



**A STUDY OF FINANCIAL MARKETS ISSUES AND  
CHALLENGES FACED BY VARIOUS COUNTRIES AND  
ITS AWARENESS AMONG COLLEGE STUDENTS IN  
OMAN**

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**ABSTRACT**

This study titled a study of financial markets issues and challenges faced by various countries and its awareness among college students in Oman provide intention to create knowledge about financial markets among students. The financial markets include trading activities of buying and selling of stocks, bonds and derivatives. This study focuses on the objective to evaluate the issues and challenges faced by different countries in financial markets and to identify the awareness among the college students about financial markets in Oman.

**KEYWORDS:** Financial Markets, Stocks, bonds, derivatives.

**INTRODUCTION**

The meaning of financial market is where traders buy and sell stocks, bonds, derivatives, foreign exchange and commodities. These markets are where businesses go to raise cash to grow, companies reduce risks and investors make money. The various types of financial markets were as follows: Top of Form Bottom of Form Stock The stock market is where you can buy, sell and trade stocks any weekday. It's also known as a stock exchange.

**OBJECTIVE**

- ↳ To analyze the financial markets issues and challenges faced by other countries.
- ↳ To identify the awareness among college students about financial markets in Oman.

**RESEARCH METHODOLOGY**

The research design adopted in this study was empirical study. Stratified random sampling technique in probability sampling method was chosen to obtain data to fulfill the second objective that to identify the awareness among the students about financial markets. Data collected in the way of primary data through questionnaire and

secondary data were collected through books, research articles, journals and internet. Sample size: 120 students of Oman. Sampling area: Muscat City in Oman.

## LITERATURE REVIEW

Joseph Anbarasu (2004), has analyzed that Equity fund means money that is invested in a firm by its owner(s) or holder(s) of common stock (ordinary shares) but which is not returned in the normal course of the business. Investors recover it only when they sell their shareholdings to other investors, or when the assets of the firm are liquidated and proceeds distributed among them after satisfying the firm's obligations. Also called as equity contribution.

Thomas Kenny (2014), Local-currency bonds may be more vulnerable to the potential risks than dollar-denominated debt, but corporates look like a potentially attractive option in 2014. Local-currency debt has become a popular option in recent years, on the theory that the potential for long-term currency appreciation can add to bonds' total return potential. At the same time, however, local-currency bonds are highly sensitive to global asset flows. This was evident during the severe downturn in emerging currencies from the beginning of May through the end of August, 2013. During that time, Wisdom Tree Emerging Markets Local Debt Fund (ELD) fell 8.9%, underperforming the -6.6% return of EMB. The potential for this type of underperformance remains in place for 2014, particularly among the "Fragile Five" economies (Brazil, Turkey, Indonesia, South Africa, and India).

Joshua Kennon (2013), Corporate bonds probably offer the best opportunity among the various segments of the asset class. Not only do they offer higher yields, which provides them with a more favorable starting point for total return, but they also tend to have a lower sensitivity to prevailing interest-rate movements - a positive if U.S. Treasury yields keep ticking higher.

## THE U.S. STOCK MARKET IS THE WORLD'S FINANCIAL CAPITAL

The U.S. stock market is often referred to as Wall Street, since the NYSE and so many traders

are based there. Its sophistication means that information on companies is easy to obtain, and this increases the trust of investors from around the world. As a result, the U.S. stock market attracts more investors, making it even easier for a U.S. company to go public.

## Issues and Challenges faced in Tanzania:-

The Bank of Tanzania and the Ministry of Finance face the following challenges:-

1. Government connectivity to the Real Time Gross Settlement called Tanzania Interbank Settlement System is not yet implemented.
2. Lack of electronic connectivity between the domestic debt data base at the Bank of Tanzania with the debt database at the Ministry of Finance.
3. Government lacks capacity in performing Cash Management in the area of liquidity forecasting and Treasury Management in order to foster accountability and decision making.
4. High turnover at the Ministry of Finance retards continuity. As a consequence MOF relies on staff from the Bank of Tanzania.
5. Commercial banks continue to monopolize the market by holding about 80% of treasury bills while the pension funds which are not regulated dominate the treasury bonds market.

## Issues and challenges faced in Uganda:-

1. Uganda does not face the "original sin" problem as it is able to finance its fiscal deficit through donor grants and concessional loans.
2. The development of bond markets and issuance of government bonds should be carefully sequenced, not preceding reforms of the supply-side of capital markets, which (i) increase the number of financial institutions holding long-term liabilities (such as private sector pension institutions) and consequently the supply of funds for investment in long-term securities; and (ii) increase the number of competitive

investors in the market for long-term securities required to develop a functioning market and a reliable yield curve. Premature bond market development delivers only marginal benefits but significant costs in terms of private sector crowding out and higher budgetary costs of conducting monetary policy.

**Issues and challenges faced by Africa:-**

1. To protect and grow market access, countries will first have to continue to maintain sound macro-fiscal positions.
2. While growth has been robust, in many sub-Saharan countries deficits have been ticking up and, in countries like Zambia, Ghana and Cape Verde, are reaching worrisome levels. Both Zambia and Ghana have recently been downgraded by Fitch from B+ to B due to their high deficit levels.
3. High deficits are also fueling high debts. To improve market and credit agency ratings, countries will need to pay more attention to this.

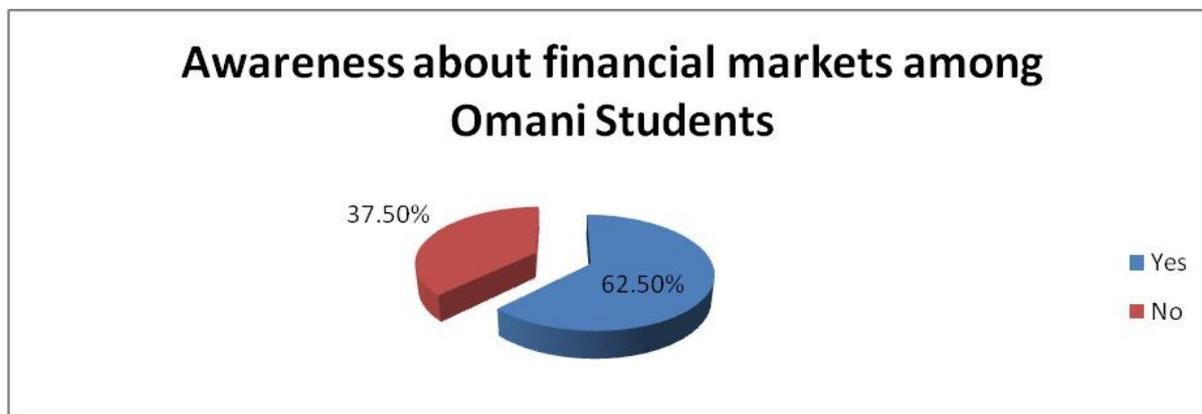
**Issues and challenges faced by Ethiopia:-**

1. With the fall of communism and the emergence of capitalism, many countries around the world are moving toward market-oriented economies and securities markets are springing up on all continents around the globe.
2. Securities markets have come to symbolize to many the essence of capitalistic economic relations. When studying the economies of developing countries, the first thing that becomes apparent is the existence of immense and, to a considerable extent, unemployed human resources as well as an acute shortage of capital.

**ANALYSIS AND INTERPRETATION**

The below given data analysis and interpretation were obtained through data collection by issuing questionnaires to 120 students in Oman to test their awareness levels.

**Chart 1: Showing the details of awareness about Financial Markets**



**Inference:-**

From the above table it is clear that 62.5% of the respondents say that the Omani students were

aware about Financial Markets. Only 37.5 % of the respondents were unaware about financial market investments.

**Chart 2: Showing the details of the type of financial market prefer to make investment**

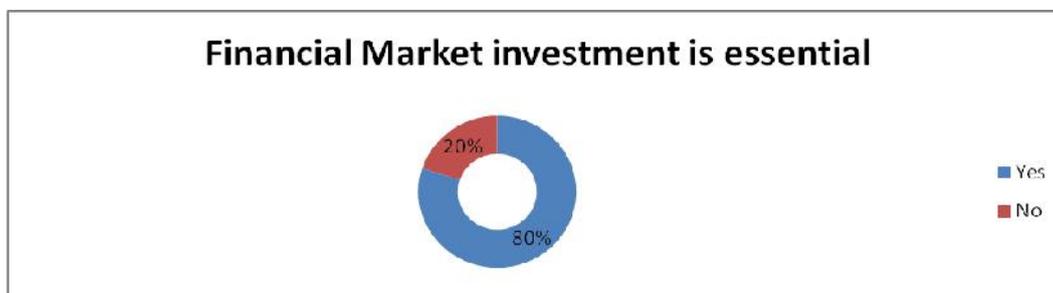


**Inference:-**

From the above chart it is clearly depicted that 60% of the respondents who were aware (75 Students) prefer to make investment in stocks but

very less percentage of the students prefer to invest in other types of the financial markets (20% in Equity, 10% in debt, 5% in derivatives and 5% in bonds).

**Chart 3: Showing the details of respondents feeling that financial market investment is essential**



**Inference:** 80% of the respondents feel that financial market investment is very essential and only 20% of the respondents feel that it is not essential.

**FINDINGS AND SUGGESTIONS**

From the above analysis it is clear that the Omani students were aware about the financial market but they were not aware about various types of financial markets such as bonds, derivatives. Only 60% of the students prefer to make investment in stocks at Muscat Stock Exchange and 20% in equity. 95% accept that awareness about financial market investment is highly important. Almost in all countries like Ethiopia, Africa, and Uganda as well as in Oman the stock exchanges and through banks only the financial market investments were made. The students should be focused more to create awareness about the investments in financial markets. Common derivatives are forwards, futures, options, swaps and contracts-for-difference (CFDs). There are also many derivatives, structured products and collateralized obligations available, mainly in the over-the-counter (non-exchange) market, that professional investors, institutions and hedge fund managers use to varying degrees but that play an insignificant role in private investing.

**CONCLUSION**

Finally to conclude Financial Market types such as investment of capital in shares, Debentures, bonds, government securities, Stocks, Equity, Debts Market and derivatives will help all the countries to

improve the economy position of the country. Financial institutions and financial markets help firms raise money. They can do this by taking out a loan from a bank and repaying it with interest, issuing bonds to borrow money from investors that will be repaid at a fixed interest rate, or offering investors partial ownership in the company and a claim on its residual cash flows in the form of stock.

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