10.2021).
- Financial Markets (2021). What are Financial Markets? Retrieved from <https://corporatefinanceinstitute.com/resources/knowledge/trading-investing/financial-markets/>.
- Gavrilova, E.N. (2019) Investment banking as a direction of banking activity: the essence, features and problems of development.
- Gavrilova, E.N., & Danaeva K.L. (2021). The banking sector of Russia: the current state and development trends. *Economics and Management*, 1(36), 7-14.
- Guseva, I.A. (2019). Financial markets and institutions: textbook and workshop for academic bachelor's degree. Moscow: Yurayt Publishing House.
- Goigova, M.G., Kurmankulova, R.Z., Anzorova, S.P., & Yessymkhanova, Z.K. (2021). Digital transformation of government procurement on the level of state governance.
- Ivanova, O.S. (2020). Development of fintech and big data in the financial sphere: features, problems, opportunities. *Moscow University Journal*, 1(32), 30-36.
- Ivanova, O.S., Suleimenova B., Yerzhanova S.K., & Berstembayeva R.K. (2021) Oil and gas investment opportunities for companies in modern conditions.
- Karpenko, O., Blokhina, T., Savenkova, E., & Rybakova, O. (2018). Case study of financing of innovative projects and exogenous shocks. *2018 in Management and Production Engineering Review*.
- Kalkabayeva, G., & Rakhmetova, A. (2021). The investments of financial institutions in real innovations: Kazakhstani practice. *Intellectual Economics*, 15(1), 104-115.
- Maisigova, L.A., Isayeva, B.K., & Dzholdosheva, T.Y. (2021) Features of relations between government authorities, business, and civil society in the digital economy.
- Moldashbayeva, L., Kerimkhulle, S., Dzholdoshev, N., Dzholdosheva, T., & Serikova, M. (2021). Green bonds - a tool for financing "green" projects in countries. *E3S Web of Conferences*, 244(2021). Retrieved from <https://doi.org/10.1051/e3sconf/202124410060>.
- Morkovkin, D.E., Stroev, P.V., & Shaposhnikov, A.I. (2019). Financial support of regions as a tool to equalize budgetary security of the constituent entities of the Russian Federation. *Finance: Theory and Practice*, 23(4) 57-68

- Nazarenko, O.V. (2018). Current state and prospects for the development of the oil and gas sector of the Republic of Kazakhstan. *Economics and Management*, 4(27), 7-14.
- Nurpeisova, A.A., Smailova L.K., Akimova B.Z., & Borisova E.V. (2021). Condition and prospects of innovative development of the economy in Kazakhstan.
- Rudenko, L.G. (2014). Priority forms of financial support for small business at the present stage of development of the Russian economy. *Economics and Management*, 3(9), 17–23
- Rubtsov, B.N. (2018). Annenskaya - Factor analysis of the Russian stock market. *Journal of reviews on global economics*, 7, 417–425
- Pravikov, O.V., & Stetsyuk, V. (2018). Denisov strategic change in investment policy rationale of enterprises modernization as a key condition for getting over economic crisis // *Investment Management and Financial Innovations*. 15(3), 212-222.
- Patashkova, Y., Kerimkhulle, S., Serikova, M., & Troyanskaya, M. (2021). Dynamics of Bitcoin trading on the Binance cryptocurrency exchange. *Economic Annals–XXI* 187(1–2), 177-188
- Troyanskaya, M., Toygambayev, S.V., Rozhkov, A., Zhukov, E.A., & Olga, I. (2021). Instruments for financing and investing the «green» economy in the country's environmental projects. *E3S Web of Conferences*, 244(2021), 10054.
- The development of financial markets in the euro area - Euro-system. Retrieved from URL: https://www.ecb.europa.eu/press/key/date/2000/html/sp000626_1.en.html.
- The Central Bank of the Russian Federation (2020). <https://cbr.ru>.
- Zharikov, E.P., Kravchenko, A.A., Sergeeva, O.O., Stetsyuk, V.V. (2016). Econometric estimation of bilateral transboundary trade between Russia and China. *International Journal of Economics and Financial Issues*, 6(3), 1068-1071.