

RE - MODELING OF GLOBAL FINANCIAL MARKETS, ASSETS AND SERVICES OF FINANCIAL INSTITUTIONS FOR PUBLIC BENEFITS**M. Moses Antony RAJENDRAN***Wollega University, Ethiopia.*mmosesar@gmail.com**Alexandru-Mircea NEDELEA***Stefan cel Mare University of Suceava, Romania*alexandrun@seap.usv.ro**Abstract**

According to the structural approach, the financial system of an economy consists of four main components. They are financial markets, financial instruments, financial intermediaries (financial institutions), and financial regulators. Financial institutional environment in which financial services and products are offered plays an important role. Mainly are, Royalties (Intellectual Property Rights), Foreign Exchanges, Domestic goods and Services Circulations and Aided Money. This article is mentioned about how these can be structured for the betterment of global financial institutions, markets and services.

Key words: *Financial Institutions, Financial Markets, Financial Assets, Re-Modeling of Global Financial Institutions and Structural Banking Systems.*

JEL Classification: *G10, G19*

I. INTRODUCTION

According to the structural approach, the financial system of an economy consists of four main components. They are financial markets, financial instruments, financial intermediaries (financial institutions), and financial regulators. *Financial market* is a market where financial instruments or financial assets are bought and sold. *Financial institutions* are an intermediary who channels the funds' of surplus units into loans for deficit units, or investment. *Financial instruments* is also called financial assets, are intangible assets, which are expected to provide future benefits in the form of a claim to future cash and *Financial regulation* is an intervention made by an authorized body, in most case central bank, to ensure the fair treatment of market participants. One of the key aims of financial regulation is to ensure business disclosure of accurate information for investment decision making. When financial market information is disclosed only to partial set of investors, those gained unlimited information may have major advantages than other groups of investors those gained little information. Each of the components plays a specific role in the economy. By channeling funds from savers to investors with good projects through financial intermediary, the financial system increases overall productivity for the economy and leads to a rise in living standards. The financial system plays the key function in the economy by stimulating economic growth, influencing economic performance of the actors, affecting economic welfare. This is achieved by financial infrastructure, in which entities with funds allocate those funds to those who have potentially more productive ways to invest those funds. A financial system makes it possible a more efficient transfer of funds. As one party of the transaction may possess superior information than the other party, it can lead to the information asymmetry problem and inefficient allocation of financial resources. By overcoming the information asymmetry problem the financial system facilitates balance between those with funds to invest and those needing funds. Financial institutions reforms have been concentrated by many Sub-Saharan African countries and one of the key targets of these reforms is investment. (Babajide Fowowe, 2011). One of the most challenging debates of modern history is whether financial development causes economic growth or a consequence of economic activity. Over the years, many researchers have developed a variety of economic theories to explain soundness in financial markets. (Kanayo Ogujiuba, Michael Emeka Obiechina, 2011). The study of Alex Ehimare Omankalen mentioned that an improvement in financial intermediation was considered a necessary condition for stimulating investment, raising productive capacity and fostering economic growth. The transition countries have been pursuing a market economy since the early 1990's crucial reforms in the banking and financial sectors are necessary to provide a financial structure that supports market economy which leading to economic growth. So many theoretical and empirical studies find a positive impact between financial development can efficient structure along with depth and width of financial products and services and economic growth. (Foo, Jennifer Ping-Ngoh, 2005). International Monetary Fund (IMF) and the world bank recommended a number of policy reforms to transform the banking sector among transition countries (Fries and Taci, 2002). Financial institutional environment in which financial services and products are offered plays an important role. Mainly are,

II. ROYALTIES (INTELLECTUAL PROPERTY RIGHTS)

Research and development is very essential on every fields of Economics, Medical, Engineering and Agricultural areas. Every innovation and invention is make the human beings and other beings comfortable in the world. The country who involves in quality research for innovation and invention make the country perfect and it will bring the royalty through their intellection property rights which is patterns and copy right.

As we all know that unique and demanding product and services always have a high demand in the world. When there, is a demand, there is a profit for the commodity and the services. Example, the essential and important product has a demand in the market. If that essential and important product by designed by the economist it will have a demand and supply. Another example, if there is a medicines and treatment for the cancer, those medicines and treatment methods have more demand and supply in the market like that we can take an example for engineering and agricultural products.

When the country has a patterns and copy right of their products they can get a royalty of their business and services. These demand and supply is not only for inside the country it will for all other countries in the world. Through this foreign exchange rate also increases if such kind of products having a high demand and supply.

Foreign Exchanges

Foreign exchanges is the other important sources of income for the Government. It raises always with export of the products, services and human power. When there is a lack of all these of any country they have to depend other countries. Example, suppose one country is innovated technology or medicines that can be exported to other countries not only for the services also for the trade to increase the foreign exchanges. Like this human power. India is a country can export a human power to other countries where needed. Usually foreign exchanges increases on innovation, invention and human power of economics, business, engineering, agricultural and medicines.

Domestic goods and Services Circulations

Domestic goods and services are other important factor to improve the national economy. If the domestic goods and services are excess it can be exported to the other countries to improve the foreign exchanges. As we are all know that circulation of any goods and services is essential for the national economic which is important for the gross domestic product rate. Example, China is selling the Oxygen in the packets so that people can inhale where there is more pollution and where there is polluted air by carbon etc. United Kingdom charging Value Added Tax on Face Book Users. So, these are all will help to improve the domestic economy.

Aided Money

Aided Money is very important for developing and fast developing countries. As we are all know that countries also can be classified into high, middle, low and no income countries. Especially middle, low and now income countries need aid from the other developed or fast developing countries, international agencies like world bank, United Nations and African Unions etc. Without aided money some countries can not sustain in their economic development.

Thus, every country has to concentrate to improve the economy in Intellectual Properties, Foreign Exchanges, Domestic Goods and Services and Aided Money ethically where needed. If the countries have a good proportion of these which shows a developing world countries. These days developed countries income more on intellectual properties and foreign exchanges.

III. THE HIERARCHY OF THE FINANCIAL INSTITUTIONS

The hierarchy of these financial institutions have their own functions, duties and responsibility with their legal issues and which must have a constitutions in the act of the articles. All these financial institutions are commercial banks which must work for profit and service motives for the money and money values circulations.

World Bank

World bank can be a at the world level with different operational financial institutions where every can participate for the economic development promotional activities. This also can be at Stock Market Financial Institutions, Households Banks, Housing, Land Loan and Construction, Banks, Industrial Development Bank, Agricultural Development Bank, Medical Banks, Educational and Research Banks, Rural Development Bank, Urban Development Bank, Co-operative Bank, Investment Bank (Insurance), Micro Finance Institutions, Pension Bank and Miscellaneous Banks. The world bank may have a power to issue of currencies at world equal currencies like Euros for Europe countries in terms of soft currencies, hard currencies and net banking of money and money values.

Central Bank of the Country: Central Banks is a bank of Government of every country which has a monetary and non monetary functions, duties and responsibility at the national level.

Stock Market: Stock Market Bank can be where the stocks/shares can be sold of any commercial and services sectors industries. This can be monitored in computer system by Over the Counter Exchange.

Public Sector Banks: It must be fully owned by the Government.

Private Sector Banks: It can be fully or partly owned by the Government.

Foreign Banks: It is bank of other countries can be operated in the other nationals.

Households Banks: The house hold banks means which is very important for day today operations of every citizen of the country.

Housing, Land Loan and Construction Banks: This is the bank must promote housing, land and construction sectors.

Industrial Development Bank: This bank must promote the industries like leather, steel, gold, coal, bricks, textiles, etc.

Agricultural Development Bank: This is the bank must develop the agricultural products, joint products and by products. Like seed, fertilizers, agricultural land, pesticides, labour cost, tractors, pumpsets, godowns, agricultural related maches, etc.

Rural Development Bank: This is the bank for the rural development purposes, what the rural people need. Example, roads, schools, colleges, library, park, community hall.

Urban Development Bank: This is the bank for the urban development purposes, what the urban people need example, roads, schools, colleges, library, park, community hall, stadium, etc.

Co-operative Bank: It is a member bank at the regional level, central level, state level and national level.

Investment Bank (Insurance): It is a insurance company where people can go for various insurance services and business.

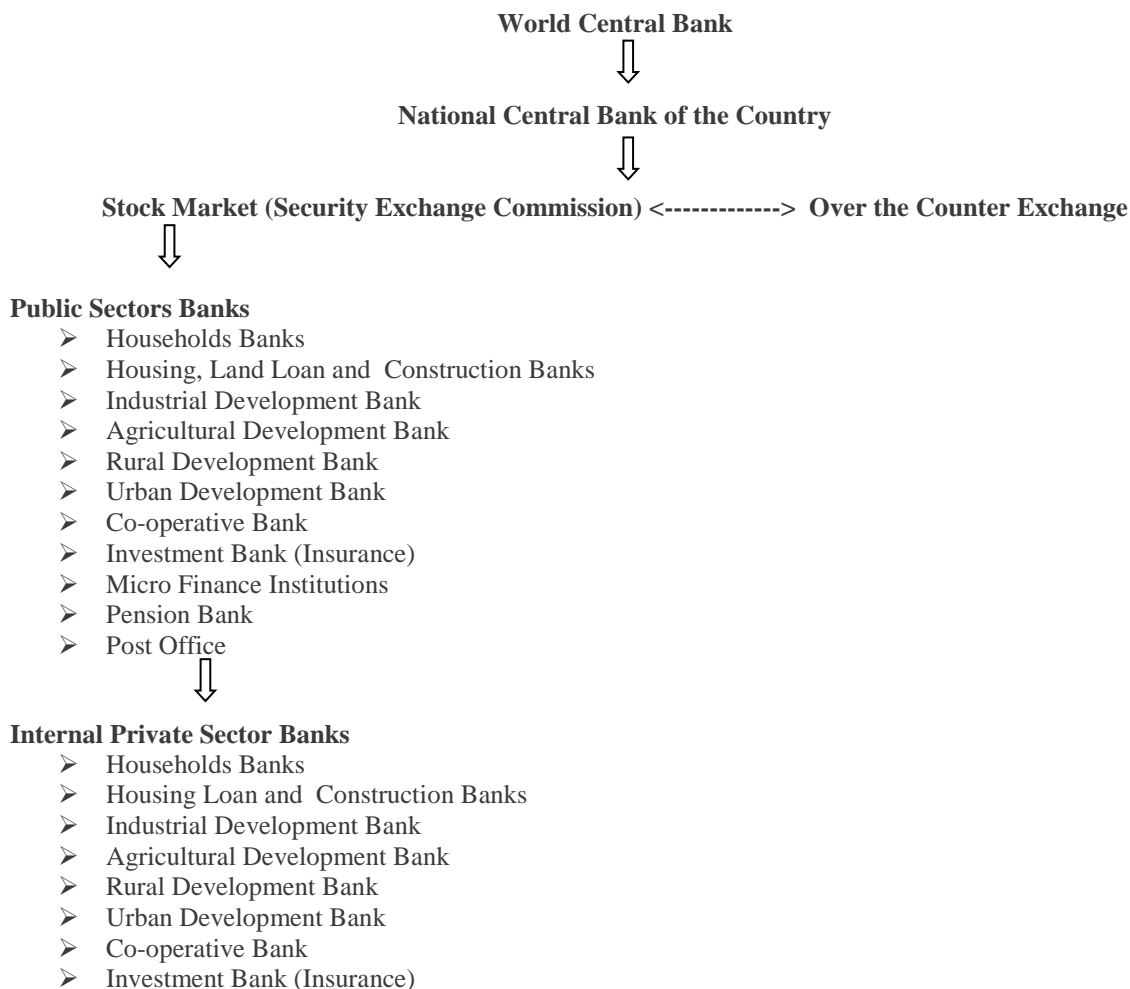
Micro Finance Institutions: It is a bank where providing loans and advances at the micro level for the small and medium scale insustires for the street vendors, petty shop, cottage industries, etc.

Pension Bank: This is the bank must provide a pension for the needy people. It may be after the retirement or unable to working time. It can be based on the customers investments or by the Government subsidies, concessions and gift.

Post Office: It can be operated at small level where can also little bit of banking operations can be done for the customers along with the postal services.

Miscellaneous Banks: This is like chit funds, higher purchase companies, nidhes, hundies. This will be vary from countries style to style which is based on their traditional or olden days practices.

All these operations can be observed, supervised, investigate, steer by the world or the central bank at any times. Already there are existing treaties, text and notes are there by the various authors and co-others in the world. From those it can be elaborated for the reforming of the financial institutions structures.



- Micro Finance Institutions
- Money Lenders
- Pension Bank
- Post Office
- Others



External Private Sector Banks (Foreign Banks)

- Household Banks
- Housing Loan and Construction Banks
- Industrial Development Bank
- Agricultural Development Bank
- Rural Development Bank
- Urban Development Bank
- Co-operative Bank
- Investment Bank (Insurance)
- Micro Finance Institutions
- Money Lenders
- Pension Bank
- Post Office
- Others



Public Sectors Banks (Foreign Government Banks)

- Household Banks
- Housing, Land Loan and Construction Banks
- Industrial Development Bank
- Agricultural Development Bank
- Rural Development Bank
- Urban Development Bank
- Co-operative Bank
- Investment Bank (Insurance)
- Micro Finance Institutions
- Pension Bank
- Post Office

Financial Assets, Markets and Services are very essential to develop and circulate the money and money values of each private and public sector banks. Unless, the financial assets, markets and services are created the money can not be multiplied.

IV. CONCLUSION

Every country, rich or poor this kind of structure will work out since the world is globalised, liberalized and urbanized. Various financial assets, markets and services can be produced or reproduced in their respective areas which will help for the money and money value circulations for the economic growth and development.

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