AMERICAN JOURNAL OF ECONOMICS AND BUSINESS MANAGEMENT

ISSN: 2576-5973
Vol. 6, No. 12, 2023

Development of Markets in Global Trends

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Abstract: Globalization has turned into a complex phenomenon involving all spheres of life of people and countries around the world and with benefits in all spheres of life-political, economic, social, cultural, technological, services and experiences in all aspects.

In the conditions of the free economy, the financial market functions as a specific mechanism through which the circulation of goods, services, work, technology, and information takes place. Financial markets represent one of the most important spheres of the economy of a country, through which the appropriate level of prices is determined, the production, distribution, investment and consumption of funds are directed, economic growth is ensured and the needs of producers and consumers are met. Markets are specialized places where monetary funds are transferred from surplus to deficit units and prices (quotations) of financial instruments are determined.

The financial market, as a special segment of the market as a whole, is presented in the role of the mechanism that should affect the optimal allocation of financial funds and the balancing of the supply and demand of money and accumulation. The financial market, with the help of financial instruments and intermediaries, ensures the financial-monetary balance at the local, regional and global level.

Keywords: Financial markets, financial institutions, financial instruments, financial intermediaries, banks, etc.

Entry

An important element of the financial system are the financial markets, which enable us to buy and sell financial instruments quickly and cheaply. The financial market is important in channeling funds from economic agents with a surplus of financial means who do not currently use money productively to those who have a shortage of financial means, a lack of funds, as they want to spend more than they have income.[1] A financial market is an organized method of transferring monetary funds between individuals, businesses and governments that have surpluses of funds, and those that have shortages of funds. The existence of the developed financial market assumes the massive existence of subjects on the supply side

[1] Frederic S. Mishkin, The Economics of Money, Banking, and Financial arkets, Columbia University, Seventh Edition, 2004.

ISSN 2576-5973 (online), Published by “Global Research Network LLC"
under Volume: 6 Issue: 12 in Dec-2023 https://globalresearchnetwork.us/index.php/ajebm

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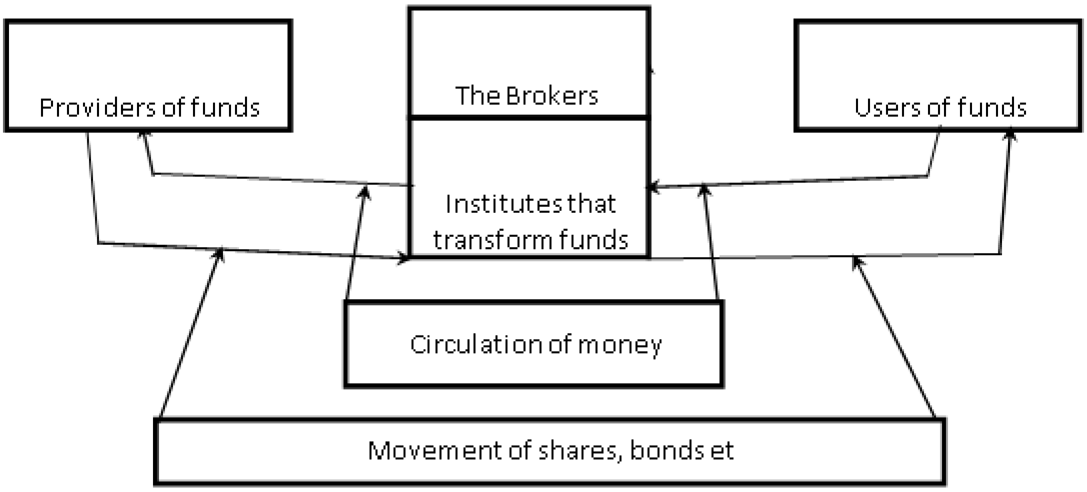
and on the demand side, the variety of financial instruments and the variety of forms of mutual relations betweenreal and financial funds.

The financial market is defined as:[2]

- “place where different forms of financial assets are traded“;
- “organized place where supply and demand meet for different forms of financialinstruments (assets)“;
- “mechanism through which the financial asset is bought, sold and traded“;
- “place and organized space in which financial means are offered, respectively required,and, depending on the supply and demand for them, their price is also formed”;
- “a very competitive market of financial instruments which present a series of contracted rights“;
- We will define financial markets as "an organized place in which differentiated forms of financial assets are traded, respectively with a series of contracted rights"
- The financial market represents that form of organization where buying and selling of financial assets is done;
- The financial market, such as the bond and stock market, is important in channeling funds from economic agents with a surplus of financial means who do not currentlyuse money productively to those who have a lack of financial means.

The role of financial institutions and commercial banks in financial markets.

In addition to the Central Bank and specific individuals providing and using funds, a series of specialized financial banking institutions also participate in the actions of the financial markets, without which the activity of these funds would be very poor..All financial markets serve as important channels for the passage of funds from their providers to the users who need them. This transition can of course also be carried out through the direct connection of providers and users of these monetary funds through the use of relevant financial market instruments. In this case, all the actions of the financial markets would be carried out according to the following scheme;



This direct connection of providers and users of monetary funds in the financial markets would have a series of risks and high costs. In the first place, the providers of funds did not have the opportunity to have

[2] Elez Osmani-Tregjet dhe Institucionet Financiare, fq 174, Shkodër 2013

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under Volume: 6 Issue: 12 in Dec-2023 https://globalresearchnetwork.us/index.php/ajebm
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all the necessary information on the users' situation, so they would be reluctant to convert their monetary means into different types of securities. The collection and analysis of complete information on the condition of the users of the funds and on the feasibility of their use by each individual investor would not only have a very high cost, but would also require specialized knowledge for the analysis of this data. Therefore, the direct transfer of funds from providers to applicants would not only be costly, but also unsafe in terms of fair use, as well as their return at the right time and their income would be satisfactory.[3]

For the elimination of these obstacles in the market economy, a series of specialized financial institutions and banks have been created that carry out financial intermediation - the transfer of funds from providers to users.

In tasks and functions related to facilitating the actions of individual providers of funds and in tasks and functions related to the benefits of the economy in general.

The first category includes these tasks and functions;[4]

First - the financial institutions ensure the collection of information as complete as possible and at the lowest cost, which enables the most professional *analysis and control* of the situation of different users of funds and on the different leverage of investments in securities

Secondly, these financial institutions provide fund providers, i.e. individual investors with securities. with a lower level of risk from their point of view in terms of liquidity and full collection of invested funds

In addition to the benefits that financial institutions provide to individual fund providers, they also provide a series of benefits to the economy as a whole.;

First, all financial institutions serve as a very important link for the practical implementation of the monetary policy of the Central Bank for the stabilization of prices, economic growth and full complementation. Without the second-tier banks and other financial institutions, the different aggregates of the monetary supply and the different interest rates cannotbe controlled.

Secondly, banks and financial institutions, through their actions and controls, ensure the optimal *distribution of credit funds to stimulate investment and consumption* in the economy as awhole.

Thirdly, financial institutions such as insurance companies and pension funds carry out the time transfer (from one generation to another). With their insurance and pension programs, they encourage the investment of funds in the working age for the insurance of the future - old age, pension, etc.

Fourthly; Inst. financial institutions in every company perform all *types of liquidations*

between firms, individuals and banks of all types. The sum of these electronic liquidations in the US is over $3 trillion per year. *Indirect financing, involving assets of financial intermediaries, is much more important than direct financing from which businesses draw funds.*

The role of financial institutions in business financing in global flows.

The main function of financial institutions is the accumulation of financial assets and their placement in the form of loans and the realization of various financial services.

In the operating conditions of the market economy, the existence of securities is a prerequisite for the successful functioning of the financial market in the national economy.

[3] A. Pano dhe E.Gjoni-Tregjet Finansiare, fq 36, 2007, Tiranë
[4] Po aty, fq 37

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under Volume: 6 Issue: 12 in Dec-2023 https://globalresearchnetwork.us/index.php/ajebm
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At the same time, the successful operation of securities determined by the existence and clearfinancial functioning as a whole.

Shares are not an important source of business financing. (9.2% of the external finance structure of US business funds in the period 1970-1996).

- The use of bonds is not the primary form of business financing (35.5%).
- The primary source of external financing, worldwide, is the funds derived from loans (in SBA 55.3). most loans are bank loans, which means that banks are very important institutions in the financing of financial activities

In the countries of Europe, Germany and Japan, etc., banks play a more important role in financing businesses than in the USA. Also in developing countries, banks play a more importantrole in the financial system than in developed countries.

Let's assume that in 2015, which is taken as a base, the shares of five companies were quoted on a stock exchange with the following quantity and price of shares;

Companies	The amount of their shares	Price realized in base year 2015 in $	The price realized on the relevant date 2020
A	5.000.000	50	55
B	10.000.000	20	25
C	4.000.00	80	75
D	6.000.000	60	40
E	15.000.000	100	110

Based on these data, the value of the shares that are quoted on the stock exchange at the prices of the base period were 5 milx50+ 10mil x 20+ 4milx80+ 6mil x 60+ 15mil x10 = 2b and 630mil. Yes, the same shares with the prices of 2020 had value; 5 million x 55+ 10 million x 25+4 million x 75+ 6 million x 40+ 15 million x 110 = 2 million and 715 million. This means that in 2020, compared to 2015, the general price index of shares quoted on this stock exchange has reached the level of ($2.715 million ?$2.620 million) x100=103.62 or with an increase of 3.62%. Just as the *general stock price index of a stock exchange* is calculated, the *stock price index of specific groups of companies* grouped by their branch can also be calculated.

In addition to the stock market price index, *the indicator of the total amount of shares traded on the stock market* (in a day, week, month or other periods) is of great importance. Stock market data is published and followed *daily* by interested parties.

For the great role and importance of the stock market indicators for the analysis and assessment of the economic performance and economic climate of different countries of the world, it isworth mentioning that the general index of the New York stock market is one of the 11indicators used by the FED for the calculation of the index of the main indicators of the American economy (Index Leading Economic Indicators). Through which decisions are judged and taken for the improvement of the country's economy. So, in addition to the index of the New York Stock Exchange, the index of the main economic indicators of the USA is calculated takinginto account these indicators.

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under Volume: 6 Issue: 12 in Dec-2023 https://globalresearchnetwork.us/index.php/ajebm
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- Indicators of the average amount of weekly working hours in the processing industry; - Indicators of the average weekly number of new requests for employment insurance; - Indicators of new orders of the processing industry; - Order delivery time indicators; - Indicators of contracts and orders for new machinery and equipment; -Indicators of permits for the construction of new private housing; - Indicators of changes in unfulfilled orders of the processing industry for goods of long-term use; -Indicators of changes in the prices of highly sensitive materials; -Indicators of monetary supply and Index indicators of consumer expectations. Globalization and financial institutions

Globalization in the financial system has brought about mergers and acquisitions between large financial institutions that are becoming more and more frequent in markets around the world, which have attracted the attention of policymakers, researchers and the financial press, which constantly ranks the largest financial firms around the world. the world. Most of these megamergers have combined a country's commercial banks under a single one. In the United States, recent commercial bank mergers have occurred between major banks such as Bank of America with Nations Bank, Bank One with First Chicago, and Norwest with Wells Fargo, which have been ranked as the largest mergers among these institutions in aspect of market value that have occurred in the history of American industry. Also in Europe, mega-mergers have been created between commercial banks such as UBS and the Swiss Bank, creating a giant banking market, which is much larger than banks could have been in the past. In Japan the merger between three banks, Fuji Bank, Dai-Ichi Kangyo Bank and the Industrial Bank of Japan is creating the world's first Trillion-Dollar bank. What we have noticed is a trend of these cross- border institutions towards mergers between large financial institutions between different countries.These cross-border mergers often involve different financial institutions, which offer different types of financial services in different countries. A prominent example of these types of mega mergers is that of Deutsche Bank with Bankers Trust, where this merger resulted in a leading European universal bank with a large access to wholesale resources and investment banking in the United States. The ongoing mergers and mergers of financial institutions have raised important issues and questions about the policies, causes and consequences of these consolidations in the future structure of financial institutions. These policy changes could accelerate further consolidation of large financial institutions, with important social consequences for systemic risk and monetary policy in various countries, as well as for efficiency and market power in the financial services industry.. The process of financial globalization is concentrated, first of all, in the three main centers of the world economy, **the USA, Western Europe and Japan**, while financial speculation goes far beyond the borders of this trio. Global turnover in the foreign exchange market reaches **0.9-1.1$ trillion per day.** The entry of speculative capital can not only exceed the needs of this or that country, but also destabilize its position.

Characteristics of Financial Markets in global flows

The process of globalization of financial markets means **continuous integration** of national financial markets, increase of capitalization, accumulation and better redistribution of financial resources. The increase in financial flow leads to the emergence of newer and more modern theories of portfolio management, increased innovation and competition for access to capital, the emergence of new information technologies and IT solutions. The main goal of the globalization of financial markets is to provide financial resources with absolute freedom of movement from the domestic market to the world market and vice versa . The globalization of markets leads to the search for more effective business solutions, the flow of investments is directed to the local market, where productivity will be greater and costs lower. Over time, the situation on the world stage should be leveled, but this is a long process and we are only at the initial stage of it.

ISSN 2576-5973 (online), Published by "Global Research Network LLC"
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A special characteristic of contemporary international financial markets and at the same time of contemporary international banking business is their globalization. The following are considered as basic characteristics of the process of globalization of international financial markets and international banking business: [5]

- Participation of an increasing number of banks in international financial markets, apart from industrialized countries;
- Exceeding several times the volume of financial transactions in international financial markets compared to real international commercial transactions, namely the tendency in international financial markets to less and less correlate financial transactions with real international commercial transactions (autonomous character of financial transactions in international financial markets);
- The direct interconnection of capital owners and capital borrowers through the process of transforming claims from loans granted into securities tradable in financial markets.

Contemporary international financial markets at the level of development achieved today are increasingly being referred to as global financial markets. ***This is determined by:***[6]

- ✓ Large volume and developed structure of financial resources;
- ✓ Increasing participation of industrially developed countries in the business of international financial markets;
- ✓ The special institutional and sectoral structure of the markets
- ✓ The high degree of interconnection of national financial markets with international financial markets and
- ✓ Building positive effects, smaller risks and limited control.

Some features of the financial integration process in Southeast Europe.

Regional financial integration across national borders and globalization - is known to the European Central Bank and to the central banks of the member states, for institutional and historical reasons. From an institutional point of view, I would like to recall that the mission document of the Eurosystem includes the promotion of European financial integration, which plays an important role in the transmission and implementation of a single monetary policy for the Eurozone. Each economic region has its own peculiarities from a historical, developmental, cultural point of view, and we cannot find similarities between the EU in the 80s and 90s and Southeast Europe today. The situation in the region is much more complex and to some extent, similar to those of developing market economy countries.

1. During the last decade, the financial sector has moved towards a universal banking system, where the majority of banks are with foreign capital and where the presence of EU financial institutions is quite large. Capital flows channeled through the banking sector have influenced the rapid growth of domestic credit in almost all countries. Meanwhile, the non-banking sector, securities markets and stock exchanges play a rather small role in financial intermediation.
2. The presence of foreign banks is associated with a safer lending environment, as well as better governance and risk management, supported by the process of aligning internal banking supervisory standards with the EU regulatory framework. Financial integration with the EU is quite similar to that

[5] Fadil Govori-Tregjet Finansiare, Institucionet dhe instrumentet, fq 337 Prishtinë, 2006
[6] Po aty fq, 338.

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of the new EU member states. Empirical evidence on transition economies shows that foreign ownership leads to greater efficiency in the banking sector, which implies a lower cost of capital.

3. Financial deepening and developments in the institutional environment have preceded the full opening of the current account, which seems to be the best way towards financial globalization. According to the latest studies, the creation of minimum conditions in terms of financial market development, institutional quality, governance and macroeconomic policies, made it possible for countries with developing economies to benefit as much as possible from **financial globalization**. Despite these developments, financial deepening and alignment of institutionaland governance standards with the best international practices still remains far from beingfulfilled in Southeast Europe. As with any other process of transition and alignment, the road to anew balance faces many risks and a number of major challenges. These challenges can be broadly classified into three general categories: institutional, macroeconomic and financial stability. As far as institutional challenges are concerned, it is important to recognize that not only the issue of legislation is enough, but also the implementation of reforms itself. A weak judicial system, weak property rights, incomplete implementation of contracts and corruption areall factors that hinder the efficient development of banking and financial intermediation, as well as making long-term lending difficult for the general sector. A particularly active role in the integration of world financial flows is played by such a group of corporations as Transnational Banks (TNB), of which there are now more than 100 in the world. Their main customers are industrial and commercial TNCs.

Macedonia, as a small country, has no alternative but to lead an active policy for its inclusion in the global economy, even today it is not key enough in global flows due to internal problems, long and non-transparent procedures, corruption, informal economy, inefficient judiciary, unemployment and other problems. In RMV, the weak competition of economic entities and the economy is felt. If Macedonia wants to be part of global economic flows, it must implement long-term economic structural reforms and openness to the world. In this contest, Macedonia must offer the quantity and quality of goods and services that the world market requires, as well as the establishment and development of financial institutions and markets.

Globalization as a process influenced the Liberalization of Financial Markets

- In the same way, the liberalization of the markets has enabled the addition of fiscal havens, where banks, multinational businesses and even various mafias can invest, which can quite freely recycle the wealth created by their illegal activities. Regarding the consequences of the liberalization of financial markets, we will refer to the contributions of economic theory and, in parallel, we will rely on empirical data to prove the coherence of theoretical conclusions with economic reality. Thus according to economic theory, financial markets are beneficial for severalreasons;

- First, the liberalization of financial markets enables the movement of capital from those countries where it is found in bulk, to countries where there is a balance of payments deficit, that is, where there is a lack of capital. The effective allocation of capital increases the general welfare of peoples. Consequently, such a thing would enable e.g. for the majority of capital to move from developed countries to the financial markets of developing countries. Second, the liberalization of markets enables the search and finding of those markets that offer investments with greater profits. Thirdly, the increase in competition between financial intermediaries will have to reduce financing costs, which translates into a decrease in the cost of investment for the enterprises of the financed countries. Fourthly, such developments where we have an improvement of the functioning of the markets and an increase of operators in competition with each other would serve for a development of the financial markets where financing is directed.

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Conclusion

From all this, it follows that the globalization of world financial markets means their universalization, that is, the creation of the same type of procedures for the circulation offinancial instruments and the standardization of financial institutions that use them. Some researchers call the process of globalization a financial revolution, which began in 1980, when the system of financial markets began to function at the global level, that is, the defining signs of globalization began to appear. It was then that the world financial network appeared, connecting the main financial centers of different countries. This network has connected New York, London, Tokyo and Zurich with the centers of special functions: Frankfurt am Main, Luxembourg, Amsterdam, Paris, Hong Kong, Bahamas and Cayman Islands. London is the main center for the euro currency. Tokyo's bond market has become more attractive thanks to Japan's high savings and capital surplus. Zurich is also a leading market for foreign bonds, mainly due to the anonymity of foreign deposits. The strengthening of links between these centers led to the ubiquitous presence of international financial institutions, international financial integration and the rapid development of financial innovation, which was in fact the content of financial globalization. The widespread presence of international financial institutions means increased pressure on the governments of individual countries, helping to reduce government intervention in domestic market activities and liberalizing international financial relations. Academic literature asserts that the development of markets and sound financial institutions promotes economic growth.

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