

ӘЛ-ФАРАБИ АТЫНДАҒЫ ҚАЗАҚ ҰЛТТЫҚ УНИВЕРСИТЕТІ  
КАЗАХСКИЙ НАЦИОНАЛЬНЫЙ УНИВЕРСИТЕТ ИМЕНИ АЛЬ-ФАРАБИ  
AL-FARABI KAZAKH NATIONAL UNIVERSITY

ЭКОНОМИКА ЖӘНЕ БИЗНЕС ЖОҒАРЫ МЕКТЕБІ  
ВЫСШАЯ ШКОЛА ЭКОНОМИКИ И БИЗНЕСА

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Қаржы кафедрасы  
Кафедра финансов

VI ХАЛЫҚАРАЛЫҚ  
ФАРАБИ ОҚУЛАРЫ  
Алматы, Қазақстан, 2-12 сәуір 2019 жыл  
Студенттер мен жас ғалымдардың  
“ФАРАБИ ӘЛЕМІ”  
атты халықаралық ғылыми конференция  
МАТЕРИАЛДАРЫ  
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VI МЕЖДУНАРОДНЫЕ  
ФАРАБИЕВСКИЕ ЧТЕНИЯ  
Алматы, Казахстан, 2-12 апреля 2019 года  
МАТЕРИАЛЫ  
международной научной конференции  
студентов и молодых ученых  
“ФАРАБИ ӘЛЕМІ”  
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VI INTERNATIONAL  
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Алматы  
«Қазақ университеті»  
2019

The second model is aimed at providing instant payments with deferred net payments. Customers still make instant payments, but interbank settlements are made on the basis of multilateral netting over several settlement cycles during the business day.

This creates certain financial risks that are subject to management (in particular, through collateral, loss allocation agreements and/or maximum limits on credit and debit positions). Because the systems operate 24/7, financial risks can arise before the next business day or during weekends and public holidays, when payments can accumulate within the billing cycle.

Most of the systems of instant payments (with the exception of Turkey ) was built on the basis of delayed clearing (UK , Sweden, Singapore, South Africa, India). These systems are also sometimes referred to as fast ACH / fast ACH (Automated clearing house).

Mobile payment: The introduction of these services has led to an increase in the use of mobile applications of banks providing such services, and an increase in mobile payments outside the traditional banking operating hours.

E-Commerce, e-invoicing: in e-Commerce and mobile Commerce, the need to enter all the data of a payment card can not be called a very convenient and safe condition for payment. In this regard, payments directly from the Bank account are a new guaranteed method of payment in e-Commerce (authorization of the payer takes place via the Internet or mobile banking).

Among the potential problematic issues of building instant payment systems and development of cashless payment systems, experts highlight investments in the modernization of the infrastructure of the banking sector, ensuring the coordination of the project at the macro level and achieving a critical mass of participants and users (customers).

On the part of the banking community – the introduction of this system may affect the income of banks in the segment of card payments and money transfers. At the same time, in case of reaching a wide coverage of users, instant payments can replace cash and increase the number of Bank customers, in this case it will serve as a source of additional income for banks.

New financial technologies make the whole financial services a lot easier. They partly solve the questions of safety, usability and efficiency of finances. Popularizing them by including more banks and companies would improve the economics in case of individual, country and world.

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## **KAZAKHSTAN STOCK MARKET: PROBLEMS AND SOLUTIONS**

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There were made a lot of actions and constant work on the creation and development of the stock market in Kazakhstan. This process consists of several stages. At the initial stage, a legal framework was created that ensured the existence and development of the stock market. At the next stage, large state-owned enterprises were privatized, which became the first participants in the stock market, such companies as Halyk Bank, Kazakhtelecom, KazMunaiGaz trading house and others. Thus began the activity of the stock market. However, after some time, both positive and negative factors affecting the development of the stock market were identified. The analysis of these factors showed that most of the available financial instruments were not widely developed and applied, as a result of which the stock market is developing unevenly and unstable. In this article it was decided to consider the problems of the stock market and their solutions.

Securities play a significant role in the payment turnover of the state, in the mobilization of investment. The aggregate of securities in circulation constitutes the basis of the stock market, which is the regulating element of the economy. It facilitates the movement of capital from investors with free monetary resources to issuers of securities. Thus, the stock market as an instrument of market regulation plays an important role.

Currently, a program for the development of the stock market in the country is being developed. The developers of the state program believe that to create a full-fledged stock market in Kazakhstan, it is necessary to implement a holistic concept consisting of 3 main areas: government policy measures, infrastructure development, educational programs. At the same time, the most important reforms should be adopted in the field of market structure, expanding the list of sold shares, increasing liquidity, creating conditions for certifying market relations and portfolios. [1]

It is clear that the opportunities are very large, and they are not only associated with the privileges and preferences that the participants in this market were originally endowed with. It is necessary to solve two strategic tasks: the first is to solve the problem of a shortage of tools, the second is to create all the necessary conditions in order to mobilize investment resources within Kazakhstan on the stock market.



Figure 1. – KASE index components [2]

Currently the stock market of Kazakhstan is poorly developed, not popular among the broad masses of the population. While the population of Kazakhstan is 18 million people, only 120 thousand brokerage accounts have been opened. There are 41 broker-dealer organizations in Kazakhstan, of which 21 have the right to manage assets. All these data suggest that people do not know about the possibility of trading in the stock market, they do not believe in it, they keep money in other places. [2]

One of the main problems of the securities market is the lack of shares in free circulation, despite the large number of joint-stock companies, the shares of enterprises are concentrated mainly in controlling stakes of strategic investors who are not interested in losing control over the enterprise and disclosing financial information, therefore limited number of shares. There is also a need to improve the legislative system for the free regulation of professional participants in the securities market.

Significant problem that hinders the development of the stock market in Kazakhstan is the complete distrust of citizens to the financial institutions of the country. People are afraid to invest their savings in the market, believing that they will be deceived. These concerns are associated with low financial literacy of the population. The key to developing the stock market can be government programs to improve the financial literacy of the population. These measures will subsequently attract a large number of people to the exchange.

The stock market today is not efficient enough because it cannot ensure fair pricing, free market access for investors and protection their interests. This is manifested in the infringement of the rights of small shareholders and shareholders of non-residents as a result of the actions of large shareholders, high costs for the sale of shares and re-registration of the rights of owners, especially when it comes to small volumes of transactions are not very liquid stocks.

The joint-stock companies created during privatization have a short history; the vast majority of enterprises have not developed a consistent dividend politics. Many issuers either do not pay at all, or pay extremely low dividends, so the shares lose their attractiveness for ordinary investors and purchased based on the growth of their market value, and not to receive dividends. Therefore, small stock transactions have more speculative character instead of investment. In turn, issuers that are represented by various joint-stock companies are not in a hurry to release their shares in free trade on the stock exchange, most companies distribute their shares among several large shareholders, leaving no shares for minority investors.

**Table 1.** – Share and Bonds markets in Kazakhstan 2018-2019. [2]

Official list sector (Millions T)	01.01.2018	01.04.2018	01.07.2018	01.10.2018	01.01.2019
«Shares» sector	17 121 490	18 526 295	16 756 780	15 520 980	15 487 418
«Bonds» sector	8 886 165	8 662 939	8 169 630	9 729 150	10 786 436

It should be noticed that, the program which is called «National IPO» was held as a part of the stock market development program, in 2012. This program attracted about 100 thousand people to the stock exchange, because of state-owned company that issued several tens of millions of shares and regularly paid dividends. This program assisted to increase the number of brokerage accounts of individuals. This kind of government steps are absolutely necessary for the development of the stock market. In general, it is necessary to develop and consistently implement a policy for the development and expansion of the domestic securities market. The overflow of household savings to investments in the market will improve the Kazakh economy, increase the capitalization of the exchange, and will arouse the interest of foreign investors in the Kazakhstan stock market.

One of the problem of the development of the stock market is the reluctance of most companies to become public and enter the market, they unable to take on additional obligations and to meet the requirements of the exchange, to be accountable and transparent. Therefore, out of several thousand companies on the stock market, only about 200 of them are represented. Another negative side is that companies entering the market do not dare to issue shares worth more than 30% of the company's capitalization, thereby reducing liquidity on the securities market. [2]

There are certain specifics in the stock market of Kazakhstan, the market is very unevenly developed and different areas of the market are represented unequal. Players are interested in the money market, the government securities market and, to a lesser extent, the stock market. The market for derivative financial instruments is very underdeveloped and is not in demand among investors. It is necessary to progressively develop all areas of the market in order to avoid imbalances.

**Table 2.** – Kazakhstan Stock market. [2]

	Number of issues	Number of emitters (unity)
«Shares» sector	127	110
«Bonds» sector	247	62
«Investment fund securities» sector	7	6
«Securities of international financial organizations» sector	14	3
«Government securities» sector	231	18
Total:	626	199

There is low level of the middle class that is people with average earnings in Kazakhstan, who in developed countries make up the majority of retail investors. These people have certain savings and choose definite place to invest them. In the best scenario, retail investors can represent up to 60% of the liquidity of the entire stock market of the country. However, in Kazakhstan the situation is opposite, the main market players are commercial banks, acting as underwriters and market makers, issuers and investors. This situation leads to other following another problem: a small number of institutional investors, that is, pension funds, insurance companies and investment funds.

The presence of large investors in the form of commercial banks on the stock market creates a conflict of interest and not always useful competition between banks and the exchange. Both institutions compete for clients and their money, and in the event of an increase in citizens' interest in the stock market, they will begin to withdraw their savings from deposits in the bank and carry them to the exchange in order to purchase financial instruments. Also, citizens can borrow capital at the stock exchange, instead of applying for a bank loan, which is also not pleasant for banks. Therefore, there is the situation where not all players want the speedy development of the stock market.

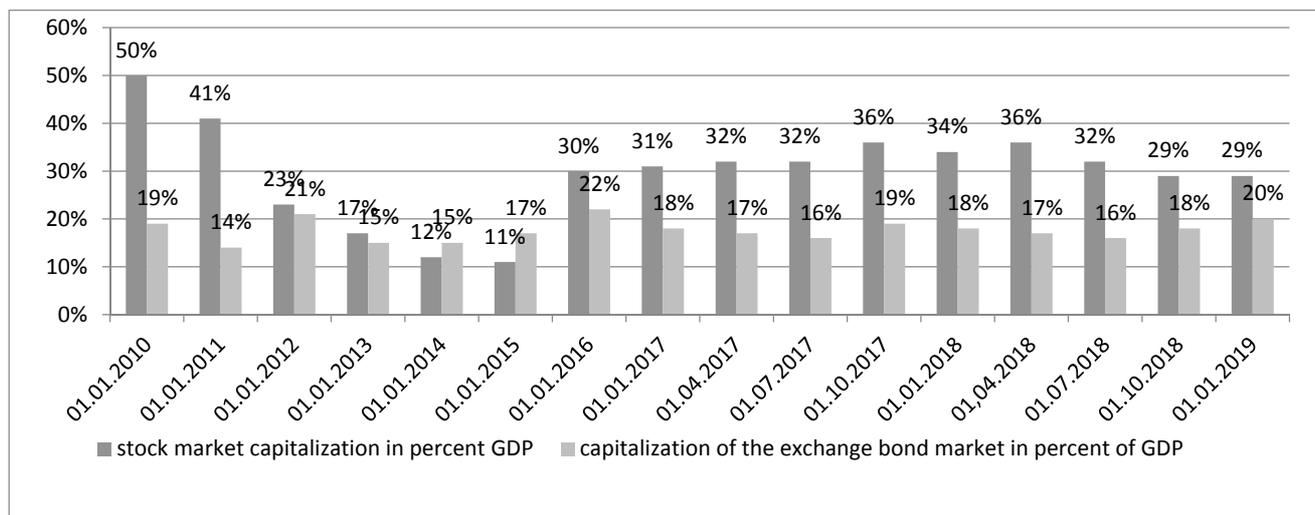


Figure 2. – The role of the exchange market in the economy of the Republic of Kazakhstan [1]

The factors contributing to the development of the securities market should be: increased financial literacy of the population, preferential taxation, access of large state-owned companies to IPOs and the quotation of their shares freely available, simplified access of individuals for operations in the stock market, such as reducing the amount of one transaction to \$ 100 , the possibility of intraday trading through netting, calculations T + 2, T + 3 for all instruments, allocation of limits by commercial banks to brokers for lending by brokers, as a result, the possibility of margin trading. [4]

As an example of a factor contributing to the development of the stock market, we consider preferential taxation. This is the release of investors' income received from transactions with shares and bonds in the stock market, as well as dividends, coupons and other interest on securities.

Another serious impetus to the development of the market is supposed to optimize the system of settlements and registration of transactions with financial instruments by creating a single accounting center by merging the Single Registrar of Securities to the Central Securities Depository. This will improve the efficiency of the market infrastructure, reduce the time and cost of investors to conduct operations with securities. [5]

In conclusion, it is necessary to use cross-border custodians by Kazakhstan management companies selling non-Kazakhstan instruments in the interests of Kazakhstan investors in Kazakhstan financial instruments. Of course, we need timely updating of software and technical equipment of professional stock market participants, compliance with the international level.

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