

FINANCIAL MARKET TRENDS AND GLOBAL CHALLENGES

FINANCIAL NETWORK MODEL (FNM)

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Abstrat:

In many advanced economies, the big challenges are due to the increasing inequalities between resource-poor and the impacts of technological change and climate change on the economy, "the complex impact of globalization - including those related to trade in goods, services and data, and the movement of people and capital. In emerging economies, the sharp decline in poverty and an increase in the middle class have fueled higher aspirations and demands for better public goods; these requirements are now facing a slower growth and a tightening of government budgets. The order resulting from the adversity principle has produced economic, financial and ideological polarization. The state in which we find ourselves is where one (a state) controls the whole (globe), manages discretionary global powers, exercises unilateralism of decisions, and favors leveling diversity (including financial). In this global context, identifying support financial resources for those in need is not only a priority for new economic researchers but also a challenge in identifying financial instruments, mechanisms and financial means to ensure societal sustainability.

The process of globalization inevitably leads to the reconsideration (conceptual reconstruction) of the paradigm of growth and economic development. The challenge, on the one hand, of the depletion and / or deterioration of resources (especially natural) and, on the other hand, of our optimization model - maximizing the objective functions of economic actors - is likely to require a radical change the options and the means by which we address this important activity of the individual and society: economic and financial activity. Through this research we observe the existing financial market situation in Romania as well as at global level, as well as the risk in financial networks at global level, namely the modeling of financial networks.

Key words: financial markets, globalization and sustainable development

JEL Classification: E44, F36, F65

Introduction

Sustainable development (or growth) is a direct function of resources of the same category, ie sustainable resources. The subject of this study is the research of a special resource to ensure economic growth (development), namely the financial resource. Studying this resource from a sustainable development perspective will lead us to the proposal and the conceptual, methodological and technological development of what we will call a sustainable financial resource. For its part, the concept of a sustainable financial resource will generate some considerations about the sustainable sources of financial resources - our ultimate goal, on the other hand. As we develop more broadly at the right time, the financial sources for sustainable development are more sustainable financial sources for development. This is not just a game of words but an emphasis on an extremely important idea, namely the idea that points to the depth of the sustainability feature. Since, as will be demonstrated, the financial resource (and, as a consequence, the source of the financial resource) is one of the foundations of any economic process, it is natural that our attention goes to ensuring this foundation in terms of sustainability in order to be able to speak with some justification and confidence about sustainable economic processes (systems).

Methodology of scientific research. In order to underpin the research methodology, the classical observation and examination instruments, research methods based on the basic principles of scientific research, namely: "competence, objectivity, truth, methodical, demonstration, correlation,

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evaluation of results, utility and psychomoral "(Ristea and Franc, 2013). It will use procedures based on factual analysis, intensive documentation at the level of domestic and international literature, using the databases and the scientific material existing in the endowment of the libraries of specific institutes in Romania and internationally.

The methodology of the paper will have as direct instruments the collection of data and information from specialized literature and from existing practice in public and private institutions, but especially scientific articles published on specialized research networks (ResearchGate, Academia.edu, etc.), articles published in different journals, relevant books in the field of reference, legislation, analyzes and studies, official documents of various tax bodies, tax documents and interactive database of the National Bank of Romania, other relevant sources identified at the libraries: CCFM, Academia Romanian, INCE, IEN, BNR, National Library, INS, etc. Moreover, in the methodology we will analyze the documents using the comparative, analytical, descriptive method, the nonparticipative and participatory observation, the use of a set of information sources, the collection of financial data in the established databases. It will also be based on annual reports, publications, consolidated statistical data provided by the National Bank of Romania, the European Central Bank (ECB), the International Settlement Bank (BRI), the European Commission, OECD, published annually, data to be processed in order to be able to provide a general and analytical picture of the most important changes taking place in the European Union as a whole, but also globally - considered to be representative of the understanding of the phenomena studied, and especially in Romania.

Information support for research will be provided by monographs, books, scientific papers, materials of scientific conferences, the balance sheets of SMEs in 2008-2017, as well as other materials, which are presented in scientific papers and publications on the official pages of national and international research institutes, international financial institutions (research centers), etc.

Research results

The international economic, financial, social, cultural, informational flows of history have gradually led to the disappearance of trade barriers, or rather to the harmonization of trade policies and the erosion of national borders, creating the road to the homogenization of the globalized integrated space where identity and sovereignty the national acquire other meanings and interpretations.

The definition of globalization has been presented as internationalization, liberalization, universalization and occidentalization. Conceptual globalism on these lines did not provide analytical added value and was not visible by any means (Scholte, 2002). Bhagwati (2004) provided a definition of globalization based on the economic dimension of globalization, which included the integration of the global economy through trade, FDI, portfolio capital movements and the bank.

There are definitions that go beyond economic, financial and economic boundaries, technological, know-how, and extend to other areas of human activity and cover extensive interconnection networks. Interaction between spatially connected networks can usually take place through the flow of goods and services, finance, information, ideas and people. These may be environment-related. These networks can also be extended to include these networks at local, regional, national and global level. Distance, a continuous variable, counts most in the spatial context. In addition, to be spatially qualified as global, the network of relationships must be multi-country and multi-continental. Simple at national and regional level, links and interdependencies can not be considered as part of the process of globalization.

In order to analyze the phenomenon of globalization, we start in our quarrels from the current situation in Romania, reflected in detail by Prof.univ.dr. Florin Georgescu in his presentation "Banking Capital in Romania, Between Growth Factor and Source of Imbalance," 2017.

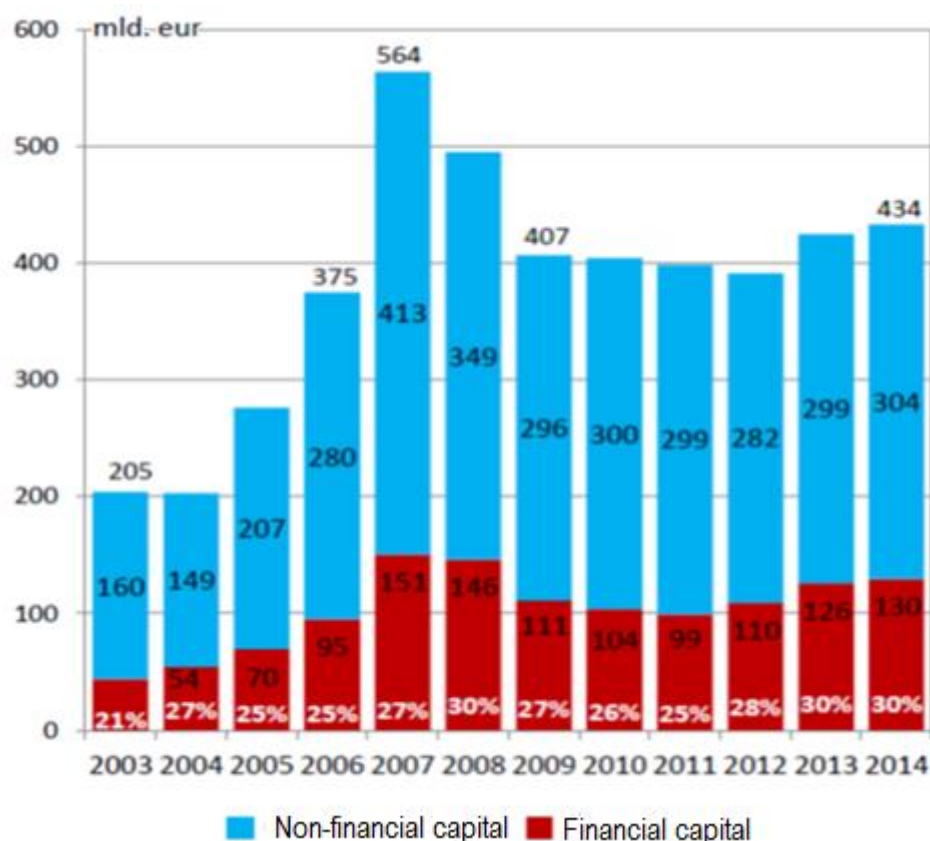
The globalization that began in the 1980s was a strong move to finance the economies and capital structure, a phenomenon reflected by:

. The value of global financial capital held by the economy (households, firms, government) grew more rapidly than the total capital (slower growth of non-financial capital);

. The dynamics of financial capital flows has both advantages and disadvantages in developing countries (advantages: individuals and businesses have had access to a higher volume of loans at lower interest rates due to increased loans and disadvantages: vehicle for faster transmission of financial crises and economic imbalances through high volatility of capital flows).

In Romania, the total capital is mainly formed from the non-financial component. Unlike the global situation characterized by a relative structural balance, in the case of Romania, the share of financial capital in total capital fluctuated between 25% and 30% after 2004 (the upper limit of 30% was reached first in 2008, however, the share dropped to 25% (2011), then the share of financial capital resumed its growth, recovering in 2013 and 2014 to 30%, however, in absolute terms, the level of financial capital in 2014 (EUR 130 billion) remained lower (-21 billion, or -13%, respectively) of the peak in the pre-crisis period (EUR 151 billion in 2007)).

Figure 1. The structural evolution of total capital



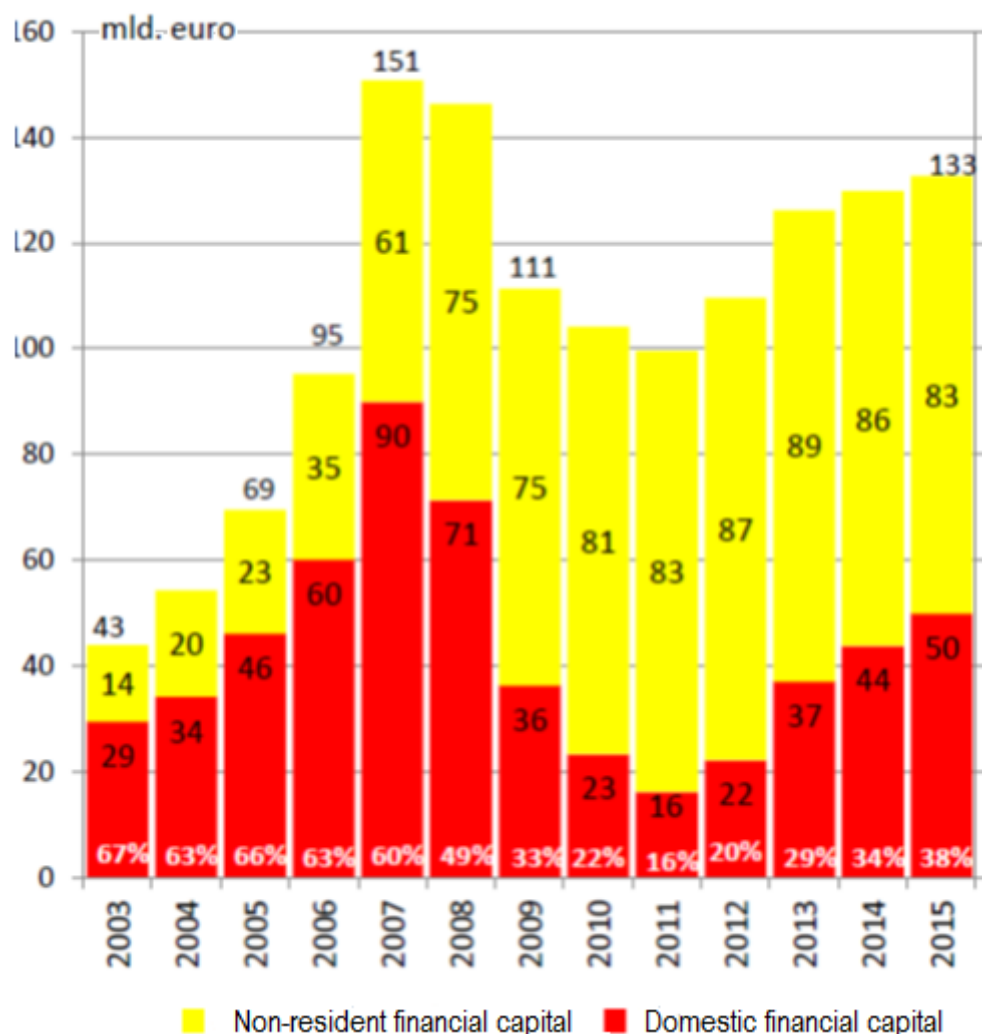
Source: National Institute of Statistics, National Bank of Romania, own processing

Starting with 2008, foreign capital has become a major part of the financial capital. In 2007 compared to 2003, the total financial capital * increased by 3.5 times, namely the foreign one by 4.4 times and the local one by 3.1 (including the public administration).

After the crisis (2009-2011), while external capital increased by 11%, the domestic one decreased by 78%, due to the sharp depreciation of financial assets and the substantial increase of residents' liabilities. In 2015 as compared to 2011, external financial capital is kept at the same level (EUR 83 billion); the domestic one tripled from 16 billion (2011) to 50 billion (2015) due to faster asset growth over liabilities.

Financial capital = financial assets - liabilities at national level of residents and non-residents.

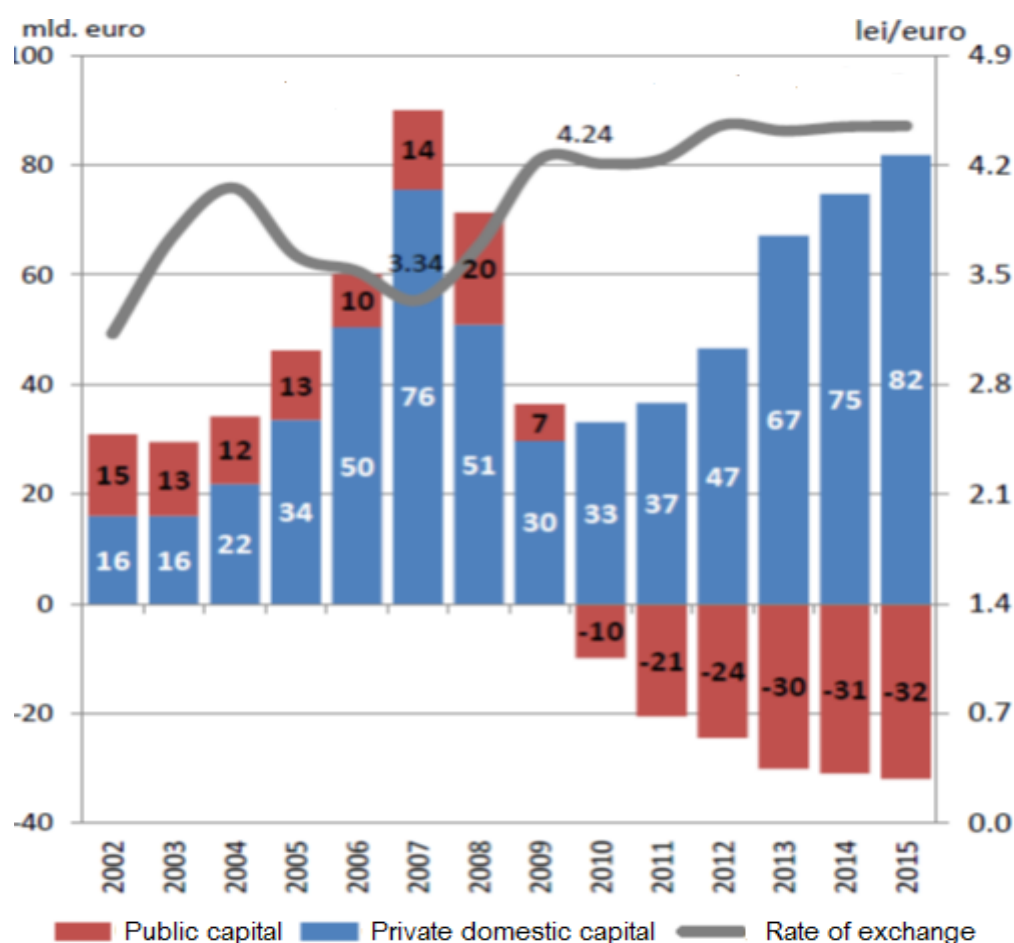
Figure 2. The structural evolution of financial capital



Source: National Institute of Statistics, National Bank of Romania, own processing

Domestic financial capital grew heavily in the boom period and declined sharply in the crisis. During the period 2003-2007, the Romanian financial capital increased continuously (4.4 times), especially on the account of private capital (growth of 4.8 times and +60 billion euros respectively). Following the financial crisis, a major contraction of domestic financial capital occurred as a result of: a sharp drop in public capital from € 20 billion in 2008 to € -32 billion in 2015 (three-fold increase in public debt) and a decline of the value of private capital caused by the sharp depreciation of the exchange rate (from 3.3 lei / euro in 2007, to 3.7 lei / euro in 2008 and 4.2 lei / euro in 2009). This unfavorable development of domestic capital was partly offset by the rise in domestic private sector saving to 82 billion euros in 2015 (2.2 times and +45 billion euros).

Figure 3. Structural evolution of domestic financial capital



Source: National Institute of Statistics, National Bank of Romania, own processing

Of the total capital of Romania, at the end of 2014, the financial capital represents only 30% (70% non-financial capital - tangible and intangible assets). Within the financial capital, foreign capital has become predominantly since 2008 and represents 62% in 2015, compared with only 38% of the domestic capital. Foreign capital inflows over the period 2004-2008 (with an annual average of 14% of GDP) allowed for a sharp rise in the investment rate well above the saving → unsustainable current account deficits (14% in 2007 and 12% in 2008) → substantial currency imbalance, which required major internal economic correction in 2009-2010 and funding of approx. EUR 17.9 billion from international financial institutions in 2009-2012 (from EUR 18.9 billion initially contracted).

Romania's accession to the EU from 2007 required the full liberalization of the capital account in September 2006. The NBR's monetary and prudential measures helped to strengthen the resilience of the banking system to shocks, additional liquidity and capital buffers, bank overruns the recent crisis without the use of public funds and the maintenance of financial stability.

The Romanian banking system is dominated by non-residents, which hold 86% of the total share capital at Q3 2016 (+46 pp compared to 2000). The banking system in Romania has been very well capitalized and with an adequate liquidity level throughout the analyzed period.

The capital is legally formed from the own accumulations of the entrepreneurs and donations, represented, in the case of Romania, by the European funds (for the capitalization of the companies it is necessary to have the own effort, under market discipline, of the shareholders for the purpose of annual capital accumulation through the obtained profit + intensive access to European funds), Credit is only a complementary source of the investor's permanent resources.

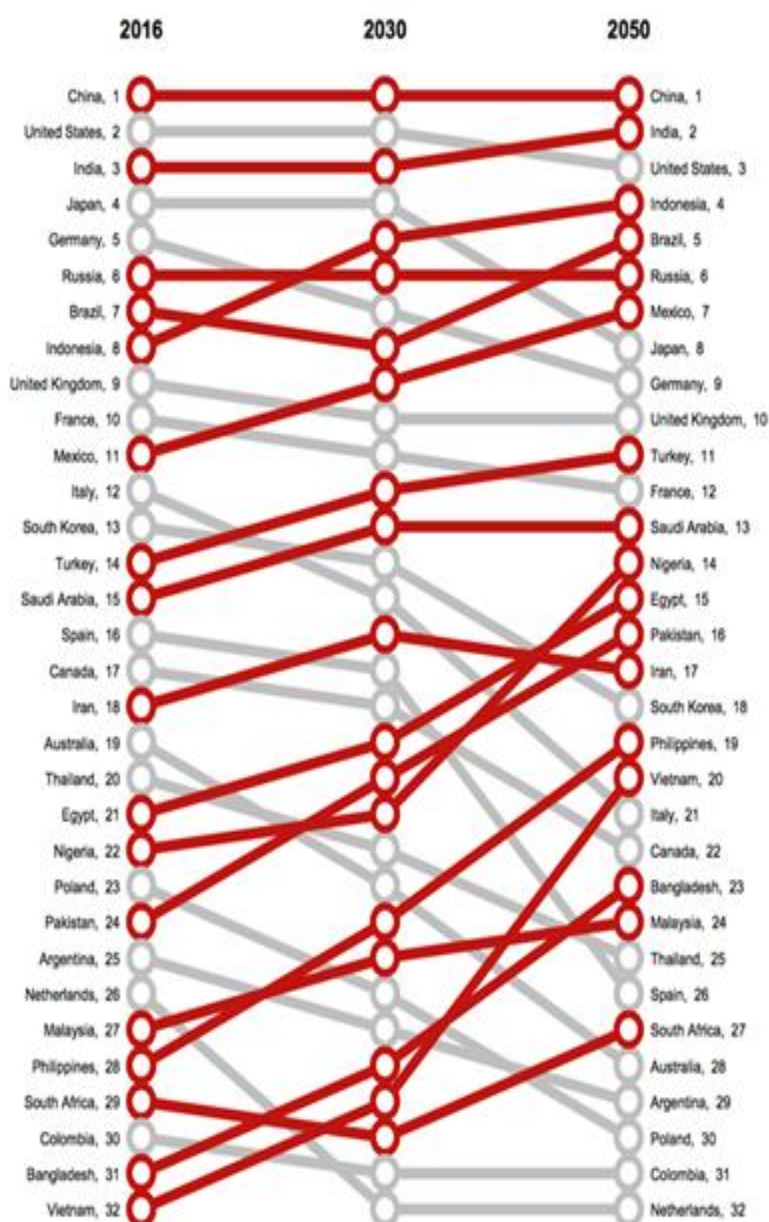
Resuming on sound lending bases requires improved financial education for the population and businesses, plus the transformation of banks into active factors of attracting customers, informing them in line with European practice, increasing the financial analysis capacity of bank officials,

especially for businesses. Democracy and the market economy bring with them not only individual freedom but also individual responsibility, which must be manifested on a stronger, more modern basis, both in the relationship between the clients and the clients and the banks.

Global financial trends are directly related to current developments in emerging markets. Contemporary and future global issues can not be resolved without the contribution of emerging economies, according to Isaac Kwaku Fokuo, Founder and Principal, Botho Emerging Markets Group, Akinie Ochieng, and Esther Ocloo Fellow, Botho Emerging Markets Group. world remains mesmerized by the growth of China and India, frontier economies are quietly taking off. The Philippines, Iran and Egypt, for example, will overtake Italy and Canada on a purchasing power parity (PPP) basis by 2050. Growth in developed economies is projected to slow to 2.2% in 2018, but countries such as Ghana and Ethiopia are reaching 8.3% and 8.2%, respectively. Over the next decade, consumer spending in growth markets will grow three times faster than consumer spending in developed nations, reaching a total of \$ 6 trillion by 2020.

This year's G20 agenda includes the future of work, infrastructure for development and a sustainable food future. But these issues can not be navigated without a more representative body. It should include the economies that will shape the future.

Figure 4. Projected GDP rankings (at PPPs)



Sources: IMF for 2016 estimates, PwC projection for 2030 and 2050

"The new regional powerhouses to watch - although the European Union is a member of the G20, four EU countries - Germany, the UK, France and Italy - have separate G20 representation due to their individual economic sizes. While retaining the UK as a G20 member is logical because of Brexit, restricting European membership to the EU and including more high-growth economies from under-represented regions will help the G20 develop smart, broad-based policy proposals. Considering that Germany, France and Italy have some of the highest voter turnout and highest allocation of seats in the European Parliament, their interests should be adequately represented by the EU's G20 delegation. These three additional member slots should be filled by emerging regional powers from Africa, the Middle East and South and Central Asia, such as Nigeria, Iran, and Pakistan, given their strategic importance on critical issues from security to climate change to the future of work. Nigeria, Sub-Saharan Africa's largest economy, will be the third most populous country in the world by 2050. While countries such as China might tout their large population as an opportunity, Nigeria's boom poses challenges due to poor infrastructure and weak institutions, as well as terrorism and climate change. With the youngest population in the world, Africa will define the future of work, and Nigeria will be an integral part of its growth story. The country's unemployment rate has increased for the 12th consecutive year, but the growth of tech investment in Lagos presents an opportunity to turn Nigeria into Africa's digital engine." (Isaac Kwaku Fokuo, Founder and Principal, Botho Emerging Markets Group, Akinyi Ochieng, și Esther Ocloo Fellow, Botho Emerging Markets Group, WEF, 2018).

Risk in global financial networks. Modulation of financial networks

Financial space is a monetary reflection of all other areas that can be identified and defined in society, particularly in the economy.

Financial space can be considered as a set of specific financial networks with defining features that delimit them. The financial space is dual, presenting two often contradictory hypostases:

The Collective Financial Network (RFC)

Within this network are mobilized the availability of money from economic entities that have financing capacities. On this market, the offer is directly or immediately confronted with the potential demand, differentiated according to the nature of the financial market. The financial instruments that collect monetary assets are deposits (DZ) and securities (TV).

Both deposits and titles are differentiated, diversified, providing maturities, interest rates, modalities, etc. adapted to the requirements of the currency bidders, their needs to make the most of their cash. At the same time, the two instruments have specific techniques for covering risks, protecting bidders, risks from the economic environment, banking entities, and placement tools used to "invest" the collected assets.

There are two categories of participants in the financial market:

a). (FR), State (ST), and even financial institutions (IFs). In addition, there is an increase in the number of short-term unemployed. For methodological reasons, we did not consider the exterior, ie financial relations with non-country subjects.

b). (IFC), diversified, but can be delimited according to the two types of collection institutions (IBCs): banking institutions (IBs) and non-banking institutions (IN).

Banking institutions are universal and specialized, the defining characteristic being that they make deposits transformation into placement instruments (IPL), generating monetary creation. At the same time, these institutions also carry out cash flows and payments from the economy. The main types of banks are: commercial banks, popular banks, savings banks, investment banks, etc.

This bank deposit collection market (PDZ) is heavily regulated and controlled by banking institutions, as the parameters of supply and demand balance are usually set by banks.

The deposit market may be short-term deposits (PZS) or long-term deposits (PZL).

Non-bank institutions are institutions that collect availabilities using a variety of securities purchased by liquidity bidders, which they place on investors, ie those who need long-term liquidity. Disintermediation has led to the emergence of a variety of financial institutions that have adapted their instruments to the needs of bidders. Such institutions are: insurance companies, pension funds, mutual funds, investment funds, securities companies, etc.

These institutions deposit their available funds with banks, being institutional deposits, the funds being managed by specialized management companies.

The securities market, controlled by non-bank financial institutions, but operated by its own institutions and banks, is an open, more lean market, with the availability of available assets facing a potential "negotiating" demand, the prices of which are determined by -a functional transparency.

This market is divided into components that are differentiated in many respects, the main components being: the Mutual Funds Market (MIF), the Insurance Market (PAS), the Investment Fund (PFI) market, the PFP, the Mortgage Market (PIC) . these components connecting through financial institutions, with placements markets. As a rule, these institutions are the institutionalized liquidity (LIT), which is consolidated through a professional management of placements.

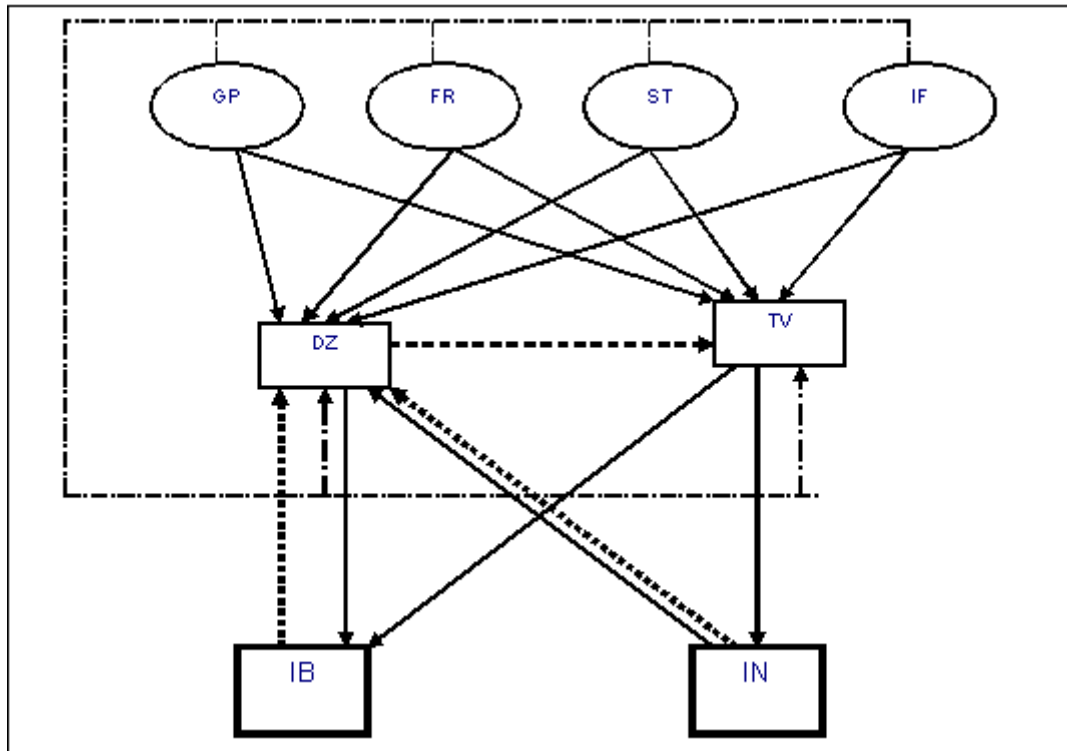
A distinct, specific market for financial collection is the State Collection Market (PCT), a market that the state buys its financial resources and liquidity through the public treasury, divided into two components: the Fiscal Collection Market (FPC) and the market of public loans (GDP).

This delimitation does not mean separation, segmentation, strict collection market, banks operating on the stock market, using financial instruments to attract deposits into deposits (deposit certificates).

The State Treasury (TPB), the state bank, which uses financial instruments to borrow from both the population and financial institutions, is also operating on this market, and often also deposits.

Simplified, the financial market is shown in the following figure.

Figure 5. Collective financial market



Source: own processing

The collective financial market thus presented suggests a bi-directional network:

- from a bidder to the financial institutions, the funds collected by the latter (DSB);

- from financial institutions to bidders, the "price" of loan for deposits and debt securities, interest (DBZ). Liquidity flows collected in the form of deposits also involve withdrawing flows from banking institutions to bidders or transforming them into securities.

The Financial Marking Market (PFP)

This market realizes the direct or mediated distribution of the collected monetary resources to the subjects in need of financing, liquidity. In this market, demand is faced with the potential offer, an offer triggered by financial institutions. The financial instruments used are of two categories: credit (CRD) and investment grade (TPL).

The *two categories of instruments* are heavily diversified and differentiated, adapted to the requirements and conditions of the liquidity demand, this diversification of the attached "prices", in particular the interests, the risks that differentiate each type of instrument, the risks that are generated by the liquidity beneficiary (investor), the nature of the instruments, the management of the financial institutions, the business environment, etc. Diversification is due to the due dates, the reimbursement arrangements, the specificity of the financial institutions, but also the nature of the clients, investors, and liquidity destinations. Loans and placements delimit separate financial markets, differentiated, sometimes the two categories of instruments are transformed into each other.

There are two categories of participants in the financial market placement:

a). (IFP) which are usually financial collective institutions (IFCs), but other institutions with only placement activities, investment financial institutions (IFIs), which use funded funds or placements in placement securities.

You can write the following relationship:

$$IFP = IFC + IFI = IBR + INB.$$

b). *Liquidity Solicitors (SLCs)*, which represent the real demand for liquidity to invest, applicants being primarily firms (FR) and State (ST), but also households (GPs) and financial institutions (IFs).

Within the placement institutions, the relationship between banking institutions and non-bank financial institutions is functional, the financial placement market (PPF), segmented in the two interconnected compartments - the credit market (PCD) and the placement market (LTR) the two categories of financial instruments being transformed into one another. Moreover, the two markets each split into specific markets.

The credit market is divided into the interbank market (PRP), the major money market component (PMT), the market for credit (ECA), corresponding to the total credits to the economy, the public lending market (PCB), the consumer credit market (PCS) mortgage (PCI), etc.

A distinct market connected to the public lending market (the counterpart of the public lending market) is the public investment market (PIP) that the state places, in various forms, in the liquidity needed to make investments in the economy. This market is a component of the public placement market (PPB).

The Placement Market (PLS) is also divided into the share market (CAP), ie property titles, the bond market (POB), both of which form the securities market (PVB), the short-term securities market (PTT), etc.

The placement market is divided not only by the nature of the instruments but also by the way they are priced, initially being the primary market (PPR), where securities are sold by the liquidity claimants who become the beneficiaries of liquidity until the title is liquidated, often with the liquidation of the investor. Titles are purchased through financial institutions by liquidity bidders, which may also be financial institutions, these being institutionalized placements (PLIs), different from private placements (PLPs), the primary market being divided in this respect into the primary market of private placements (PPPs) and the primary institution of institutionalized placements (IPP).

Securities purchased on the primary market are then negotiated on the secondary market (PSC), with supply and demand on this market being generated by bidders on the stock market (PBS), an

institutionalized form of the PSC, capitalizing their liquidity differentiated, either to protect liquidity, to gain, often speculatively, to "appropriate", etc.

The placement market has generated a distributed market type of risk with a particular speculative charge, often volatilizing securities values, which become the object of transactions on this market, the market denominated in the derivatives market (PDV).

The two types of placement instruments, as we have said, often turn into each other, in particular titration credits becoming investment titles, and in this sense a deintermediation process, ie a reduction in credit flows in favor of securities flows placement.

Thus, another market within the PFP, the PTP, is identified, with the titration market (PTR) being an essential component, with both types of credits and types of titles being developed. This market is a structural market (PST) within PFP, modifying the structure of placements.

The differences between the two components of the financial market place are obvious, beyond their interconnections.

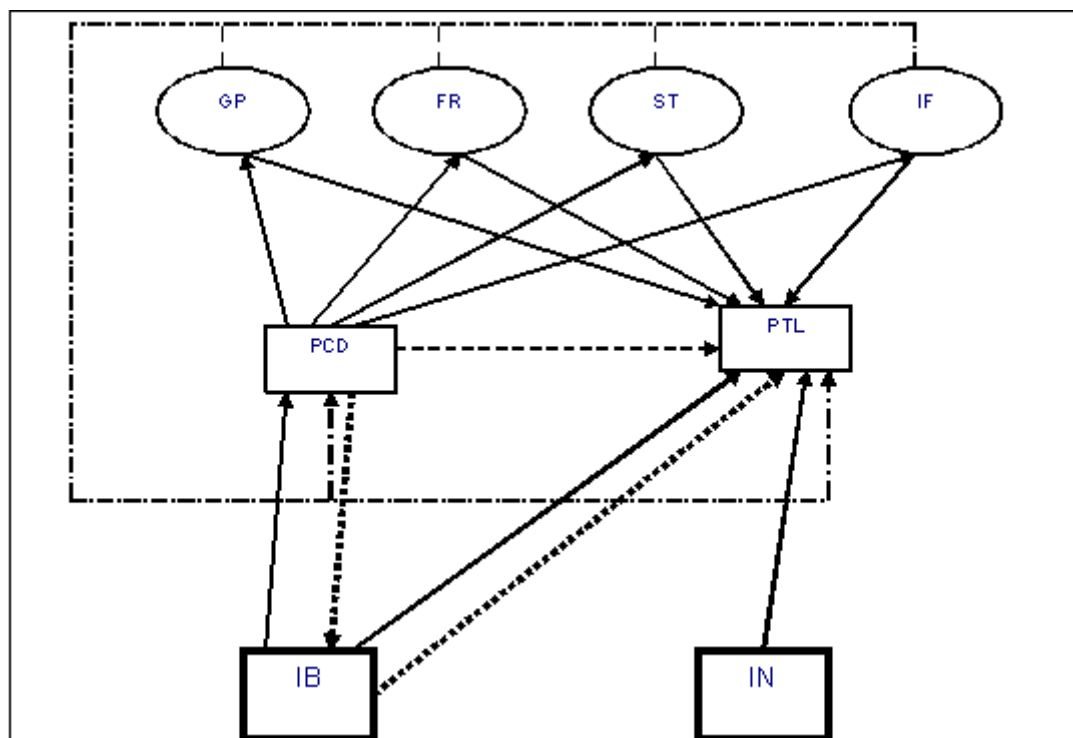
The money-creating credit market can be called an extension market (PEX), being controlled and regulated by banks, unilaterally defining credit characteristics, especially their price, interest reflecting the "balance" between liquidity demand and supply. This market is a mediation market, with banks making the transformation of deposits into loans within the banking system, thus breaking the money flow from saving (offer) to investment (demand), constituting a transitory, often dangerous and onerous transit passage. Risks are well controlled by banks, usually to their advantage and not to bidders or solicitors, banks transferring unnecessarily the risks generated by the economic environment or by their own management to the bidders.

The placement market is a much more open market than the banking market, especially through its stock market, the demand and supply of liquidity, making the price of liquidity more transparent, usually interest, but it is a more risky, speculative, volatile market. This market is the market for small securities and large-value placements.

Obviously, the differences between the two compartments of PFP and the differences between their components are much more analytical.

The global institutional set-up of the global financial market is presented in a simplified way in the following figure.

Figure 6. Placement financial market



Source: own processing

The simplified scheme highlights the existence of networks of biobivocally oriented monetary flows:

- from financial institutions to liquidity seekers, notably firms and the state, liquidity is placed through the credits granted and the placements purchased on behalf of the liquidity bidders, which the financial institution has collected;
- cash-based cash flows are made from the applicants for placements to financial institutions by which liquidity is returned according to maturities, only at the due dates and at the same time the prices of the placement instruments are paid.

Within the placement network, the central bank is occupied because all the money flows through them, both on credit and placement (in the case of which the liquidity is placed in bank deposits), as well as the prices (remuneration) of the placement instruments and the returns of liquidity.

We will make the following notations:

$(PLT)_i$ = total investments from the perspective of each applicant.

$$\sum_{i=1}^4 (PLT)_i = PLT$$

where PLT = total placements, ie the total liquidity purchased by the liquidity claimants.

From the perspective of PLT placement instruments it is determined as follows:

$$PLT = \sum_{r=1}^2 (PLT)_r ,$$

where r represents the two categories of placement instruments, credits and securities.

At the same time, total placements can also be determined as the sum of placements of the two categories of financial institutions:

$$PLT = \sum_{m=1}^2 (PLT)_m$$

where m = the category of financial institution.

The total liquidity (LCT) obtained by each of the four liquidity claimants can be determined as follows:

$$(LCT)_i = \sum_{m=1}^2 (PLT)_{mi} = \sum_{r=1}^2 (PLT)_{ri} .$$

Obviously the relationship is verified:

$$\sum_{i=1}^4 (PLT)_i = \sum_{i=1}^4 (LCT)_i .$$

On the basis of these indicators, some significant ratios can be determined for the characterization of strains and strengths of the institutional placement investment (RIP).

$$R(PLT)_i = \frac{(PLT)_i}{PLT}$$

This rate expresses the burden of the cash flows of each applicant.

$$R(PLT)_{ir} = \frac{(PLT)_{ir}}{(PLT)_i}$$

where r = the placement instrument used.

This rate reflects the distribution of the applicant's cash on both placement instruments.

$$\sum_{i=1}^4 \sum_{r=1}^2 R(PLT)_{ir} = 1$$

We make the following notation:

RTP = Total Remuneration of Placement Instruments.

$$RTP = \sum_{r=1}^2 (RTP)_n = \sum_{i=1}^4 \sum_{r=1}^2 (RIP)_{ir} \quad RIP = \sum_{r=1}^2 \sum_{m=1}^2 (RIP)_{rm} .$$

The two relationships highlight the contribution of each applicant, instrument and financial institution to the total remuneration of placements.

Next, note:

CRT = Total Payout Ratio of Placement Instruments.

$$CRT = \frac{RTP}{PLT} = \frac{RTP}{LCT} = \frac{\sum_{i=1}^n (RTP)_i}{\sum_{i=1}^n (PLT)_i}.$$

Depending on the analytical requirements of the network, rates and coefficients, and therefore indicators, can be detailed.

The composite model of the global financial market network (MRPF)

The set of financial markets, institutionally delineated, forms a network, a network composed of flows, circuits and financial cycles, which ensures the movement of the savings, to the liquidities, needed for global investments.

The network, shown in the following figure, defines three interconnected components:

PFC - Collective financial market;

PFP - the financial market placement;

PFR - Financial Regulatory Market.

The PFR comprises three fundamental markets for the financial market:

PRP - the interbank market, supervised by the Central Bank;

PBS - the stock market, supervised by the Stock Exchange Commission;

PFB - the public financial market, supervised by the Public Treasury.

The network highlights, through continuous lines, the movement of funds, money from those who save money to those who invest globally.

Conclusion

Knowledge of financial markets at national and global level, based on statistical data, can lead to our research into network-type financial market models that are appropriate to current global developments and respond to the types of network risks. At the same time, the approach in our work wanted to reveal that the credibility risk is essential, as the generic network's risk, the placement of its currency, its forms and instruments, in a space dominated by economic reasoning, centered on interest and gain, currency, the ability of the currency to perform its original functions.

Network risk in global financial markets is generated by determinant or conditional factors and, in its turn, generates direct and indirect effects through the specific risks of the financial network, the network risk being placed in a structure of interdependence and mediated influences.

The larger the size and complexity of the market, the higher the risk, both microeconomic and macroeconomic, and the possibility of economic performance is increasing. At the same time, the macroeconomic and microeconomic intercondition relations intensify, this necessity being a result of the increase of the number of economic policy instruments in the direction of evolution.

Economic stability at both macro and micro levels has the same fundamental elements, which, given the interrelationship between the two environments at the market level, is a natural and straightforward consequence to functionality.

Financial instability, as a risky event of financial stability, is also based on common elements at macro and micro level; moreover, the two types of financial instability influence each other, starting from the least disturbances of the stability state.

In the opposite direction, the financial stability of the two environments is a necessary objective for the evolution of the market. Moreover, as an important part of the organizational culture, the general and main objectives should be understood as being common to the two environments, and the specific objectives should be introduced, on a reciprocal basis, into the equations of the administrative models of the two environments.

The paper attempts to capture these aspects economically, without neglecting other visions, when appropriate. Moreover, the work will capture aspects of international practice based on the views of the great scientific personalities of our century who have approached the phenomenon of globalization of financial markets as well as personal experience in the financial field at international level.

Among the remarkable personalities of the moment who have approached and tackle the phenomenon of globalization, I mention Joseph E. Stiglitz with the works: *Globalization Mechanisms* (2008) *"In 2000, more than 150 Heads of State and Prime Ministers met in New York, at the Millennium Summit, committed to halving global poverty by 2015. Building on the author's experience as an official of the Clinton administration and the World Bank, the Globalization Mechanisms analyze the main obstacles to a fair globalization: the burden of national debt, the degradation the environment, the limits of liberalization, etc. The 10 chapters try to find solutions to these issues and provide a plan to restructure the global financial system. (George Soros), Globalization: Hopes and Disillusionments (2003), Globalization and its New Discontents, Aug. 5, 2016, The Globalization of Our Discontent Dec. 5, 2017 "Globalization, which should have benefited both developed countries and developing countries, is now criticized almost everywhere, as demonstrated by the political reaction in Europe and the US in recent years. The challenge is to minimize the risk that the reaction will intensify and that begins by understanding - and avoiding - mistakes of the past."*

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