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UTILIZATION OF CAPITAL MARKET MECHANISMS FOR ATTRACTING LONG-TERM INVESTMENTS TO COMMERCIAL BANKS

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Annotation. This article examines the importance of utilizing capital market mechanisms for attracting long-term investment resources to commercial banks. The research focuses on the role of securities issuance, Initial Public Offerings (IPO), Secondary Public Offerings (SPO), corporate bonds, and subordinated financial instruments in strengthening the capital base and investment potential of banking institutions. The study analyzes theoretical approaches related to capital structure, financial market development, and the impact of capital markets on sustainable economic growth. Special attention is given to the opportunities provided by capital markets for improving bank capitalization, liquidity management, financial stability, and investor confidence. The article also identifies existing challenges, including insufficient market liquidity, regulatory barriers, and the need for greater transparency in banking activities. Based on international experience, recommendations are proposed for improving the effectiveness of capital market mechanisms and expanding long-term financing opportunities for commercial banks.

Keywords: commercial banks, capital market mechanisms, long-term investments, investment resources, securities market, IPO, SPO, corporate bonds, subordinated securities, capitalization, financial stability, investor confidence.

In the context of global financial transformation and increasing demand for sustainable economic growth, the issue of expanding long-term investment resources for commercial banks has become one of the key priorities of modern banking systems. Commercial banks play a strategic role in ensuring financial stability, supporting investment projects, stimulating entrepreneurship, and accelerating economic development. However, the effective implementation of these functions requires access to stable and long-term sources of capital. Traditional sources of bank financing, such as customer deposits and short-term borrowings, are often insufficient to meet the growing demand for long-term investment resources. Therefore, the utilization of capital market mechanisms has become an important direction for strengthening the financial capacity of commercial banks. Capital markets provide commercial banks with various instruments for attracting long-term financial resources, including the issuance of shares, corporate bonds, subordinated debt instruments, and other securities. Through these mechanisms, banks can diversify their funding structure, increase capitalization, improve liquidity management, and reduce dependence on short-term financing sources. The development of capital market instruments also contributes to greater transparency, corporate governance improvement, and increased investor confidence in the banking sector.

Theoretical foundations of capital market development and its influence on financial institutions have been widely studied by leading economists. F. Modigliani and M. Miller emphasized the importance of capital structure decisions in determining the financial stability and value of institutions, while R. Levine highlighted the significant role of developed financial markets in promoting economic growth. Furthermore, F. Mishkin noted that efficient financial markets ensure the redistribution of

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financial resources and create favorable conditions for investment activity. These scientific approaches demonstrate the necessity of integrating banking activities with capital market mechanisms.

In recent years, many countries have paid increasing attention to expanding the participation of commercial banks in capital markets through initial public offerings (IPO), secondary public offerings (SPO), bond issuance, and attracting institutional investors. These processes enable banks to strengthen their capital base, finance large-scale investment projects, and improve their competitiveness in the international financial environment. Despite the advantages of capital market mechanisms, several challenges remain, including insufficient market liquidity, regulatory limitations, low investor participation, and the need to enhance corporate transparency. Therefore, studying effective methods of attracting long-term investments through capital market instruments is highly relevant for improving the stability and investment potential of commercial banks. The purpose of this article is to analyze the opportunities and mechanisms for attracting long-term investments to commercial banks through capital markets, examine the role of securities issuance in strengthening banking resources, and develop scientific proposals aimed at improving the efficiency of capital market instruments in the banking sector.

In the modern financial system, commercial banks serve as essential intermediaries between capital owners and investment sectors. The ability of banks to attract stable and long-term financial resources directly influences their lending capacity, investment activities, and contribution to economic development. Capital market mechanisms represent one of the most effective approaches for increasing the financial potential of banks by providing access to alternative sources of funding beyond traditional deposits. The capital market creates opportunities for commercial banks to accumulate financial resources through the issuance and placement of various securities, including ordinary shares, preferred shares, corporate bonds, and subordinated debt instruments. Unlike short-term liabilities, funds attracted through capital markets generally provide a longer maturity structure, allowing banks to finance strategic investment projects and maintain sustainable growth. According to Modigliani and Miller's capital structure theory, the selection of optimal financing sources plays an important role in determining the value and stability of financial institutions. In the banking sector, an effective combination of equity capital and borrowed resources obtained through capital markets contributes to reducing financial risks and improving institutional performance. Furthermore, Levine emphasized that well-developed financial markets accelerate economic growth by ensuring efficient allocation of investment resources.

One of the main instruments used by commercial banks to attract long-term investments is the issuance of securities. Through Initial Public Offerings (IPO) and Secondary Public Offerings (SPO), banks can expand their capital base by attracting investments from individuals, institutional investors, and foreign financial organizations. The issuance of shares provides commercial banks with permanent capital resources and strengthens their financial independence. Increasing equity capital allows banks to meet regulatory capital requirements, expand lending operations, and enhance their ability to absorb potential financial losses. Additionally, participation in the stock market improves transparency and encourages the adoption of international corporate governance standards. Corporate bonds are another important instrument for attracting long-term financial resources. By issuing bonds, banks can obtain significant investment funds without changing ownership structures. Long-term bonds allow commercial banks to finance large-scale projects, diversify liabilities, and improve the balance between assets and liabilities.

International practice demonstrates that developed banking systems actively use capital markets to support sustainable financial development. In countries with advanced financial markets, commercial banks regularly issue shares and bonds to strengthen their capital positions and attract

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institutional investors. For example, banks operating in developed economies use IPO mechanisms not only as a source of financing but also as a method of increasing market reputation and expanding investor participation. Bond markets also play an important role in providing banks with predictable and long-term funding sources. The successful experience of international financial systems shows that the effective use of capital market mechanisms requires a transparent regulatory environment, protection of investor rights, developed financial infrastructure, and reliable information disclosure systems.

Despite the advantages of capital market mechanisms, several factors limit their effective implementation in commercial banks. One of the main challenges is the insufficient development of securities markets, which reduces opportunities for attracting large-scale investment resources. Limited participation of institutional investors, low liquidity, and weak secondary markets may negatively influence the effectiveness of securities placement. Another significant issue is investor confidence. Investors require transparent financial information, effective risk management systems, and stable profitability indicators before investing in banking securities. Therefore, improving corporate governance and implementing international financial reporting standards are essential conditions for attracting long-term investments. Regulatory requirements may also influence banks' ability to access capital markets. While regulations ensure financial stability, excessive restrictions can reduce flexibility in using market instruments. Achieving a balance between financial supervision and market development is necessary for improving investment attraction.

To increase the effectiveness of capital market mechanisms in attracting long-term investments to commercial banks, several measures should be implemented. First, it is necessary to develop the securities market infrastructure and expand opportunities for banks to issue financial instruments. Increasing the role of institutional investors, such as investment funds and insurance companies, can significantly improve market liquidity. Second, commercial banks should strengthen corporate governance practices, improve transparency, and introduce modern risk management approaches. Compliance with international financial standards increases investor confidence and enhances the attractiveness of banking securities. Third, expanding the use of innovative financial instruments, including green bonds, digital securities, and other modern investment products, can create new opportunities for attracting domestic and foreign investors. Overall, the effective utilization of capital market mechanisms enables commercial banks to diversify financial resources, strengthen capitalization, support long-term lending activities, and increase their role in sustainable economic development.

The effective utilization of capital market mechanisms plays a crucial role in attracting long-term investment resources and strengthening the financial stability of commercial banks. In the conditions of increasing competition and transformation of the global financial system, traditional sources of banking resources are becoming insufficient to support large-scale investment activities. Therefore, expanding the use of capital market instruments has become an important strategic direction for ensuring sustainable development of the banking sector. The analysis shows that financial instruments such as share issuance, corporate bonds, subordinated securities, Initial Public Offerings (IPO), and Secondary Public Offerings (SPO) provide commercial banks with opportunities to diversify their funding sources, increase capitalization, and enhance their investment potential. These mechanisms contribute not only to improving liquidity and financial independence but also to strengthening corporate governance, transparency, and investor confidence. International experience demonstrates that a well-developed capital market creates favorable conditions for the efficient allocation of financial resources and supports the long-term growth of banking institutions. Active participation of commercial banks in securities markets allows them to attract both domestic and foreign investors,

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expand lending capacity, and finance strategic economic projects. At the same time, the successful implementation of capital market mechanisms requires further development of market infrastructure, improvement of regulatory frameworks, protection of investor interests, and introduction of international standards of financial reporting and risk management. Increasing the participation of institutional investors and applying innovative financial instruments can further enhance the effectiveness of long-term investment attraction.

In conclusion, integrating commercial banks with capital market mechanisms is a necessary factor for creating a stable, competitive, and investment-oriented banking system. The expansion of securities issuance practices and improvement of capital market instruments will contribute to the sustainable growth of commercial banks and strengthen their role in supporting economic development.

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