

# СВІТОВЕ ГОСПОДАРСТВО І МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

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## **WORLD EXPERIENCE OF USING OF CURRENCY OPERATIONS IN THE BANK ACTIVITY**

***Анотація.** У теперішній час зростає роль банківської системи як органу і агента валютного контролю, як посередника та виконавця валютних операцій, як суб'єкта міжнародного валютного ринку. Об'єктивно сформовані передумови макроекономічної стабілізації та перспективи зростання економік визначають і обумовлюють процес стабілізації і якісної еволюції банківської системи. Уже сьогодні посилюються вимоги до суб'єктів банківського сектору, посилюється фактор конкурентної боротьби, підвищується якість пропонувананих банками послуг. Усе це природним чином доводить необхідність узагальнення практичних знань у сфері здійснення валютних операцій банками, розробки і вирішення стратегічних завдань з метою довгострокового позиціонування банків на валютному ринку.*

***Ключові слова:** термінові іноземні операції обміну, угоди валюти, баланс оплати, економічний розвиток, стабілізація.*

***Summary.** At present, the role of the banking system as an organ and agent of currency control, as an intermediary and executor of currency transactions, as a subject of the international currency market, is growing. Objectively formed prerequisites for macroeconomic stabilization and the prospects for economic growth determine and determine the process of stabilization and qualitative evolution of the banking system. Already today, the requirements to the subjects of the banking sector are becoming tougher, the competitive factor is increasing, the quality of the services offered by banks is improving. All this naturally proves the need for generalization of practical knowledge in the field of currency transactions by banks, the development and solution of strategic tasks for the long-term positioning of banks in the foreign exchange market.*

***Key words:** urgent foreign exchange operations, currency transactions, balance of payment, economic development, stabilization.*

**Formulation of the problem.** Crisis phenomena that the developed countries faced during last decade showed, that the financial markets of leading economies of the world can be subject to scale system shocks. Falling of volumes of international trade and considerable outflow of capital became one of displays of crisis from developing countries. Development of crisis was characterized by the high degree of instability in the world currency market. The question of existence of the modern world currency system, based on the use of dollar of the USA and a few key currencies independently issued by the central jars of the developed countries, got up. Actuality hired is determined by the height of role of key currencies in a world economy, related to expansion of volumes of international trade and international streams of capital during the last decades. Therefore, a lot of aspects of the development of the currency operations in the bank activity remain not solved.

**Aim of the article.** The main purpose of this work is to analyze the specific characteristics of the forma-

tion and development of the currency operations of the bank activity of EU, USA and Asian region.

**Method.** In the article is offered the conceptual approach to the identification of the specific characteristics of the bank systems of USA, EU and Asian region. It is necessary to use the synthesis system of the analyses of the specific features of all the bank systems of the countries of the world and identifying the similar features, that helped author to formulate the types of the similar currency operation of the bank activity.

**The main material studies with full justification of scientific results.** One of basic factors characterizing country competitiveness in a world economy, in accordance with methodology of the development of the World economic forum (WEF), there is a factor « of openness», maintenance of which is made by currency politics, totality of having a special purpose options, normative acts and real mechanisms of realization and adjusting of external currency-credit relations, degree of development of liberalization of currency

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operations, level of authenticity of rate of exchange. Thus, current status of currency market of Ukraine, accordance of currency legislation to the international norms, regulating activity of the state in area of currency adjusting, and accordingly, together with it, maintenance and character of the currency operations accomplished by residents and non-residents, — are the most essential and actual questions on the present stage of economic development of our state. That's why for our country at the beginning of the XXI century is very important to analyze the specific characteristics of the currency operation of the bank system in the developed countries in order to implement in our economy.

Meanwhile, it is very important to analyze the experience of EU, in which after the Second World War, range of currency transactions has expanded significantly. During the extension of currency restrictions by the end of the 1950s, currency transactions with the immediate supply of currencies (spot) and forward (forward) operations were dominant in the EU countries, and the latter were often the subject of currency regulation. The liberalization of currency legislation at the turn of the 1950s and 1960s led to the development of swap operations instead of the exchange of previously practiced deposits in various currencies. The further development of urgent foreign exchange operations was associated with the liberalization of capital movements, which led to the need for hedging in addition to traditional operations to cover the risks of trading operations.

Since the 70s, futures and option currency transactions are developing. Banks began to carry out currency transactions in conjunction with swap operations with interest rates. Existing currency transactions are carried out by most banks, term transactions and «swap» operations — mostly larger banks, regular options operations — largest banks. The structure of currency transactions in the EU in 2016 is presented in the table. 1. The largest share in the structure is the «spot» of operations and foreign exchange swaps.

Dominant positions in the table above are in the countries such as Great Britain, Sweden, the Netherlands, France, Germany and Denmark. The share of other countries in total is insignificant.

In general, the countries of the European Union carry out foreign exchange operations in accordance

with Articles 127 and 219 of the Treaty on the Functioning of the European Union. Foreign exchange operations include: currency interventions; sale of interest income received from foreign reserve assets; Commercial Transactions.

The European System of Central Banks (ESCB), the system of which includes the European Central Bank and central banks of the EU countries, plays an important role in regulating foreign exchange relations between the countries. It was created primarily to ensure price stability, as well as to develop and implement a consistent monetary policy of participating countries and foreign currency operations, settlement operations within the balance of payments, banknote approvals, appropriate consultations.

Thus, the swap lines in euro with the European Central Bank have been established by the central banks of Denmark, Poland, Hungary and Sweden. The main purpose of such operations was the localization of the euro deficiency, which was not only mentioned by the countries but also others, in particular: Czech Republic, Lithuania, Bulgaria, Turkey, Norway, Romania and others. However, central banks of individual countries to overcome the currency deficit used not only a swap line. In particular, Norway used its gold and currency reserves for this purpose, Romania benefited from the IMF program, and some countries entered into swap agreements in euros not from the ECB but with other central banks receiving the euro on a swap line with the ECB (Latvia, Iceland)

It is also very important to analyze the experience of USA, therefor in the narrow sense, currency transactions are considered as a type of banking activity for the purchase and sale of foreign currency. The vast majority of foreign exchange operations in the world foreign exchange market (about 80 %) is carried out on its interbank segment. At the macroeconomic level, central banks are the key player in currency transactions. In the United States, such a subject is the Federal Reserve System of the United States, which is the core of the US currency system. It includes 12 federal reserve banks and a large number of member banks. The US dollar is the main reserve and the most common currency in the world. It accounts for up to two thirds of the world's national currency reserves. Also, from 40 to 60 % of financial transactions in the world are calculated in the USA (table. 2).

Table 1

Turn after the structure of currency operations in European Union in 2016 (created by author, using [1])

Type of operation	Volume, million dollars
Operation «spot»	519 363
Forward operations	177 530
Foreign exchange spot	807 131
Currency spot swapfiles	22 290
Currency swapfiles	64 259
General	590 573

Table 2

Turn after the structure of currency operations in the USA in 2016 (created by author, using [2])

Type of operation	Volume, million dollars
Operation «spot»	1 385 410
Foreign operations	599 764
Foreign exchange spot	2 160 211
Currency swapfiles	73 820
Currency spot swapfiles	218 350
General	4 437 554

In US currency transactions, reverse repurchase agreements are most effective, providing for the reverse sale of a system of the same earlier purchased customers of currencies at the same price in the specified time in the future (usually within 15 days) and at a certain interest rate. The volume of the agreement under such an agreement corresponds to the amount of temporary injection of reserves into the banking system. Such actions are aimed at increasing the price of the US dollar. A reverse repurchase agreement may impose an obligation on either the client or the system.

Agreed purchase and sale contracts are the opposite of reverse repurchase agreements. By executing a negotiated purchase agreement, the federal system sells the currency for immediate delivery to the dealer or foreign central bank, agreeing to redeem the currency at the same price at the scheduled time in the future (usually within 7 days). Such a contract is aimed at temporary dismissal of reserves. The volume of the agreement for such an agreement corresponds to the amount of temporary resetting of reserves. The impact on the market is aimed at making the dollar stronger.

Basic central banks work as at the currency market far more various methods than simply intervention at the open market. To the number of their operations placing of money behave in other central banks or international agencies. In addition, FRS, beginning from 1962 p, concluded the row of acceding to other central banks about a currency exchange. Through other central banks American payments come true also in the World bank and United Nations. The turnover of the USA folds almost 20 % of general average daily turnover on currency operations in the world. This index has a tendency to the increase.

What touches development of networks of swapfiles, then he did not go round the United States of America. Beginning of development of swapfile network of FRS marked Committee on operations open-market of FRS (Federal Open Market Committee — FOMC) in December, 2014, when declared sanctioning of dollar lines of (dollar liquidity swap lines) swapfiles with the European central bank and National bank of Switzerland for support of liquidity of foreign markets on that operations come true in the dollars of the USA. Later ФРС signed the analogical acceding to the central banks of such countries, as: Australia, England, Brazil, Denmark, Canada, Korea, Mexico, New Zealand, Norway, Singapore, Sweden, to Japan and others like that. The term of action of such agreements lasted to February, 1, 2010. However already on May, 9, 2016 in reply to proceeding in tension on the financial markets of short-term dollars of FOMC declared proceeding in the dollar lines of swapfiles with the central banks of England, Canada, Switzerland, Japan [3, p.38–43].

Except dollar swapfiles, FRS set the lines of swapfiles in other currencies. Corresponding agreements were celled between FRS and central banks of Eng-

land, Japan, Switzerland. Actually lines of swapfiles in foreign currency were the reflection of corresponding operations in the dollars of the USA and set with the aim of creation of additional possibilities for FRS in relation to an increase in the supply of money in foreign currency for American deposit establishments. By means of this instrument of FRS in the conditions of financial tension had the opportunity to support liquidity of the American banking system in pound sterling to the amount of to 30 milliards, in an euro — to 80 milliards, in ens are to 10 trillions and in the Swiss francs are to 40 milliards In the conditions of reduction of economical tension the amount of contractors of FRS after the agreements of swapfile diminished to 5 central banks. At the same time on a background the improvement of situation on financial markets interest rates were diminished for using the money got within the framework of lines of swapfiles. Also terms changed as celled swapfile [4, p.12–14].

The currency markets of countries of the Asian megaregion, like all states of the world, began to be formed at the beginning of 1970th in reply to the currency crisis 1971, caused by the temporal halt of exchange of the American dollars on gold in force of enormous deficit of balance of payments of the USA, them huge external debt and reduction of gold reserve. As a system of the proof economic and organizational relations, related to the operations of purchase-sale of foreign currencies and pay documents shown in them, the currency market of countries of Asia during the last decades tested substantial changes. They are related both to the increase of scales of the currency operations carried out by the subjects of this region and with creation of variety currency values that are the objects of purchase-sale, and also subjects of currency operations and organizational structure of currency markets. Characterizing the forex market of countries of South-east Asia, it should be noted that he is a most after the scales of capitalization segment region

At the currency market of Asia new instruments that every day use participants of currency changes agreements appear constantly, assisting further diversification of national currency markets of countries of region by such method. On the agreements of swap file there is presently most part of currency changes operations (412 milliards dollars of the USA every day, or 51,1 % in 2014) only in the countries of South-east Asia. It is related first of all to growing internationalization of activity of most regional companies and corporations, and consequently — by diversification of currency structure them current liquidity. Thus, for the effective concordance of currency structure them short-term assets and passive voices, and also minimization of charges on a current currency liquidity management the scale use of operations of swapfile becomes expedient. Thus over 80 % of general volume of regional operations of swapfile is on agreements a term to seven days, that is intended for a current cur-

rency liquidity management, but not hedging of currency risks [5, p.5–20]

By the personal touch of world currency market of the last decade development, that testifies to specific and instrumental diversification of currency markets of countries of Asia, the gradual increase of cost volumes and part of forex operations became with their national currencies in оборотax of world currency market. Yes, in 2016 daily оборот of spot currency operations in the China yuan presented an about 61 milliard of дол. of the USA, in Hong Kong dollars are 28,8 milliards, in the Singaporean dollars are 31,5 milliards, in Thailand dollars are 9,7 milliards And although such volumes substantially yield to the cost of corresponding operations in the American dollars, however testify to a withstand tendency in relation to deepening of internationalization of national currencies of countries of this region.

After the Asian financial crisis of 1997 p participating country ACEAN started the initiative directed in support gold-value backlogs of countries and on an assistance to work of other regional financial mechanisms and organizations like IMF. Initiative began as series of bilateral swap file of agreements between the central banks of countries of ACEAH, agreement about that it was signed during the annual meeting of Asian Bank of Development, and got the name Initiative of Chiang Have. A key role in the management of ІЧМ is taken to the central banks of participating countries. Within the framework of «Initiative of Chiang Mia» the bilateral agreements of swapfile were celled between the central banks of Japan, China, Korea, Thailand, Indonesia, Philippines, Malaysia and Singapore.

Now the Asian swap file — network consists not only of lines of swapfiles, that were set within the framework of «Initiative of Chiang Mia», in fact the central banks of the countries marked higher set the lines of swapfiles out of scopes of this initiative. In particular the wide copulas of swapfiles were set by the Folk bank of China, that during the last years concluded a swap file — agreement from central banks of such countries,: Australia, Argentina, Indonesia, Казах — of the state, Mongolia, New Zealand, OAE, to Pakistan, Republics of Belarus, to Uzbekistan, Ukraine, Turkey, and also with the government of Hong Kong.

The operations of Swapfiles of the Folk bank of China with other central banks had substantial differences are certain comparatively with world practice of realization of operations of swapfile. Such differences touched the type of currency, long term operations and aims of her realization first of all. Yes, carrying out the operations of swapfile, НБК aimed to attain at once де — a few aims, namely: to help to overcome finan-

cial shocks and identify bilateral trade, and also investing in currencies of countries-partners with the aim of establishment of these currencies person international trade and investment facilities in a long-term prospect [6, p.30–32].

**Conclusion.** Foreign currency transactions are a relatively new sphere of activity for the Russian banks. However during the short enough period of historical currency market development activity of banks on him was indissolubly related to the integration processes what be going on in the state and society. The repeated transformation of the political and socio-economic system, acceleration of processes of globalization and informatization of economic space, defined a market necessity in a presence effectively functioning, steady to possible shocks and universal bank structures, generated tendencies assisting the coordinating revision of going before folded in Russian bank practice near the finance of currency operations.

### Література

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