

**A Study of Growth and Development of Global Money Market
(International Money Market) with Special Reference to selected
Developing Countries in Asian Continent**

Rashmi J

MBA

IFIM (Autonomous) College, Electronic City Bangalore -560100

Dr. Lakshmi. P

Assistant Professor

Department of Management

IFIM (Autonomous) College, Electronic City Bangalore -560100

Abstract:

The money market is commonly one of the pillars of the international economic system. This money market entails in a single day swap of extensive quantities of cash between banks and the U.S. government. The majority of cash market transactions are wholesale transactions that they take region between the monetary establishments and with the companies. The Individuals can make investments their quantity in the money market with the aid of shopping for money market cash for non-permanent period. Development of economy is mainly based on the financial performance. This includes money market, money market directly related to the development of economy. Some countries will be having low income, for those countries' money market does not play much role. If the performance is running proper then the financial performance will reduce, due to this the economy can face huge challenges. Due to pandemic the money market has been affected the economy very badly. it requires more comprehensive financial assistance to get rid of this problem.

Keywords: Money market, Economy, International Economic system

Introduction:

The global money market is the market where the global cash exchanges happen between the various national banks in nations are gone ahead. The Global exchanges are principally done with utilizing the gold or in US dollar as a base. The essential operations of the global currency advertise incorporate the cash acquired or loaned by the governments or the large financial institutions. The global money market includes- Depository institutions, investment banks, insurance companies.

The money market is commonly one of the pillars of the international economic system. This money market entails in a single day swap of extensive quantities of cash between banks and the U.S. government. The majority of cash market transactions are wholesale transactions that they take region between the monetary establishments and with the companies. The Individuals can make investments their quantity in the money market with the aid of shopping for money market cash for non-permanent period.

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The money market in India is generally for an affiliation of momentary dollars with maturity length from one day to one 12 months in India and it includes economic devices that are convicted to be shut surrogates of money. Indian money market carries more than a few sub markets, every market exchange in an fabulous kind of momentary credit. The money market performs all the borrowing and investment necessities of suppliers and clients of momentary dollars and equilibriums the demand for furnish of temporary money through supplying if an steadiness mechanism. So finally, The Purposes of the money market are to implement the monetary policy of the country.

OBJECTIVES

- To study the chronological growth of global money markets.
- To Study the status of money markets in developing countries.

LITERATURE REVIEW

The objective of the money market is to implement the monetary policy of the country.

The monetary policy objectives are as follows:

1. full employment
2. Price stability which also includes controlling economic fluctuations.

The aim of the monetary policy in the first decade of strategy was the revival of traditional weapons of monetary control.

International Money Market

The International money market was introduced in the year December 1971 and it was formally implemented in May 1972. (Magee, 1973) The international money market operates through international banks, eurocurrency market, euro bond market and global equity markets. The international money market handles Lum sum number of currencies trading on a daily basis. The international money market acts as a market place for different central banks of different countries. the transactions involved under this depositing, borrowing, lending the money internationally.

International money market is one of the components of international financial market. In the last thirty years, international business has grown outstanding and at the same time various financial market have been developed. The global money markets benefits both borrowers as well as the investors. The Borrowers are benefited as the funds are made available into the surplus and at low cost. Mainly, the international money market benefits the investors because they provide a wide range of investment opportunities and thereby allowing the investors to build the portfolios of international investment that diversify their risks.

International money market facilitates the global trade and business opportunities among different countries, due to this the companies can easily access the foreign currencies that might need to operate or it helps to exchange the profits earned abroad for domestic purpose.

The international money market in a developing country characterised by low savings, low capital formation and low investment, such a country obviously looks for an external source to fill its resource gap. In addition to the resource gap, a developing country suffers from lack of advanced technology as well as the known foreign direct investment (FDI) brings along with it.

GLOBAL INTERNATIONAL MONEY MARKET EFFECT THE ECONOMY

Development of economy is mainly based on the financial performance. This includes money market, money market directly related to the development of economy. Some countries will be having low income, for those countries' money market does not play much role. If the performance is running proper then the financial performance will reduce, due to this the economy can face huge challenges. Due to pandemic the money market has been affected the economy very badly. it requires more comprehensive financial assistance to get rid of this problem.

Due to all this, the global growth has been reduced in 2022, from 5.5% to 4.1% according to the world bank. All this caused due to pandemic affect and also due to the political instability and also geopolitical events the global growth will be affected.

RECENT NEWS ABOUT GLOBAL MARKET

Nasdaq closing at its lowest from December 2020 by this all investors worried about the slowing global growth. Due to all this the economy may face deficiency in the development process. (Roy and Shahani, 2020)

In India, the Tata companies cut the exposure to the global money market, were bankers and the money managers said that a bull run a global commodities market coupled with the restart of domestic business activity due to this they have been aided to the groups endeavour to focus on profitability. Sensex and nifty jump 1% each on global money market The global money market is likely to remain volatile as all traders go back to there positions in the future and options segment. The global stock market trends and moment of currency and crude oil prices are likely to assess the market sentiments in the future. Arun Venkataraman became an assistant secretary of commerce for global markets. He has been appointed by president joe Biden and also confirmed by the US senate on 7th April. In the global market walls street three major equity indexes rose about 1% with the shares of twitter and particularly on the news that flamboyant entrepreneur and also the influencer Elon musk become the largest shareholder in microblogging site.

RECENT NEWS ABOUT INTERNATIONAL FINANCIAL MARKET

International financial market is a market place where buyers and sellers come together to trade their financial assets. financial assets are-

- Stock
- Bonds
- Currencies
- Commodities
- derivatives

All this happens across the national borders, but there will be different rate of interest, different economic growth and exchange rate will be fluctuated.

The globalisation financial market is the integration of financial market across the world. This market creates a single financial market and they will facilitate the smooth movement of financial market across the world.

Most of the financial market attract both investors and fund raisers from abroad, that is known as international financial markets. The most international financial centres are Tokyo, London and New York.

Recently France is also an important financial market. Some countries have relatively unimportant domestic financial market are important financial centres. Those countries include Singapore, Hong Kong, Luxembourg, Switzerland serves as financial entrepot.

Mumbai: Indian equities dropped nearly 1% following a rout in world markets as the temper remained downbeat on the unfold of Covid in China and in a single day sell-off in US science giants.

The BSE Sensex fell 537.22 points, or 0.94%, to shut at 56,819.39. The Nifty declined 162.40 points, or 0.94%, to give up at 17,038.4. Out of the 50 shares on the Nifty, forty ended lower, whilst losers outnumbered gainers in the ratio 2,274: 1,096 on the BSE.

"The Nifty respected its crucial support levels on the downside, indicating emergence of buying interest at lower zones even after the weakness due to global market selloff," (Thomas, J & Kumar, 2021)

Elsewhere in Asia, South Korea shed 1%, Taiwan misplaced 2% and Indonesia fell 0.5%. Chinese shares rebounded after the current plunge as the country's industrial manufacturing and earnings rose in the March quarter. On Tuesday night, the tech-heavy

Nasdaq Composite dropped 3.95% to hit a sparkling 52-week low. The Dow Jones Industrial declined 2.4%, to 33,240.18. The S&P five hundred dropped 2.8%. On Wednesday, STOXX Europe 600 was once up 0.6%.

AUSTRALIAN STOCKS EXTEND LOSSES AS INFLATION DATA FUEL RATE - HIKE FEARS (Coleman, David, and Robert Rowthorn, 2011)

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The country's pinnacle lender, Commonwealth Bank of Australia, stated Chair Catherine Livingstone would retire in August after greater than 5 years in the role.

Cutting losses, the miners and mining sub-index received 0.3% after a four-day slide, helped by means of greater iron ore fees after China's president vowed

to increase home demand.

Sector giants BHP Group, Rio Tinto and Fortescue Metals Group won between 0.2% and 1.7%.

MONEY MARKET IN DEVELOPING COUNTRIES

Developed money market exists only in a few high-income countries. other countries money market is narrow, poorly integrated. money market is directly related to the improvements of its economy. the money market will not play much role where countries have limited financial systems.

Now, developing countries except those having social system, they encourage the money market as a policy objective, only if they provide outlets for short term securities and government per sue low interest rate policies in order to reduce the government debt and to encourage the investments.

Even Asian market entered into the economic crisis, it has been happened due to good sized build-up of financial savings and liquidity in their financial to this, the outcomes of the disaster in Asia have been extreme and fallowed a comparable course discovered in global markets.

During the covid 19 rate and volatility spill overs between inventory returns and trade charge returns grew to be greater pronounced, confirming that there is heightened contagion throughout durations of crisis. all through this length which led to decline in home inventory returns and subsequent capital outflows thereby weakening the trade rates. Due to the expanded likelihood of recurrence of pandemics in the future, it is essential to recognize the behaviour of traders in the aftermath of such events.

1. INDIAN MONEY MARKET

Asian money market entered into the financial crisis with maturity of less than a year. it contains financial instruments that remain considered to be close alternatives of money. It has been changed through many stages from conservative platform of treasury bills, call money market to commercial paper, certificate of deposits and newly interest rate switches.

The Reserve Bank of India has the authority completed the Indian Money Market because of the organise banking structure, it has measured to be the major regulator in the markets. The rate and information that is released at systematic intermissions have a vast influence on entirely the financial markets in India. the disorganised sectors like indigenous bankers and nonbanking monetary companies inhabiting important position in the money market which yield not been correctly combined with the break of the money market.

India needs FDI and FIIs (foreign institutional investors) much more than any other developing country. realising this, the government of India has been adopting various structural reform measures and making changes in regulatory frame work to encourage FDI flow into the country.

2. BANGLADESH MONEY MARKET

Capital market is a approach to waft fund from the fingers of small savers (individuals and institutions) at low prices to these entrepreneurs who desires the fund to begin commercial enterprise (Masoud, 2013). In the different words, capital market approach offers a section possession of large companies/corporations to small savers like you and me. In easy term, it is a globally established scheme to shareholding of monetary improvement with universal public. Bangladesh capital market is one of the least in Asia however the 0.33 largest in the south Asia locality. It has two full-fledged mechanised inventory exchanges mainly Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and an over-the contradictory of alternate managed through SEC. It additionally consists of of a committed regulator, the Securities and Exchange Commission (SEC), since, its home equipment the policies and regulations, video display units their indication to manipulate and enhance the capital market. It administers of Central Depository Bangladesh Limited (CDBL), the solely Central Depository in Bangladesh that gives you services for the settlement of transactions of dematerialized securities in CSE and DSE. Dhaka Stock Exchange used to be constructed up on twenty eighth April, 1954 that began working on formal buying and selling on early 1956 (Chowdhury, 2017). Post – independence authorities did now not cooperate a capital market in the course of the preliminary 5 years, and it used to be activated over and over in 1976 with 9 troubles on board. In 1995, a 2d exchange, the Chittagong Stock Exchange, used to be constructed up with practical, logistic aid and current management. two inventory exchanges stay in Bangladesh they are Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). One investor must recognize about these markets before he/she goes for an investment. To make this report more recognisable and distinct, we will only focus on Dhaka stock market. (Rahman, Faizur, 2019)

“The stock market is an important ingredient of the financial system in Bangladesh (Rahman, F, 2021). It is an important avenue for channelling funds to investors through mobilizing resources from individuals. In view of the rapidly increasing role of the stock market, volatility in stock prices can have significant implications on the performance of the financial sector as well as the entire economy. There exists important link between stock market uncertainty and public confidence in the financial market. The policy makers usually rely on the market estimate of volatility as the barometer of the vulnerability of the stock market. Stock return volatility represents the variability of day-to-day stock price changes over a period of time, which is taken as a measure of risk by the relevant agents. High volatility, unaccompanied by any change in the real situation, may lead to a general erosion of investors’ confidence in the market and redirect the flow of capital away from the stock market. Excessive volatility also reduces the usefulness of stock price as a reflector of the real worth of the firm. Volatility, however, is not an evidence of irrational market behaviour or inefficient markets. Stock return volatility is usually asymmetric in its response to past negative price shocks compared with the positive shocks, but what factors drive volatility over time is not clear. Moreover, increase in firm-specific risk appears to adversely affect its stock valuation. This note analyses the volatility in stock Research return in the Dhaka Stock Exchange (DSE) during 2003-2007 and draws some policy implications” (2014). This thesis presents the dividend practices and performance of listed companies of Bangladesh. In Non-financial sectors: The miscellaneous sector provides the highest pay-out.

Discussion

The global money market has completely changed every year. it has chronological change in internationally, globally, developing and also the developed countries. The Global exchanges are principally done with utilizing the gold or in US dollar as a base. The essential operations of the global currency advertise incorporate the cash acquired or loaned by the governments or the large financial institutions. The international money market operates through international banks, eurocurrency market, euro bond market and global equity markets. The globalisation financial market is the integration of financial market across the world. This market creates a single financial market and they will facilitate the smooth movement of financial market across the world. Developed money market exists only in a few high-income countries. other countries money market is narrow, poorly integrated. money market is directly related to the improvements of its economy. the money market will not play much role where countries have limited financial systems.

Conclusion

the financial market is the life blood for all the business.it is a market which effects our daily life's. It is a extremely large market were every year its growing steadily. Development of economy is mainly based on the financial performance. This includes money market, money market directly related to the development of economy. Some countries will be having low income, for those countries' money market does not play much role. If the performance is running proper then the financial performance will reduce, due to this the economy can face huge challenges. Due to pandemic the money market has been affected the economy very badly. it requires more comprehensive financial assistance to get rid of this problem.

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