



Section 2. Economics

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FINANCIAL MARKETS AND GLOBAL TRENDS OF THEIR DEVELOPMENT

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Abstract

The financial market is an integral part of the economic system of any country. The financial market facilitates the flow of cash flows from entities with excess funds to entities experiencing a shortage of financial resources. Over time, the financial market has changed, its structure, financial instruments circulating on the financial markets and their types. In modern financial markets, trading in money and other securities is carried out through electronic platforms, and innovative financial instruments such as cryptocurrencies, crypto derivatives, sustainable, green and blue bonds and others appear on the market as buying and selling instruments. The main objective of the article is to study global trends in the development of modern financial markets. The article emphasizes the importance of developing countries, along with developed countries, and the strengthening of their role in shaping global trends in world financial markets.

Keywords: *Financial market, Sustainable development, Financial derivatives, Sustainable and green bonds*

Research Methods

First of all, the study assessed modern financial markets, their structure and recent trends in money markets and stock exchanges. The features of the spread of crypto-derivatives, sustainable and green bonds in financial markets and their circulation were identified.

In the research process, we took into account materials published in local and

international scientific journals on innovative securities spread in financial markets, research results of international rating organizations and statistical data. The study is based on the processing of secondary analytical materials based on open sources. The methods of analysis and synthesis, deduction and induction were used in the research process.

Main Text

It is known that the financial market is a union of two markets (two segments) where short-term securities and money, as well as medium- and long-term securities, are traded. Commercial banks occupy a central place among the participants of the modern money market, acting as both creditors (when they experience an excess of financial resources) and borrowers (when they experience a deficit of financial resources). However, the main part of the country's money supply is made up of bank accounts in commercial banks. Therefore, commercial banks must be able to provide business entities operating in the country with the necessary means of payment at any time.

In addition, the money market offers investors short-term but liquid securities such as treasury bills, deposit certificates, currency swaps, currency futures and options to diversify their financial portfolios and ensure liquidity. Cryptocurrencies are digital and produced from cryptographic algorithms, exchanged across the Internet using protocols such as peer-to-peer networking (Nakamoto, 2008).

At the current stage, the share of cryptocurrencies and their credibility are gradually increasing. Many of the benefits of cryptocurrencies are tangible and reflected in their ability to drive more efficient online transactions, lower costs, and streamlined payment processes (Abderahman Rejeb, 2021). International money markets today operate globally. On the current stage of the globalization, the monetary credit system of any country is integrated with the international monetary credit system (Mzevinar Nozadze M. K., 2022).

As for the capital market, its structure and dynamics are constantly changing. At the current stage of society's development, one of the most relevant and global issues worldwide is sustainable development, which includes financing environmental and green projects with appropriate cash flows and the introduction of new, innovative financial instruments and their circulation in financial markets. The most popular instrument for financing green projects is green bonds. Bonds are loans to a company at a fixed interest rate. When you buy a bond, you are buying a promise that the company will pay you

a coupon rate over the life of the bond until it matures (Mzevinar Nozadze N. S.).

Financial instruments widely used in modern financial markets include: sustainable bonds, green bonds, social bonds and sustainability bonds. The principles related to these innovative financial instruments have been developed by the International Capital Markets Association (ICMA). According to the data posted on the website of the same association, the total value of sustainability bonds by 2025 amounted to – 245.9 USD bn, although its indicator reached its highest value in 2021 and the total value amounted to – 1,050.9 USD bn (ICMA).

Europe has traditionally been the leader in issuing these bonds. It is a well-known fact that the implementation of environmental protection measures at the modern stage is also one of the main components of business social responsibility, both for developed and developing countries. In developed countries, companies with high social responsibility that actively use green financial innovations to finance environmental and green projects achieve significant increases in production efficiency, competitiveness and reputation (Mzevinar Nozadze G. B., 2025).

Georgia, along with other developing countries, has actively participated in the international agenda of sustainable development. Green and sustainable bonds are issued by Georgian financial and credit organizations and other private companies. The placement and purchase and sale of which are carried out both on Georgian and foreign stock exchanges. Tegeta is the first company in the history of the automotive industry in the region to issue green status bonds in 2023. 20,000,000 GEL mobilized as a result of the issue will be used for the green initiatives of the holding. The main investor of these bonds is the Asian Development Bank.

Basisbank has successfully issued amounting USD20 million a 3-year Sustainability Bond, marking the first Sustainability Bond Issuance in Georgia by a commercial bank. The Bond issuance aims to redirect financial flows towards strategic sectors such as: Renewable Energy, Energy Efficiency, Sustainable Buildings & Construction, Green Transportation, Healthcare, Education, Financing and Financial Services (bank, 2024).

In July 2024, Georgia Global Utilities (GGU), a holding company managing water supply and energy facilities in Georgia, has successfully issued \$300 million in green bonds, which are admitted to the Official List of Irish Stock Exchange plc, trading as Euronext Dublin (GEM) (Sustainable Finance in Georgia).

The steps taken towards green and sustainable development, as well as the issuance and placement of innovative bonds by Georgian economic entities on the Georgian Stock Exchange, will contribute to the interest of investors in expanding the volume of transactions with securities on the Georgian Stock Exchange.

Conclusion

Modern financial markets are increasingly integrating sustainability principles and environmental management. This is illustrated by the introduction and circulation of such instruments on global financial markets as green and sustainable bonds and ESG investments.

The global trend of modern financial markets includes the strengthening of sustainability aspects in the functioning of financial markets and the strengthening of corporate social responsibility in the activities of issuing companies, one of the main components of which is environmental protection measures and their financing.

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