BANK OF RUSSIA’S REFINANCING SYSTEM OF COMMERCIAL BANKS

Annotation: the article considers the development of the system of refinancing by the Bank of Russia of commercial banks. The auction form of granting of loans is analyzed. It is emphasized that for the refinancing of banks in Russia, mainly market elements are used, such as pawn credit, credit auctions, etc. Administrative elements in refinancing are used only in times of crisis as temporary measures.

Key words: monetary and credit policy, refinancing of banks, interest rates, bank liquidity, auctions, repo operations.
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Refinancing of commercial banks by the Central Bank of the Russian Federation has been used since the beginning of the 1990s. In the early 1990s refinancing of banks by the Central Bank of our country has not yet had a market nature. Loans were mostly issued only to banks that were established on the basis of state-owned banks, specialized to support enterprises of priority sectors of the economy - conversion, fuel and energy complex, agro-industrial complex.

Only by the mid-1990s refinancing of banks gradually acquires the market nature inherent in this instrument of monetary regulation. This was reflected in the transition to secured, pawnshop lending - at first the subject of collateral was only state debt obligations, later the Bank of Russia expands the Lombard list.

Since the end of 2008, the stage of activation of refinancing and combination of both indirect market and direct administrative elements in the use of this instrument of monetary regulation begins. [1].

Refinancing is recognized as an indirect instrument of monetary regulation. In practice, banks are refinanced at both fixed interest rates and loan auctions. The loan auction differs from direct targeted loans from the Central Bank.

By now, the auction form of lending has received the greatest distribution. In terms of the refinancing loans of the Central Bank of the Russian Federation, they always had a clearly expressed short-term nature, they were used mainly to regulate bank liquidity. At the same time, intraday loans and overnight loans always had a special role, designed to complete settlements with counterparties in case of insufficient funds on the bank's correspondent account.

In the financial crisis of 2008-2009 in the Russian Federation, the Bank of Russia significantly changes the policy of refinancing credit institutions, directing it to eliminate the bank liquidity deficit that was formed for the first time in many years and to replenish the banks' resource base. This was reflected in the provision
of unsecured loans to banks for a period of up to 6 months, long-term subordinated loans, which were placed on preferential terms among individual backbone banks.

Thus, the bank refinancing mechanism of the Central Bank during the crisis is being further developed, combining both the indirect nature of the elements - Lombard loans, credit auctions and direct, of an administrative nature - providing direct unsecured loans, control over their target direction, by analogy with foreign practice in similar situations.

It should be noted that the banks' need for refinancing loans, taking into account their focus, mentioned above, always depends on the state of bank liquidity, which is expressed mainly in the availability of accumulated reserves, i.e. Residuals of cash on correspondent accounts with the Central Bank of the Russian Federation.

In recent years, the Russian banking system has a structural deficit of aggregate liquidity of credit institutions, when in process of development, the expansion of the bank's active operations, the demand for liquid assets of banks exceeds the supply of funds most common on the timing and the intended purpose is to intraday credit the Bank of Russia, therefore, refinancing of banks is still super short-term. However, in 2013 the Bank of Russia began to conduct auctions for the first time on an irregular basis to provide refinancing loans secured by assets and the guarantees on the floating interest rate for the term of 12 months and 3 months.

As a component in calculating the cost of credit, the value of the key rate of the Bank of Russia is taken. Currently, the key rate introduced by the regulator in September 2013 is the most important indicator of monetary policy. Its value corresponds to the level of interest rates for operations of providing and withdrawing liquidity on an auction basis for a period of one week.

Alternative forms of allocation of resources to banks in recent years are direct repo transactions conducted by the Bank of Russia in cooperation with credit institutions, as well as currency swap operations. In Russia, the object of the REPO
operation is a wide range of securities, which is regularly replenished, as is the Lombard list of the Bank of Russia. In the list of securities, in addition to government debt obligations, the obligations of financially sustainable organizations, including banks, as well as mortgage agencies, constituent entities of the Russian Federation, international financial and credit organizations are included.

Expansion of the list of securities that are subject to REPO operations included in the Lombard List of the Central Bank of the Russian Federation, contributes to improving the availability of refinancing loans and other instruments for providing liquidity to banks, is a factor in the growth of lending to the Bank of Russia, and a prerequisite for the development of the securities market. One of the prerequisites for a significant increase in the volume of REPO transactions in comparison with traditional refinancing was the fact that, since 2013, changes were made in the technology of the operation that entitle banks to replace securities sold to the Bank of Russia with other securities provided for in the pawnshop list, which is important for the borrower in terms of managing the portfolio of securities and maintaining its optimal structure. Currency swap transactions were used in a limited way, mainly due to a lack or lack of securities from banks of the Lombard list accepted as collateral for a loan from the Bank of Russia. [4].

The development of the policy of the Central Bank of Russia in the field of refinancing is also evident in the expansion of the list of facilities for securing loans for banks as a whole. For a number of years, banks have been credited under the guarantee of financially sound credit institutions, secured by rights of claims under loan agreements, secured by gold bullion. All this gives the Russian banks additional opportunities to obtain refinancing loans, taking into account the availability of specific types of liquid assets.

As for the guarantor banks for refinancing loans, at present, 69 financially stable banks of the Russian Federation, such as ALFA-BANK OJSC, VTB Bank
Refinancing loans of the Central Bank of the Russian Federation are mostly short-term, which should be considered quite natural. Their main role is to regulate banking liquidity, using this tool as a source of funding of bank assets on medium and long-term basis is performed irregularly, as domestic practice shows.

In the refinancing of banks in Russia, mostly market elements are used, such as lombard lending, credit auctions, a floating interest rate of the Central Bank of the Russian Federation.

In the context of a possible increase in banks' demand for liquid funds, alternative instruments, such as REPO operations and currency swaps, are becoming popular with the Bank of Russia refinancing. These tools allow banks to quickly manage their portfolios of assets. As the most important direction for the development of refinancing of commercial banks by the Central Bank of the Russian Federation, one can consider the formation of a single pool of collateral for refinancing loans. [3].

It seems that this will allow to form the aggregate pool of collateral consisting of market assets - securities from the Lombard list, as well as non-market bills, the right of claim under loan agreements, under which the bank will be able to receive several loans. Moreover, the "binding" of a specific type of refinancing loan to specific security will not be implemented, as currently, according to the current procedure for lending to the Bank of Russia.

Thus, analyzing the current state of refinancing banks by the Central Bank of Russia, you can identify the following trends. In recent years, there has been an increase in refinancing volumes of the Central Bank of the Russian Federation and its gradual transformation into the most important and determining source of the money supply. Simultaneously, there is a significant decrease in the Bank of Russia's participation in the domestic foreign exchange market, thanks to which for many years foreign currency purchase transactions were the dominant direction of
non-cash money issue, which made emissions directly dependent on external economic factors.

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