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FINANCIAL LITERACY AS A BASIS FOR DEVELOPMENT OF THE COUNTRY'S ECONOMY

T. Azhigali, A. Bakhytzhana, A. Umirbayeva, G. Abduraimova

Al-Farabi Kazakh National University

Higher school of economics and business

Student of the 2nd course "World Economy"

Scientific Head: A.A. Agatayeva

Annotation. The task of raising the level of financial literacy of the population has now become one of the most relevant for governments, financial regulators, and public organizations in various countries. Financial literacy programs and initiatives operate in many countries regardless of their degree of development. This work should be carried out taking into account the peculiarities of the development of society in the field of financial literacy of the population. This article discusses a block of problems associated with the lack of financial literacy of the population. The importance and capabilities of the Bank in enhancing the financial literacy of the population as an integral element of the development of the financial system are emphasized.

Keywords: financial literacy, financial planning, banking system, economy, development.

Spain. The economy of Spain is the world's 14th largest economy by nominal GDP and the fifth-largest in the European Union. Spain is the fourteenth-largest economy in the world by gross domestic product (GDP) and one of the leading in terms of purchasing power parity (PPP). The country is classified as high income category being members of the European Union, the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO). The country is also one of the leading high-level human development countries in the world. The country was affected by the global financial crisis of 2007-2008 leaving a state of recession for the period 2009-2013. The economy of Spain contracted by about 9% as a result.

October 2 is the annual Financial Literacy Day, an initiative promoted by the Bank of Spain and the Spanish Securities Market National Commission.

Financial Literacy Day was created to raise awareness in society about the importance of people having a sufficient understanding of financial culture to be able to meet the challenges they will face in their lives. Financial decision making is a part of everyday family life, and this day is held to raise awareness about how fundamental it is. It remains a pending assignment for many groups, especially young people and adults.

A new survey of financial literacy shows that one in six Spanish teens has only the most basic level of understanding when it comes to money issues.

Between February and May of 2013, students of 275 Secondary Schools in Spain received classes of Financial Education under the National Financial Education Plan.

The recent Survey of Financial Competences Abre en ventana nueva, conducted jointly by the sample of adults (aged between 18 and 79), may cast some light on this matter if we consider the replies given by respondents aged 65 and over. In general, it may be said that the older generation's financial literacy level is lower than that of the Spanish population overall.

Thus, for example, the Survey showed that the percentage of older people who understood concepts such as "inflation", "compound interest" and "risk diversification" was lower than that for the total population, especially in the case of "compound interest" (36% of older people replied Banco de España and the Spanish National Securities Market Commission in Spain among a representative correctly to the question, compared with 46% of the population overall) and also, albeit to a lesser extent, in the case of "risk diversification" (42% compared with 49%).

By contrast, older people's knowledge of "inflation" was very similar to that of the Spanish population overall (57% and 58%, respectively, replied correctly to the question), possibly because the older generation has personal experience of inflation, compared with younger generations that have not lived through and suffered the consequences of high-inflation episodes.

Also noteworthy is the high percentage of older people who responded "don't know" to one or more of the three questions on "inflation", "compound interest" and "risk diversification" compared with the population as a whole (49% vs 33%). The "don't know" response was especially high among older women (61% with at least one "don't know", compared with 36% of men in the same age group and 40% of all Spanish women).

However, among the respondents aged 65 and over, the differences between the men and the women who gave correct replies to all three questions are quite similar to those observed for the population as a whole. Thus, for example, 19% of men aged 65 and over replied to all three questions correctly compared with 9% of women in the same age group, while in the 45 to 54 age group, 29% of men and 14% of women replied to all three questions correctly.

The over-65s make up a very important part of the Spanish population and it is crucial to understand their relationship with the financial markets. This is why this year's Financial Education Day is dedicated to them, with various events to be held throughout the country.

Argentina. The economy of Argentina is a high income economy for fiscal year 2017 according to World Bank Latin America's third largest, and the second largest in South America behind Brazil. The country benefits from rich natural resources, a highly literate population, an export-oriented agricultural sector, and a diversified industrial base. Argentina's economic performance has historically been very uneven, in which high economic growth alternated with severe recessions, particularly during the late twentieth century, and income maldistribution and poverty increased. Early in the twentieth century Argentina had one of the ten highest per capita GDP levels in the world, at par with Canada and Australia and surpassing both France and Italy. Argentina today (2018) is plagued by currency crisis which involved a potential bailout from International Monetary Fund. The currency declined by 18% over a period of 12 days in May 2018 to more than 25 Argentine pesos per U.S. Dollar.

In 2017, GDP for Argentina was 637.72 billion us dollars. Though Argentina GDP fluctuated substantially in recent years, it tended to increase through 1998 – 2017 period ending at 637.72 billion US dollars in 2017.

In 2017, unemployment rate for Argentina was 8.4 %. Though Argentina unemployment rate fluctuated substantially in recent years, it tended to decrease through 1997 – 2017 period ending at 8.4 % in 2017.

The financial sector in Latin America is rather conservative. The debit card in Argentina looks like a regular piece of plastic with a magnetic stripe. It is prohibited from being used to pay for goods on the Internet due to the low level of Protection. A debit card is used for deposits, money transfers between citizens, and the poor receive benefits on these CARDS. There are also restrictions for withdrawals-100-200 \$ per day. No weekends to the ATMs line up queues and cash quickly ends. In Argentina, the rate of inflation has recently reached 30 per cent per Annum. At the same time to live in installments becomes even more profitable, because you buy the goods now, and pay later, already cheaper money.

In Argentina it is believed that high consumption stimulates the Country's economy. For the country to develop, people have to spend a lot, no matter how much they earn. That's when the president, banks and large distributors launched unprecedented programs: purchase of household appliances in installments up to 24 quotas without Interest.

The residents of the country often go on vacation on Quotas. The holiday here is perceived as a tradition. It is not planned, and it does not deposit money in Advance. Argentines do not know much about financial planning, so their strategy is to gain quotas for everything possible, and then think about how to deal with them. As for the level of corruption, Argentina occupies 70s place from 120, having received 2.8 points in TI Corruption perceptions Index, conceding only to the countries of Latin america, such as bolivia, Ecuador and Paraguay (Transparency International, 2002).

Greece. Greece is an industrial-agrarian country, ranked 37th in the world in terms of growth of gross domestic product (GDP) and 33rd in terms of purchasing power parity. According to the 2007 Human Development Index, Greece ranked 25th in the world and belonged to the "developed countries" group. However, after the global economic crisis, the Greek economy is in a very difficult position. In March-July 2013, as a result of the ongoing economic crisis of 2008-2013, Greece, for the first time in the practice of world financial agencies, lost the status of a developed country.

The economic situation in Greece today is due to two important factors that invariably prevent the state from developing at the right pace: the long stagnation of the banking system and the insignificant growth of GDP. Another problem in Greece is the shadow tranches, which account for about 20% of the country's money turnover.

The minimum wage in Greece reached its peak in 2011 and amounted to 876 euros, then due to the debt crisis, the minimum wage was reduced in 2012 to 683 euros and remains so in 2017. Greece is the only European Union country where the minimum wage has decreased since 2008. Banking data collects mortgage loans by 50% and increase savings by 30% in the first five months of 2018 compared to the same period last year. Officials say: the growth in the number of mortgage applications is due to the fact that in 2017 this figure was significantly lower, since the market for many years in a "frozen" state. The total mortgage lending is now incomparable with those in the past, amounting to only € 40 million per month, banks perceive this as the first sign of recovery, reports ekathimerini.com.

Existing demand is mainly related to loans for the purchase of housing, but the data of banks also show a recent increase in demand for loans related to the repair of real estate – they account for 20-25% of all debt contracts. This is due to the interest of many owners in letting their property through short-term leasing platforms.

A recent study by Grant Thornton found that the total number of properties advertised for living together is estimated at 42,155 throughout Greece. And the annual income from short-term rentals is € 860 million.

Greeks are much more likely to be self-employed than other EU citizens. In 2015, the self-employment rate was 29.9%, slightly more than double the European Union (EU) average. Older people and youth were disproportionately affected by the crisis and exhibit high self-employment rates. Despite the high level of self-employment rates, the proportion of people who cited "fear of failure" as a barrier to business creation was much higher than the EU average between 2010 and 2014 (68.4% vs. 47.5%). The proportion of women, youth and older people who cited this barrier was approximately the same, so it is likely that this is a reflection of the difficult economic conditions.

Germany. The largest number of points on financial literacy was Scandinavian countries: Norway, Sweden and Denmark (first place and 71% of the financially literate population). Then came Israel and Canada (second place and 68%) and Great Britain (third place and 67%). As well as high rates were obtained in the Netherlands and Germany (66%), Australia (64%), Finland (63%), New Zealand (61%), Singapore (59%), Czech Republic (58%), USA and Switzerland (57%). The average for the economically developed countries was 55%. The countries listed are the most financially literate.

The smallest number of financially literate residents in South Asia. There, only a quarter or even a smaller part of the population could answer the questionnaire. Yemen was in last place (13%), Afghanistan and Angola were located above it (14% each). These countries were the most financially illiterate.

Also, this study demonstrated the dependence of the level of financial literacy on such factors as age, gender and profession: 1. the indicator of financial literacy among men was 35%, and among women – 30%; 2. the level of financial literacy of wealthy people is higher than that of low-income people; 3. financial literacy increases with the level of education; 4. in developed countries, with age, financial literacy increases, but after 50 years it decreases and drops to a minimum after 65 years. In developing countries, the lowest rates are for people over 65, and the highest rates are for the youngest adults.

It is necessary and important to study hard the successful foreign experience and introduce financial literacy programs – the well-being of citizens and the growth of the economy of individual regions and the country as a whole depend on it.

In Conclusion Spain has its own Financial Literacy Day, in which events are held in order to develop financial literacy, warning of its importance. In Spain, evenly attention is paid to the financial literacy of adolescents from 15-18, and adults about 65 years and above. There are various activities and programs to develop financial literacy. The kingdom is trying to gain an understanding of the population that financial literacy is linked to their whole life, that it is very important. We could take this as an example in our own country. It is worth noting that the growth of the Spanish economy is an indicator and result of their work in this vein.

In Kazakhstan 40 percent of the adult population of our country recognized financially literate, Tengrinews.kz reports, citing a study by Standard & Poor's. The same proportion of the population with basic money-handling skills is in Bahrain, Kenya, Senegal, Tanzania, Zambia and Ukraine. According to Standard & Poor's, Kazakhstan is ahead of its partners, Russia and Belarus. The share of financially literate population in them was 38 percent. Among the countries of Central Asia, Kazakhstan was second only to Turkmenistan, in which 41 percent of the financially literate population. In turn, in Uzbekistan financially educated make up 21 percent, in Kyrgyzstan – 19, and in Tajikistan – 17. Denmark, Norway and Sweden occupied the leading positions. In each of them, 71 percent are financially literate. Information on financial literacy was obtained by interviewing 150 thousand adults, representatives of a representative sample in 140 countries during 2014. People were asked questions about knowledge of interest rates, their buildup, inflation, and risk diversification. In general, the number of financially literate people in the world average is estimated at a third of the population.

When comparing Spain, Argentina, Greece and Germany, more attention is paid to the attention of financial literacy in Spain, where there is a special day of financial literacy. Therefore, in Kazakhstan it is also possible at the level of commercial banks to determine the day of financial literacy to work with the population on the proposed products, as well as to increase the confidence of the financial structure among the population. We think that then the responsibility of bankers to the population increased, because it would be necessary to explain in simple language complex financial concepts and banking products and services.

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THE MAIN ASPECTS OF ISLAMIC FINANCE

Victor Shuklov

Al-Farabi Kazakh National University

Higher school of economics and business

Student of the 2nd course "Finance"

Scientific Head: A.A. Agatayeva

The term Finance deals with the study of investments and money management. It deals with assets and liabilities under varied degree of risk and uncertainty. The most crucial point in the finance is the time preference, depicts the change in the currency rate over a period of time. Finance targets on the price assets considering both the risk value and the rate of return value. Finance sector is classified into three different sub categories: 1) corporate finance; 2) personal finance; 3) public finance.

Corporate finance deals with the funding sources, capital investment structure of the corporation and to increase the firm value to shareholder. Personal finance include education loan, finance for housing, cars, insurance policy like property and health, investing for future. Public finance is the finance related to sovereign states and sub-national entities -states/provinces and related public entities – school districts and agencies. Public finances are long term finances and is concerned with budgeting process, public works and recognition of the required expenditure.

Banking system in general is the acceptance of deposits and lending of finance to the borrower. Through capital markets lending activities can be performed directly or indirectly. Banking system is regulated in most countries based on the influence in financial system and nation economy.

Islamic finance refers to the banking activity followed strictly in accordance to Islamic law, also called as Sharia. The term also implements investment plans under the law. The bank raises fund through the practical application of the Sharia law and hence the correct term to be used is Sharia compliant finance. The law does not encourage the acceptance of fee or interest for the money given as loan irrespective of the payment being fixed or variable. Investing in business providing services / goods that are against the Islamic principles is considered as Haram sinful. These laws were implemented historically in wide range to prevent the activities in contrast to the law, but only in the late 20th century the Muslim community banks formalized these laws to private and semi-private lending institutes.

Islamic banking illustrates the importance of risk sharing by providing insight of raising fund and avoiding interests on the loans. Islamic law is against the view of lending money to the borrower with interest, because Islamic law does not view as asset but as value as it does not encourage the income from money solely. The deem riba is completely forbidden as it is sinful and is connected to usury. As per the Sharia Compliant finance the financial institutions equally share the profit and loss of the firm it underwrites. This is similar to the concept of gharar -risk or uncertainty. Few instances of the gharar is the schemes in the insurance , where premium forms are purchased to insure against that might or might not take place or rarely to take hedge policy to potentially reduce the risk. Under Islamic banking equity financing is allowable but restricted to companies not involved in illegal activities like alcohol production, weaponry and similar to that.

Major Islamic Equity Mutual Funds in the world. The four Islamic mutual funds assessed for investment are AMANX, AMAGX, AMDWX and IMANX. Two of the Amana mutual funds AMANX and AMAGX which have outperformed the Vanguard total stock mark market index fund over a period of year. In addition, they have also outperformed a style- adjusted basket of mutual funds. Amana novel developing world fund AMDWX existed only for 5 months has gained attention by under returning Vanguard total stock mark market index. The final mutual fund IMANX, Dow Jones Islamic mutual fund, has under turned both the benchmarks.

Dow Jones Islamic Fund is the mutual fund with the ticker IMANX. This is offered by Allied Asset Advisers -a registered investment and manager of the fund, a subsidiary of the North American Islamic Trust (NAIT). In this 80% of the fund is invested in domestic and foreign securities and the rest 20% in the securities