ECONOMIC METHODS OF CURRENCY REGULATION

Annotation: the article examines the main content of economic methods of currency regulation. The characteristic of two main groups of instruments of currency regulation is given: administrative and economic. It is emphasized that the currency regulation is not limited only to the regulation of the exchange rate, but also includes the management of gold and foreign exchange reserves, international settlements and the balance of payments. The factors influencing the dynamics of the exchange rate are considered.

Key words: currency regulation, exchange rate, diversification of foreign reserves, currency operations of residents and non-residents, floating exchange rate, international settlements.
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Currency regulation is the basis of the internal and external monetary policy of the state associated with the formation and development of the domestic foreign exchange market, the state foreign exchange reserve to ensure the financial obligations of the state in foreign currency. Foreign exchange regulation also aims to determine the legal status, powers and functions of state bodies in the sphere of currency regulation and regulation of banking activities with currency values. Currency regulation is carried out simultaneously on two levels: internal and external [4, c. 146]. Foreign or international currency regulation contributes to the development of foreign trade and state financial cooperation, the stabilization of currencies, the increase of their convertibility, the maintenance of balance of payments balances of countries.

To date, the most widespread view of domestic economists on the nature of currency regulation, in various editorial variants, prevails the view that the currency regulation is, firstly, the activities of the state and, secondly (and only in some statements), its authorized bodies, aimed at regulating or regulating currency transactions.

We should also note that the very procedure for performing currency transactions.

Let's also note that in itself the order of execution of currency transactions (defined by regulatory documents and the one that is implemented in practice), in our opinion, is more a regime of currency regulation than the actual regulation. Currency regulation is not limited only to the regulation of the exchange rate and includes also the management of gold and foreign currency reserves, international settlements and the balance of payments.
The results of the analysis of the views of domestic and foreign scientists on the nature of currency regulation and their generalization allowed us to draw conclusions about the existence of at least five approaches of modern economists to determine the essence of currency regulation, namely operational, institutional, actuational, ordinal and legislative approaches.

However, in our opinion, currency regulation is such a complicated economic phenomenon, its determination with the help of only one approach leads to the loss of other important features of its essence that are important for understanding.

There are two main groups of instruments of currency regulation: administrative and economic. Administrative tools, as a rule, are legislatively fixed and mandatory for the implementation of norms and standards. The advantage of these methods is that they require less material costs than economic ones, and the effect of the impact is felt stronger and faster. However, the abuse of administrative measures to regulate the foreign exchange market often leads to the destruction of market self-regulation mechanisms, the establishment of an artificial equilibrium in the market, financial crises and inflation.

Economic instruments use market laws and patterns of development of international relationships. When applying economic instruments of currency regulation, the state acts as one of the subjects of the market. These include discount policy, motto policy, currency intervention, diversification of foreign exchange reserves, exchange rate regime.

Economic instruments do not directly affect the size of the currency transactions, but their application leads to correction by the participants of the foreign exchange market of their personal goals with respect to the nature and volume of the executed foreign exchange operations. So, let's assume that the use of currency interventions allows the monetary authorities to stop attacks on the state currency unit, smooth out the weighty fluctuations in exchange rates,
transform the current trend in the foreign exchange market, which provides economic agents with just some guidelines for decision-making.

Currently, the main regulatory act governing currency relations in the Russian Federation is Federal Law No. 173-FZ of December 10, 2003 "On Currency Regulation and Currency Control" [1]. In this regulatory legal act, the following principles of currency regulation are established: 1. Priority of economic measures in the implementation of state policy in the field of currency regulation; 2. Elimination of unjustified interference of the state and its bodies in currency transactions of residents and non-residents; 3. Unity of the foreign and domestic monetary policy of the Russian Federation; 4. Unity of the system of currency regulation and foreign exchange control; 5. Ensuring the state protection of the rights and economic interests of residents and non-residents in the conduct of foreign exchange operations.

The main body of currency regulation of economic methods in Russia is the Central Bank of the Russian Federation.

The activities of the Central Bank of the Russian Federation are as follows: 1) phased equipping of currency convertibility in current operations, taking into account the factors creating the necessary conditions, 2) creating conditions for inflow of financial capital and attracting foreign investments, taking into account the priority of long-term investments, as well as restrictions on the inflow of unsustainable short-term capital, 3) eliminating the outflow of capital from the country; 4) the resistance to legalization through the regime of credit institutions of criminal proceeds acquired in foreign currency or in the form of other currency values [7].

The main factors influencing the exchange rate include the following: economic - the level of inflation (according to the data of 2017 it was less than 3%), the state of the country's balance of payments, the demand and supply of foreign currency, the degree of dynamics of gross domestic product, the state of the securities market.
As of March 12, 2018, the Russian ruble enters the following ratios with major currencies: the CBR rate for the US dollar at 64.0.2 rubles, the euro - 79.28 rubles. A significant change in exchange rates is due to the impact of new economic sanctions against our country. Most likely, the Bank of Russia will not resort to currency interventions.

Earlier in October and November 2014, pressure on the ruble intensified against the backdrop of a sharp drop in oil prices and currency liquidity restrictions caused by the imposition of sanctions. During this period, the Bank of Russia introduced a number of emergency measures to provide currency liquidity. Only in November 2014 the regime of exchange rate targeting was abolished, the currency interval of the values of the value of the bi-currency basket was abolished and, accordingly, regular interventions by the Central Bank in the foreign exchange market were terminated. Nevertheless, there was no complete cessation of interventions by the Bank of Russia. This indicates the actual recognition by the Bank of Russia of the impossibility of moving to full market pricing of the Russian monetary unit.

Stabilize the situation on the foreign exchange market in Russia allowed the interest rate policy of the Central Bank of Russia, the key rate was increased from 6.5% in February 2014 to 17% in December of the same year. On the one hand, the increase in the base rate of the Central Bank led to the stabilization of the exchange rate, as well as to a decrease in the rate of capital flight from the country. On the other hand, under the conditions of sanctions, the credit market for our legal entities and individual entrepreneurs has been difficult to access.

Thus, the current foreign exchange policy of the Russian Federation is aimed at stabilizing the situation in the country's economy, but at the moment does not satisfy the main principle of its implementation: ensuring sustainable economic growth. The main task of the Central Bank is to contain inflation, as well as control over the ruble exchange rate.
Effective currency regulation is one of the most effective ways to solve the problems associated with the stagnation of economic growth in the Russian Federation. It is through the regulation of monetary policy that the priority of oil and gas revenues in the country's budget can be achieved. Exit from the present position of the Russian Federation due to economic sanctions and a reduction in world oil prices is possible only if the competent state regulation of foreign exchange policy.

References:


