

SECTION 2
FINANCE AND CREDIT STRATEGIES IN INTERNATIONAL
BUSINESS.
INVESTMENT AND INNOVATIVE POLICIES OF INTERNATIONAL
BUSINESS UNDER GLOBALIZATION.

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WILL ISLAMIC BANKING GAIN THE WHOLE WORLD?

Bank is a financial institution that offers the widest range of financial services. Among the main functions of banks are credit creation, accepting deposits, offering current, demand and savings accounts and etc. As of today, the Islamic banking system is one of the systems, which rapidly spread over the world.

Therefore, it is necessary to define what the Islamic banking actually is. Islamic banking is a kind of banking activity, which is consistent with the principles of Islamic law – sharia. For many years Islamic banking system has been growing at a very fast pace, what is more: this system grows more than two times faster than the conventional banks. The reasons of their prosperity are the main principles of its functioning. One of the reasons is that they still make money by lending out their capital, but do so in the ways, where interest and fees are not explicit. At first sight, it looks absurd, but despite of it, this model of banking has been acknowledged in many countries. The central concept of this model is that no Moslem, according to religious canon, can make financial transactions with stable interest. Banks make their profit on redistribution of profits. Islamic banks are forbidden to make money from money, but they have 3 kinds of programs for depositors: Mudarabah, Musharakah and Murubahah.

For instance, Mudharabah is a profit sharing arrangement, where the bank provides the finance and the borrower – the labor, and entrepreneurship. Profit is shared between bank and client. Musharakah describes a joint venture between a bank and a business, where the profits are divided according to their relative capital inputs. Company's profit is important; therefore, the partnership ends, when the loan is repaid.

Another way of profiting is Murubahah, according to which, the bank, for instance, buys any commodity and sells it to the buyer at a profit, but allows them to pay in installments. Also Islamic banking provides several principles for borrowers. Moslem doesn't pay interest, instead the bank gets the right to have a share of borrower's business profit, but if business fails, it will not be necessary for borrower to repay the sum. It is not easy to get allowance to have a credit, because the borrower's profile and purposes of borrowing are thoroughly studied, according to the Shariat.

The activity of Islamic bank differs greatly from the activity of conventional bank. If the conventional bank gets payments from its depositors, and then passes this money to other clients, and money value is in the form of interest rate, Islamic bank shares the creditor's profit, and after shares it with depositors. Islamic banks' profit is the result of entrepreneurial profit, but not the originally settled interest rate. Conventional banks also don't control the usage of borrowed money; the borrower can, for example produce alcohol, what is absolutely forbidden by Islam. One of the important features of Islamic banking – money serves only its function of measure of value.

After analyzing the system of Islamic banking, some of the positive aspects should be highlighted. For instance, Islamic banking promotes simplicity and transparency, because of strict contracts and standards. Islamic banking system encourages stability in investments by slower, insightful decision-making process and by keeping away risky projects. Also this system reduces the impact of harmful products and practices by its ethical and moral dimensions of business.

It is also necessary to emphasize the advantages of Islamic banking, which countries get, using this system. Because Islamic banking prohibits transactions, involving excessive uncertainty, it helps moderate the effects of speculation in the economy. What is more, it provides an active boost for economic. Islamic banking also may help the country to attract different institutions from the whole world, and increase the level of investment, because of its principles of doing business, which encourage longer-term investment. Thus, using of Islamic banking's principles is also important

for the host country's economy. This system can stimulate the economy and has better influence on the economic conditions, due to its features.

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SOUTH KOREAN STOCK EXCHANGE

Korean Stock Exchange (KRX) is one of the world's largest stock exchanges, which is a part of twenty largest stock exchanges by market capitalization. The KRX has 3 market divisions: KOSPI, more risky KOSDAQ (NASDAQ analogue) and derivatives, which is one of the busiest. On July 1, 2013 Korea New Exchange (KONEX) was established for small and medium-sized enterprises with the purpose of providing a new avenue for them in obtaining assets for investments.

In 2016 the number of companies listed on KRX equals to 2044 (in comparison, NASDAQ listed 3084 companies) where 770 companies belongs to KOSPI, 1163 to KOSDAQ and 111 to KONEX. Top 10 stocks by market capitalization are Samsung Electronics, KEPCO, Hyundai Motors, Samsung C&T, Mobis, SAMSUNG LIFE, SK Hynix, AMOREPACIFIC, NAVER and LGCHEM.

To be listed on KRX companies have to be operating on the market more than 3 years. Concerning KOSPI, the number of shares to be listed has to be at least 1 mil. and shareholder's equity must be at least \$30 mil. IPO requirements for the KOSDAQ market are less rigorous: on KOSDAQ shareholder's equity must be equal to at least \$3 mil. or market capitalization must be at least \$9 mil. The minimum listing fee for the KOSPI market is 1.2 mil. KRW for the company whose market capitalization is less than 20 bil. KRW. The listing on KONEX is easier than on KOSPI or KOSDAQ but steel may be difficult. Direct investments may, only, be made by individual investors with deposited liquid assets of over 300,000,000 KRW or professional institutional investors.