

# Influence of economy and development in the Capital Market of Lybia

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**Abstract-** The changing economic environment both in the market system to follow the central planning or vice versa if it in any organizational change necessary to emerge from interactions highlight the new institutions in accordance with this change In contrast disappear other institutions were playing an active role under the old system , which becomes a role under the new system is an actor, even though their presence may cause an obstacle to activate the new institutions and creator orientation , and financial markets is one of the most important economic developments and secretions that because of their great role and impact on the national economy .

Yet widening the activity of these markets and their integration into a global reach stage financing investment activity range to put a radical solution to the problem of excess liquidity for the financing of investment so that these markets are able to create investment opportunities for the units surplus and provide sufficient liquidity for the units of the deficit any access to the stage and there is a market for securities to finance investment , a product logical evolution of financial naturally in harmony with a changing international environment dictated by the need for internal matured normally .

**Index Terms-** market, economy, investment, integration, financing

## I. INTRODUCTION

The changing economic environment both in the market system to follow the central planning or vice versa if it in any organizational change necessary to emerge from interactions highlight the new institutions in accordance with this change In contrast disappear other institutions were playing an active role under the old system , which becomes a role under the new system is an actor, even though their presence may cause an obstacle to activate the new institutions and creator orientation , and financial markets is one of the most important economic developments and secretions that because of their great role and impact on the national economy .

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## II. RESEARCH PROBLEM

Characterized by institutions of the banking sector -based weak performance due to the control of public ownership of the majority and the lack of the spirit of competition among themselves as well as the narrow scope of the business areas in the national economy and the lack of investment opportunities in general inability of the sector to find sources of the use of devastating back , so the limited areas of investment on the one hand, and a high risk of employment on the other hand, which led to the high volume of bad debts and non-performing both caused other is the use of a credit policy is rational .

### Research objectives

The research aims to the following:

- Identify the extent of the impact of the Libyan stock market on the banking sector investments .
- Identify the types of investment before the banking sector and determine the effect on the profitability of the sector by linking the risks faced by the banking sector funds .

### Research hypotheses

The main hypothesis

Null hypothesis : There is no statistically significant relationship between the risk of financial and market information, and among commercial banks for financing projects and economic development.

The second hypothesis

Null hypothesis : There is no statistically significant relationship between constraints and financial market risks , and the appropriate returns and capital to the size of the investment risks .

Third hypothesis

Null hypothesis : There is no statistically significant relationship between constraints and financial market risks , and the effectiveness of the investment policies of commercial banks .

## III. FINANCIAL MARKETS

The stock markets play vital role in the economies of the modern world , they are used as an effective tool in the states to assess the economy, and contribute to increasing the awareness of investors , then they are a mirror that reflects the real situation of companies , projects and clearly show the strengths and weaknesses of its financial position , and therefore judged a

success or failure, is reflected in the share prices of the company or the source project for these securities.

These markets have the capacity of financing huge, where it is on its way flow of capital large, so as to establish and create various development projects, including through funding non-traditional, and has been reaping the investors depending on the fruits of these markets, which are in large profits, and give them greater flexibility in choice of funding sources.

### Definition of the stock market

Financial market is a place that combines units has cash surpluses, and between units deficit need these surpluses, shows the role of the market is evident in being a liaison between these units, as the capacity traded in this market securities ranging in maturity to open the door modules deficit to choose sources of funding that are commensurate with ability and ambition and average duration, and all this under the provision of sufficient flexibility to choose, and in return you get units for use surplus cash surpluses.

### Types of financial markets

Is usually distinguished between two types of financial markets, namely:

- 1 - capital markets.
- 2 - exchange markets.

### Functions of financial markets and Importance of the stock market

Lead financial markets and the important function is that it works as a liaison between the two groups in the community, the class with cash surpluses do not have the ability and know-how and competence including positioned to engage in the areas of investment, and the class has the ability and efficiency to invest these cash benefits, and that the benefit and cost-effective for everyone.

It is noteworthy to mention that the stock market performs many functions that can be listed in the brief statements as follows:

- Directing the savings to invest in securities;
- Facilitate the purchase and sale of securities, and thus improve the investment operations and raise the standard of living in the community;
- Determine fair prices for securities and has been working to maintain this.

### The nature of the activity

Since its inception, the Bank has to provide banking services to its customers, as has funded many of the institutions and public and private companies, both productivity or service of the country.

The bank's private banking business is in all commercial banks, and so on, whether the domestic or international level, and can be summed up the following points.

- 1) accepting deposits of various kinds, and the granting of various credit facilities.
- 2) version and re- discount and securities trading business.
- 3) foreign exchange.
- 4) the issuance of letters of guarantee and letters of credit.

- 5) representation of various banking facilities, whether at home or abroad.
- 6) securities and valuables; rental lockers and private funds.
- 7) providing all banking facilities and other operations directly in the banking field.
- 8) regulating public offerings, and immediately all acts relating to securities.
- 9) buying, selling and ownership of the shares of companies contributing to the organization in Libya or outside the boundary conditions prescribed by the law.
- 10) services swift, and transfer of funds across the world, as well as advisory services.

Pursuing the bank's policy expansion and spreading inside Libya, where the number of branches 46 and agencies distributors across Libya until the end of 2007, in order to accomplish various services for different customer segments, as well as the Bank's large network of correspondents abroad are more than 450 correspondents around the world. The bank seeks to follow the developments of modern banking and methods of application, for the betterment of the bank to a high degree would enable it to compete with other banks locally and globally, through the introduction of mechanization, and preparation systems for all departments and branches of banks. Take the bank's legal form in the form of a Libyan company contribution registered in the Commercial Register under number), has been the evolution of the bank's capital since the decision of nationalization to become the (21) million. In 1995, and (63) million. In 2000, and 126) million. in 2005, and the longer it became of money the bank until the end of the fiscal year 2007 amounts of \$(252) million, and with respect to fiscal 2008, despite the stability of the capital of \$ 252 million. For, however, the total budget for this year (11) billion an increase of 4 billion an increase of 62.42% than it was located in the year 2007, and perhaps the most important reasons for this increase is the high volume of deposits in various types, which amounted to 8 billion after it had been (5) billion in the year 2007, which reflected the impact directly in improving the uses and sources of profits. In the context of the modernization of the banking sector and the financial and gradual opening in front of foreign institutions and technological expertise in the world, announced the Central Bank of Libya in the context of their ongoing quest to develop the banks and re- structure in order to achieve competitive reflected on the efficient use of resources, which is reflected in its impact on the provision of banking and financial services distinct it been selling 19% stake in Sahara Bank to Bank (BNP) French, that have the right to increase the stock owned to 51% during the period ranging from three to five years. It will contribute to the bank BNP Paribas in cooperation with the Sahara Bank in the following:

- Participation his knowledge in the areas of retail banking.
- Assist in the modernization and support tasks included management of information technology and risk management.
- To participate in the upscale and advanced training to the staff of the Sahara Bank.

Goumhuriya Bank:

It is the company's contribution to a Libyan, was established according to the provisions of the Libyan commercial law, where it was previously known as the (Barclays Bank), one of the bank branches English which came to Libya with the forces of the British occupation in 1943, where he opened several branches in several the most important cities of Tripoli and Benghazi to monopolize the banking business and banking services, and the completion of all transactions of the British authorities, and alone on the validity of the issuance of cash on behalf of the British authorities, and at independence on behalf of the Libyan government until the month of April 1956. After the al-Fateh Revolution in September 1969 in the issuance of the decision to foreign banks, which compelled all banks that take the form of companies Libyan contribution, and that the share of the Libyans of not less than 51% of its capital, then these efforts culminated in the National issuance of Law No. (153) for the year 1970, on the nationalization of all foreign stakes in banks, were nationalized foreign equity (Bank Parkes) adult (49%) of the bank's capital, bringing the bank owned by the people of the Libyan Arab in the name Goumhuriya Bank.

#### IV. RESULTS AND RECOMMENDATIONS

This research provides a summary of the most important findings and recommendations reached by the researcher, which was the outcome of what has been hurt him in the previous chapters, if it contains a profile on the Libyan stock market has been the exposure of the banking sector in Libya, its resources and its uses, and the impact of stock market investments sector banking, in a serious step to stand on the most important difficulties faced and overcome to reach the desired results.

##### Results:

During the process of study and field, and after analyzing the data collected from this study, it has been reached on a set of results can be listed as follows:

##### Main findings:

**1** - Through the analysis turned out to lack the impact of the risks and constraints of the financial market to finance projects, and that there is an inverse relationship is very weak by simple regression results, which means rejection of the alternative hypothesis and accept the null hypothesis.

**2** - Through the analysis turns out the presence of a trace of constraints and the risk of financial market on the appropriate yield and capital to the size of investment risks, and that there is a direct correlation is very strong between the risks and constraints of the financial market and the appropriate returns and capital to the size of the risk by the results of simple regression, which means rejection null hypothesis and accept the alternative hypothesis.

**3** - Through the analysis turns out the presence of a trace of the risks and constraints of the financial market on the effectiveness of the investment policy of commercial banks, and that there is a direct correlation is very strong between the risks of the obstacles the financial market and the effectiveness of the investment policies according to the results of simple regression, which means rejection of the null hypothesis and accept the alternative hypothesis.

**4** - Available at commercial banks in excess liquidity and this shows clearly in surplus liquid assets, and the reason for this is attributed to a combination of the most important variables limited the areas of employment and the lack of guarantees that encourage banks to grant more credit.

**5** - Notes the increasing resources banker study largely in the form of deposits of all kinds, and this increase that has shown anything, it shows the magnitude of the operations of the two banks and increase the ability of banks to attract deposits, and also reflects the increasing customer demand to deal with the banks which reflected its impact on the uses of funds in banks.

**6** - Notes that the use of the funds to a bank in the study are moving in the beginning years of study toward lending more than other investments, as well as the provision of investment is almost non-existent, and is attributable to a decrease that was not non-existent liquidity source that there is no stock market, while in the last years of the study and, has tended uses of funds in banks around item investments at the behest of the Central Bank of Libya, the Libyan stock market was not ready to absorb the investment banks short-term, although it has doubled investment banks by more than the increase in loans and advances, which, if anything it shows how the impact of the Libyan stock market investments on the banking sector despite the recent inception.

##### Sub-results:

**1** - The results of the study mimic the sound of qualifications for leadership positions or administrative in both banks, and increases qualified for appointment to positions of leadership in the category of Higher Diploma or equivalent, where the percentage of 65%, 72.2% in the Sahara bank and Goumhuriya Bank.

**2** - Results of the study showed that the category of 5-10 years experience make up the majority of the Goumhuriya Bank, reaching 42.5% and that the class experience less than 5 years constitute a majority in the deserts where the bank stood at 36.1%.

**3** - Results of the study showed that the questionnaire may have included levels of planning and supervisory functions of the beginning of the Director of branches and ending with the directors of departments of the branches of the bank.

**4** - Results of the study showed that the staff of the Sahara Bank more approval and the homogeneity of the staff of the Goumhuriya Bank of the phrases regarding the appropriateness and effectiveness of the investment policies.

**5** - Results of the study showed that the staff of the Sahara Bank and the approval more homogeneous than the staff of the Goumhuriya Bank of the phrases on the importance of the constraints and risks of the financial market.

##### Recommendation:

**1** - Must be distributed to commercial banks and investment through the application of the principle of distribution in investment by not only rely on lending.

**2** - Commercial banks must invest surplus liquidity in the fields of employment created as a market securities, which leads to a reduction of the risks involved with traditional areas of employment.

**3** - To pursue a policy of rational make banks able to invest in the capital market.

4 - The market for Libyan financial ability to grow once the adoption of effective working mechanism .

5 - To expand investment in the capital market ( securities ) makes banks to achieve high profits and varied.

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