

Functions of the financial market entities

Done by students 52-BS:

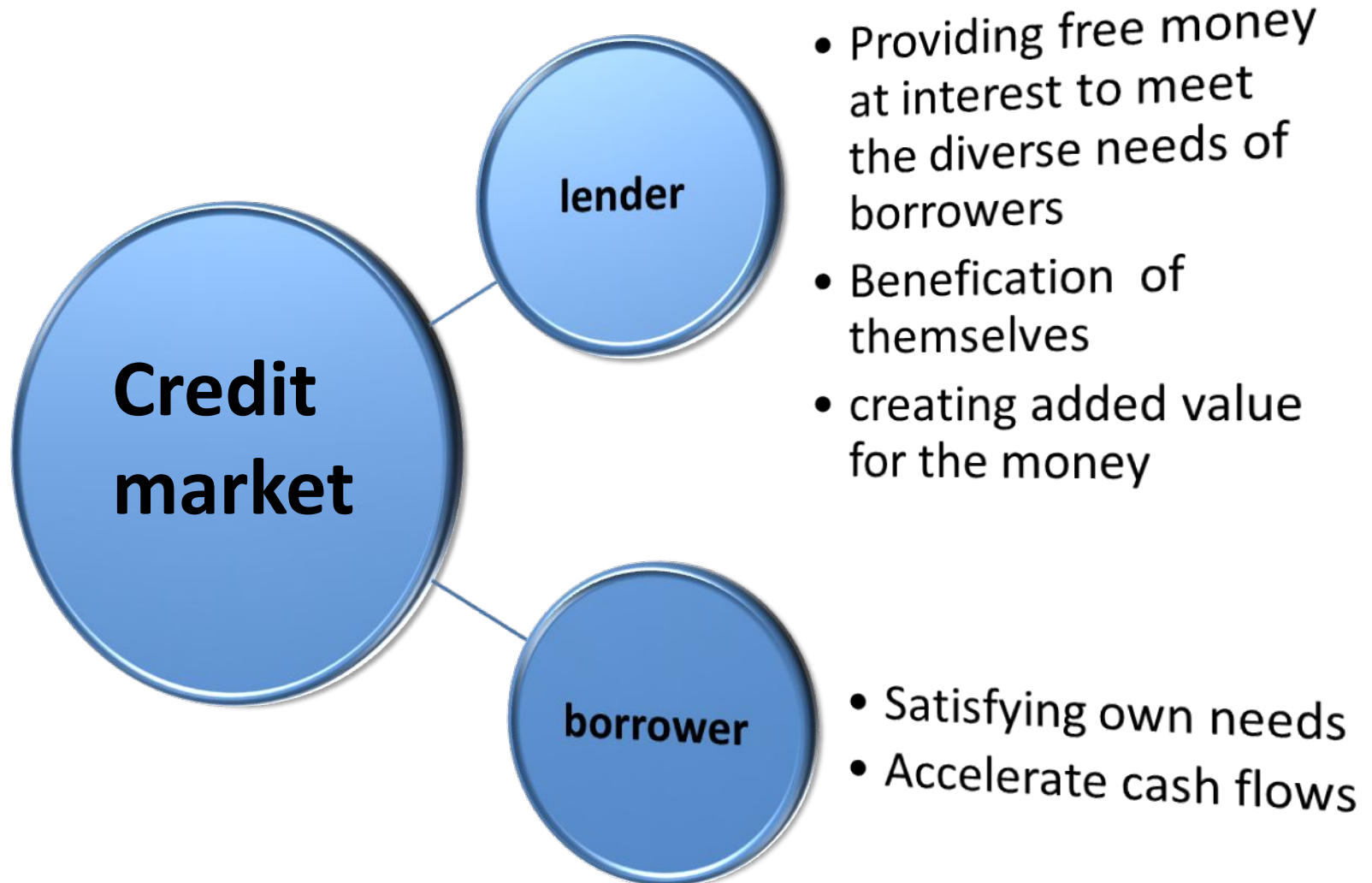
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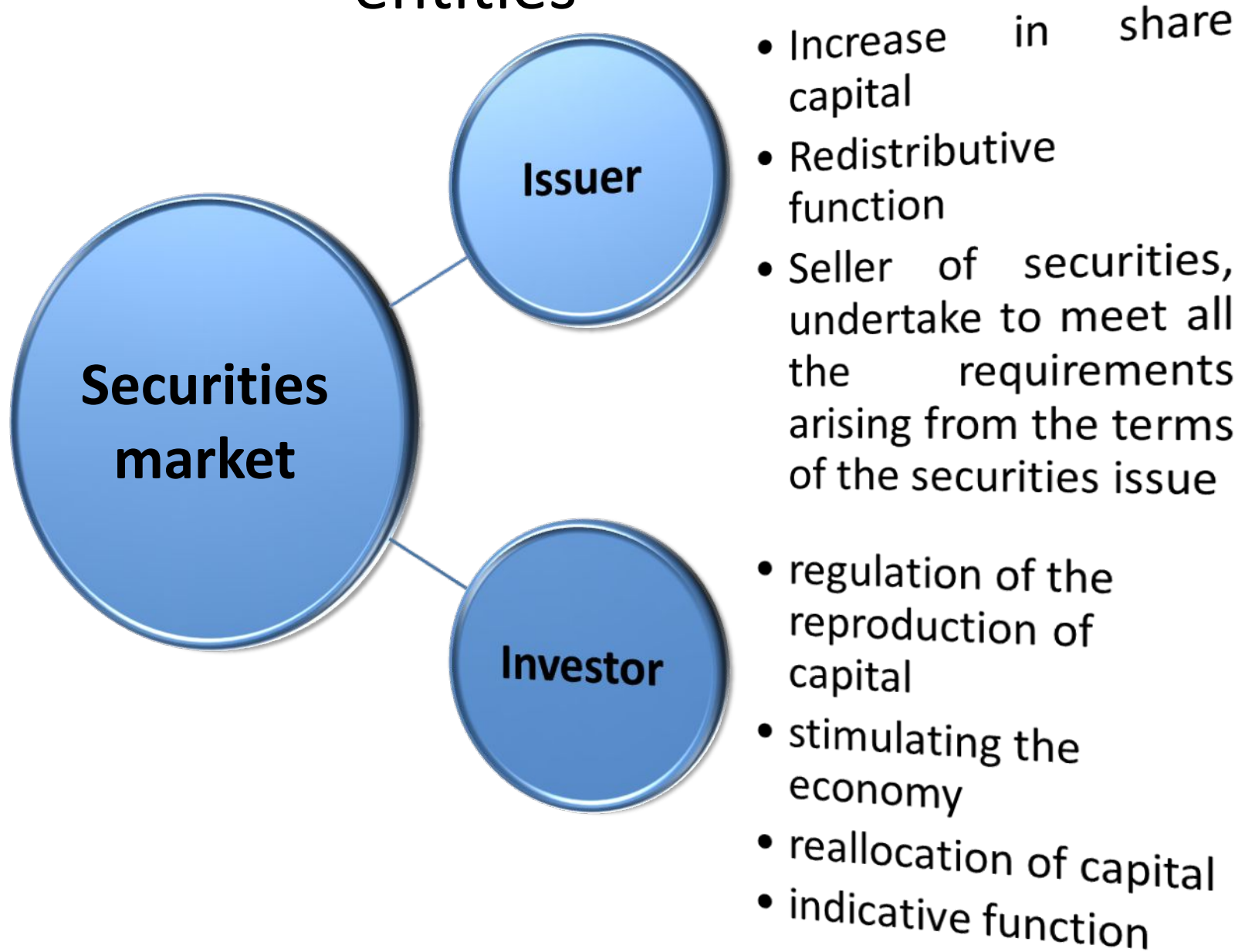
The structure of the financial market:



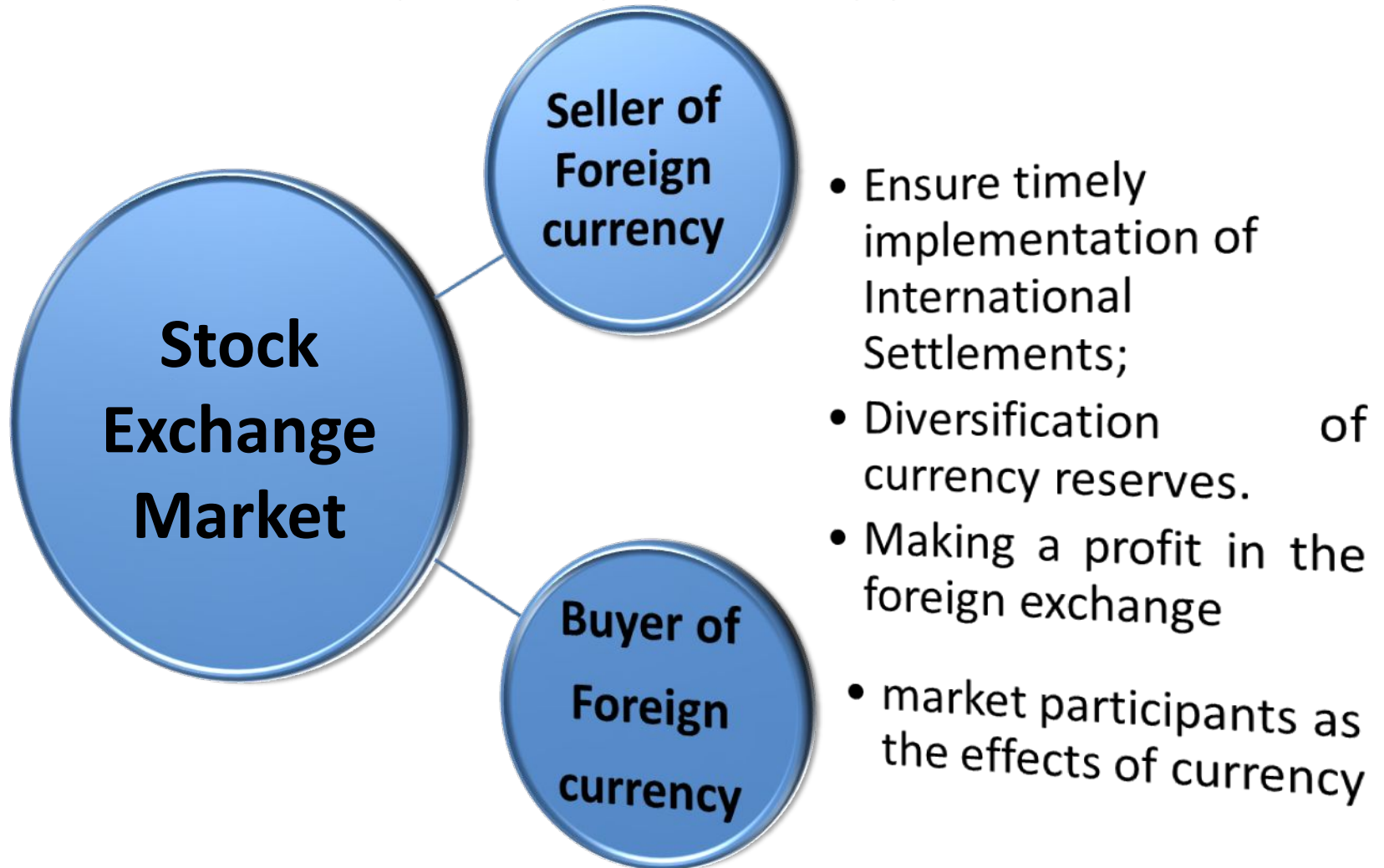
The entities of the credit market and their functions:



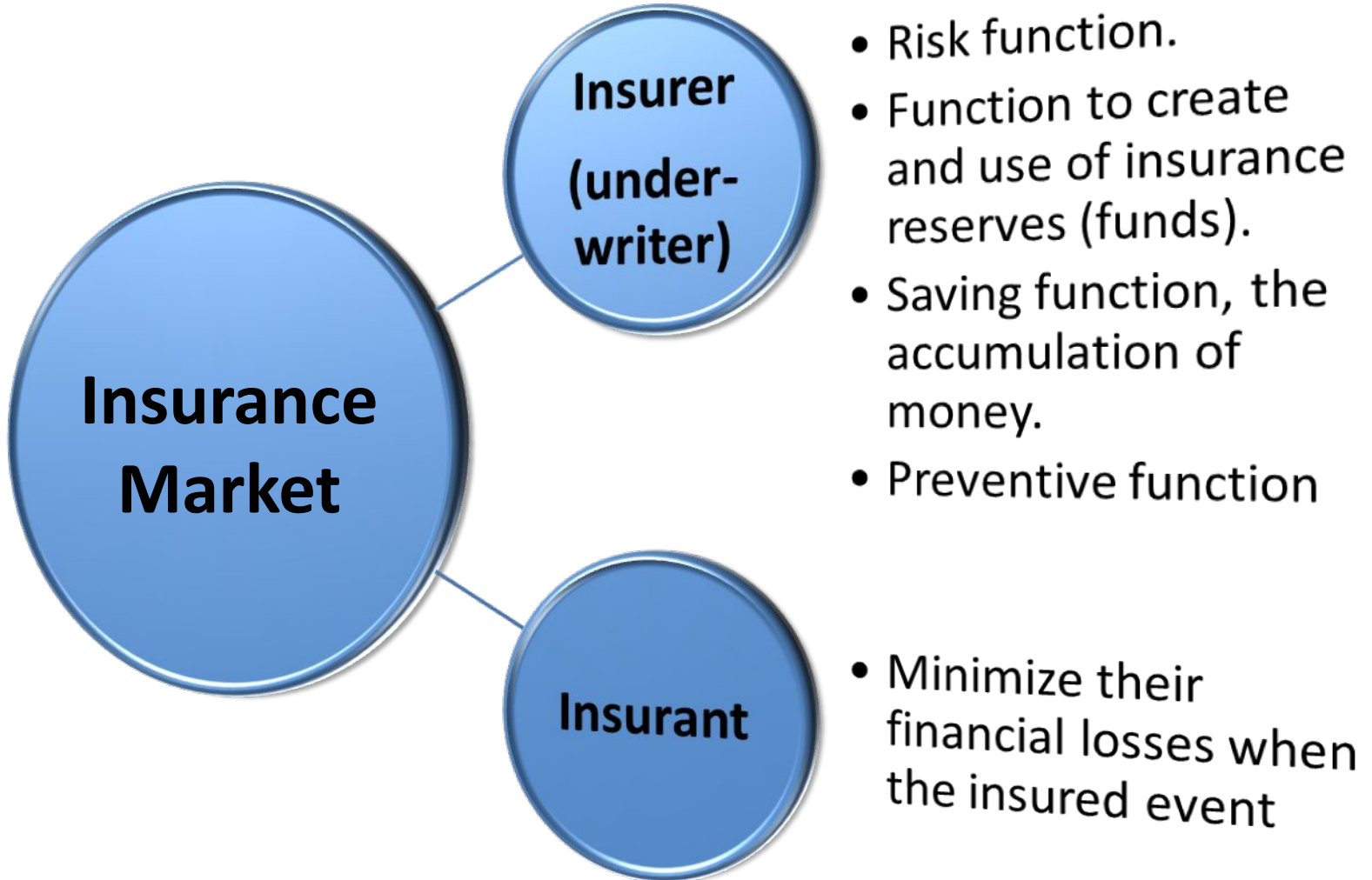
The functions of the Securities market entities



The functions of the Stock Exchange Market's entities:



The functions of the insurance market entities:



The financial intermediaries has such functions:

Redistribution of risk

Accumulation of savings

Matching the duration of assets and liabilities

Providing liquidity investments

Accumulation of savings:

- Financial institutions can decide objectively existing contradictions between the small size of household savings and the needs of manufacturers in large volumes of investment. The direct involvement of small investors to firms generally do not benefit by having associated with considerable costs. Financial intermediaries, accumulating a small savings, greatly increase the efficiency of the investment process.

Redistribution of risk:

- Equally important function of financial institutions pooling and redistribution of risk in the economy. First, due to the accumulation of large amounts of financial resources, the mediators are able to reduce the investment risk for the individual economic actors. Second, financial institutions have the ability to trade risk, spread risk from more prone to less risk-averse economic agents, thereby increasing the well-being and of one and the other, that is, qualitatively improving the efficiency of investment.

Matching the duration of assets and liabilities.

- In the absence of financial institutions, it is difficult to solve the contradiction between the propensity of investors to short-term (more liquid) investments and the needs of manufacturers in attracting financing for long periods of time to carry out its investment programs. Financial institutions, accumulating a large amount of financial resources, even if the majority of these obligations is short, have the possibility of buying long-term assets. Thus, due to the scale of its activities, the mediators help to reduce the gap between supply and demand in the markets for financial assets with varying durations.

Providing liquidity investments:

- Financial institutions provide their activities there liquid markets for funding. Increased liquidity objectively promotes investment. Indeed, if the point of view of the investor to compare investments in real assets (buildings, equipment, etc.), which is objectively inherent extremely low liquidity and investments in financial obligations at any time and with minimal losses can be sold on the market, the choice is obvious will be made for the latter. Thus, financial institutions, maintaining a liquid market securities, provide the transformation of illiquid assets of companies in highly liquid financial obligations. In Ukraine, are starting to make their first professional steps financial intermediaries: trust companies, insurance companies, investment companies, credit unions.

Thank you for
attention!