

Part 6: Strategies For Entering the Financial Markets

1/ Financial Markets

A marketplace that provides an avenue for the sale and purchase of assets such as bonds, stocks, foreign exchange, and derivatives

Financial markets, from the name itself, are a type of marketplace that provides an avenue for the sale and purchase of assets such as bonds, stocks, foreign exchange, and derivatives. Often, they are called by different names, including “Wall Street” and “capital market,” but all of them still mean one and the same thing. Simply put, businesses and investors can go to financial markets to raise money to grow their business and to make more money, respectively.

2/ Types of Financial Markets

There are so many financial markets, and every country is home to at least one, although they vary in size. Some are small while some others are internationally known, such as the New York Stock Exchange (NYSE) that trades trillions of dollars on a daily basis. Here are some types of financial markets.

1. Stock market

The stock market trades shares of ownership of public companies. Each share comes with a price, and investors make money with the stocks when they perform well in the market.

2. Bond market

The bond market offers opportunities for companies and the government to secure money to finance a project or investment. In a bond market, investors buy bonds from a company, and the company returns the amount of the bonds within an agreed period, plus interest.

3. Commodities market

The commodities market is where traders and investors buy and sell natural resources or commodities such as corn, oil, meat, and gold.

4. Derivatives market

Such a market involves derivatives or contracts whose value is based on the market value of the asset being traded. The futures mentioned above in the commodities market is an example of a derivative.

3/ Functions of the Markets

1. Puts savings into more productive use

As mentioned in the example above, a savings account that has money in it should not just let that money sit in the vault.

2. Determines the price of securities

Investors aim to make profits from their securities. However, unlike goods and services whose price is determined by the law of supply and demand, prices of securities are determined by financial markets.

3. Makes financial assets liquid

Buyers and sellers can decide to trade their securities anytime. They can use financial markets to sell their securities or make investments as they desire.

4. Lowers the cost of transactions

In financial markets, various types of information regarding securities can be acquired without the need to spend.

4/ Strategies For Entering the Global Markets And Financial Solutions for Entrepreneurs

➤ Conducting Market Research and Analysis for Global Expansion

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Entering a new market may come with its fair share of barriers. Regulatory requirements, trade restrictions, cultural differences, and infrastructure challenges can impact your entry strategy.

➤ **Developing a Solid International Business Plan**

A solid international business plan outlines your objectives and strategies for achieving them. Define your goals for market penetration, revenue growth, and brand recognition.

➤ **Establishing Realistic Financial Projections**

Financial projections are an essential component of your business plan. Ensure they are based on thorough research and market analysis. Consider factors like currency fluctuations, pricing strategies, overhead costs, and local taxes when establishing your projections.

➤ **Marketing and Sales Strategies**

Adapting your marketing and sales strategies for an international audience is vital. Consider the language, cultural nuances, and media preferences of your target market. Additionally, determine the most effective distribution and sales channels to reach your customers efficiently.

➤ **Securing Financing for International Expansion**

Expanding internationally requires financial resources, so it's essential to assess your funding needs and explore available options.

➤ **Approaching Banks and Financial Institutions**

Approaching banks and financial institutions for international expansion funding can be a viable option.

➤ **Exploring Venture Capital and Private Equity Funding**

Venture capital and private equity funding can be attractive options for entrepreneurs looking to scale their international ventures quickly. Research and approach investors specializing in your industry or target markets.

