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INTRODUCTION

The actuality of the subject. The global economic crisis is one of the challenges that mankind needs to address. Timely detection and elimination of this problem is also a matter that can not be solved within a single country, and can be resolved with the participation of all countries of the world and international financial institutions. The level of economic development in some countries has dropped after 2008. The second stage of the global economic crisis has already begun. It creates problems mostly in develping countries without recources and human capital develeopment. In recent times, silence in machinery, equipment and property markets in some parts of the globe were considered to be the factor that causes mass unemployment.

Economic crises balances the development of the economic system as an indication of deterioration. Crisis itself affects the complex disruption of social and economic stability of society. The reasons for economic crises in different countries in different historical periods were also quite different. The nature of the current crisis is unique. Thus, the most important feature of the modern economy is the process of globalization. Globalization of the global economy is also a global phenomenon which resulted in a spreading crisis in different countries. Investigating the modern crisis in the global financial market has become topical in terms of scientific-practical aspect. The study of its features, reasons, and self-evidentiary forms can lead to measures to improve the global financial market's resistance to the crisis and to minimize negative socio-economic conseequences. The US plays a key role in today's world economy and international financial relations.

The contradictions in the relationship can lead to contradictions in the global economic system as a whole.

Leading Developing Countries China, Brazil, Argentina, Mexico, and Russia are developing their position in the real sector. But these countries are "closed" with close economic relations with the United States and are the main exporters of this country. In addition, foreign currency reserves of these countries are denominated in US dollars.

The US financial crisis, which began in the mortgage sector in 2007-2008, led to stagnation in the US financial system and stagnation in the real sector of the economy. It also adversely affected the global financial markets and the global economy as a whole. In this regard, most of the world countries faced the biggest economic crisis after 1929, the Great Depression.

In order to eliminate the crisis and reduce its impact, the countries of the world have started to pursue an anti-crisis policy. To stop the crisis, the US government has strengthened state regulation of the financial sector through increasing liquidity, lowering interest rates and boosting state spending. The government program has been active in reducing interest rates and increasing financial assistance to the private sector. United States, as a result of state's active intervention in the market system, saved the economy from disaster. However, these short-term anti-crisis measures could not help the world economy thoroughly and remained stagnant as a result of the decline in economic growth. So, economic growth is diminishing, unemployment and the financial market remained unstable. As a result, since 2011, the "second wave" of the financial crisis has hit. With the long-lasting downturn, the economies of the world's countries were facing a recession, many banks, insurance companies, and firms collapsed. The number of unemployed people in the world continues to rise, living standards are down, and production declines. Thus, in the second phase of the crisis, the financial crisis was expanding and becoming an economic crisis. The gap between the developmental levels of the countries of the world has deepened with the impact of the crisis. Because countries that already have a weak economy have been hit by a crisis waves.

Method of diploma work. The analysis and synthesis of writing the dissertation work, as well as induction and deduction methods have been used. Thus, the subject of the analysis as a method of analysis was fully taken and later analyzed separately by chapters. Then, through the synthesis method, these chapters were combined in the economic system. The economic facts about the dissertation work were collected, systematized and investigated through the induction method. Then, through the deduction method, theoretical outcomes, general principles, in other words, the necessary recommendations for practical activity have been identified on the basis of these collected facts.

Subject and object of research. The subject of research is globalization of finance, the current global financial and economic crisis in the market, its causes, trends in the impact of world countries, and measures to combat it. The object of the research is the influence of the economic cycle on global financial markets during the globalization period.

Purpose and tasks of the research. The main purpose of the research is to explore the nature of the concept of financial crisis, the history and causes of the global financial crisis, the impact of debt crisis on world economy, as well as to show the impact of debt crisis in our country and the fight against it. The research objectives are:

- ✓ Studying and summarizing theoretical approaches to the concept of financial and economic crisis, its causes;
- ✓ Study of historical genesis of financial and economic crises;
- ✓ Determination of the recent global financial and economic crisis and its causes;
- ✓ Investigating the global financial and crisis in the world and investigating the impact of the crisis on their uneven development;
- ✓ Determining and evaluating the consequences of the global financial and economic crisis;
- ✓ Identify ways to address the "second wave" of the crisis on the uneven development of countries;

Research Data Base and Methods of Development. The source of information for the research is scientific articles and monographs of Azerbaijani, Russian and other authors, as well as official materials of the State Statistical Committee, Central Bank, Ministry of Finance and Ministry of Economic Development, statistical information, economic news on local and foreign websites, articles and statistical data were used.

Scientific novelty of research. The scientific innovations of the research are:

- ✓ Theoretical and methodological approaches to the concept of financial and economic crisis are systematically summarized;
- ✓ The causes of the global financial-economic crisis have been identified;
- ✓ Evaluation of the impact of the crisis on the country's economies on the basis of realistic statistical data, using a comprehensive approach to the global financial and economic crisis and its impact on the uneven development of world countries.

Ways to increase the effectiveness of anti-crisis measures against the global financial and economic crisis have been identified and a number of important proposals have been made.

Practical significance of the research. Theoretical overview of the concept and the globalization of the economy resulted in the growth of the scale of financial crises, the causes and the problems encountered in its elimination. In general, global financial and economic crises and their impact on the development of world countries and the ways to overcome the emerging problems have been studied, as well as ways to overcome the crisis.

The diploma work can be considered as a research work of important theoretical and practical importance, devoted to the investigation of the problem. Dissertation can be a useful source of scientific research in this area.

The structure of the diploma work. The structure of the dissertation consists of the introduction, 2 chapters and 6 sub titles and the results and suggestions, and the list of used literature. In the introductory part of the study the relevance of the subject is substantiated, object of the research, the information base and methods of processing, the scientific novelty of the research is substantiated.

CHAPTER I. ECONOMİC GLOBALİZATİON AND THE CONCEPTUAL ASPECTS OF THE GLOBAL DEBT CRİSİS

1.1. Theoretical bases of evolution of the Global Debt Crisis

Strangely enough, there is no clear definition of a financial crisis or an economic crisis. When it says crisis, generally the sharp decline of any process is understood and its considered to be more negative. The crisis, in its broad sense, means acute "fracture" in the development of events, severe transitional state and complicated situation. But often, the crisis is not always the only negative thing to us as it also brought positive things. So, it forces to move forward, and find ways to eliminate it, create new opportunities for development.

The crisis has certain characteristics as any event of social development. On the one hand, the crisis is regarded as the disintegration of economic systems, but on the other hand, the crisis is regarded as any illness that should be treated.

In modern literature, two forms of economic crisis are distinguished: the crisis of the real sector and the financial crisis. Under the crisis of the real sector, it is understood that the balance of demand and supply in the commodities and services market is inferior. Therefore, it is divided into two forms, both before and after the production, as a crisis. Post-production crisis usually does not happen due to economic reasons and usually occurs due to natural disasters, wars, military and political conflicts. According to economists, the pre-production crisis is due to the lack of aggregate demand in free market conditions and predictability of production.

The Real Economic Growth Cycle Period and its expression phases characterize the periodic character of economic development, which in turn reflects the development of the law of reproduction, the substitution of production and the rise of production.

This problem was investigated by K.Marks in a deeper and more detailed manner. The economic crisis typically implies the emergence of periodic currency and financial crises. The causes of the economic crisis are contradictions in the recycling process, ie production, distribution, exchange and consumption. The periodic development of reproduction and the elimination of accumulated contradictions it happens. He revealed the causes of crises, justified their endurance, determined relationships with the state of the era, and laid the foundation for the theory of crisis development.

Theories of the economic crisis present many causes and factors of its existence. Thus, representatives of neoclassicism and liberalism believe that the cause of crises is that the population, which causes extreme production, is not completely consuming the products. They see this as a stimulus for consumption. It is understood that the equilibrium of supply and demand in the commodities and services market is under the influence of the crisis of the economy. Therefore, it is divided into two forms, both before and after the production, as a crisis. Post-production crisis usually does not happen due to economic reasons and usually occurs due to natural disasters, wars, military and political conflicts. According to economists, the pre-production crisis is due to the fact that aggregate demand in free market conditions and unplanned production is not fully known and is very hard to predict.

Economists who are looking at the cause of the crisis in disproportionate economic development or market's "neutrality" are closer to the Marxist position. In their view, crises are conditioned by the lack of a flat relationship between the fields and the unexpected acts of entrepreneurs, and this is the result of an incomparable, non-professional governance.

Crisis also exists in psychological theory. In the opinion of Shumpeter, it is characteristic of its psychological picture that shapes the attitude towards investment for each base.

Financial crises are usually caused by the fact that financial assets in the market do not lose their value. Examples include bank and currency crises, "speculative foams" and so on. In the 19th and early 20th centuries, financial crises were viewed only as bank crises, but later expanded by considering its content in the stock markets.

In general, there are different approaches to the understanding of the financial crisis. For example, because of the ideological approach of the GSE (Greater Soviet Encyclopedia), the financial crisis is understood as the deep division of the state financial system of capitalist countries. The reason for this is the continuation of the arms race. But such a misunderstanding, as well as the fact that the state of the crisis is the cause of the crisis.

It looks strange for the contemporary "Economy and Law Encyclopaedic Dictionary", which is in deep contraction of its system. In Wikipedia's online encyclopedia, it assesses the concept of financial crisis as a sharp drop in the value of any financial instrument. This also raises the question of "whether the fall in financial instruments prices is a sign of the crisis." In addition, the main reasons to clarify all events can be evaluated differently. From this point of view "violations in the financial system" make this statement more accurate.

Generally, the factors that led to the emergence of a financial crisis are as follows:

- ✓ The exchange rate of securities is unstable;
- ✓ Instability and decline of the 2nd currency unit;
- ✓ infection;
- ✓ Inconsistency between budget revenues and expenditures;
- ✓ Mutual disruptions of business subjects;
- ✓ absence of money supply at the turn of the bulb, etc.

The reasons for the emergence of financial crises can be summarized as follows:

- ✓ Crisis generated from the domination of the financial sector in the economic system;
- ✓ Crisis caused by shortcomings of regulation;
- ✓ Crisis caused by psychological behavior of financial market subjects;
- ✓ Credit crises with expansions.

As we have noted, the main component of the financial crisis is the bank crisis. The causes of the bank crisis are as follows:

- ✓ Macroeconomic shocks; sudden ups and downs in interest rates penalized long-term loans to long-term loans. Economic slowdown and tension in economic activity have had a strong negative impact on banks.

- ✓ Very risky activities; banking activities have become increasingly risky in recent years. Specifically, facilitating legal arrangements has become a significant factor.
- ✓ Strong competition; competition has grown on two fronts. The first was a strong competition between banks, and secondly, the dominant position in the financial sector of the banks, along with the expansion of other financial institutions, significantly changed.
- ✓ bad manners; Indicators show that bad governance in bankruptcy crises and abuse of power are important. Another crisis in the financial crisis is the currency crisis.

Currency crisis is a loss of confidence in a country's national currency. Currency or currency crisis indicators can be grouped into the following five groups:

- ✓ Poor macroeconomic indicators and incorrect economic policies.
- ✓ Inadequacy or negligence of the fundamentals.
- ✓ Ethical risk and asymmetric information expression.
- ✓ Incorrect predictions of existing loans and international financial institutions.
- ✓ Unexpected risks such as terrorist incidents realization.

The causes of currency crises are:

- ✓ short and long term periodic changes;
- ✓ development of inflation processes that violate the exchange rate of national currencies;
- ✓ chronic activity of some payment balances and others chronic activity the incompetence of international settlements expressed in;
- ✓ the rights of international currency-financial relations, their world the incompleteness of the organizational structure of the international system that does not satisfy its role in the economy;
- ✓ instability of international currency markets, which are exposed to unfavorable factors;

- ✓ Compared with the volume of international currency reserves internationalization of production, which led to the formation of flows;
- ✓ strengthening the unequal development of countries;
- ✓ Conflict between the limited capacities of regulation of foreign exchange relations at the interstate level with a high degree of national regulation.

Another element of the financial crisis is the debt crisis. Local and Western economists have long studied the nature of the debt crisis. The debt crisis is a failure of the state and economic entities to fulfill their obligations to the creditors. In this sense, the debt crisis may seem similar to the banking crisis. The only difference between these two concepts is the subject of relationships.

If we look into the bank crisis, we are reviewing bank institutions, and the debt crisis has nothing to do with financial institutions and the state. In addition, the bank crisis is essentially a credit crisis, that is, learning and analyzing the problems of the lender, and the debt crisis is the instability in the debtors or debtors' pointing out.

Based on the definition of the financial crisis, the science of domestic and foreign authors it is possible to prove with certainty that there is no single approach to determining the precise framework of financial recovery and development of financial instability. The concept of financial crisis is so extensive that its essence can not be clearly defined. There is no consensus among economist scientists in the structure of the financial crisis.

Summarizing the work in the field of financial crisis, it can be concluded that the financial crisis is based on the following: the financial crisis is the sharp deterioration of the financial assets or the financial market, particularly the weakening of the national currency and the problem of sovereign debt repayment, the discrepancy between the financial market and the financial institutions and the sharp decline in the share price of shares. The term financial crisis in western literature is, in fact, kept in the same way as the bank crisis category. But even in the understanding of the financial crisis the approach is not optimal because the banking crisis is a component of the financial crisis.

The concept of financial crisis is a broader concept than the bank crisis. According to Mammadov, the structure of the financial crisis consists of the following components:

- ✓ Currency - devaluation of the national currency;
- ✓ Bank - bankruptcy of one or several banks creates a crisis of payment in the country and, in the background, the bankruptcy epidemic of the banks is spread;
- ✓ Borrowing is associated with an internal or external debt problem;
- ✓ Stock Market - fast falling market value of securities.

In our opinion, the main reasons for the emergence of crisis in developing countries are:

- ✓ the need to focus on attracting foreign capital and the relevant necessity of capital movements and liberalization of the markets;
- ✓ high interest rates;
- ✓ rapid development of the emerging financial market
- ✓ the possibility;
- ✓ small size of economy, banking system and financial market compared to foreign capital flows;
- ✓ ineffective activity of the financial system and the market, non-institutional structure development, poor regulation and control of the financial sector.

The great effect of the following external factors: the fluctuation of world interest rates and key exchange rates, the prices of export and imported goods, the direction of movements of capital flows and the emergence of crises in neighboring countries in foreign economic relations.

The causes of crises are not exhausted by the factors described above. As a result of the crisis, losses can be great and even unacceptable. The mutual dependence of the financial market segments can lead to the spread of the crisis from one sector to another, leading to the global financial crisis, the economic downturn and the stagnation.

The crisis in the financial system also affects other sectors of the economy, and as a result, the crisis is gaining momentum and at the same time begins to gain new features: - reduction of production volumes; - accumulation of unrealized products in the market; - sharp decline in prices; - collapse of mutual settlements system; - the collapse of the banking system; - disassembly of industrial production and trading companies; - unemployment splashes suddenly.

Some economists believe that the crises will become more frequent and will last longer, and the cost of their solution will be higher than two reasons. First, as the global market of capital markets increases, the likelihood of emergence of crisis falls. This is the elimination of restrictions on capital flow to national financial markets and global financial markets and relationships and interdependence. Secondly, the urgent, inclining liberalization of the difficult-to-manage economy puts the necessity to compete in world markets, even if they are not ready for it.

1.2. The main features of the Global Debt Crisis

Global debt crisis takes it beginning from the subprime mortgage crisis in US. There are many reasons as to what led to the mortgage crisis but mostly it was housing bubble. The main reason was rapid increases in the prices of properties until the changes in interest rates, income levels change and people no more could afford houses. The mortgage emergency actually began in 2001 and reached its peak in 2005. Following the rapid increases are diminishes in home prices and mortgage debt that is higher than the value of the property. Housing bubbles generally is identified after a market correction, which took place in the United States around 2006. Numerous financial specialists accept that the U.S. housing bubble was caused in portion by historically low interest rates. After the crash of the dot-com bubble in 2000 and Fed cut short-term interest rates from approximately 6.5% to 1 %.to revive economy and fight with recession that started in 2001. The Fed" Mortgage rates ordinarily are set in connection to 10-year Treasury bond yields, which, systematically, are influenced by federal funds rates. The Fed has recognized the association between lower interest rates, higher home values and the increased liquidity that the higher home values bring to the overall economy. In a 2005 report by the Fed, "International Finance Discussion Papers, Number 841, House Prices and Monetary Policy: A Cross-Country Study," the agency said that house prices, like other asset prices, are affected by interest rates, and in some countries the housing market is a key channel of monetary policy transmission.

From 2004 to 2006, the Federal Reserve Board increased interest rates 17 times, raising them from 1 to 5.25 percent. The Fed cansellled increasing rates in order to fears that an speeding up a decline in economic activity in the housing market could weaken the whole economy.

In August 2006, Barron's magazine notified that a real estate problem was coming and mentioned that the average price of new houses had declined approximately 3 percent from January 2006. In this time the publication also estimated that the local average cost of real estate could decline approximately 30 percent for the next coming three years.

Subprime borrowing was a main parameter in the rise of house proprietorship rates and the requirement for home ownership during the bubble period. The U.S. proprietorship percentage raised from 64 percent in 1994 to the ultimate level of whole time which is 69.2 percent in 2004. The requirement supported encouragement the increase of real estate prices and buyer disbursal, making an unknown of rise in house prices of 124 percent from 1997 to 2006. Some house owners got better condition of the raised real estate prices of their home to provide fund again their houses with less interest rates and extract other mortgages contrary the attached cost to consumption for buyer spending. In turn, U.S. home ownering loan as a percentage of profit increased till 130 percent in 2007, 30 percent more than the median amount before in the ten years.

With the disperse of the home ownership bubble reached high possibility of not paying back of loans rates on subprime, adaptable rate, "Alt-A" and different mortgage credits did to supreme-risk takers with little profit or lesser loan background than “prime” users. Alt-A is a compartmentalization of mortgages what indicates that the risk side changes from prime rate to subprime rate. The users beyond those mortgages usually will have good loan background, but the mortgage itself mostly will have some characteristics which rises its risk side. Those characteristics obtain ultimate credit-to-value and debt-to-income percentages or inappropriate certification of the users’ annual profit.

The percentage of subprime mortgages to overall originations raised to 20 percent in 2006 from 9 percentage in 1996 according to Forbes journal. Subprime mortgages summed $600 billion in 2006, calculating for averagely one-fifth of the U.S. house credit industry. An predicted $1.3 trillion in subprime credits are spectacular.

The size of subprime credits increased as ascending property cost allowed to creditor getting high risks. Some professionals think that Wall Street stimulated that kind of behavior by pooling the credits into derivatives that were bought by pension funds and different institutional investors looking for higher returns.

Risky Mortgage Products and Lax Lending Standards

Because of the icreasement of unregulated lenders expansion for subprime loans that economists say that they have noticed it. The adjustable rate mortgages, interest-only mortgages and “stated income” loans are included here. In “stated income” loans the borrower has not any compulsion to prove the income for financing home purchases on the application stage, so that is the reason for “stated income” loans are called “no doc” loans. The “stated income” loans have increased worries about interest rates influx surplus or the borrower would not be able not to not pay the debt. In numerous ranges of the nation, particularly those regions with the most appreciated among the bubble days, such non-standard loans went from being nearly unknown to general. In San Diego County launched eighty percent mortgages in 2004 were arrangeable -rate and 47 percent were interest-only loans. Also increasingly higher-risk loan like ARMs and interest-only loans, borrowers’ incentives have been increased. An approximative one-third of ARMs created between 2004 and 2006 had rated below 4%. A rate was very low but not long beginning rate, expected to increase importantly after the initial period, sometimes doubling the monthly payment. Programs like seller-funded advance payment support programs (DPA) also came into being during the boom years. DPAs programs allows sellers to give money to a charitable organization that then gives the money to buyers. From 2000 to 2006, more than 650,000 buyers got their downpayments via nonprofits. According to the Government Accountability Office (GAO), there are much higher default and foreclosure rates for these types of mortgages. A GAO study also determined that the sellers in DPA programs inflated home prices to recoup their contributions to the nonprofits. In May 2006, the Internal Revenue Service ruled that DPA plans are no longer eligible for non-profit status as seller pays fee to the charity after closing. On Oct. 31, 2007, the Department of Housing and Urban Development adopted regulations banning seller-funded downpayment programs.

Securitization, that is transforming illiquid asset, or group of assets into a security is also one of the reasons of 2007-2008 financial crisis and is defined as a structured finance process by which groups of such illiquid assets (usually debts) are acquired ,classified into pools , securitized and sold to investors. The imploding of securitization in United States market was one of the most damaging aspects of the crisis from the viewpoint of credit creation and influence on the rest of the economy. Risen spreads on the secondary asset back securitization due to outbreak of the subprime crisis in the USA was the first sign of the crisis in August of 2007. The banks made tranches from subprime mortgages which were not ensured for the investors. The securitization changes the bank's treatment, banks' main anxiety was to pass the loans to the investors as well as the credit risk. As a result, money related concern of the crisis was so quick and from housing market of U.S.A. went to the real economy all over the world.

An MBS permit a bank to move a mortgage off its books by turning it into a security and offering it to investors. When a bank can move mortgages off the books, it frees up room for more lending capital. With investors empowered by the conventional quality of the housing market and the ratings on MBS, there was steady demand for these repackaged mortgages.

Another important factor is the state's inefficient policy in the field of mortgage loans. From the framework of the law, two "criminal" bills in the financial crisis. These are amendments to the Social Investment Act signed by the US President in 1995 and the Financial Services Modernization Act signed by the President in 1990. The first law allowed the middle and low-income population to purchase home and other consumer loans. As a result, lending institutions softened their demands. At the same time, other changes have allowed the open joint stock companies, which are guaranteed by the government's obligations and receive unlimited loans from the state, to invest in those low and middle income groups. This was, in fact, the beginning of the process of lending to a non-credit group.

The second draft allowed the banks to engage in both commercial and investment activities. The guarantees given by the state to the savings of commercial banks will also cover the losses from the investment activities of those banks. If the investment banks were unable to deposit earlier, they had the right to merge with commercial banks, which had been depositing after the transaction. The accumulated deposits were spent on the circulation of risky financial instruments. For example, changes to the Mortgage Securities (CPA) law have created many problems. Medium and low-income households (even though their income does not allow them to buy a home) has been given preferential loans. The reason was the desire of the mortgage companies to earn a living. Those lending companies have provided mortgages to those who are less profitable and have no credit history to earn commission income. The CPC's value is based on the initial purchase and sale price of the households and the principal income is the amount paid by the homeowner. As a result, financial markets emerged for the CPC, where mortgages were given to mortgaged people, and various financial companies were helping the ICC.

Fannie Mac and Freddie Mac were forced to invest in the IKK by the government in order to increase the liquidity of the IKK market. In 2007, these two companies had half of the $ 12 trillion mortgage market. Note that most financial instruments have two major risks. This is the risk of interest and credit. If the 80s were at a risk of a financial crisis, the main reason for the current crisis is the credit risk. As you know, credit risk is the ability to repay the loan and its interest rate. It also led to a few increase in its nominal value as a result of speculative attacks on mortgages.

Thus, extreme complexity of mortgage loans contributed to the global financial crisis. According to the rules adopted in America, the houses were given a fixed and variable loan. People also took a loan with variable interest, taking into account the future of the economy. In other words, they took the "variable interest rate" principles and hoped that future credit interest rates would decline.

However, the unexpected rise in oil prices at the end of 2007 and early 2008 caused the Federal Reserve to raise interest rates. This reduces the creditworthiness of citizens and their interest rates, and as a result, houses were returned to the producer companies. The banks faced the credit risk because those companies took loans from banks. The money that did not come back automatically caused the crisis. If the homeowner fails to pay, the house is sold, the selling price goes to the owner of the ICC. As we know, the cost of this IQC could not be paid by homeowners, the risk of IQC increased, and its price dropped. The real estate prices in the American stock markets began to decline rapidly. Changes in US stock exchanges affect other stock exchanges around the world. Today the New York Stock Exchange is the world's leading stock exchange and plays an important role in determining prices in the world markets. The situation on the US stock exchanges also exists in exchanges in other world countries.

One of the most important factors in the global economic crisis is the accumulation of global capital accumulated in a number of countries around the world. Investors in the world have begun to observe capital deficits as they suffer heavy losses following the United States major crisis. At the same time, capital owners and managers of large-scale funds gradually began to risk the risks, choosing alternatives and preferring the capital accumulation, as opposed to previous periods.

At the present time, this means that in the case of risky borrowers or capital-priced projects in the world, they need securities and securities, there is a huge shortage of securities in the securities market. This has resulted in the delay in major projects, and the weakening of growth rates in Latin America, Europe's EEA and the Balkan countries, which depend on capital for the development of infrastructure and individual industries.

The capital accumulation caused by the financial crisis has had a devastating impact on the world banking system. In any region of the world, the banking sector has not been integrated with industry as it is in Europe. That's why the impact here is even more serious. In the United States, securities are considered to be more reliable, and therefore preferred to domestic financial needs. The major challenge facing the global economy as a global crisis is a global decline in economic growth, which is the decline in exports and the reduction in exports as a result of weakening of production and the supply of raw material suppliers.

Another problem facing the world economy is the decline in the real sector of the economy and the social sphere along with the financial sector, particularly in Russia, where the economy is dependent on raw materials, as a result of the decline in oil demand and rapid price drop in the international market. Generally, as a result of the financial crisis, unemployment rised throughout the world, commodity prices declined, oil prices have dropped threefold in just one year earlier.

As regards the consequences of the crisis, it should be noted. Negative Impacts:

- ✓ production and distribution will be weakened as demand for production decreases;
- ✓ Unemployment will reduce vehicle and air traffic;
- ✓ uncoordinated financial measures, especially for large countries, may have an impact on key industry sectors, wherever possible, in the 1930s, the policy of "weakening neighbors" has further aggravated the recession;

- ✓ Failure to make necessary reforms in the financial sector results in the transparency of the operations and operations of financial transactions, which, in turn, leads to a reduction in liquidity that prevents restoration.

According to the World Bank's survey, demand for oil products in the world will decline rapidly and raw material prices will fall. But it will not go down to the level of 1990.

Since 1982, international trade has declined for the first time, and this tendency will cover many industries. Interestingly, the crisis has positive effects. They are:

- ✓ Conflict in Iran and Afghanistan will gradually disappear;
- ✓ China and India, the world's giant states, will become the driving force of international relations as the locomotive of development;
- ✓ Oil reserves are exhausted and its recovery will require more resources;
- ✓ OPEC non-member countries, such as Russia, will be forced to join this organization to pursue a unified energy policy;
- ✓ energy-efficient homes and cars will also be created;
- ✓ Large investment in public sector development will be attracted;
- ✓ OPEC members will have to comply with established quotas;
- ✓ alternative sources of energy will be more affordable and competitive in terms of trade;
- ✓ Additional resources will be disclosed.

Wall Street experts do not agree with the World Bank's bad predictions and claim that the price of one barrel of oil for three years will rise to $ 75 and food prices will drop by 50 percent compared to the previous one.

As it is known, as a result of the 20th meeting in London, the leaders of the countries have identified 6 main directions of the fight against the crisis and agreed to allocate $ 5 trillion in 1.5 years. The following are some of the antitrust trends.

- ✓ Increasing the IMF's resources and helping countries most affected by the crisis;
- ✓ Fight against "tax oasis";

- ✓ Regulation of bonus payments to management of insolvent companies and banks;
- ✓ Country-level stimulating measures;
- ✓ Strengthening financial markets control;
- ✓ Ensuring stability of national economies.

The estimated $ 1.1 trillion (about one-fifth) of the five trillion dollars allocated will be allocated to the IMF and other financial institutions. The $ 1.1 billion of $ 1.1 billion allocated to the IMF is aimed at restoring the lending process, securing economic growth and opening new jobs, including $ 250 billion in adjusting the balance of payments of the countries. Crisis measures and allocation of funds give rise to the fact that soon the global economy will grow by 4 percent.

The global financial crisis that began in 2008 has sparked a crushing blow to the financial life of many countries and has increased the instability of the global financial system. In modern times the young Azerbaijani state is actively integrated into the global economy and occupies a special place in the world economy. Therefore, the important processes and trends in the world economy affect the economy of Azerbaijan in some way. But it is also gratifying that the Azerbaijani economy and the established market institutions have already reached a level that some of the global negative processes that have taken place in the world are either less or less ineffective.

1.3. The Global Debt Crisis and its Socioeconomic implications

There were also economic crises before capitalism. However, their partner was gossip production. Drought, flood, and similar causes of production are under the need, and as a result, people have been condemned to hunger and misery. Capitalism has more production crises. The main reason for this is the uncertainty in which companies in the capitalist economy will be directed to the demand for goods. We can explain this part. Every entrepreneur will make the investment to profit. The good is achieved only through the sale of the product. However, there are more than one entrepreneur in the market who produces the same kind of goods. Although consumers are estimated to be in need of that product.

There is a very important factor that can not be estimated: which companies will be able to meet the needs of the companies or firms. The whole issue stands on this. Such a question may arise whether either planned or anticipated sale - so that every company in the capitalist economy is planning ahead and making a prediction. Approximately for rent, building and machinery receives raw materials, agrees with the worker and so on. It also starts selling after its production. However, the big risk is also evident at this point: when the entrepreneurs plan their production plan, many things may have changed over the time the product was released, the owner of the company can not afford to sell it for that reason. This is the starting point for the crisis. Starting in any company in a single sector, a market shortage can grow and then expand to the sector, then to other sectors, and eventually to the whole economy, as an avalanche. Stopping the purchase of raw materials, dumping the employees out of work, dragging others behind and drowning them, the latter also... Sector importance, factors such as the market share of the sinking firm and others, determine the depth, breadth and length of the crisis. As we have seen, the fact that those who produce it is in the hands of the manufacturers, and therefore the bankruptcy of the capitalist enterprises. For this reason, capitalists do not demand the "stability" of their language. For them, stability means everything is exactly what they plan to do, thus earning them profitable, selling them, not showing any other bankruptcy. However, stability in the market economy is an exception. Because equilibrium in the capitalist system is an exception. It is almost impossible for many entrepreneurs who plan independently and compete with one another. This is the reason why the capitalist system is on a regular basis. Both capitalist economies
it was never possible to get rid of the rules, to get rid of these crises.

Generally legitimate from the point of view of the financial crisis - the "dishonest" in the 1995 and 1990 bills. In 1995, the United States President signed the "Public Investment Law" and "Financial Services Modernization" signed in 1990. The first of the two signed laws allowed the lower and middle-aged population to get a home based on their income level. As a result, organizations that provide loans to the population, the banks dropped their demands slightly. Along with this, some changes have been made. One of the changes was the fact that the unlimited (unlimited) lenders from the state were able to invest in lower, lower and lower-income segments. This means granting loans to non-creditors. Another bill has contributed to the country's existing banks, both in investment and commercial activities. If investment banks were not able to collect a deposit before the amendment was added, they began to work with commercial banks after the amendment to the Act. Whichever these commercial banks have the right to deposit. These deposits were used to hedge risk financial instruments.

As a result, changes in the Law on Mortgage Securities have created many problems. Medium and low-income households (even though their income does not allow them to buy a home) has been given preferential loans. That is why companies that provide mortgage have the desire to earn a living. Those lending companies have less income and credit to earn commission income mortgages to those who did not. The value of Mortgage Securities is based on the purchase and sale prices of the major households and the principal income is the amount paid by the homeowner. As a result, a series of financial markets emerged for Mortgage Securities where mortgages were pledged to those with a risk of earnings, and emerged, and a number of financial companies also helped Mortgage Securities.

But at the end of 2007 and early 2008, an unexpected uproar oil prices caused the FES (Federal Reserve System) to raise interest rates. This, in turn, caused the population to face difficulties in repaying the loan, and as a result, the houses were returned by the companies. The banks were risky because companies borrowed banks from banks. At this time, the money does not come back and began to suffer a crisis. If the landlord did not have the ability to pay the loan, then the house was put on sale and the sales cost went to the Mortgage Securities owner. As we have noted, the value of Mortgage Securities did not pay homeowners. The risks of Mortgage Securities rose and their price dropped. In American exchanges, real estate prices rapidly declined. Headquarters in the US the changes that affect the other exchanges around the world. Today the New York Stock Exchange is the world's leading stock exchange and plays an important role in determining prices in the world markets. The situation on the US stock exchanges also exists in exchanges in other world countries.

Thus, the above-mentioned reasons have led to the financial crisis in the United States. As a result, financial institutions faced great risks. An unprecedented crisis spread from the US economy to the entire world economy. This financial crisis, according to various analysts, is the most terrible crisis since the 1930's recession.

The capital accumulation caused by the financial crisis has had a devastating impact on the world banking system. In any region of the world, the banking sector has not been integrated with industry as it is in Europe. That's why the impact here is even more serious. In the United States, securities are considered to be more reliable, and therefore preferred to domestic financial needs. The world major problem facing the economy as a result of the global crisis is a global decline in economic growth, which is the decline in exports as a result of declining production and the weakening of production and the supply of raw material suppliers. Another problem facing the world economy is that as a result of the decline in demand for oil in the international market and the rapid fall of its value, the economy is dependent on raw materials, particularly in Russia, the decline in the real sector of the economy and the social sphere.

Generally, the financial crisis causes the uncertainty of its operations and operations, which in turn leads to a reduction in liquidity that prevents restoration. Unemployment is rising throughout the world, commodity prices continue to decline, oil prices are only three times higher than just 1 year ago fell.

The solution of the debt crisis can be solved economically but there are political difficulties which still keeps this problem alive. First of all countries should agree to start authority measures cutting government spending and taxes hikes to an equal amount. Each country will reduce the debt proportionally although they have different impacts on world economic growth and labor market. Tax cuts aren’t the only way to boost economy and create jobs. There are other job creation ideas that can help with employment.

Whatever is decided, government should inform business about the danger and make all information in the market available, and start saving from danger. This will restore confidence and businesses can preciously organize their future operational plans.

Second, after a recession countries should continue changes for at least one more year. These steps will revive the economy and in a long run economies can maintain 3 to 4 percent growth rate needed to create jobs. These actions may increase GDP in the same way as government cuts taxes or increase spending, These actions may reduce the amount of debt in GDP which is very important for countries with big exports as

The global financial crisis that began in 2008 has sparked a crushing blow to the financial life of many countries and has increased the instability of the global financial system. In modern times the young Azerbaijani state is actively integrated into the global economy and occupies a special place in the world economy. Therefore, the important processes and trends in the world economy affect the economy of Azerbaijan in some way. But it's also gratifying that Azerbaijan the economy and the established market institutes have already reached such a level that some of the global negative processes that have taken place in the world are either less or less ineffective.

CHAPTER II. İN ECONOMİC CONDİTİON THE CURRENT STATE OF FİNANCİAL MARKETS AND İTS DEVELOPMENT DİRECTİONS

2.1. The research of the main characteristics of currency market

One of the five main functions of money, the function of the world money has played an important role in the expansion of foreign economic relations between states. The formation, development and improvement of foreign economic relations existing between the countries depends on the mechanism of the international currency system. International currency relations are understood as economic relations with the functioning of the world currency that serves to the development and expansion of mutual economic and commercial relations among the countries of the world [4]. As the diverse economic and trade relations between the countries expand, the structure of international currency and financial relations are also significantly improving.

Currency is an Italian origin. "Valuta" means "price", meaning "value" from Italian translation. [9] Currency is a currency created on the basis of the domestic legislation of each country. That currency is the dollar in the United States, the pound sterling in England, the yen in Japan, and the manat in Azerbaijan. The currency-financial relationships of each country are different and some of its currency constitute currency or financial resources and play the role of exchange and settlement mediator in shaping the country's international economic and trade relations.

In terms of international currency exchange, the national currency of each country has different characteristics. In the domestic or in the national currency market, the three types of currencies are differentiated according to the rules of changing the currency of any state to the currency of another state and at the same time buying and selling. They are [31]:

- ✓ fully convertible currencies with free convertibility;
- ✓ Partially converted currencies;
- ✓ Non-convertible, ie non-convertible currencies.

Most currencies among the world's currencies are currencies that are fully convertible. These currencies are fully convertible currencies as they are easily convertible into other currencies of the country. Converting the currency into a process of transformation of a currency of a state in which we talk about the entire currency of another state is called. In modern conditions, 60 of the 180 countries included in the International Monetary Fund are fully convertible currency, which is freely convertible. The fully convertible currencies are the dollar, the German brand, the British pound sterling, and the euro, which is the currency of the European Union.

Partly convertible currencies are those currencies that are traded within the limits of exchange rates, which can be traded and sold in certain currencies.

Most currencies of economically weak economies of the world are currencies that are not convertible by carrying out only internal operations. Such currencies are considered to be currencies that are only capable of performing the function of payment within the country.

The world currency system has never existed, it has reached its current level of development and evolution. As a result of the evolution of the world economy, the necessity of the creation and development of the international currency system emerged.

The global currency system consists of several stages, each of which has its own specific features and functions. Each of these stages, based on the evolutionary process of the global currency system, has embodied a few features of the stage before it. The stages of the global currency system are listed as follows [31]:

- ✓ Paris currency system covering the period from 1867 to the 20th century;
- ✓ Genuine currency system covering 1922-1930;
- ✓ Bretton-Vudz currency system, founded in 1944 and reigning until 1976;
- ✓ The Jamaican currency system, which was formed in 1976-1978 and maintained its existence until the present time.

We will focus more on the essence, function and types of international monetary and financial system, as we will write more comprehensive paragraphs about these stages, which played an important role in the evolution of the international currency-financial system.

International currency-financial relations are understood as the sum of money relations that provide payment and settlement transactions in the conditions of expansion of foreign mutual economic and trade relations among the world's countries [9].

The national, regional and global currency systems have begun to form and become formed as a result of the international relations of the economic relations beyond the borders of the country. It is natural that the first emerging currency system is related to the formation of the national currency system. The national currency system is created within the country's existing legislative acts and understood as a means of payment or exchange in trade relations within the country, as well as trade relations, such as other economic categories.

The regional currency system, considered as one of the leading branches of the international monetary system, is a process of developing a foreign trade and trade relationship between countries in any region, and is based on the establishment of intergovernmental agreements and inter-state financial and credit relations [15. on page 96]. The most obvious example of the regional currency system is the European currency system.

The world currency system is a system that combines currency regulation and currency relations. At the same time, foreign exchange relations are a mechanism that reflects the relationships between legal and physical persons, firms, and banks as they enter into money and currency markets due to settlements, currency and credit operations.

The global financial system also consists of several elements. The majority of these elements are crucial to overcoming the underlying essence of the global financial system [4]:

- ✓ Collective and national reserve currency units;
- ✓ structure and composition of international assets with high liquidity;
- ✓ mechanism of rate and currency parities;
- ✓ Interconnection terms of currencies;
- ✓ Types and forms of international settlements;

- ✓ World gold market mode;
- ✓ International currency markets;
- ✓ Intergovernmental organizations that have the authority to regulate currency and financial relations.

The main factor in the global monetary system is the analysis of the relationship between inflation, interest rate and exchange rate, which is being carried out in the current or future period. In each of the countries involved in international economic integration, a parity has been adopted between several economic parameters. The main parity of the aforementioned financial system covers a period in which the economy has no artificial barriers.

In economically developed countries, there are a number of economic categories, including equality between interest, inflation and exchange rates. Undoubtedly, this equally contingent covers periods when there are no artificial barriers to the economy, and these parity conditions are based on international funding.

One of the main concepts used in the global monetary system and international finance is the concept of "arbitration". Arbitration is to maintain profit without risk. The main goal set out here is to follow the principle of "cheap, cheap". The main purpose of the arbitrators is to buy currency at a lower market and sell at a higher price, resulting in the currency's appreciation in the currency market, and the currency price in the currency market. Finally, equality arises [4].

Another concept that is used in the international monetary system as well as in international finance is the "single price law." Under the single pricing law, it is understood that the same interest rate in the currency markets and within the boundaries of the country is called the International Fischer effect in economic literature [19 p. 197].

As a result of arbitrage in international finance and in the international monetary system, this equality attitude is united in five major groups. Those groups consist of [4]:

- ✓ purchasing power parity;

- ✓ interest rate parity;
- ✓ Total Fuser Effect;
- ✓ Effects of International Fischer;
- ✓ Predicting the future course without mistaking with the current course.

An arbitration is called for the transaction of selling currency at the same time as cheap currency at the same time to gain or profit from the price difference [4].

From this definition, it can be understood that arbitration is a broad concept that applies to all economic entities and categories. The main characteristic is the acquisition of profit as a result of price difference. This operation has no risk. Because the currency is cheaper when it is cheaper, and when it is expensive, it is sold.

The main reason for the currency arbitration is that the exchange rate between the two currencies at different markets is at different prices. Currency arbitrage reverses the deteriorated balance between the exchange rates in different currency markets, and ensures constant consistency in exchange rates across the world.

The main task of the international monetary and financial system is to provide financial stability and play a mediator role of international currencies as a means of payment among the countries of the world. Rapid development of the international currency-financial system promotes the expansion of mutual economic and trade relations among the countries of the world, the acquisition and sale of the goods produced in the mutual relations, and the further improvement of economic relations. The international monetary and financial system realizes several functions in order to properly perform its functions. The above mentioned functions were organized from [5. p. 77].

- ✓ Coordination of international trade and economic relations through mediation;
- ✓ Payment and settlement turnover in existing economies in the world;
- ✓ Ensure the necessary environment for sustainable recycling and continuous product sales;
- ✓ Coordination of the national currency regimes and the mechanism of their regulation;

- ✓ Planning and implementation of standardization and unification of currency relations principles.

The international currency-financial systems we talk about are not functioning as a separate system. International monetary and financial systems are formed as a result of the interaction of national, regional and international currency systems. As a result of the internationalization of separate economic zones in the world, the boundaries between the national currency system and the international currency system are erased, and the harmonization of national and international financial systems emerges. Therefore, any negative factor in the national currency system has its own negative effects on the international currency and financial system itself.

As we have already seen, the expansion of foreign economic and trade relations among the countries of the world has become the basis for the establishment of international currency and financial relations. Thus, there was a need for any kind of currency in international payments, settlements. On condition that this currency can easily be converted into currencies of other countries, in other words, having high returnability.

Thus, the main function of the international monetary and financial systems is to provide international payments in the context of the expansion of foreign economic and investment relations among the countries of the world.

Currency rates, other currency parities, as well as the rate of return of national currencies are determined in foreign exchange markets.

The currency market is understood to mean that foreign exchange valuables or foreign currencies are traded and, as a consequence, the creation of stable and economic relationships. The main purpose of the foreign exchange market is to ensure the expansion of these relations by serving international foreign trade and economic relations.

The existing relationships between different economic entities are expanding through the foreign exchange markets and gaining coverage. Foreign exchange markets consist of several subjects that are individually available. Those subjects may include:

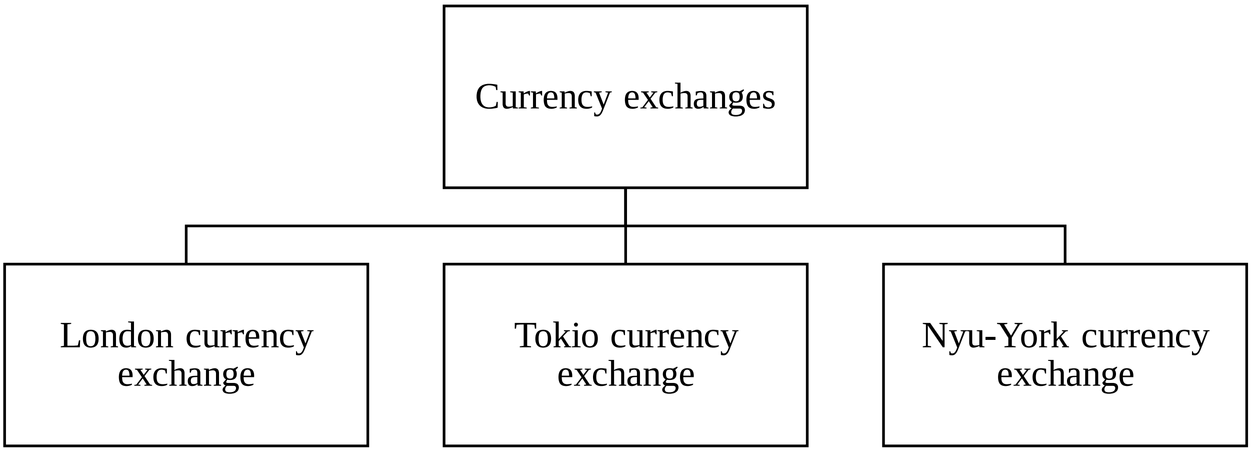
- ✓ Commercial banks;
- ✓ Currency exchanges;
- ✓ Brokerage facilities;
- ✓ Financial and internal trade operations;
- ✓ Central banks;
- ✓ Investment funds;
- ✓ Physical person.

Commercial banks refer to banks that hold accounts of other market entities and carry out currency transactions with these entities. At the same time, other banks can be included in this transaction in economic and trade relations.

Large banks, whose transaction volume has reached billions of dollars a day, has the most impact on international currency markets. The first places on such banks are CityBank, Deutsche Bank, BarclaysBank, Swiss Bank Corporation, Union Bank of Switzerland and others.

Currency stocks do not have any particular working time or business location. The main difference between the stock exchange and the stock exchanges is the absence of workplace and working hours. As a result of the rapid development of high-level communication technologies, leading financial institutions are able to use the services of currency exchanges at any time of the day online. Thus, these currency exchanges operate through their own websites. An example of this type of currency exchange is shown in the following scheme.

Scheme 2.1. Currency exchanges



Source: This scheme was prepared by the author based on the information of www.banker.az

The Central Bank states that financial institutions that combine the functions of managing foreign exchange and foreign exchange interventions that affect the rate of exchange rate and regulating interest rates on the national currency and managing currency resources.

Most of the US Federal Reserve System is affected by the international currency market within central currencies. The next place is the Deutcshe Bundes bank, which is the German Central Bank. The third place is the Bank of England, the central bank of England. [24]

Financial companies that carry out domestic trading transactions are understood as financial institutions that do not have direct access to international currency markets and which carry out deposit and return transactions with the participation of commercial banks and also offer fixed or unchanged foreign currency demand and offer.

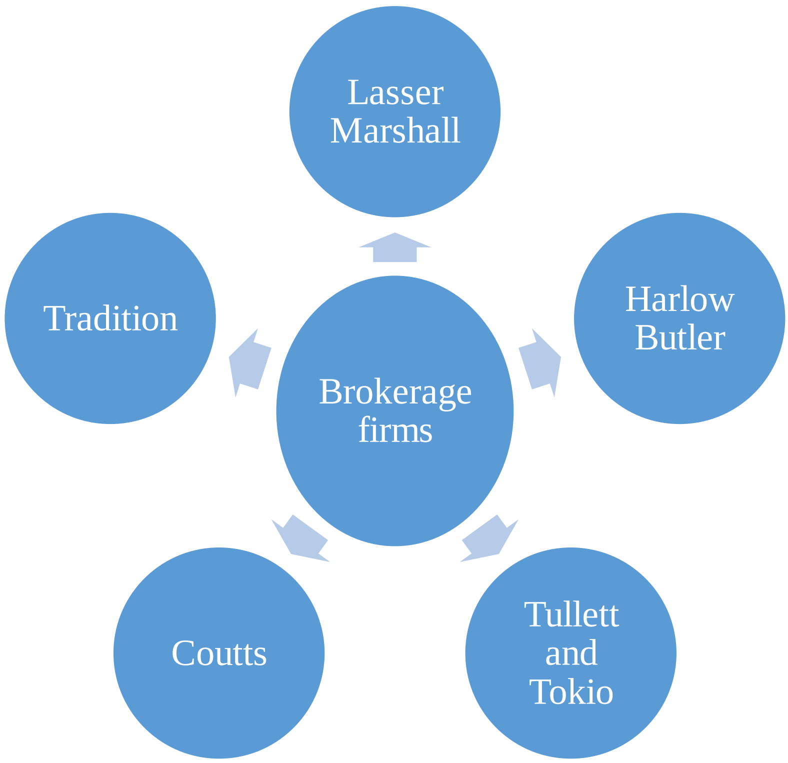
Investment funds are understood as international financial institutions that provide a policy of managing a stock portfolio as a result of placement of separate foreign companies and countries' securities in the form of securities. The "Quantum" Foundation founded by George Soros can be an example of the most popular investment funds. At the same time, such companies are also involved in companies engaged in foreign investment policies. Among these companies are Nestle, General Motors, Xerox and others.

Broker companies are companies in the international currency markets that are targeted at a buyer of a dealer and a conversion relationship between them. Brokerage brokerage commissions are established to carry out brokerage operations.

Brokerage companies are fully informed about the demanded currency and are directly involved in the formation of a real exchange rate for completed contracts. Even commercial banks themselves resort to brokerage companies to study the real exchange rates.

The most prominent brokerage firms in the international currency market are described in the following scheme: [18]

Scheme 2.2. The cain of the most famous brokerage companies



Source: This scheme was prepared by the author based on the information of www.banker.az

One of the subjects of the International Monetary Market, which is considered to be one of the subjects of the international currency market, is a group of people or groups that carry out extensive non-commercial operations in the field of money transfer, remuneration, scholarships, foreign exchange purchase and sale. Individuals are also considered to carry out transactions for speculative purposes.

Foreign exchange markets are shaped as national currency markets at the national level, and later, the national currency markets form international currency markets by internationalization due to the expansion and progress of foreign economic and trade relations.

National currency markets are understood to mean that currency is ceded within the borders of any country, as well as to the population, population groups, individuals and legal entities, as well as the amount of currency services that the state provides to residents or non-residents. At the same time, the foreign exchange relations of companies operating within the country are included in the national currency market.

Depending on the degree of liberalization of domestic currency legislation, the national currency markets are divided into the following main forms: [12]

- ✓ Official;
- ✓ Frustrated
- ✓ "Black"

In particular, it should be noted that each currency market has its own unique characteristics, which makes each currency market different from one another.

As a result of the expansion of foreign trade and economic relations between the countries, internationalization of national economies, improvement of communication facilities and rapid development of the debt capital market led to the creation of an international currency market. International currency markets are the markets where international currencies are bought and sold internationally, and international payment and settlement instruments are used to promote foreign economic and trade relations among countries around the world. There are several distinctive features among international currency markets and local or national currency markets. The distinctive features we talk about are: [14]

- ✓ There are no currency restrictions on international currency markets;
- ✓ There are substantial agreements in the international currency markets;
- ✓ Entities in the world economy have the right to participate in international currency markets.

Dollars, British pound sterling, euro, Japanese yen and Swiss franc are especially distinguished among currencies that have the most prominent positions in transactions in international currency markets. Thus, 90% of transactions in international currency markets were carried out with the currencies we mentioned. And 90% of international payment and settlement transactions have been carried out with these types of currencies. International settlements or payments are usually made in cashless manner. International currency markets are united in world financial centers.

International Financial Centers refer to the focal points for specialized finance and credit institutions and banks where financial transactions, international currencies, collateral, collateral and loan agreements are executed. [18]

In addition to what we have mentioned, different types of foreign exchange markets are encountered in different countries of the world, depending on the degree of organization. It would be more expedient to show the following markets for these types of foreign exchange markets:

- ✓ Exchange or organized foreign exchange markets;
- ✓ Interbank or non-organized foreign exchange markets.

It is known that, due to the nature of the currency markets and international monetary system, they operate around the globe, and as a result, these currency markets are becoming a key link in the process of foreign trade and economic relations between the countries of the world.

2.2. The main principles of international financial institutions affecting to the development of financial market

International financial and credit markets are being created as a means of eliminating uneven distribution of financial resources among the countries of the world. The main purpose of the creation of these markets is to eliminate the uneven distribution of financial resources from countries with financial resources, as well as from institutions and organizations to the countries where financial resources are scarce, as well as to enterprises and organizations. International finance and credit markets are promoting the role of mediator in this regard. However, besides, international financial and credit institutions are the subjects of the international financial and credit markets. In countries where finances are required due to the financial resources allocated by such international financial and credit organizations, production process can restore the previous function.

In the structure of international financial institutions and the formation of these organizations' investment, there are financial resources of several countries, and several states are members of such financial institutions. At the same time, financial resources of such international financial institutions are eligible to benefit from several countries. In general, each of the international financial institutions has been established and operated since the Second World War. The main reason for this was the elimination of the unstable economic situation that emerged during the post-war era. The first emerging international financial institutions are the International Monetary Fund and the World Bank, which is named Bretton Woods Twins. Therefore, these two international financial institutions are called Bretton Woods Twins, both international financial institutions have been set up as regulators of the Bretton Woods currency system based on the Bretton Woods conference. [30]

As opposed to the operating mechanism of existing international financial institutions, the types and activities of their services are also different. But the goal is the same. Each international financial and credit institution gives credit to those countries that really have a high demand for financial resources. At the same time, the economic situation in these countries should be stable over the long term, and the mechanism of using loans should be analyzed in a comprehensive manner.

Depending on the areas of activity, international financial institutions are divided into several groups. These groups should include the following: [30]

- ✓ European Coal-Steel Union;
- ✓ European Monetary Fund;
- ✓ European Investment Bank;
- ✓ European Monetary Cooperation Fund;
- ✓ European Agricultural Guarantee and Reinforcement Fund.

International finance and credit organizations are mainly engaged in their activities. They perform the following basic tasks: [41]

- ✓ Ensuring regulation of financial and currency-credit relations;
- ✓ Ensuring the development of policy in financial and currency-credit areas;
- ✓ Collection of financial and currency credit information, as well as publication of scientific research works on solving topical problems in these areas.

The main common goals of both international financial institutions and regional financial-credit organizations are:

- ✓ Eliminate problems that arise in the process of buying and selling goods at the international level and create conditions for international development;
- ✓ Improving the economic status of developing countries and improving the rate of economic growth among the countries of the world;
- ✓ Ensuring sustainable development of free trade, cooperation and economic cohesion, as well as promoting close economic and trade unity.

International financial-credit organizations are classified according to various criteria. those traits include: [41]

- ✓ By legal status;
- ✓ By character.

According to the legal status, international financial and credit organizations are divided into two groups. These groups include:

- ✓ International financial and credit organizations, which are legally independent;
- ✓ International financial and credit institutions that are not legally independent.

International financial-credit organizations, which are fully legally independent, include:

- ✓ European Investment Bank;
- ✓ Africa, Asia and Islamic Development Bank;
- ✓ Caribbean Development Bank;
- ✓ European Parliament's Refugee Fund;
- ✓ European Bank for Reconstruction and Development;
- ✓ World Bank;
- ✓ International Monetary Fund;
- ✓ International Development Association;
- ✓ Multilateral Investment Guarantee Agency;
- ✓ The Arab Money Fund;
- ✓ Central American Economic Integration Bank.

The main list of non-independent financial institutions includes three international financial-credit organizations. The following organizations can be mentioned: [41]

- ✓ European Coal-Steel Union;
- ✓ European Union Development Fund;
- ✓ United Nations Development Program.

International financial institutions are divided into two main groups:

- ✓ Funding financial organizations;
- ✓ Bank-based financial institutions.

Funding international financial institutions may include the following organizations:

- ✓ International Monetary Fund;
- ✓ European Union Development Fund;

- ✓ International Development Association;
- ✓ United Nations Development Program.
- ✓ The Arab Money Fund;
- ✓ European Investment Fund;
- ✓ Asian Development Fund.

It is advisable to refer bank-specific financial institutions to the following organizations:

- ✓ European Coal-Steel Union;
- ✓ European Investment Bank;
- ✓ European Parliament's Refugee Fund;
- ✓ Asian, African and Islamic Development Banks;
- ✓ World Bank;
- ✓ Caribbean Development Bank;
- ✓ International Financial Institutions;
- ✓ European Bank for Reconstruction and Development.

International finance and credit organizations have the authority to issue medium-term and short-term foreign currency loans as well as long-term investment loans. The main purpose of issuing medium-term and short-term foreign currency loans is to increase the economic growth of member countries and to eliminate temporary difficulties arising in the balance sheet. Long-term investment loans are used to finance investment projects.

As mentioned above, international financial and credit organizations are united by several countries, and a few countries also make loans. Countries that are members of international financial-credit organizations re-share in order to increase their capital. At the same time, the bank also contributes to attracting credit resources in investment markets.

Global and regional financial and credit institutions also serve the same purpose as other international financial institutions, offering loans to certain countries with a view to raising the economic status of the member countries. Whether global financial institutions or regional financial and credit institutions are intended to earn additional profits by providing member countries with interest rates on interest rates. the main objective here is to achieve the economic growth rate in these countries. Some of the interest earned through loans to these countries are spent on the maintenance costs of international finance and credit organizations. Another part is invested in re-allocation to economies with weak economies.

An example of the following international financial-credit organizations can be illustrated by major regional financial institutions: [41]

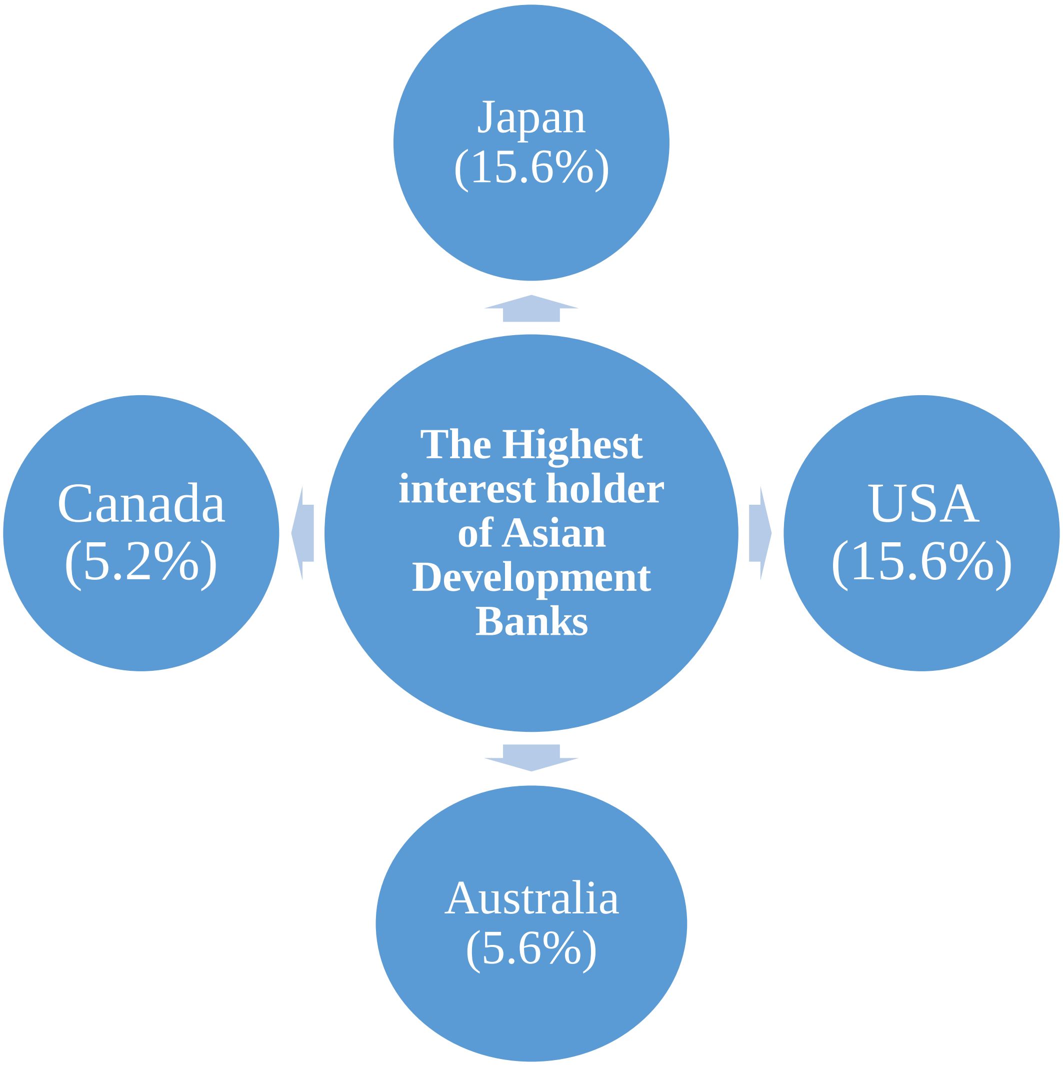
- ✓ Asian Development Bank;
- ✓ European Development Bank;
- ✓ Islamic Development Bank;
- ✓ Caribbean Development Bank;
- ✓ The Arab Money Fund;
- ✓ Central American Economic Development Bank;
- ✓ European Bank for Reconstruction and Development.

One of the major regional financial and credit organizations is the Asian Development Fund. The Asian Development Fund was established on 19 December 1966 in the Philippines capital, Manila. The main purpose of the foundation is to identify the priority areas for the development of economy in Asia, as well as in all eastern countries, and as a result, to achieve economic growth in these countries.

The Asian Development Bank is an international financial institution covering the Asia-Pacific region. Although 31 members were established in 1966, currently 67 are members of the Asian Development Bank. The Asian Development Bank, consisting of 31 regional branches across the world, has chosen to provide endless services to people in need of assistance as the main target of these regional offices.

The Asian Development Bank is distinguished by its two major countries in terms of investment. These are Japan and the US with 15.6% shareholding. The main reason why the US is a member of this organization is that it is located in the Pacific Ocean, even though it is not located in Asia. Because Asia Development Baku covers not only the Asian continent, but also the Pacific region. The following scheme lists the countries that are members of the Asian Development Bank and have a larger investment. [42]

Scheme 2.3. The highest interest holders of Asian Development Bank



Source:[***https://tr.wikipedia.org/wiki/Asya_Kalk%C4%B1nma_Bankas%C4%B1***](https://tr.wikipedia.org/wiki/Asya_Kalk%C4%B1nma_Bankas%C4%B1) Asian Development Bank

Of the 67 countries that are members of the Asian Development Bank, 48 are countries that cover the Asia-Pacific region. The Asian Development Bank, along with carrying out measures to ensure economic and social development of the region's countries, also carries out charity activities. Every year, the Asian Development Bank provides 300 students with tuition fees at their own expense.

The list of countries with the most credit for the last two years from the Asian Development Bank is set out in the following table: [42]

Table 2.1.

Countries	2016 (million dollar)	2015 (million dollar)
China	15.615	14.646
India	13.331	12.916
Indonesia	8.700	8.214
Philippines	5.935	5.525
Pakistan	4.570	4.319
Other states	14.831	12.486
Total	62.983	58106

Source:***https://tr.wikipedia.org/wiki/Asya_Kalk%C4%B1nma_Bankas%C4%B1*** ***ASIAN DEVELOPMENT BANK***

Based on the above table, we can say that in the last two years China has been the country with the most credit for Asian Development Bank. If we pay attention to the table, we can only see that the volume of loans received by China is even higher than that of other non-member countries. India is second in the list. India is considered as one of the countries that have addressed the Asian Development Bank quite often. Accordingly, the next places are occupied by Indonesia, the Philippines and Pakistan.

The European Bank for Reconstruction and Development (EBRD) is one of the regional financial institutions established in 1991. The main goal of the European Bank for Reconstruction and Development (EBRD), established in 1991 with the support of 2 international organizations and 61 countries, is to ensure the social and economic development of the Central European and Central Asian countries, as well as to increase the economic growth of member countries. The headquarters of the European Bank for Reconstruction and Development (EBRD), the official language of which is English, is located in the UK.

One of the regional financial and credit organizations is the African Development Bank. The basic principle of this international financial institution, founded in 1963, was that only African countries could become members of this organization and suffer from financial services. The main reason for this was the protection of the "New Establishment". But since 1982, some African-American countries, especially those from the African continent, have begun to be admitted to membership in this international organization due to some changes in the principles of the African Development Bank. The main purpose of the African Development Bank is to ensure the development of independent African countries and to ensure the implementation of policies to promote economic cooperation among these countries.

One of the most important global and regional financial institutions is the Islamic Development Bank. This bank was founded in 1973. At present 56 countries are members of the Islamic Development Bank, which is 2.4 times more than the number of members of the Bank on the day it was established. The main purpose of establishing the Islamic Development Bank is to expand the mutual economic relations between the Muslim countries and to ensure economic growth in these countries. We must underscore that each member of the Islamic Development Bank is a Muslim country. The Islamic Development Bank has built its principles on the principles of the Quran. There is no interest based on the financial resources allocated by the Islamic Development Bank. The Islamic Development Bank (IMF) implements its financial resources on the basis of the principle of "mudaraba" and "abortion", which means interest, profit, or profit. In other words, if the Islamic Development Bank funds for the development of any sector, it will be in the interest of the industry.

2.3. The perspective development trends of financial markets in international integration condition

Economic institutions in terms of regulating economic relations and it is impossible to achieve the economic objectives provided by the functions and activities of the divisions without accurate identification. Naturally, first of all, for the formation, development and normal functioning of the financial market, first and foremost, effective and functional the legal framework should be developed and developed.

Based on the opinions of domestic and foreign economists, international financial markets have been formed as a major component of the global economic system, as a result of the development of national financial markets and this process is also being promoted in modern times. Accordingly, the need for exchange of national currencies to national currencies of other countries has increased annually, so financial operationsthe borders are over, economic entities are required for economic transactions. They had to look for financial resources beyond the borders of their own countries. As a result, the international financial market developed and developed and has been developing in spite of serious problems in modern times. Observations on economic analysis and financial transactions show that, on the basis of international financial markets, the formation and development of national financial markets.

Studies show that in the modern world, the international financial market is steadily expanding, and there are trends of different development in the financial currency system. Analysts point to the distribution of funds in the international financial market as a positive trend in the processes taking place. Accordingly, the main development trends of the international financial market in modern times are characterized by:

- ✓ Globalization of markets;
- ✓ Internationalization of markets;
- ✓ Strengthening international competition and integration processes;
- ✓ Convergence of international financial markets;
- ✓ The concentration of world capital markets;
- ✓ Market computing and information technologies application.

In the conditions of globalization, the formation and development of national financial markets occurs under the influence of both external and internal factors, which requires the flexibility of the economic policy carried out in the country. What we say is our country is also important for the process of creating a financial market. It is being established in the Republic of Azerbaijan since the first years of our independence. Exit from market economy requirements and world experience in this field and intensified efforts to minimize interference of the state into the economy. As a result, many businesses: enterprises, companies and organizations were forced to look for financial resources freely. All of these, in turn, have given a strong impetus to the formation and development of the financial market, which is in place. This is also natural because supplying resources to market mechanisms is itself one of the reasons for the major emergence of the financial market.

The financial market is a special form of organizing cash flows and is a combination of trading and trading relationships in the financial sphere. The emergence of financial markets is objective and it is developing in the light of the state's activities, as well as the activities of enterprises with different organizational and legal forms. The financial market is the market form where financial resources are traded. More precisely, there is a purchase and sale of financial resources in this market. One of the main factors of the necessity of the financial market is the uneven distribution of financial resources. The essence and role of the financial market is determined by its functions. These features include:

- ✓ To ensure that cash flows from one owner (creditor) to another - to the borrower (ie those in need of cash);
- ✓ In the market, real market prices of assets being put up for sale are determined by the buyer at the seller's direct call;
- ✓ The financial market creates space and conditions for investors to place money in the most profitable directions;
- ✓ One of the major functions of the financial market is to minimize the costs of the financial resources.

Where financial resources are available, financial markets are divided into 2 groups:

a) Domestic (national) financial market;

b) World financial market.

Domestic financial market - the resources of this market are based on internal sources. World financial markets - they are generated from the resources of various residents. In general, advanced financial markets have the following features:

- ✓ High stability;
- ✓ Advanced Infrastructure;
- ✓ An enhanced legislative framework regulating market operations;
- ✓ Existence of accurate information system;
- ✓ An advanced system of protection of interests of both buyers and sellers;
- ✓ High liquidity and reliability of instruments operating in the market;
- ✓ Reliability of financial intermediaries operating in financial markets;
- ✓ Large quantities of financial resources offered for sale and market operations;
- ✓ High market efficiency;
- ✓ High level of state control and regulation in the financial market.

One of the most important issues in organizing the financial market is to identify participants and subjects of this market. Financial market participants include:

- ✓ Investors are enterprises and organizations that have excessive financial resources and are used as investments;
- ✓ Depositors - these are individuals who have been collecting various charges for certain purposes, reducing their personal consumption.
- ✓ Borrowers are enterprises, organizations, and government authorities that do not have enough financial resources or experience a lack of financial resources.

Along with the aforementioned, there are various financial intermediaries, specialized finance and credit institutions. Intermediaries acting as subcontractors consist mainly of:

- ✓ Makers - they act as real mediators, acting on the basis of the investor's and borrower's incomes, generating revenue in the form of a commission. Makers can be both legal and physical.

- ✓ Dealers - they operate freely, in some cases, deal directly with other intermediaries, even investors and borrowers. As a result of this transaction, they will receive a certain amount of income.
- ✓ Specialized financial and credit institutions - include investment banks, financial companies and insurance companies. They both act as investors, borrowers and mediators.

The financial market consists of different types of markets in its activity. The basis of the financial market is the redistribution of capital among lenders and borrowers with the help of intermediaries based on demand and supply. Financial markets include the following markets: 1) currency market; 2) the gold market; 3) capital market and 4) money market market. Now let's explain these. Currency market subjects carry out the following types of operations:

- ✓ purchasing power;
- ✓ speculative (benefit from the exchange rate or interest rate change expectation);
- ✓ interest rate arbitration (benefit from placement of deposits at a higher rate in the agreed term).

Transmission capacity is as follows:

- ✓ Cash, ie the currency is urgently provided within 2 working days before the deal is concluded;
- ✓ term (forwards), that is, the transfer of the currency within a certain period of time;
- ✓ Svop, that is, the co-ordination of various types of long-term sales and purchases.

The gold market is the sphere of economic relations associated with the collection of gold and the increase of gold reserves in the country, as well as the organization of business and trading for industrial consumption. The gold market consists of new gold, state and special gold reserves and gold coins. In terms of organizational terms, the gold markets are a series of banks, where gold deals are concluded. These banks act as mediators between buyers and sellers. Examples of world gold markets are London, New York, Chicago, Hong Kong, and so on. as shown. The circulation term of the relevant financial instruments on the basis of the division of the capital market financial market into the money market and the capital market generally stops. In the EEA practice, if the term of the financial instrument is less than 1 year, then it is a monetary market instrument. Long-term instruments usually last for more than 5 years. These are instruments of the money market - treasury bills, bank acceptances and deposit certificates of banks. Capital market instruments are long-term bonds, stocks and long-term loans.

Equity markets, in turn, are divided into equity markets and equity markets. This division describes the nature of the relationship between the commodities (financial instruments), buyers and issuers of financial instruments traded in this market. If it is a financial instrument that shares, securities, these relationships are characteristic of property relations and, in the remaining cases, they are credit relationships. The capital market capitalizes on the relationships that have emerged in the process of securitous capital turnover or the form of circulation. As it is known, a loan repayment is a set of cash inflows that have been paid for a specified period of time. The origin of the capital of the capital is primarily the free financial resources and savings of enterprises and organizations, as well as citizens.

The cash market is cash in circulation and other short-term means of payment (such as promissory notes, checks, etc.) that fulfill their functions. In most cases, the monetary market includes currency and interbank markets. The money market plays an important role in ensuring the current liquidity of economic entities. This market is also called monetary market and has several segments.

As the general character of the cash market, it is necessary to speak about discount markets. Here's a promissory note bought and sold. Its importance is to provide a regular flow of money. Discount deals with the Central or Commercial Banks as the market operator. An important part of the money market is the interbank credit market where the commercial markets lend each other. The Euro-currency market is trading with short-term financial assets denominated in euro. Euro-currency is the money placed by the European banks in the national currency of the country in banks of another country. Euro-currency is a general concept for expressing currencies moving outside the issuer. It is used in international markets, credit, deposit and other transactions. These currencies are US Dollars, British pound sterling, euros and other currencies accepted by everyone.

The organization of financial markets and its efficient management depends on the market intermediaries. Mobilization and deployment of financial resources through the financial system is associated with the existence of the financial market and the activities of financial institutions. Three major groups of economic entities, such as buyers and sellers in financial markets, are: a) household; b) firms and c) the state exits. Each of the three subjects specified can be balanced on a specific time frame, in its deficit and proficit status. The mutual contact between the seller and the buyer is carried out directly and through the mediator. During direct financing, the buyer receives money from the vendor instead of exchanging funds. Financial liabilities are considered as interest bearing assets for the acquirer. These financial liabilities can be purchased and sold on the financial market. Direct financing is carried out individually. Each time, the financial market participates in the various experts, and above all, brokers. They always invite sellers and interested buyers. What do brokers buy and sell securities? They only fulfill the order of certain clients of their clients to make them at profitable prices. In addition to the market participant brokers, loans are also made available by languages and investment banks. All financial intermediaries are divided into 4 groups: 1) deposit-type financial institutions; 2) temporary depositary offices; 3) investment funds and 4) other financial institutions. Deposits such as broader financial intermediaries are available. The majority of the population uses financial services in the EEC. Because the deposit accounts are usually regulated by insurance companies and their state of validity.

CONCLUSION

The modern stage of the world economy is characterized by the activation of the liberalization of national economic systems by the globalization of the economy, the formation of transnational structures, the formation and deployment of consumer demand.

Integration processes on the basis of globalization stagnate, leading to the disappearance of national borders and the government's function of control gives its place to global market management. Therefore, in the context of the globalization of the world economy, the problem of sovereignty, which is of concern to states in the forefront, is the issue. This process is of great importance for the export of foreign investors to the country. The bulk of foreign capital flows will weaken the country's sovereignty. So, as capital gains, suddenly it can "disappear."

Thus, the main feature of globalization in modern times is that national economies are shattered by the overpowering forces on the one hand, transnational on the one hand, and by the fragmentation of the regions and consequently, politically, states are changing, but economically, globalization.

New innovative technologies reduce money turnover, credit markets and state control over currency exchange. Poorly developed countries are dependent on foreign loans of international financial institutions applying their "rules of the game".

The global financial and economic crisis of 2008 has demonstrated the failure of globalization as a socio-economic phenomenon in the development of capitalist relations. One of the main reasons for the global financial crisis is the high production of derivative financial instruments, which is currently 8 times higher than the world GDP. Although the crisis started from the US mortgage market, its basis was the global macroeconomic reasons. One of the important reasons was the high liquidity. Exaggerated assessment of liquidity gave rise to the formation of market foams. The stock market capitalization has grown to "cover" new derivatives, such as structured bonds.

The modern crisis is the result of conflicts in the US economy. However, the US remains the leader of the world economy, and the dollar's place in the global currency system has not changed in recent years. Based on this, it is almost necessary to make changes in the world financial system, taking into account that the dollar plays a major role as a reserve currency in the world economy.

The globalization of the world economy is even more distinct between the uneven development of countries. Developing countries will further develop, but on the contrary, the speed of emerging economies will eventually fall backwards to developed countries.

The consequences of the crisis can be summarized as follows:

- ✓ The economic growth of both developed and developing countries has weakened;
- ✓ Consumption is weakened, ie the production and distribution spheres have weakened by the drop in demand;
- ✓ The weakening of the manufacturing sector has resulted in the weakening and even bankruptcy of a large number of enterprises and companies; - With weakening and closing of the companies, there has been a reduction in the number of unemployed people;
- ✓ Failure to carry out necessary reforms in the financial sector has led to the transparency of the operations and operations of financial transactions, which, in turn, has led to a decrease in liquidity that prevents restoration;
- ✓ The world demand for oil products has dropped rapidly, and the price of raw materials has dropped, which has created difficulties for oil countries;
- ✓ Global trade has weakened and this tendency has covered many industries.

Interestingly, the negative effects of the crisis have positive effects:

- ✓ It can result in a more sustainable economic model;
- ✓ The fear of losing workplace increases the responsibility of employees for their work and also regulates their income more efficiently;

- ✓ Creation of new industries and production spaces creates the basis for the emergence of new economic and political instruments;
- ✓ Oil reserves are exhausted and its recovery will require more funds and, therefore, alternative energy sources will be more favorable and competitive in terms of trade;
- ✓ OPEC non-member countries, such as Russia, will be forced to join this organization to pursue a unified energy policy;
- ✓ Additional resources will be disclosed, and so on. The current crisis demonstrates the need for a major coup in the global financial system.

Moreover, from the analysis of the current global financial and economic crisis, it is possible to conclude that the development of the crisis should be viewed not in the context of individual indicators, but in the form of mutual co-operation. Thus, macroeconomic and microeconomic factors should be taken into consideration together with the financial stability concept on the financial market.

In modern times, clearer rules are needed for all participants in the international financial system. At this stage it is necessary to create completely new approaches to managing financial processes and to conduct education. There are two ways of solving the problem of regulation of global financial relations: 1) Development of international principles, standards and global instruments ensuring stability in the financial process. 2) Establishing a specialized international organization that manages global competition, and gradually establishing an international institution that manages major international economic operations. In addition to the above-mentioned recommendations, both developed and developing countries should take the following measures to eliminate the crisis:

1. States should strengthen their oversight over their financial operations.

2. "slow" factors of financial operations and capital flows should be developed. The deductible from the income from the non-residents' assets sold to these stubborners depends on the timing of the asset's maturity; reserve capital movements on currency transactions, reduction of Tyub's tax to a minimum.

3. The efforts of the G20 participants should concentrate on the creation of a universal financial and economic regulation system.

4. Limitations on financial transactions carried out in offshore zones that are exposed to open information and generally accepted standards.

5. Global standards for international activities of rankings agencies should be drawn up. If there is a gross mistake in the risk assessment and systematic errors, it is necessary to cancel the results of the agency's activities and stop its activity.

6. Crises are the legitimacy of the cyclical development of the world economy. But in modern conditions, its magnitude and speed determine the methods to predict the probability of a crisis. In our view, the prediction of crisis predictions will allow us to take action before the crisis.

7. Anti-crisis measures should only be undertaken not only at the local or national level, but also at the internationally coordinated level yard. The global nature of the crisis creates conditions for global governance, but they have not yet been developed.

8. Governments should not hurry to nationalize privately owned enterprises and expand public sector. It lowers production, weakens business activity, and leads to corruption. Nationalization should be only for a short period of time. It should be applied primarily to banks and other financial institutions, as well as any other way of re-capitalization of enterprises over a short period of time. Issues related to nationalization should be carefully considered.

9. It is necessary to avoid the protectionist policy of the neighboring states and the implementation of the "export" policy of the problem. The talk here is not just about classic protectionist policies, ie non-tariff measures for increasing import duties or import protection. The question is also about the devaluation of currencies, the imposition of restrictions on the import of labor force, restrictions on the use of foreign subsidies to domestic producers, and so on. is going.

10. To effectively carry out anti-crisis measures, the government should take advantage of the crisis to take action against corruption-makers, government-owned entities, and offenders.

11. It is necessary to switch to international accounting and trading systems.

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