BANK OF RUSSIA’S RESERVE POLICY AND ITS PLACE IN THE SYSTEM OF MONETARY REGULATION

Annotation: the article describes the procedure for calculating and depositing mandatory reserves by credit institutions in the Bank of Russia. The practice of averaging the required reserves used by central banks of many countries is considered. In Russia, this tool has been used since 2004. Averaging reserves implies for the credit institution the ability to maintain reserves not on a daily basis, but on an average chronological basis.

Ключевые слова: политика обязательных резервов, нормативы обязательных резервов, механизм усреднения обязательных резервов, резервные
Key words: a policy of mandatory reserves, reserve requirements, a mechanism for the compilation of required reserves, reserve requirements, currency obligations, periods for calculating reserve requirements, short-term liabilities.

The policy of mandatory reserves of the Bank of Russia is one of the traditional methods of monetary regulation, which allows to influence the volume and structure of the money supply.

The policy of mandatory reserves is designed to ensure the liquidity of the credit organization and the banking system as a whole and to regulate the value of the money supply based on the operation of the mechanism of the bank multiplier.[1,2]

As part of the reserve policy, central banks use several instruments: the required reserve requirements themselves, the list of reserved liabilities, the method for calculating required reserves, the averaging mechanism for mandatory reserves, and the procedure for regulating the size of required reserves. The policy of mandatory reserves can be either administrative or market-based, depending on whether the reserve ratio itself is uniform for all types of credit institutions, liabilities and depositors or differentiated. [3]

At various stages of the development of the Russian economy, the policy of mandatory reserves of the Bank of Russia had a different orientation. Depending on the objectives of the banking system, the reserve requirements differed depending on the currency in which banks attracted resources, depending on the source of the attraction (deposits of individuals or deposits of legal entities), depending on the origin of the resources involved (resident resources and resources non-resident banks) By changing the reserve requirements for credit institutions' liabilities in foreign currency, the central bank influences the degree of currency substitution of assets,
which is important in the context of economic instability and high inflation. Thus, during the financial crisis of 2008, one of the reasons for the development of the crisis in Russia was a large volume of foreign borrowings of banks. In these conditions, the differentiation of the required reserves ratio was carried out depending on the type of deposit currency: the establishment of high reserve requirements for such liabilities of banks reduces their value.

Considering the second instrument of the reserve policy of the central bank - the reserved liabilities (or the reservation base), it should be noted that in Russia at present they include the liabilities of credit institutions to legal entities and individuals, including liabilities to non-resident banks in the currency of the Russian Federation and foreign currency. [4]

This approach to determining the reservation base meets international practice. In most countries, short-term liabilities of credit institutions are reserved, and long-term resources are either not included in the reservation base, or reserve requirements for them are small (from 1 to 2%).[5-6]

It should be emphasized that mandatory reserves are a tool of rough adjustment used by central banks for a serious change in the liquidity of a credit institution or the banking sector. During the 1998 crisis, the Bank of Russia carried out a number of measures in the framework of the reservation policy aimed at improving the financial condition of credit institutions and increasing the liquidity of the banking system: In the early 1990s. in Russia there were periods when, in order to reduce the money supply, reserve requirements were simultaneously increased and the refinancing rate was reduced, while the effectiveness of the reserve policy was reduced. Another method of reserve policy is the method of calculating required reserves, while parameters such as the period of compilation and the calculation algorithm are important.
In the Russian Federation, the procedure for calculating and depositing mandatory reserves in the Bank of Russia by credit institutions is determined by Bank of Russia Regulation No. 507-P of 1 December 2015 "On Mandatory Reserves of Credit Institutions". The credit organization shall deposit the required reserves in the Bank of Russia in cash in the currency of the Russian Federation: by transferring them to the account(s) for keeping required reserves, open (open) with the Bank of Russia separately for obligations in the currency of the Russian Federation and for obligations in foreign currency, by wire transfer.

The method of calculating required reserves varies depending on the national legislation, different periods of calculation of required reserves are established in different countries (for example, in the USA - two weeks), the procedure for determining deductions from required reserves differs (in some countries this is a fixed amount, different for different types of banks), interest payments on obligatory reserves are established or canceled. In most countries of the world and in Russia, mandatory reserves are a non-profitable investment of banks, but in a number of countries they are paid.

Averaging of mandatory reserves is used by central banks of many countries. In Russia, this tool has been used since 2004. Averaging reserves implies for the credit institution the ability to maintain reserves not on a daily basis, but on an average chronological basis. In Russia, due to the fulfillment of reserve requirements, an average balance of cash is taken on the correspondent account of the credit institution with the Bank of Russia.

The right to use the averaging mechanism is owned by credit institutions that belong to the 1st or 2nd classification group in accordance with the regulations of the Bank of Russia, which form timely and in full the amount required reserves that do not have debts to the Bank of Russia and have fulfilled their obligations for averaging reserves in previous period.
The Bank of Russia is constantly improving the procedure for compulsory redundancy. Thus, he proposes to clarify the categories of obligations to be reserved, the procedure for determining the amount of reserved liabilities for debt securities issued by the credit organization, the procedure for re-issuing mandatory reserves when reorganizing credit institutions.

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