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Operations of Commercial Banks with Corporate Securities

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ABSTRACT

Many commercial banks currently have a fairly large amount of available funds, which can be either invested in various types of activities or used to purchase securities. When investing in securities, a bank, like any other investor, is faced with various investment goals. Bank operations with corporate securities have their own distinctive features, and work with them should be carried out based on the study of properties, characteristics and a thorough preliminary analysis.

KEYWORDS: *corporate securities, commercial banks, financial system, profitability, liquidity, banking activities.*

Relevance of the topic: Bank operations with corporate securities are part of an interconnected system, which is designed not only to improve the financial condition of banks, but also to influence the macroeconomic indicators of the development of the country's monetary system. The functioning of the entire system of activities with securities is subordinated to the interests of ensuring the sustainability and profitability of the institution, ensuring the sustainability of the entire financial system.

Therefore, the main task of operations with securities is to improve investment conditions by giving the aggregate of securities such investment characteristics that are unattainable from the position of an individual security, and are possible only with their combination.

Only in the process of forming a portfolio of securities is a new investment quality with specified characteristics achieved. Thus, banks' operations on the securities market are the instrument by which the bank ensures the required stability of income with minimal risk. Banks, when purchasing certain types of securities, strive to achieve certain goals, the main of which include: return on investment; investment growth; liquidity of investments; investment security.

All of the above emphasizes the importance of continuing research in the field of commercial banks' operations with corporate securities and the relevance of this work.

The purpose of the study is to analyze the role and operations of commercial banks in the securities market.

To achieve the goal of this work, the following tasks were set and solved:

- the concept and functions of the securities market are given;
- classification of operations of commercial banks with securities is given;
- the issuing activity of banks was studied;
- investment activity and features of the formation of an investment portfolio were studied;
- the intermediary activities of banks in the securities market were studied;
- an analysis of the activities of banks in the corporate securities market was carried out.

The object of research in this work is the securities market.

The subject of the study is indicators characterizing the operations of commercial banks with corporate securities.

Main part.

The main purpose of the securities market is to create a mechanism for attracting investment into the economy by building relationships between those who need funds and those who want to invest excess income.

In its most general form, savings are income minus spending on consumer goods.

Modern understanding of the nature of the financial system is not limited to reducing it to superficial forms of accumulation, distribution and redistribution of financial flows. The financial system is a certain institutional arrangement that ensures the transformation of savings into investments and the choice of directions for their subsequent use in the productive sector of the economy.

The distribution of resources is carried out by financial markets and financial institutions that perform various intermediary services.

For a modern market economy, the financial market is the “nerve center” of the economy.

This is an extremely complex structure with many participants - financial intermediaries operating with a variety of financial instruments and performing a wide range of functions for servicing and managing economic processes.

There are several ways to classify financial markets:

- based on the principle of repayment (debt obligations and the property market);
- by the nature of the movement of securities (primary and secondary);
- by form of organization (organized and distributed);
- according to the period of provision of money (money market and capital market).

Already from the above classifications it becomes clear that the securities market is the most important component of financial markets.

It is obvious that the concept of “financial markets” is broader than the concept of “securities markets”. For example, financial markets include direct bank loans, intra-company loans, redistribution of financial resources through public and private pension systems, and accumulation of resources in the insurance business.

The securities market, in turn, is an important component of both the money market and the capital market, which together make up the financial market.

The purpose of the functioning of the securities market - like all financial markets - is to provide a mechanism for attracting investment into the economy by establishing the necessary contacts between those who need funds and those who would like to invest excess income. At the same time, it is very important that the securities market ensures the presence of a mechanism that facilitates the effective transfer of investments (decorated in the form of certain securities) from hand to hand, and such transfer must have legal force.

The securities market will fulfill its objectives of continuously maintaining economic growth only if there is complete freedom of movement of such investments. This freedom is called liquidity. Liquidity can only exist if there are enough buyers and sellers to meet the demands of supply and demand, and trading systems are needed that allow buyers and sellers to find each other relatively easily.

All this should be based on information flows of acceptable quality, from which it will be possible to learn about the availability of investment products and about interested borrowers and lenders. Thus, one of the main roles of the securities market is to ensure that the information provided is accurate, correct and meaningful. In principle, all this is aimed at maintaining confidence and trust between borrowers, lenders, investors and the public. Therefore, this role will only be fulfilled when the necessary information is disclosed:

- issuers will disclose all important information about themselves and their enterprises, including the provision of the necessary financial statements;
- investors will provide information about their transactions, controls and their ability to meet financial obligations;
- intermediaries will provide information about their qualifications and financial obligations, potential conflicts of interest and transactions on behalf of their clients;
- and the organizers of the trading system and regulatory authorities will ensure compliance with standards of discipline and reliability, fair treatment of participants and control over the quality of settlement support.

The final key function of the securities market is to supply securities to facilitate the sales and payment process and, of course, to ensure the legal correctness of transactions. Although this area is probably the least attractive for securities market participants, it can still quite reasonably be considered one of the most important. And this is definitely the area that is getting the most attention from regulators. Consequently, the securities market requires systems and procedures that can guarantee the reliability of this last stage.

The most important role in the movement of funds within the financial system is played by financial intermediaries (institutions), who interact in the financial market with economic entities, the population and each other. In essence, their role comes down to accumulating small, often short-term savings of many small owners (investors) and subsequent long-term investment of the accumulated funds.

There are three most common types of financial intermediaries known in the world:

- deposit type (commercial banks, savings and loan associations, mutual savings banks, credit unions);
- contract-savings type (life and property insurance companies, pension funds);
- investment type (mutual funds (or mutual funds, or open-end investment funds), trust funds, closed-end investment companies (or closed-end investment funds).

A security is a monetary document that certifies ownership or a loan relationship and defines the relationship between the person who issued the document and its owner. Securities provide for the payment of income in the form of dividends or interest, as well as the possibility of transferring monetary and other rights arising from these documents to other persons.

Conclusion:

If we consider the activities of commercial banks from the point of view of their individual areas, then the top ten banks are characterized by the use of the entire range of basic banking operations, however, a clear specialization is also noticeable, especially with regard to citizens' deposits (again, the overwhelming influence of Sberbank is evident). It can be easily seen that for this category of commercial banks, transactions with securities are of the least importance, although their volumes are quite comparable with other types of transactions.

Commercial banks, despite the fact that they are the main professional participants in the Russian securities markets, generally view them as auxiliary areas of their activities. This fact, in our opinion, indicates not only the poor development of Russian securities markets, but also that their impact on the national economy as a whole is very insignificant. The Uzbek securities markets, thus, with all the public attention to them, were formed as peripheral in relation to other markets of the country, secondary and weakly connected with the national economy.

Thus, we can conclude that significant positive changes are taking place in the corporate bond market. A significant role in this process is played by commercial banks, on whose liquidity not only the market situation, but also the currency ratio depends.

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