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State Financial Market: Development Features

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Abstract: The general state of the economic system in Russia is increasingly affecting the efficiency of the financial market, which is able to supply the economy's needs for investment by accumulating temporarily free financial resources. The financial market of the state is created in the conditions of transformation phenomena and requires a very careful study. Also, we should not forget that the financial market in our state has been operating for a relatively short period of time, especially compared to world markets, and has its own shortcomings of functioning, which should be eliminated, but for this it is necessary to carefully study and consider the trends that have formed in the state market for many years. This paper studies the main distinguishing features of the creation and development of the Russian financial market, changes in the market situation, the main stages of its evolution from the beginning of activity are highlighted. Also, the paper analyses the problems of the formation of the financial market's stock segment. The impact of modernizing the real sector of the national economy on the growth rates of the Russian stock market has been revealed. The insufficient social efficiency of development of the state financial market is shown and the basic tendencies of development of the market in sectors of the economy are determined.

Keywords: market, state, financial market, economy, industry, the stock market

JEL Classification: G10, G18, G19, L10

INTRODUCTION

The formation of the state economy can not be considered and characterized separately from the world market and its economic processes, therefore, the study of the relationship between the world and Russian

market, the market of developed, high-tech countries and countries with a transitional economic system is generally very relevant.

The study of the connection between the financial markets of the world's countries, taking into account the general influence of the global market on developing financial markets, is of great interest.

The financial market of our state, despite its twenty-year history, should be attributed to the category of emerging markets (Kokorev & Chirkova, 2010).

In general, the formation and development of the national model of the Russian financial market can be divided into the following stages:

1. The stage of unregulated (spontaneous) market development. This stage is characterized by ineffectiveness of its activities, by the formation of financial pyramids (1992 – 1995);
2. Gradual establishment of institutional foundations of the state financial market, reciprocal with the development of state treasury bills and loan bonds instruments, in other words, financial pyramids, hypertrophied currency market and underdeveloped credit market (1996 – 1998);
3. The stage of rapid growth of all available segments of the financial market, the formation and development of its institutional environment and infrastructure (1999 – 2007);
4. The process downturn, caused by the impact of the consequences of the global financial crisis, which most badly affected the work of the stock segment of the domestic financial market (2008 – 2009);
5. The period of post-crisis recovery and development of the Russian financial market (2010 – present).

The financial market of the state is an important tool in the development of the economy. Research of this influence is an important scientific task since the domestic currency, money, commodity, and stock markets are indicators of the formation of the entire economy of the Russian Federation. The most significant changes that are implemented in the financial markets are currently taking place at an accelerated pace. The engines of these processes are the financial and economic crisis, and the world economy has not completely eliminated all its harmful consequences.

But the most obvious are now those processes of change in the scale of state regulation of the economy, its financial sphere, the need for which has almost passed the stage of maturation.

The financial market of our state needs a general analysis and further modernization, as well as the introduction of reforms. The analysis of the financial market of the Russian Federation is most important from the point of view of the detection of those disproportions that impede the effective operation of the financial sector of the Russian economy.

Also the most significant are the use of global financial resources, in particular investments, which have a priority impact on the economic growth of the national economy. A distinctive feature of the modern development of world economic systems is the process of globalization, which consists in the step-by-step creation of an integral and interrelated world economy, individual links of which are combined with financial, economic, production and technical ties.

Our state is a participant in the globalization processes that take place in the world economy. The pace of financial flows created in Russia reflects that the financial market of the state is developing quite intensively and thus needs to improve the management system of Russia's increasing financial assets (Samylin, 2015).

The financial market of the Russian Federation is an object of close attention of many economists. A large number of scientists who study the financial market with all its features, reflect their views in scientific papers, disclose complex issues of activity and future development.

It is also worth noting that the national scientific research of the financial market is rather fragmentary. The works of domestic scientists pay the greatest attention to the problems of formation and development of the financial market, but only within the framework of separate segments of the financial market, capital market and, to a lesser extent, the market for derivative financial instruments.

The same situation is observed in works devoted to the influence and role of financial intermediaries. A separate stage is considered in the works and the situation of financial intermediaries, which perform functions of accumulation of investments, as well as functions of infrastructure participants, is carefully studied.

The disclosure of the specifics of the activity of the Russian financial market will be examined in more detail later.

DISCUSSION

In the process of modernization and formation of the market, the Russian Federation is a necessary condition for this stage in the development of interaction and the formation of other sectors of the Russian economy. A well-functioning insurance market, the development of non-bank credit institutions, pension funds, and other financial institutions contribute to the stable and predictable maturation of all economic processes in society (Ermasov, 2015; Chuev *et al.*, 2016).

The urgency of considering this material and the process of developing the financial market in the Russian economy is due to a number of reasons.

The first reason is the need to justify consideration of the problems that are taking place in the financial market of our state.

The second reason is the absence of the Russian science of theoretical developments of the legal direction, which determine the regulation of the main processes of the financial market.

The third reason is the need for effective, practical application of recommendations that relate to the future development and formation of the Russian financial market.

The financial sector in its essence and realization is the main link between the domestic economy and its branches. It is a set of exchange - redistribution relations, which are tied to the processes of purchase and sale of financial resources.

Thus, it can be said that the financial market provides for the freedom of movement of capital and other financial entities on a global scale. The financial market is a special market where a special type of commodity is bought and sold, i.e. money that is provided for temporary use in the form of loans – or for good (Kokorev & Chirkova, 2010).

Like any economic category, the financial market performs a number of functions in the implementation of its activities:

- mobilization of financial assets through the sale of securities;
- the attraction of investment funds in the production process;
- support for the transition of finance between individual groups of organizations and sectors of the economy;
- growth in the efficiency of the state economy.

The first markets in the history of the finance were the world, stock and currency markets, which originate in the 70's. It was at this time that a regime of freely acting exchange rates was introduced and the first electronic trading systems were created with valuable and currency securities.

At present, the financial market of the state has the following components:

- the market of tangible assets;
- stocks and bonds market;
- futures and forwards market;
- mortgage market;
- investment market;
- consumer credit market (Kokorev & Chirkova, 2010; Krekova *et al.*, 2016).

The main factors of the formation and appearance of the modernization of the financial market determine its essence and originality, which include:

- Cross-border movement of financial resources;
- technology development, innovation process;
- toughening of factors of competition in the world market between financial and credit institutions;
- the emergence and implementation of new financial markets.

The main subjects of activity are the state, financial institutions, infrastructure institutions, foreign market participants (Maltsev, 2015; Arzhakov & Silnov, 2016).

In the financial market of the state, the main commodity is the monetary funds that are formed in the process of distribution, re-division, and application of GDP, which is based for a certain period of time in the domestic economy. But this understanding and approval do not have the support of many scientists, they consider the essence of the financial market from the point of view of redistribution of finances through the financial market.

In other words, the financial market is obliged to carry out its mobilization and distribute financial resources that are collected from the population, in business entities, and in state funds. Thus, we can say that the financial market is perfect and promising for the state provided that it reflects the supply and demand of financial resources with the least cost (Kovalev, 2015; Doronina *et al.*, 2016).

In the field of financial services of the Russian Federation, insurance companies, commercial banks, stock exchanges are now recognized as active institutional participants, as they accumulate a lot of financial

resources and have a direct impact on development in the state, investment policy and the welfare of society. It is difficult to overestimate the role and significance of the banking services market in modern politics.

As a financial institution, with a specific policy, the banking market determines the continuity of the money turnover and the turnover of capital. Combined in the economic and organizational and legal structure - the state banking system, this lever manages monetary resources, while embodying economic interests.

Formation and modernization of the state economic system are impossible without a developed, stable, reliable and efficient financial market of the Russian Federation. The financial market of our state has a certain impact on the functioning of the financial system of the state and on how stable it will work and intensively improve, the stable position of the financial system will also depend.

The main and determining directions of the state policy in the sphere of financial market management are the formation of a modern and unique legislative base and regulatory environment that can attract investor attention to efficiently and purposefully investing to recreate and ensure the growth rate of the production process.

Thus, today one of the main stages in the development of the country's economic system is the implementation of sound and systemic reforms in the financial sector of the state in order to provide additional sources of financing for the economic recovery.

The first task which will be directed on perspective development and maintenance of stability will be the perfection of regulation of the financial market (Novikov et al., 2015). The main goal of further studies of the state and analysts is the disclosure of the financial market of the Russian Federation and analysis of the current state. In order to find possible directions for the further development of the country's financial system, it is necessary to understand and reveal the whole essence, functions, and role of the market in the general system of finance of the Russian Federation.

RESULTS

In order to improve the system of development of the financial market of our state, it is necessary to restructure the theoretical aspects of the evaluation of the investment process, which in turn have a direct incentive effect on the financial market, reform Russian legislation and resist corruption, so that foreign investors could invest without fear in the economy of Russia; It is also worth taking strategic decisions to address the shortcomings of the financial environment (Khizbullin *et al.*, 2017).

The financial market of the Russian Federation is being improved at a rather fast pace. In the economy, the financial market acts as a fusion of national and international markets (Silnov, 2016). Despite the fact that the Russian market is not too old, it has already had a lot of ups and downs. At the moment, many analysts believe that the chances for the formation and modernization of the domestic financial market are quite high.

The process of forming the financial market of the Russian Federation has quite the same positive prospects, interrelated with the development of already functioning and newly emerged services that may be needed, as well as with individuals and legal entities. At some points, the state market is still not available

for foreign companies, which in turn can contain a large number of financial services in more acceptable and favorable terms. But at the same time, the attractiveness of the state market for many foreign companies is a potential opportunity for rapid profit-making through various speculations in various sectors of the Russian economy.

Opportunities for the formation of the financial market of the Russian Federation are not fully used, now there are many branches of the state economy that need to provide financial services of a higher level. Despite the fact that there is a fairly high level of inflation in the country, many experts give high credit to the financial possibilities of the Russian Federation.

Therefore, the main prospective courses for the modernization of the Russian financial market can be:

- transformation of the operating model of the state financial market, while not forgetting the withdrawal from the speculative development model and integration with high-tech countries, CIS countries, and BRIC. This trend of transformation may affect the growth of the Russian Federation's ability to attract and rational distribution of capital, as well as a reduction in the main systemic risks associated with the influx of speculative capital into the financial market and with the loss of the domestic market of autonomy (Belolipetsky, 2014);
- activation of real investment in the economy of the Russian Federation, taking into account the definition of the allowed ratio of attracted foreign investment in the Russian Federation (direct investment) and export of capital abroad. This event will provide an opportunity to develop a balance sheet to stimulate and regulate investments, while capital export abroad should be carried out mainly in the non-offshore zones, that is, countries with the stable economic situation and a potential for economic growth.
- stable observation of the disproportionate investment in the investment policy of the Russian Federation, taking into account the concept of surplus or lack of required investment capital, provided that the maximum amount of available domestic resources and investment needs are compared to the planned period. This trend will help to eliminate the lack of investment capital of our state in order to create the economy by attracting foreign investments for a certain period and on favorable terms, as well as a surplus of capital taking into account the priorities of domestic exports and controlling its export abroad.
- keeping the balance of equality of interests of the state and the entrepreneurial layer when imposing restrictions on the entry of foreign investors into sectors that have a strategic purpose for the state and ensure the security of the Russian Federation. The presence of strict protective measures, announced under Federal Law No. 57-FZ of 29.04.2008, hinder the inflow of foreign investments into the economic sectors together with which financial and intellectual resources, as well as technologies and high-tech equipment, come;
- systemic and holistic improvement of the infrastructure of the state financial market together with promising directions for studying the newest products and technologies, the growth of activity of non-banking institutions, the creation of new exchange sites and potentials contribute to the formation of a worldwide money center in our country. The practical implementation of these measures will help to reduce the informational, technological, regulatory barriers on the

market that are on the path of fairness and fairness in the pricing process, which will help to reduce the transaction costs of investors.

According to the joint work of the government and government agencies, legislation and the Central Bank of the Russian Federation, a policy is being developed and implemented that is aimed at developing and ensuring the stability of the financial market of the state, while constantly monitoring detecting threats to the financial stability of the country.

Thus, the Central Bank of the Russian Federation as a financial mega-regulator, implementing effective consolidated supervision, has the ability to most quickly identify and prevent systemic risks with the help of the most comprehensive and comprehensive information (Shumakov, Troitskiy & Silnov, 2017). And also a set of legal and law enforcement functions allows creating a process of development and implementation of norms with more flexible and relevant interests of market participants. But on the other hand, there is a risk of unification of regulation and ignoring the specifics of particular sectors of the market economy, and there is also a percentage of conflict of interest created due to the execution of the role of the regulator in the person of the Central Bank of the Russian Federation and jointly with it a participant in the financial market.

Since the beginning of the 21st century, the financial market of our state has had its own development: the volume of operations that are being produced on it has increased, and a ramified system of participants has emerged. But still, because of the small period of functioning, this market is still not sufficiently developed in comparison with the world countries.

Based on the results of 2015-2016, the following areas of development of the financial market of the Russian Federation can be considered. The most important feature of the difference is the predominance of credit institutions and a low level of trust in non-financial financial enterprises due to insufficient monitoring of their main work and a high level of abuse of their powers.

Also, the financial market is characterized by small amounts of accumulated savings, a small development of long-term insurance, a low level of non-credit financial products, which is largely due to the low level of financial literacy of the state public. For the main reasons, domestic enterprises have to rely on foreign investment resources, but due to political interactions and imposed sanctions, access to investment became limited, which directly affected the development of Russia's financial market.

Also high fragmentation in the financial market and a considerable level of concentration of assets are seen: 10-15% of the organizations of a separate segment account for 80% of its total number of assets, a reduction in the volume of financial intermediaries due to the financial system sanitation carried out by the Central Bank of Russia (*"The official site of..."*, 2017).

According to the Strategy for the Development of the Financial Market of the Russian Federation for the Period to 2020, the main objective is to create a competitive independent financial center by providing an efficient market infrastructure, as well as the volume and openness of the market, improving legislative regulation and increasing the level of information from the population and investment opportunities (*"The official site of..."*, 2017).

Thus, it can be concluded that the financial market in the Russian Federation has not yet been sufficiently formed and continues to grow, which is constantly complicated by economic and political conditions on

the part of the world's modern interactions, but the solution of problems will provide an opportunity to form a long-term basis for a constant growth of the market. Indeed, this trend of growth and development of the financial market will directly affect the functionality and efficiency of the Russian economy.

CONCLUSION

To recapitulate, it can be concluded that the financial market of the state is a complex economic system that acts as a sphere of economic relations between business entities and a regulator of the distribution of the cost of its sale through the exchange of cash and financial assets.

Financial assets of the market are cash and investment capital. Investment capital includes the tools of financial resources (securities, gold, currency).

Also, the financial market is a set of investors - consumers and investors - sellers, whose cooperation leads to the possibility of exchanging financial resources among themselves.

Also, the state, the system of economic relations and the policy of the Central Bank of the Russian Federation have a direct impact on the activities of the financial market.

At the same time, it should be noted that the responsibility for the development of the financial market and its main directions is assigned to both the Government of the Russian Federation and the Federal Assembly of the Russian Federation, market participants, since with the help of functioning mechanisms for carrying out activities, involving the professional community in discussing and introducing innovations, the financial market may rise to a new stage of work.

The financial market, in its essence, is an instrument of interaction between the basic processes of the vital activity of the population, the state, the market, since all the processes that take place there are reflected in the performance of enterprises and the country.

In modern trends in the development of the Russian economy, the financial market of the state should be expected to change, as world space and state policy have their differences that affect the market conditions, and even the established programs by the Government and the Central Bank of Russia will be subject to changes and adjustments so that the financial market could have a positive dynamics.

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