

IS THE BELARUSIAN STOCK EXCHANGE A FULL-FLEDGED INVESTMENT TOOL?

A well-structured and organized stock exchange in a country is a sign of its healthy and dynamically developing economy. This stock exchange attracts investors, as it protects their interests and makes investing convenient. As a result, it increases the speed of cash flow and makes money work for the economy. On the contrary, a stock exchange that has a complicated access and operational system usually alienates the investors. Thus, discouraging economic growth and making money stagnate.

The aim of this research is to study the Belarussian stock exchange (BSE) and identify its role in the country's economy. In the research, we relied on the publications on the investing field and the expertise of a professional. For a fuller understanding of the issue, we compared the BSE to the Moscow stock exchange (MSE). Moreover, our personal experience allowed to assume the quality of provided services.

A typical stock exchange is defined as a complex system of elements that includes companies, brokers and investors. Companies sell their stocks or ownership shares in a stock exchange. Brokers arrange transactions between a buyer, an investor; and a seller, a company, for a fee. Investors buy and sell financial instruments with the help of brokers, as they are not allowed to enter the stock exchange themselves. The BSE generally fits the traditional definition of a stock exchange. Though, there are certain factors that restrain it from operating as a real investment tool.

Firstly, one of the most common features of modern stock exchanges is an opportunity for online trading. This is very popular among investors and traders as it simplifies the whole process of investing. For instance, in Russia, almost every well-known broker has its own app that allows people to invest regardless of their location. In contrast, brokers in the BSE do not offer this option to their clients. As a result, it slows down the information flow and makes people spend additional time on opening and closing a deal. It negatively impacts on people's desire to invest, as humans are naturally leery of obstacles and prefer simplicity.

Secondly, brokers' fees and financial benefits significantly influence investors' desire to operate in a stock exchange. People do not like to part with their money and always search for ways of reducing expenses. They usually avoid paying high fees and unreasonable charges, especially investors. In the MSE investors are offered different tax cuts that may increase their earnings. Besides that, the highest brokers' fee there at the moment is 0.07% per deal. In contrast, in Belarus, the minimum sum that investors have to pay is 0.1% per deal and on average this number is 0.15%. Apart from that, additional fees such as depository have to be paid; brokers also have minimum limits. Thus, all these factors negatively impact on investors' earnings and interests. Naturally, a huge majority of potential investors simply choose better options in different countries.

Thirdly, investors highly appreciate a huge diversity of financial instruments that is provided by a stock exchange. It allows them to create a unique investing strategy and diversify their portfolios. Access to foreign markets by default increases the number of opportunities for brokers and their clients. Thus, many countries have additional stock exchanges that specialize in foreign financial instruments' (FFI) trading. For instance, the Saint Petersburg Stock Exchange in Russia provides an opportunity to purchase different foreign securities. In Belarus, there is only one way to receive access to these instruments, and this way involves additional requirements. Investors have to sign a trust management contract, which includes additional expenses. Moreover, to purchase FFI, investors have to receive the official permission of the National Bank of the Republic of Belarus. As we can see, these terms limit investors' and brokers' opportunities to make money and support the economy.

As we can see, the Belarussian stock exchange complicates investing and makes it unattractive for the vast majority of citizens. Apparently, creating a well-functioning stock exchange can be considered a critical step on the way to a healthy economy.