



ESSENCE AND VALUE OF THE FINANCIAL MARKET

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ABSTRACT

The article discusses the theoretical and methodological foundations of the financial market. Various views of scientists about the term "financial market" have been analyzed, the author's formulation of the concept of the term "financial market" has been developed. The role and importance of the financial market in the development of national economies and attracting investments through the use of financial instruments are shown.

KEYWORDS: *financial market, investments, investment activities, investment institutions, securities, financial market classification, money market, capital market, securities market, loan capital, foreign exchange market, monetary obligations, stocks, bonds, investment instruments.*

INTRODUCTION

Characterizing the financial market from a theoretical point of view, it can be noted that it accumulates temporarily free capital and effectively distributes it among consumers, directing it at the same time to the most effective areas that contribute to the economic development of the national economy.

Through the use of financial market mechanisms, financial resources of domestic and foreign investors are accumulated, priority scientific and technical programs are financed, social programs are implemented, production capacities of enterprises are increased, etc.

The financial market, as well as its segments, is in constant development and improvement, it develops together with new financial technologies. Progress dictates the emergence of new types of financial instruments, new financial transactions, etc., in connection with which, modern the formulation of the financial market, as well as its classification, requires a new interpretation.

MATERIALS AND METHODS

The methodological basis of the research is the dialectical theory of development, the fundamental provisions of economic theory, including analysis and theoretical generalization of the essence, functions, role and processes of functioning of credit, fictitious capital, financial markets. The research was based on the methodology of system analysis, which makes it possible to reveal the structure and cause-and-effect relationships within complex socio-economic systems, to form their models, to forecast their development and to form strategies for positive changes. The reliability of scientific results is determined by the expediency of

the approaches, methods and methodology used in the study, as well as the fact that the data are obtained from official sources.

LITERARY REVIEW

The features and theoretical aspects of the organizational and economic mechanisms of regional financial markets have been studied in a number of studies by scientists. In particular, from foreign countries, such scientists as: G.Bannock, U.Butler, R. Frydman, M.Gashi-Butler, C.Gray, J.Gitman, M.Hessel, R.Vishna, D.Junk, G.Joel, J.Lawrence, W.Manser, D.Michael, R.Merton, R.Porta, B.Raymon, A.Rapaczynski, D.Siegel, J.Shim, P.Rose, B.Taylor can be noted. So Joel. G. Siegel and J. K. Shim detailed the main provisions on the valuation of stocks and bonds, stating that: "By valuing securities, we determine the value of their assets" [1].

From the countries of the Commonwealth of Independent States, it is possible to note such scientists as A.Basova, A. Bahramov, L.Belykh, A.Bulatov, V.Vidyapin, V.Galanov, V.Glukhov, A.Dobrynin, G.Zhuravleva, A.Zakharov, A.Karpushkina, E.Kiseleva, V.Kovalev, A.Konstantinov, A.Kostikov, V.Milovidov, D.Mikhailov, Ya.Mirkin, A.Petrov, A.Radygin, B.Raimon, B.Rubtsov, L.Tarasevich, M.Chepurin and others. Ya.M. Mirkin noted: "Securities markets They are one of the key mechanisms for attracting monetary resources for investment, economic modernization, and stimulating production growth. At the same time, as the experience of many decades shows, global securities markets can be sources of large-scale financial instability, macroeconomic risks and social shocks" [2].



Studies aimed at studying the features of the organizational and economic mechanism of the formation and development of the national financial market were considered in the studies of such domestic scientists as: I.Butikov, Sh.Gafurov, A.Vakhobov, N.Zhumaev, R.Karlibaeva, T.Malikov, O.Olimzhonov, D.Rakhmonov, O.B.Sattarov, I.Sirozhiddinov, B.Khodiev, B.Tashmuradova, S.Elmirzaev, A.Ulmasov, V.Zhen, M.Sharifhodzhaev, Sh.Shokhazamiy and others.

I. Butikov scientifically substantiated the concepts related to the financial market and gave the main characteristics of securities [3]. Sh.Shokhazamiy considered models of financial market development[4], O. Sattarov developed a methodology for taking risks into account when assessing the return on capital for a rating agency[5], I.Sirozhiddinov, H.Kadirova, D.Rakhmonov justified the importance of quality management of the securities portfolio structure, ensuring financial and economic efficiency of investments, as well as the need and importance of their assessment[6].

ANALYSIS AND RESULTS

The term "financial market" has been formed for many centuries and now means a capacious economic category that embodies a complex and multidimensional system of relations between owners and borrowers of capital, carried out on the basis of market methods by certain financial institutions.

The modern scientific literature contains various interpretations of the definition of "financial market", which reflect its distinctive features. Thus, Barr Raymond notes: "The financial market is a market of long-term free capital. Savings are collected and concentrated here, which are directed to industries where they are immobilized for a long time" [7].

V.V. Kovalev believes that the financial market is an informal system of trading financial assets and instruments [8]. In this definition, the financial market is a specific mechanism for moving financial resources from one entity to another [9].

Comparative analysis of interpretations of the definition of "financial market"

n№	Author	Concept	Distinctive features of interpretation
1.	Kovalev V.V	"The financial market is an informal system of trading financial assets and instruments."	The financial market is a specific mechanism for the movement of financial resources.
2.	Belykh L.P.	"Financial markets are a general designation of those markets where demand and supply for various means of payment are manifested."	The concept of a financial market is linked to supply and demand.
3.	Rubtsov B.B.	"The financial market, depending on the period for which financial resources are attracted, is divided into the capital market and the money market."	A definition is given related to the circulation period of financial resources.
4.	Glukhov V.V., Bakhranov Yu.M.	"The financial market is, first of all, the market of money for which today the buyer gives a financial obligation to pay their price in the future, and that in fact there is an exchange of future money for today's money."	The definition of the financial market is based on the money market.
5.	Bulatov A.S.	"The financial market (loan capital market) is a mechanism for the redistribution of capital between the lender and the borrower with the help of intermediaries based on the supply and demand for capital."	The financial market is compared only with the loan capital market.
6.	Lawrence J. Gitman, Michael D. Junk	«The financial market is a mechanism for concluding transactions between suppliers and consumers of funds. The key role in it is played by the securities market, which allows the best way to carry out the process of buying and selling financial instruments».	The securities market is divided into money markets and capital markets.
7.	Murashkin V.A.	Financial market is a market where capital and loans are traded.	The definition of the financial market is too brief and incomplete.
8.	Dictionary of financial terms, Be friends with finance	Financial market (from Lat. financia - cash, income) is a system of economic relationships related to the borrowing, issuance, purchase, sale of securities, precious metals, currencies and other investment instruments.	Dictionary of financial terms, Be friends with. The financial market is partially defined.



9.	Shokhazamiy Sh.Sh.	"FR is a special market that serves for the effective distribution and redistribution of financial resources (resources) in the economy, depending on its laws and principles, under the influence of which market-economic-legal relations on financial instruments are built and developed on it. principles of financialization".	The financial market is characterized by the fact that it represents market-economic-legal relations on the movement of financial instruments.
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A.S. Bulatov asserts that: "The financial market (loan capital market) is a mechanism for the redistribution of capital between the lender and the borrower with the help of intermediaries based on the supply and demand for capital. In practice, it is a set of credit institutions (financial and credit institutions) directing the flow of funds from owners to borrowers and back" [10].

L.P. Belykh believes that "financial markets are a general designation of those markets where demand and supply for various means of payment are manifested" [11]. She believes that the structure of financial markets consists of the foreign exchange market, the market of property instruments and the credit market. According to its developed structure, it can be assumed that the loan market is intertwined with the securities market in terms of the loan instruments market.

Rubtsov B.B. considers: - "The stock market is an integral part of the financial market. The latter, depending on the period for which financial resources are attracted, is usually divided into the capital market and the money market" [12]. Other Russian scientists V.V. Glukhov and Yu.M.

Bahramov gives the following definition of the financial market: "the financial market is, first of all, the market of money for which today the buyer gives a financial obligation to pay their price in the future, and that in fact there is an exchange of future money for today's money [13]. Murashkin V.A. defines the financial market as a market where capital and loans are traded[14].

The term "financial market" is considered most fundamentally by American scientists Lawrence J. Hetman (University of San Diego) and Michael D. John (Arizona State University). By their definition, the financial market is a mechanism that allows transactions to be concluded between suppliers and consumers of funds. The key role in it is played by the securities market, which allows the best way to carry out the process of buying and selling financial instruments [15]. Based on this, Lawrence J. Gitman and Michael D. Junks divide the securities market into money markets and capital markets.

In the dictionary of financial terms "Be friends with finance" The Financial market (from Lat. financia - cash, income) is a system of economic relationships related to the borrowing, issuance, purchase, sale of securities, precious metals, currencies and other investment instruments[16].

The Russian scientist Sh.Sh. Shokhazamiy notes that "... the FR is a special market that serves

for the effective distribution and redistribution of financial resources (resources) in the economy, depending on its laws and principles, under the influence of which market-economic-legal relations on financial instruments are built and developed on it" [17].

Let's try to combine all the above interpretations into one table (see Table. 1) and compare them. It can be noted that in all these definitions, one of the most important features of the financial market is not taken into account. The fact is that money acquires a new quality on it, turning into an economic resource [18].

The financial market is a system of economic relations related to the purchase and sale of financial resources. The purchase and sale of financial resources depends on the supply and demand arising in the market. One of the main tasks of the market is to ensure the overflow of savings into investments at a price that satisfies both sides.

From a functional point of view, the modern financial market is a set of market relations associated with the formation of certain financial funds (budgetary, extra-budgetary, family) and their distribution to the needs of various sectors of the economy (public, corporate, private). The financial market can also be characterized as one of the many areas of use of free capital, according to which it should compete for their attraction with other markets (labor resources, fixed assets, natural and intellectual resources).

In turn, the attraction of capital is influenced by many factors, the main of which are: the level of profitability of the market and taxation, the level of financial risk, legislative protection of investors' rights, the level of information transparency of the market, etc.

Considering various scientific approaches to the formulation of the term "financial market", it can be noted that - from the point of view of the function of a financial resource, a source of new wealth and an object of wealth creation: "The financial market is a sphere of realization of economic relations expressed by the movement and redistribution of financial resources both in the short and long term, secured by a legal mechanism, where money acquires a new quality, turning into an economic resource. Outside the financial market, money is an expression of accumulated wealth, but, acting as a financial resource, it turns into a source of new wealth and the subject of its creation" [19].



Various financial instruments are used in the financial market. The properties and potential of financial instruments determine the specific features of various operations carried out in the financial market by economic entities.

Thus, the emergence of Islamic finance provides for a significant difference between operations to attract financial resources from traditional ways of attracting them and the activities of commercial and investment banks. The system of Islamic finance began to carry out international expansion. In 1978, an Islamic Financial House was opened in Luxembourg, which became the first such organization outside the Islamic world. Now Islamic banks are common in many countries, including the UK, France, Belgium, and the USA. In December 2011, the first Islamic bank in Germany was opened in Mannheim. But most of the Islamic finance today is concentrated in several countries: Iran, Saudi Arabia and Malaysia.

The share of Islamic finance accounts for about 2% of the global financial services market, but this does not prevent experts from seriously discussing the future of this system not only as an addition to the Western financing model, but also as an alternative to it. However, such bold assumptions began to be put forward after the beginning of the modern crisis. When banks operating according to traditional principles suffered huge losses and died all over the world, Islamic banks showed relative stability. This forced experts to look at Islamic finance from a new perspective, looking for its real advantages.

The scale, speed and effectiveness of their implementation in a particular market are determined by two main groups of factors. On the one hand, they depend on the financial market conditions, the created investment climate and the degree of market risk, and on the other hand, they are influenced by the conditions of a particular business, i.e. under the influence of business risk factors.

In this regard, all operations in the financial market, regardless of their functional affiliation, are divided into operations in primary markets and operations in secondary markets. In the primary markets, the overflow of capital occurs directly into the spheres of a particular enterprise, in the secondary financial markets, the transfer of ownership of capital takes place. The dynamics of changes in the financial resources of one of the issuers is manifested by changes in the exchange rates of its securities. At the same time, new demand and preferences of investors are formed, as a result of which there may be a change of owners of capital. Consequently, secondary financial markets determine the main directions of new investments and thus are able to reflect trends in the development of the national economy.

The specifics of the movement of financial resources leaves an imprint on the activities of all financial market participants and their transactions for the purchase and sale, maintenance and storage of financial instruments. Thus, due to the above-mentioned properties of financial resources, the investment offer in the financial markets is cleared of various material shells, as a result of which, according to the degree of uniformity, it is likened to investment demand. This is the reason for the possibility, firstly, of a quick coupling of financial demand and supply on the basis of the equilibrium price, which, by the way, determines the variable nature of the total amount of financial capital, and, secondly, the mutual conversion of many types of financial instruments, including securities.

The main factor in the functioning of the financial market can be attributed to the non-coincidence of the need for financial resources from some entities and the need for them from others interested in using them with certain guarantees of their repayment. Considering the segments of the financial market, it can be noted that they can be formed due to various sources. The first group consists of sources of direct financing, they move directly from the owners of savings to borrowers. The second group includes sources of indirect financing, for example, investments of depositors in financial institutions. Thus, financial institutions, using the funds of small and large depositors, finance all kinds of investment projects, social programs, and the creation of new joint-stock companies. In addition to contributions to long-term investments, citizens' savings and free financial resources of enterprises can be invested in securities that have a very short term: short-term treasury obligations, corporate bonds, promissory notes, which with other elements of the money supply, form a money market.

The essence of the financial market is that it organizes the flow of cash flows from their owners to users. As a result, capital flows into the most competitive sectors of the economy, regardless of their sectoral, functional or territorial affiliation.

CONCLUSIONS

The term "financial market" has been formed for many centuries and now means a capacious economic category that embodies a complex and multidimensional system of relations between owners and borrowers of capital, carried out on the basis of market methods by certain financial institutions.

In our opinion, one of the most important features of the financial market is not taken into account in all these definitions. The fact is that money acquires a new quality on it, turning into an economic resource. The financial market is a system of economic relations related to the purchase and sale



of financial resources. The purchase and sale of financial resources depends on the supply and demand arising in the market. One of the main tasks of the market is to ensure the overflow of savings into investments at a price that satisfies both sides.

From a functional point of view, the modern financial market is a set of market relations associated with the formation of certain financial funds (budgetary, extra-budgetary, family) and their distribution to the needs of various sectors of the economy (public, corporate, private). The financial market can also be characterized as one of the many areas of use of free capital, according to which it must compete for their attraction with other markets (labor resources, fixed assets, natural and intellectual resources).

In turn, the attraction of capital is influenced by many factors, the main of which are: the level of profitability of the market and taxation, the level of financial risk, legislative protection of investors' rights, the level of information transparency of the market, etc.

Considering various scientific approaches to the formulation of the term "financial market", we came to the conclusion that - from the point of view of the function of a financial resource, a source of new wealth and an object of wealth creation: "The financial market is a sphere of realization of economic relations expressed by the movement and redistribution of financial resources both in the short and long term, secured by a legal mechanism, where money acquires a new quality, turning into an economic resource. Outside of the financial market, money is an expression of accumulated wealth, but, acting as a financial resource, it turns into a source of new wealth and the subject of its creation."

In our opinion, the financial market is a sphere of realization of economic relations expressed by the movement of financial resources, as well as the process of their redistribution. At the same time, the financial market allows, with the help of financial instruments and existing specialized institutions, to identify the market conditions and the state of the national economy that have developed under the influence of supply and demand, as well as to influence social production, eliminating unnecessary or dangerous imbalances in its development.

The financial market can be considered as one of the most important links in overcoming the alienation of a person from the means of production and the final results of his work, as evidenced by the widespread worldwide joint-stock ownership.

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