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## **Features of the structure and development of the financial market of Kazakhstan**

The financial market of a modern developed state traditionally consists of two large segments: the bank loan market and the securities market. The structure of the financial market of Kazakhstan consists of several markets: money, deposit, credit, currency, stock, pension and insurance.

The money market plays a primary role in the financial market since cash is the basis of any financial instrument. Money market functions: payment, accounting function, securing commercial lending, etc.

Taking into account the peculiarities of the Kazakhstan financial market, the following segments of the money market can be distinguished:

1. Cash market (banknotes). The circulation of cash funds mediates the turnover of goods on the market. The population uses cash by transferring it in the form of banknotes or coins that are legal tender, as payment for goods and services, when exchanging currencies at exchange offices, when providing loans, etc.

2. The market for checks. Payments by checks are made by means of written orders of the payer to his Bank to pay a certain amount from his account. Checks can be a settlement, cash, roading, registered, bearer, and order.

3. Promissory market. Promissory note transactions represent the redistribution of short-term funds. They cover various areas: relations between banks and clients when issuing Bank loans; between society and the state; between individuals and legal entities without the Bank's mediation. A bill of exchange is a payment instrument and a means of crediting; it can be simple and transferable.

4. Bank acceptance market. Acceptance is a written consent to the payment of a bill. The total revenue of acceptance operations must not be lower than the refinancing rate of the National Bank of Kazakhstan.

5. Payment card market. It became possible to use access to money through electronic terminals or other devices that allow performing operations defined by the Issuer. A payment card can be debit or credit. Only the national Bank licenses activities related to the issuance of cards.

6. The market of debt notes. A notarized IOU is used when people lend to each other without the participation of the bank.

Deposit market. Banks create a development strategy based on standards established in international practice – this allows them to conduct a policy of attracting internal resources because the increase in banks' liabilities is mainly due to the inflow of funds from the population and businesses to deposits.

The banking system of each market economy has four main functions:

- mediation between savings holders and investors by converting short-term deposits into medium-and long-term loans;
- creating credit money by attracting cash and deposits, which is due to an increase in the money supply in circulation;
- influence on the supply of money in the economy;
- assistance in the conduct of monetary policy.

Banks can perform the above functions under their absolute obligation to the public to immediately convert demand deposits into cash on demand, and term and savings deposits-after the time previously agreed with the client. To transfer money to cash at the first request of the depositor, banks hold part of their funds in cash.

The amount of deposits attracted by banks depends on several factors, such as:

- amount of cash income of the population;
- level of public confidence in the banking system;
- real interest rate;
- level of the country's banking system [1].

Credit market. The functioning of the credit market allows:

- to resolve the contradiction between the need for the free transfer of capital from one branch of production to another and the fixation of production capital in a certain natural form;
- to overcome the limitations of individual capital;
- to maintain the continuity of the circulation of funds of existing enterprises;
- to service the process of selling production goods.

Loan capital is reallocated between industries, turning to areas that correspond to national programs that provide higher returns. This is a redistributive function that has a social character and is actively used by the state in regulating production and managing total monetary capital. Credit can detect an active impact on the speed of money circulation, the volume and structure of the money supply, and payment turnover.

Credit stimulates the production of productive forces, increases the speed of forming sources of capital to expand reproduction based on the achievements of scientific and technological progress. By providing government guarantees and incentives and regulating borrowers' access to the loan capital market, the state directs banks to provide preferential loans to those enterprises and areas whose activities meet the objectives of national economic development programs. The state can use credit to stimulate the export of goods, development of backward regions, capital deposits, and housing construction.

There are five main functions of the credit market:

- service of commodity circulation through credit;
- storing or collecting money savings of the population, enterprises, the state, and foreign clients;
- change of monetary funds directly into loan capital and its use in the form of capital investments for servicing the production process;
- serving the population and the state as sources of capital to meet consumer and government spending;
- speeding up the concentration and centralization of capital, supporting the formation of strong financial-industrial groups.

Currency market. Here you can buy and sell foreign or national currencies at the exchange rate determined based on their supply and demand.

The main characteristics and features of the currency market:

- the specificity of currency transactions in the foreign exchange market: technique of currency transactions is simplified, all calculations are carried out on correspondent accounts of banks;
- continuous currency transactions in the foreign exchange market – currency transactions occur continuously during the day in any part of the world;
- transparency of the market is the provision of all information related to changes in the exchange rate to all its participants;
- dual role of some types of currency transactions. For example, futures and forward transactions play the role of urgent currency transactions and at the same time are ways of insuring currency risk;
- extensive development of currency speculative and arbitrage operations and their concentration in speculative funds-hedging funds.

The main participants in the currency market are state and commercial banks. Up to 90% of currency transactions are made by banks. Currency transactions between banks are based on interbank settlements – a system of non-cash payments between banking institutions, formed mainly on direct money transfers and systematic offsets of claims and obligations of both parties.

Securities market. Security is a set of certain records and other designations that certify property rights. Securities can be debt and equity. Debt securities – securities certifying the obligation of the Issuer (the debtor) to pay the principal amount of the debt on the terms of the issue of these securities. Equity security – security confirming the right of its owner to a certain share in the property in cases stipulated by the legislation of the Republic of Kazakhstan [2].

The following types of securities take place in the Republic of Kazakhstan: shares, bonds, bills of lading and other documents that are fixed by legislative acts on securities or are classified as securities by following the procedure established by them.

A security is a monetary document that indicates the ownership of its owner for a certain amount of money or certain property values. These property rights for securities are defined by purchase and sale, pledge of property, provision of money for loans and creation of various enterprises; therefore, securities provide the right to their owners to receive a set income.

Securities are a special commodity that displays ownership relationships. Securities can be bought, changed, saved, sold, given, or inherited. They can perform some functions of money – act as a means of payment, calculations, but cannot be a universal equivalent. Participants in the securities market are investors, investment intermediaries, and issuers of securities.

The functioning of the securities market allows:

- invest available funds of legal entities and individuals;
- effectively mobilize resources for the development of production and other social needs by placing securities;
- actively participate in the maintenance of commodity and money circulation;
- track the formation of securities rates. Rates fall sharply during periods of crisis and unfavorable market conditions and, conversely, increase during periods of growth in production.

Insurance market. There is an objective need for insurance protection, which leads to the formation of the insurance market in the socio-economic system of the environment.

The monetary form of providing insurance protection determines the relationship of the insurance market with the financial market – with financial institutions within which insurance relations are implemented: the finances of enterprises, the population, the banking system, the state budget, and others. Here, proper financial institutions represent policyholders and consumers of insurance products. In connection with the creation of compulsory insurance, a characteristic relationship is formed between the insurance market, state budget and state extra-budgetary funds.

The insurance market operates on a partner basis or in a competitive environment. This concerns the competition between different financial institutions for free funds of the population and economic entities. If the insurance market, for example, offers life insurance products, banks – deposits, the stock market – securities, etc. In a narrow sense, the insurance market can be represented as a kind of system that is controlled by the ratio of buyers 'demand for insurance services and sellers' offers of insurance protection. In a broad sense, the insurance market is understood as an area of monetary relations in which the object of purchase and sale is insurance protection, demand, and supply for it are formed.

The insurance market is a complex developing connected system that includes insurance organizations, insurers, insurance intermediaries, insurance products, specialists who assess insurance losses and risks, etc.

Pension market. With the increase in the share of older citizens in the total population of Kazakhstan, there is a need to reform the country's pension system.

The most important goal of pension reform is to build a financially stable system. The functioning of the pension market allows:

- maintain moderate social tension;
- gradually release the budget from the burden of pension payments;
- promote the interest of citizens to earn a lot and legally [3], [4].

Long-term implementation of the concept of financial sector development can be achieved by leading regional positions in certain segments, such as:

- a formation of the Kazakhstan securities market as the most liquid and accessible market in the CIS and Central Asia;

- the formation of the most liquid currency market in Kazakhstan for the main types of currencies;

- the formation of Kazakhstan's financial institutions (banks, pension funds, insurance companies, and other financial institutions) as the largest regional financial organizations that can meet the needs of the CIS countries and Central Asia in financial resources, as well as support and promote investments and interests of Kazakhstan's enterprises in regional markets.

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