

DEBT SECURITY MARKET: ITS NATURE AND ROLE IN COUNTRY'S ECONOMICS

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Keywords: debt security market, dept security, subject of sale, money, capital, primary security market, secondary security market, issuing bank, investor, intermediary.

The article deals with the notions of debt security market and dept security. The difference of dept security market from material goods market and credit market is also viewed in the article. The role of debt security market in country's economics by means of performing functions is revealed. The necessity of the increase in the role of debt security market is stressed.

All over the world dept instruments market is spread more than equity security market. In Japan, for instance, dept securities make up 74% total value county's turnover, in USA the correlation of loan securities and safety stocks is 4:3, in Germany - 10:1¹. In Russia the situation is just on the contrary. The most popular and liquid tool of share market are safety stocks. Nowadays, such segment of share market as dept security market acquires a particular meaning in the conditions of shortage of additional cash resources for the development of the country's production facilities. This market differs from other markets by the specific character of its subject of sale - dept security.

Main differences of dept security market from material goods market are²:

- ◆ the lack of production and consumption stages at dept security;
- ◆ the sphere of circulation is believed to be the only one where debt security exists;
- ◆ the price of dept security doesn't have material content;
- ◆ the scale of debt security market is unlimited as opposed to he scale of material goods market.

Debt security identifies ownership liabilities and, thus, obtains the credit certificate form in accordance with which its owner acquires the right for determined interest income from the capital lent. However, money advance is a form of existing of the money capital but not the thing different from it. Debt security is a special form of capital existing that can convey instead of itself, circulate on the market a subject of good and return interest.

Differences between debt security and money advance lead to differences between debt issue market and credit market, among which peculiarities as differences in intermediation types on the market; differences in market organization; differences in the coverage of the market and its tools by the organizer can be marked.

The role of the debt issue market in economics is revealed in the functions performed, that are char-

acterized by the specialists in different ways. Traditionally, the following functions can be traced: general inherent in every market and special that distinguish debt security market from other markets.

Commercial, price, informational and regulat- ing functions can refer to general market functions, whereas relocative and protective functions are treated as special ones.

Debt security market acts in the role of a special mechanism in any country's economy that helps issuing banks to accumulate the lack of cash resources, and multiplies the savings for investors with the help of putting it in debt instruments and, in case of necessity, in any time to transform debt securities into money. At the same time the division of debt markets into primary and secondary plays a very important role.

In order to reach the high development level of country's economics debt security market should be paid special attention³. Firstly, it is necessary:

- ◆ to diversify issuing banks' structure, afford- ing an opportunity for debt market entry to the subjects of hi-tech companies, as well as the sub- jects of small scale and medium-sized business;

- ◆ to increase the funds run to debt market from Russian investors (first of all, at the expense of state and half-state institutional investors, for account of people savings);

- ◆ to improve the quality of legislative base in the sphere of retail investors protection; insider information and price manipulation on the market; deals with derivative financial instruments; budget- ary funds investments into Russian corporations debt securities.

¹ Equity market/ Under the editorship of E.F. Zhukov. M., 2009.

² Galanov V.A. Equity market.

³ Basic problems of Russian equity market to- day// Equity market. 2008. № 2 (353).

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