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**MANIFESTATIONS AND IMPLICATIONS OF WORLD STOCK  
MARKET VIRTUALIZATION IN THE PERIOD OF GLOBAL  
TRANSFORMATIONS**

**Statement of the problem.** International financial flows have huge scale in the current context and affect both on the state of the global economy in general, and on the state and development of individual national economies. In the period of global transformation of global economy processes enough fast changes the stature of the financial world, wherein significant importance is played the stock market.

Expension in the number and volume of securities trading, which are focused on quick profits, generates instability of international financial flows, which leads to increased risk of occurrence of the crisis in the global economy. That is why the state of the stock market and the transformation processes that occur on it, determine efficiency of the functioning of the global financial sector on the whole.

Recently, in the scientific literature have been increasingly appearing terms "virtualization", "virtual economy", "virtual financial flows." Research of the problems of stock market virtualization and determine its influence on the global economy is actual and necessary.

**Analysis of the latest researches and publications.** The question of economy virtualization are in a center attention of many both foreign and domestic scientists, such as L. Votintseva, L. Drozdovskaya, Yu. Rozhkov [1], V. Paul'man [2], O. Pavuk [3, 4], N. Ketova [5], A. Ermolenko, M. Sharapov [6].

In particular, Rineys'ka L.S. notes that virtualization means any substitution of reality its simulation both by a computer technology or by another ways, but necessarily using the logic of virtual reality. From the viewpoint of scientists, it is necessary to examine the stock market virtualization in two planes: virtualization,

connected with the use of the newest informative-computer technologies and virtualization, related to conducting transaction with securities for the purpose of receipt of speculative income.

However, the question of world stock market virtualization is insufficiently known and requires extensive analysis and research.

**The aim of the article** is research manifestations and implications of world stock market virtualization in global transformation of world economy processes.

**Presentation of the main material.** Despite the crisis phenomena which took place and take place in the world, the stock market occupies an important niche in a financial environment. End of XX - beginning of XXI century is associated with rapid development and introduction of new information technologies and, as a result, a significant increase in the speed of communication. Enterprises and institutions operating in the financial market, in particular stock market traders, using the latest achievements and possibilities of information technology for transactions and customer service. Progressive electronic technologies, modern facilities of communication and informatization created the ability to virtualize the world stock market. Therefore, currently the world stock market functions in the global virtual information space through virtual operations, e-commerce and virtual financial flows.

In recent years, scientists who study the phenomenon of "virtual economy" [1, 2, 5], increasingly mark contradiction that arises from the introduction the latest information technologies in the financial sector. From one side, independence from a place, time and volumes of information, increases latitude of market entities, contributes to the emergence of new financial instruments. From other side, advanced information technologies allow to create giant financial pyramids, practically instantly to make agreement with securities, in particular, by derivatives and to inflate «bubbles» which brake development of production and conduce to the global crises.

Transactions in shares, bonds and other securities, in particular by derivatives, in certain cases can be attributed to speculative virtualization.

Commitment to receipt of situation profits from price fluctuations in the value of financial assets is usually called financial speculation [8, p. 21]. The real economy come of while securities trading used by businesses to increase capital for the company and for its development. But when securities become an instrument for the receipt of «hot money», when there is a gap between their real and exchange value, then we can talk about stock market virtualization. Gambling on the stock exchange gradually conduce to the revaluation of securities and to a significant excess stock capitalization relative to the real annual income of company.

Ideally, the fluctuation of stock prices must be a response to changes in enterprise reporting, certain technological changes, entry into new markets or to other factors affecting a particular company or industry in which it operates. But in recent years, fluctuations in securities prices is not absolutely correlated with data factors. Even the trend when security prices do not depend on changes in national economies. It is impossible to disagree with opinion O. Pavuk [3] that stock indexes are no longer barometers of economy and often reflect the greed of players in the stock market.

Securities market favors for investors more attractive alternative than the real economy. As a result, the accent of source of economic growth is displaced not in behalf of production and not in the service sector, but in the certain interlacing of information technologies, human factor and economic value [4]. Such advantage leads to weakening financial flows directed to the real sector and capital market begins to act as a new stage of process management in the economy which conduces to virtualization in all its spheres.

Modern stock technology promote brisk growth of exclusive financial instruments that together constitute a virtual capital, that without material reason shows a consistent trend to self-expansion. At the same time, it is impossible subsist uncontrolled process of increase fictitious speculative capital, mainly in the form of financial instruments that are completely rend from its material basis and in a state of autonomous self-expansion. Such virtuality isn't just a global self-deception, but also "financial bomb" which really threatens perceptible

destructions in the world financial system. Self-organization of speculative market is unable to provide for the increasing danger, when one-time, sometimes in a matter of minutes, risk capital devalue on vast sum [8, p. 22]. Speculative excitement sooner or later ends adequate financial failure.

Analyzing stock markets virtualization, stands fix at one of its components, namely the derivatives market. Often analysts researching the stock market connect the stock market virtualization just with rapid and excessive development of the derivatives market. In particular, in the first six banks of the USA, which account for 50% of the American banking system, derivatives volume in 2012 exceeded more than 1.5 times of the pre-crisis high. In 2007 the volume of derivatives six largest banks of the USA was estimated at 141 trln. dol., and in 2012 it amounted to 220 trln. dol. [9, p. 71].

As noted by D. Lukyanenko, O. Titova [10], at the volumes of transactions at the global stock market which exceed world GDP almost three times, dominant are financial derivatives, annual appeal of which is estimated in the hundred trillions of dollars of the USA. Speculative trading amount to 95% of the total, which in ten of times exceeds the cost of annual international trade. Thus, the volume of transactions in international credit, investment and especially currency markets on a few orders exceed volume of commodity sales activities, and for every dollar of the real sector of world economy accounts for hundred of dollars in finance sphere.

One of consequences of stock markets virtualization is substantial change in the structure of investors. The main players in them are institutional investors and individuals. Thanks to recent advances in information technology, individuals can freely exercise purchases securities on a par with market professionals. Investors individuals by using information and telecommunication systems are able to keep track of quotations of securities in real time, independently exhibit their own bids for the purchase or sale of securities and have access to the latest news from different marketplace and other analytical materials.

Also, in recent years there are trends to mergers and consolidation of trading platforms worldwide. A tendency to consolidation of exchanges caused by conation to increase of liquidity and receipt economies of scale. Consolidation take place both within individual countries and in and in the formation of transcontinental markets is set.

**Conclusions and perspectives for further researches.** The newest information computer technologies have made a huge impact on the global economy on the whole and stock market in particular and created opportunities of their virtualization. Virtualization as a new process in the financial environment has both positive and negative manifestations and implications.

The main positive implications of the stock market virtualization is efficiency, that considerable increase the speed of securities services, a sharp increase the amount of completed transactions, possibility of access to the stock market in real time from anywhere in the world and open access to many of the latest analytical and data necessary for the decision to buy or sell securities.

The negative implication of virtualization is the growth of fictitious speculative capital that create instability in the financial system. The stock market has become an instrument to get "hot money" and became more attractive to investors than the real economy. Modern stock technologies enabled to create a virtual capital which grows, not having to do real reason. The such virtuality is global self-deceit and threatens the increasing danger of credible sharp huge depreciation of such capital at any time, which appropriately will stipulate the substantial crisis phenomena in a global economy.

In the period of global transformation and virtualization economy the stock market condition requires deep comprehensive analysis and permanent control of its motion and development.

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## Kukhtyn O.B. MANIFESTATIONS AND IMPLICATIONS OF WORLD STOCK MARKET VIRTUALIZATION IN THE PERIOD OF GLOBAL TRANSFORMATIONS

**Purpose.** The aim of the article is research manifestations and implications of world stock market virtualization in the period of global transformation of world economy processes.

**Methodology of research.** In the research process we used a number of general and specific approaches. Such as: monographic are used to review and

study virtualizations of stock market bibliography; systematic approach- for comprehensive study and analysis of the impact process virtualization world stock market; analysis and synthesis methods - the study of the views of various scientists involved in the transformation issues in the global stock market; dialectical method - in the compilation of materials, substantiating research results and conclusions formulation.

**Findings.** In this paper world stock market virtualization in global transformation process is considered; features of world stock market virtualization are developed; reasons of creation this processes and their implications for world stock market and for world economy are generalized.

**Originality.** Positive and negative effects of world stock market virtualization in the period of global transformations are proved.

**Practical value.** Findings of research give us objective characteristic and evaluation of world stock market virtualization, reveal its advantages and defects and identify areas for further observation of the movement and the development of stock markets.

**Key words:** virtualization, world stock market, information technologies, global transformation, derivative.