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**TRANSFORMATION OF THE MONETARY SYSTEM
OF THE EURASIAN ECONOMIC UNION COUNTRIES IN THE
CONDITIONS OF MODERNIZATION OF THE ECONOMY**

Abstract. Despite a significant increase in research and development, R&D, financing, Kazakhstan still has a low level of technological development compared to other countries, as evidenced by its position in world statistics. In the modernization of the economy, financial institutions and the entire monetary system play an important role, respectively, issues related to the development and reform of the credit system of the Republic of Kazakhstan and the implementation of monetary policy are becoming increasingly important.

Keywords: credit system, monetary policy, Eurasian Economic Union, modernization of economy, transformation.

Influence of the modern world economy on the Eurasian Economic Union countries, connected with the revolution in the field of informatization and digitization, the development of new technologies. As the experts note, the processes of the "fourth industrialization" go inextricably with the growth of the development of the service sector, the increase in risks in the global economy, the transformation of the structure of global production, income distribution, the emergence of new centers of political and economic influence and aggravation of interregional competition.

In 2017, the countries of the Eurasian Economic Union demonstrated a strong recovery of economic activity after the consequences of the crisis of 2014. The pace of economic growth in all the Eurasian Economic Union member states, except for Russia, was higher than the forecasts of national authorities and international economic organizations. Following the results of 2017, Armenia, Kyrgyzstan and Kazakhstan demonstrated the highest growth rates - 7.5%, 4.6% and 4.0%, respectively. At the same time, GDP growth rates in Belarus and Russia relative to other Eurasian Economic Union member states remain low: 2.4% and 1.5% [2]. As you know, in Kazakhstan, the financial and credit policy in 2017 was carried out in conditions of macroeconomic stability and recovery of economic growth rates.

In 2017 there was a significant acceleration in the growth of the economy of Kazakhstan in comparison with 2016. According to official data, in 2017, Kazakhstan's GDP reached 51.6 trillion tenge in current prices, having increased by 4.0% in real terms [4]. At the same time, an important contribution to GDP growth was made by the industry, whose production growth in 2010 amounted to 7.1%. It should be noted that the positive growth of the economy of Kazakhstan was facilitated by an increase in investments in fixed assets, in 2017 the growth was 5.5%, and from 2013 to 2017 it amounted to KZT2,676.6 billion, or 44.1%, which is ensured an increase in the volume of investments from own funds, whose share increased from 51.7% in 2013 to 68.7% in 2017. In general, and importantly, investments in fixed assets in 2017 have grown in all Eurasian Economic Union member states.

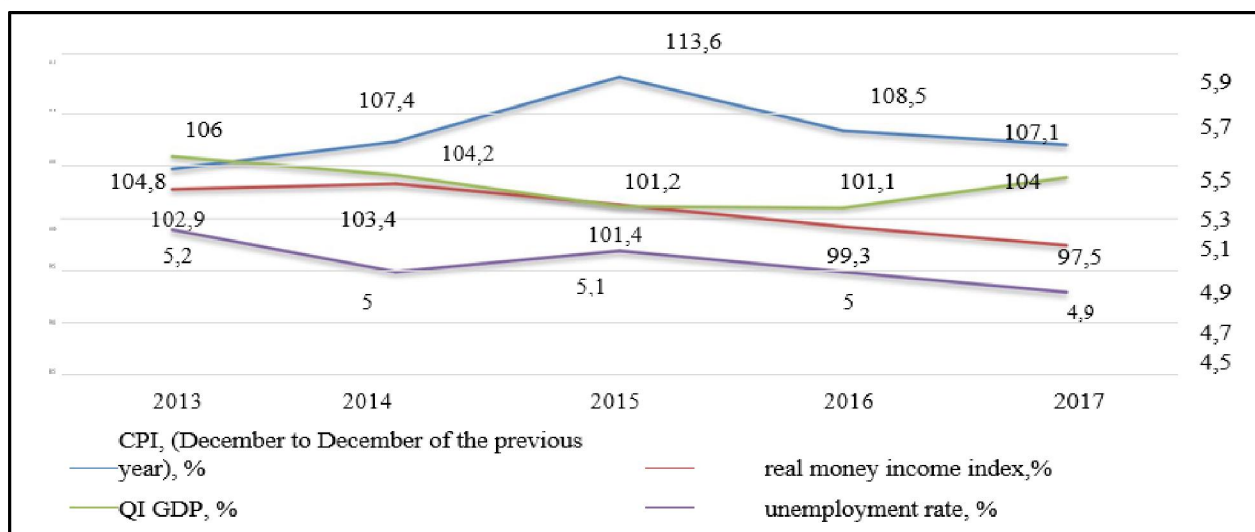


Figure 1 - Dynamics of the main macroeconomic indicators 2013 - 2017 [3]

The priorities of the modernization of the economy of Kazakhstan in the Strategy 2050 to ensure technological breakthroughs and accelerated development of the economy, naturally, can be realized to the full extent if there is a radical turn towards increasing innovation activity of Kazakhstan enterprises. In turn, this will require, above all, increasing the effectiveness of state scientific, technological and innovation policies.

The given tables testify to low innovative activity of the Kazakhstan industrial enterprises. In 2017, out of 30 854 enterprises of the republic, only 2 974 economic entities have technological innovations. The innovative activity of enterprises in Kazakhstan in 2016 was 14%. At the same time, in the long term, until 2020, Kazakhstan plans to raise the share of innovation-active enterprises to 20% of all business entities. For comparison: in 2016 the share of innovation-active enterprises in Switzerland was - 60.2%, in Belgium, Germany, Finland - from 50% [6].

Table 1 - Analysis of indicators that characterize the innovative activity of enterprises in Kazakhstan in 2012-2017

Indicators	Measurement	2012	2013	2014	2015	2016	2017
Number of respondents	Human	21 452	22 070	24 068	31 784	31 077	30854
Number of innovation-active enterprises	Ent.	1622	1774	1 940	2 585	2 879	2974
Share of innovation-active enterprises	%	7,6	8,1	10	12	14	n/a
Level of activity in the field of innovations	%	7,6	8,0	8,1	8,1	9,3	9,6
The volume of innovative products	Bln. tenge	379,0	578,3	580,4	377,2	445,8	844,7
Share of innovative products in GDP	%	1,25	1,64	1,46	0,92	0,95	1,63

Note: compiled on the basis of the data of the Committee on Statistics of the Ministry of National Economy [5]

Despite the fact that the number of innovative-active enterprises is growing, their share in the total number of respondents remains low. This also affects the volume of innovation products, which grew by 17.6%, but if we consider this indicator in relation to GDP, it shows a slight increase in 2017 (1.63%) compared to 2012 (1.25 %). This figure is planned to increase to 2.5% by 2020 in the total GDP.

Most of all R & D spending in Kazakhstan is spent by the state, occupying 35.9% in domestic R & D expenditures. Own funds account for 28.2%. In general, the National Agency for Technological Development is engaged in financing innovative activity in Kazakhstan [7].

The largest share in the structure of costs for research and development is the costs of applied research. For the period 2012-2016. the total amount of all funds allocated to finance R & D in the Republic of Kazakhstan amounted to KZT 316 billion.

Despite a significant increase in R & D financing, Kazakhstan still has a low level of technological development compared to other countries, as evidenced by its position in world statistics.

It should also be noted that 40% of all enterprises in Kazakhstan are worn out. Accordingly, the decrease in the rate of renewal of enterprise funds gives a negative impact of economic modernization.

In the modernization of the economy, financial institutions and the entire monetary system play an important role, respectively, issues related to the development and reform of the credit system of the Republic of Kazakhstan are becoming increasingly important.

Table 2 - Analysis of the structure and dynamics of R&D expenditures by sources of financing for 2012-2017, billion tenge

Indicators	2012	2013	2014	2015	2016	2017	Growth rate of 2017 as% of 2012
Gross costs, total	68,5	73,9	73,6	86,6	89,5	92,7	135,5
<i>spec. weight, %</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	<i>100,0</i>	
Internal costs	50,9	61,7	66,3	69,3	66,6	68,9	135,4
<i>spec. weight, %</i>	<i>74,9</i>	<i>83,5</i>	<i>90,1</i>	<i>80,0</i>	<i>74,4</i>	<i>74,3</i>	
<i>including:</i>							
budget resources	30,7	39,3	43,3	40,7	35,4	35,9	116,9
<i>spec. weight, %</i>	<i>59,8</i>	<i>63,7</i>	<i>65,3</i>	<i>58,7</i>	<i>39,6</i>	<i>38,7</i>	
own funds	17,1	17,8	19,9	25,4	26,4	28,2	164,9
<i>spec. weight, %</i>	<i>33,3</i>	<i>28,8</i>	<i>30,0</i>	<i>36,7</i>	<i>29,5</i>	<i>30,4</i>	
foreign investment	0,3	0,5	0,5	1,3	1,0	1,3	433,3
<i>spec. weight, %</i>	<i>0,6</i>	<i>0,8</i>	<i>0,8</i>	<i>1,9</i>	<i>1,1</i>	<i>1,4</i>	
other means	3,2	4,1	2,7	2	3,8	3,4	106,3
<i>spec. weight, %</i>	<i>6,2</i>	<i>6,6</i>	<i>4,1</i>	<i>2,9</i>	<i>4,2</i>	<i>3,7</i>	
External costs	17,2	12,2	7,2	17,3	22,9	23,8	138,4
<i>spec. weight, %</i>	<i>25,1</i>	<i>16,5</i>	<i>9,8</i>	<i>20,0</i>	<i>25,6</i>	<i>25,7</i>	

Note: compiled by the author on the basis of data from the Committee on Statistics [5]

Today, serious structural changes in the credit system of developed countries are becoming evident: a reduction in the role of banks and an increase in the influence of other credit and financial institutions (insurance companies, pension funds, investment companies, etc.). This, as a rule, is expressed both in the growth of the total number of new credit and financial institutions and in the increase in their share in the total assets of all credit and financial institutions.

The study of credit system problems has traditionally been reduced to analyzing either monetary problems or problems of banks. Although, as we know, the credit system is much broader than the banking system.

The credit system is known to play an important role, redistributing resources in the economy and the purpose of this process is, first of all, financing capital investments in the development of new industries and innovations.

Scientists are unanimous in the opinion that the modern credit system should be viewed as a set of various financial institutions operating in the market of loan capital and carrying out the accumulation and mobilization of money capital. [8,9,10,11].

According to official data, about 1 000 banks with a capital of 250 billion dollars are functioning on the territory of the states that make up the Eurasian Economic Union, the aggregate reserves of credit organizations make up over 2 trillion. dollars, and the stock market exceeds 1 trillion. dollars. The volume of mutual investments of the EEA countries amounted to 1.9 billion dollars. The aggregate market of participating countries is estimated at 170 million people and accounts for 2.5% of world GDP [2].

As you know, the EU countries are significantly ahead of the Eurasian Economic Union countries in terms of their financial institutions. At the same time, Austria has the largest number of credit organizations per 1 million people (88 units), Germany (22 units) and Poland (18 units) are on the second place.

Of the Eurasian Economic Union countries, Armenia (7 units), Russia (4.7 units) and Kyrgyzstan (4 units) demonstrate the greatest security by credit organizations.

A more objective estimate of the activity of financial organizations is the ratio of assets of financial institutions to percentages of GDP. This indicator allows you to determine whether economic entities are satisfied with their financial needs. The highest figure in France, the lowest in Kyrgyzstan, Kazakhstan in the penultimate place of the sample of countries.

As for the structure of the credit system, nevertheless, the dominant role of the banking sector is characteristic for all the Eurasian Economic Union countries.

The trend of recent years shows that the number of banks in the Eurasian Economic Union member countries is gradually decreasing. The largest decrease occurred in Russia. The reason for the closure is different: violations of financial legislation - unreliable reporting, inadequate capital, inability to meet the claims of creditors for their obligations, could not reach the minimum capital, due to restructuring - mainly due to mergers and acquisitions.

In terms of assets and liabilities of banks among the countries participating in the Eurasian Economic Union Kazakhstan ranks 2nd in Russia, although it lags far behind it.

If we compare the competition in the credit markets with the nearest economies, then in comparison to the markets of Russia and Belarus, the comparison will be in favor of Kazakhstan. In Belarus, the market is essentially a monopoly - two state-owned banks occupy more than half of the entire lending market, while the share of the largest Belarusbank is 37.8%, which is almost 1.5 times higher than Kazkommertsbank. Dominating in Russia, Sberbank controls 34.4% of the lending market, and the next VTB - 11.2%. All this led to the fact that the level of monopolization in Russia is 26.7% higher than in Kazakhstan.

Table 3 -Dynamics of the number of banks in the EAES, 2013-2018, units

	2013	2014	2015	2016	2017	2018
Armenia						
Banks	22	22	22	21	16	14
Belarus						
Banks	31	31	26	26	25	25
Kazakhstan						
Banks	38	38	35	35	34	32
Kyrgyzstan						
Banks	24	24	24	25	25	25
Russia						
Banks	923	834	681	680	623	561
Eurasian Economic Union						
Total	1 038	949	788	787	723	657
Note: Compiled according to the source [2]						

Thus, Kazakhstan should pay more attention to the experience of Turkey, which proved the possibility with a small number of banks to provide a more free financial market than the Russian banking sector, 630 of whose participants could not form a competitive environment.

The most developed of all sectors of the credit system in Kazakhstan is the banking sector. As of the beginning of 2018, the banking sector is represented by 32 second-tier banks, of which 15 are banks with foreign participation, including 11 subsidiary banks.

In Kazakhstan at the moment there are major mergers. Of course, consolidation will have a positive impact on the financial system. Within the WTO, commercial banks in Kazakhstan have to compete with the largest financial institutions. And naturally, the earlier the risks of poor-quality assets and poor management are reduced, the easier it will be to survive in a competitive environment.

The liabilities of the second-tier banks of the Republic of Kazakhstan are 22,716.3 billion tenge, an increase for 2016 - 6.7%. In the total liabilities of second-tier banks, the largest share is occupied by customer deposits - 76.0% and issued securities - 7.8% [12].

Despite the measures taken for long-term funding of second-tier banks, their assets as of January 1, 2018 decreased by 5.5% and amounted to KZT 24,157.9 billion.

The share of STB (second tier banks) assets as a percentage of GDP as of January 1 of this year. decreased to 49.9% against 54.4% as of January 1, 2017 (61.4% as of January 1, 2016).

The quality of the loan portfolio does not improve, loans with overdue debts over 90 days as of January 1, 2018 compared to the same date in 2017 increased to 9.3% of the loan portfolio (as of January 1, 2016 - 8%, as of January 1, 2017 - 6.7%) and amounted to KZT 1 265.2 billion.

Over the period from 2013 to 2017, the volume of loans extended to the economy of STB increased slightly from 11.3 trillion. KZT (at the end of 2013) to 12.7 trillion. tenge (at the end of 2017). The trend of declining lending to GDP is continuing (from 31.4% in 2013 to 24.6% in 2017).

There is a decrease in lending to STB of the real sector of the economy against the background of increased investment in securities.

Thus, from the analysis we see that in order to ensure competition in the financial services market, it is necessary to pay special attention to the development of non-banking financial institutions.

The countries of the Eurasian Economic Union want to create a common financial market, but for this it is necessary to gradually introduce special integration tools and go through all the stages of Eurasian integration.

Effective integration of financial markets requires greater coordination of monetary policy among the member states of the Eurasian Economic Union. In this regard, the provision of coordination in the monetary sphere is the main task for the implementation of the full integration of the economies of the Eurasian Economic Union member countries.

However, there are differences in the monetary policy of the member countries. So, if a flexible exchange rate is observed in Russia, Belarus and Kyrgyzstan, then Armenia actually uses a stabilized exchange rate against the US dollar, limiting the fluctuations of the dram within a two percent horizontal corridor. Kazakhstan for a long time used the mode of targeting the exchange rate with a sliding link, but in 2015 devalued the tenge and announced the transition to the inflation targeting regime with a floating rate.

To accelerate the coordination of monetary policies of countries determine the overall plans of countries to move to inflation targeting with a flexible exchange rate. At the same time, announced medium-term inflation targets largely coincide.

Table 4 - Inflation targets for the member-states of the Eurasian economic union for 2020

Country	Medium-term inflation targets for 2020 (%)
Armenia	4
Belarus	5
Kazakhstan	3-4
Kyrgyzstan	5-7
Russia	4

In addition, most of the member states of the Eurasian Economic Union declare plans to move to inflation targeting with a flexible exchange rate, but due to the different speed of implementation of the announced changes, differences in approaches to the implementation of monetary policies remain.

The dynamics of inflationary processes in each of the countries of the Eurasian Economic Union have both general trends caused by global economic factors and individual characteristics determined by differences in the internal structure of each economy. It should be noted that in 2007-2008 and in 2010-2013 there is a strong positive correlation between price level changes in the analyzed countries, which is explained by the growth of world food prices in 2007 and energy resources in 2010.

Starting from the second half of 2014, characterized as a period of active decline in world oil prices, inflationary processes in the Eurasian Economic Union countries began to show multidirectional

dynamics. In countries, net importers of oil (Belarus, Armenia and Kyrgyzstan), inflation began to decline, including in Armenia and Kyrgyzstan since 2016 began to develop deflationary processes.

At the same time, Russia and Kazakhstan, which are net exporters of hydrocarbon raw materials, following the fall in world oil prices, were forced at different times to switch to free exchange rates of their national currencies as part of the implementation of the inflation targeting policy, as a result of which the exchange rates of the Russian ruble and Kazakhstan tenge to world currencies have significantly depreciated. In turn, the increased effect of the transfer of the exchange rate caused a sharp acceleration of inflationary processes in these countries. With the adaptation of the economies of Russia and Kazakhstan to new conditions and stabilization of the exchange rate of the ruble and tenge, inflationary processes in these countries have also stabilized. And in October 2017, the inflation of the Eurasian Economic Union countries is close to each other in importance (Armenia - 101%, Belarus - 103.9%, Kazakhstan - 105.4%, Kyrgyzstan - 102%, Russia - 101.9%) [13].

Thus, CPI in the Eurasian Economic Union countries tend to converge. This phenomenon is favorable for the use within the framework of the Eurasian Economic Union close target inflation targets for the purpose of coordinating the monetary policies of member countries. However, the problems of high dollarization, high inflationary and devaluation expectations, inflationary processes of different levels and volatility impede the implementation of an effective monetary policy in the Eurasian Economic Union countries.

Consequently, the participation of Kazakhstan in the Eurasian Economic Union has a direct impact on the development of the financial and credit system as a whole, since the activities of the Eurasian Economic Union are aimed at creating conditions for the stable development of the economies of the member states in order to improve the living standards of their population, the desire to form a single market for goods, services, capital and labor resources within the Union, comprehensive modernization, cooperation and increasing competitiveness of national economies in the global economy.

Accordingly, it is necessary:

- reduction of inflation in the Eurasian Economic Union member countries to the established target level and its subsequent maintenance within the established target;
- Gradual transition of member countries to inflation targeting with a flexible exchange rate to accelerate coordination in the monetary sphere.

To successfully overcome macroeconomic challenges, the countries of the Eurasian Economic Union need cooperation to develop a response strategy at the supranational level, which is to use the new competitive advantages of the Eurasian Economic Union member countries in the non-primary sectors of the economy and to form their own center of power.

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ЭКОНОМИКАНЫ ЖАҢҒЫРТУ ЖАҒДАЙЫНДАҒЫ ЕАЭО ЕЛДЕРІНІҢ МОНЕТАРЛЫҚ ЖҮЕСІНІН ӨЗГЕРУІ

Аннотация. Әлемдік статистикадағы ұстанымымен байланысты, ҒЗТКЖ-ды қаржыландырудың едәуір өсуіне қарамастан, Қазақстан басқа елдермен салыстырғанда технологиялық тұрғыдан дамудың әлі де төмен деңгейінде. Экономиканы модернизациялау кезінде қаржылық институттар мен барлық монетарлық жүйесі маңызды рөл атқарады. Қазақстан Республикасының несие жүйесін дамыту және реформалау, монетарлық саясатын жүзеге асыру мәселелеріне байланысты сұрақтардың өзектілігі артауда.

Түйін сөздер: несие саясаты, монетарлық саясат, ЕАЭО, экономиканы жаңғырту, трансформация

УДК 336.7

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ТРАНСФОРМАЦИЯ МОНЕТАРНОЙ СИСТЕМЫ СТРАН ЕАЭС В УСЛОВИЯХ МОДЕРНИЗАЦИИ ЭКОНОМИКИ

Аннотация. Несмотря на значительный рост финансирования НИОКР, Казахстан все же имеет низкий уровень технологического развития по сравнению с другими странами, о чем свидетельствует его положение в мировой статистике. В модернизации экономики большую роль играют финансовые институты и вся монетарная система, соответственно вопросы, связанные с развитием и реформированием кредитной системы республики Казахстан и проведением монетарной политики, приобретают все большую актуальность.

Ключевые слова: кредитная система, монетарная политика, ЕАЭС, модернизация экономики, трансформация.

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