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A.T. Dzhumabekova, A.ZH. Kanatova

Kazakh University of Economics, Finance and International Trade
Almagul_den@mail.ru, guljanalina@rambler.ru**TRANSFORMATION OF THE TRANSMISSION MECHANISM
OF THE NATIONAL BANK OF THE REPUBLIC
IN THE CONDITIONS OF FINANCIAL INSTABILITY**

Abstract. The transformation of the transmission mechanism of the National Bank of the Republic of Kazakhstan is due to financial instability, respectively, in order to effectively develop the Kazakh economy, the country's central bank needs to revise its previously adopted goals and objectives, which today stand in a new light. There is a need to search for new tools and targets in the regulation of money circulation. According to the authors, the National Bank conducts comprehensive work on finding ways to improve its activities in accordance with changes in the international financial market in order to ensure the financial stability of the Republic of Kazakhstan, which is a very difficult task under the influence of external and internal factors affecting the development of the Kazakhstan economy. In this case, we believe, the transmission mechanism will be a way of expanding the system of monetary policy instruments.

Keywords: transmission mechanism, transformation, National Bank, financial market, targeting, instability.

INTRODUCTION

The set of channels through which monetary policy has an impact on price levels and other macroeconomic indicators is commonly called the transmission mechanism of monetary policy or the monetary transmission mechanism.

In addition to the transmission mechanism model, several other macroeconomic models have been developed and are being developed at the National Bank. An important addition to the transmission mechanism model is currently being developed with technical assistance from international organizations such as the American Agency for International Cooperation (USAID) and the Asian Development Bank (ADB) Multi-factor macroeconomic model of the Kazakhstani economy [1].

MAIN PART

Only three transmission channels are involved in targeting money supply: a bank lending channel, a money channel and an exchange rate channel. All three channels are designed to regulate the volume of reserves of the banking system, which allows you to influence the monetary aggregate. Developed financial system - a stable banking system and developed financial markets are needed to ensure the stability of the financial system in implementing inflation targeting and the efficient operation of the transmission mechanism of monetary policy [2].

Usually, the first channel that is used to study the effect of a money transmission is the interest rate channel, where the target interest rate of the central bank, such as the federal reserve rate in the United States, is used as a variable. The influence of this channel is very significant in developed countries. To maintain price stability, monetary authorities need to understand how quickly and to what extent their instruments can affect aggregate demand. In other words, lower interest rates lead to an increase in aggregate demand, and therefore stimulates production growth.

However, in transition countries it was found that the main channel of money transmission is not the percentage channel, but the exchange rate channel. This is due to the fact that developing countries are exporters of raw materials and have less developed financial markets. For example, Kazakhstan's economy is heavily dependent on oil exports. In Calvo and Reinhart's work (Calvo, Reinhart), it was found that in developing countries, exchange rate shocks lead to faster aggregate prices than in developed countries. It is important to take into account through which mechanism the exchange rate channel has an effect in transition countries. In most cases, central banks influence the exchange rate directly by intervening in the foreign exchange market [3]. This is directly related to the weak reaction of the exchange rate to changes in interest rates. As a result, in this work, instead of the influence of the interest rate channel, the influence of the exchange rate channel will be investigated.

Recent economic changes in the form of increased economic activity and improvements in the banking sector can significantly affect the credit channel of the monetary transmission mechanism. The bank lending channel, which is a narrower representative of the credit channel, refers to the ability of second-tier banks to provide financial assets for the private sector. Increased availability of loans leads to an increase in aggregate demand and stimulates economic activity. Mishkin explains that expansionary monetary policy, which increases bank reserves and bank deposits, should lead to an increase in the volume of available bank loans [4].

To identify the transmission mechanism of the monetary policy of Kazakhstan, the influence of the selected channels on output, namely the cash flow channel, is being studied; channel of unforeseen price increase; heading channel; credit channel.

To improve the analysis and forecast of the impact of monetary policy on macroeconomic indicators, a transmission model of Kazakhstan has been developed, which makes it possible to assess the impact of measures taken in the field of monetary policy on inflation; -Star and other models), a multisector model of the economy of Kazakhstan has been developed, monitoring of enterprises in the real sector is being carried out.

General methods of monetary regulation - these are methods that affect the capital market in general. The main ones are:

1. Open market operations consist in the sale or purchase by the NB of commercial securities banks at market or previously announced rates.

2. The reserve ratio (reserve requirements) is a part of bank deposits, which should be in the National Bank. The reserve rate is a kind of emergency cash reserve, which commercial banks do not have the right to use to carry out their operations [5, p. 195].

3. The discount rate is the refinancing rate at which the NB provides loans to commercial banks and recounts their bills. If the National Bank raises the discount rate, then for commercial banks (if they have a reserve deficit), the National Bank's loan will cost more, so they try to increase their reserves by buying assets or demanding early repayment of loans. Both cause a decrease in the money supply. Reducing the discount rate leads to an expansion of the loan and an increase in the amount of money in circulation.

The implementation of government securities allows for a short period of time to significantly affect the total money supply involved in circulation. The other two methods, although used by the governments of many countries, cannot have a significant impact on money circulation. Therefore, common methods can be complemented by a number of other monetary policy measures:

1. Monetary reform. When the inflation rate is 100% daily and money is constantly depreciated so that their purchasing power becomes zero. In this case, the state conducts a monetary reform - nullification or denomination. This extreme measure applies in exceptional cases.

2. Consumer credit limit.

3. Reduction in company lending.

In the monetary policy system there are always a number of indirect methods of regulating the money supply. Among which of particular importance are such as [6]:

- State registration of banks.

- Depreciation policy.

All of these methods have an indirect and general impact on the economy, so the quantitative result of using these tools is extremely difficult to estimate.

The National Bank of the Republic is its central bank, which is the first level of the banking system, thus implementing the monetary and exchange rate policy of the state, as well as exercising control over the banking and financial system.

Monetary policy is implemented by setting:

- 1) official refinancing rate;
- 2) levels of interest rates on the main operations of monetary policy;
- 3) minimum reserve requirements;
- 4) in exceptional cases, direct quantitative restrictions on the level and volume of certain types of operations.

The advantages of the floating exchange rate regime include: achieving an equilibrium level of the real exchange rate in the market, maintaining the competitiveness of domestic producers, preventing significant imbalances in the current account and preventing a decline in international reserves. The Kazakhstan Central Bank does not interfere in the exchange rate process, and at the same time reserves the right to conduct interventions to prevent excessive changes in the tenge exchange rate, as well as to ensure the stability of the financial system. Interventions in general do not contradict the policy of a floating exchange rate and can be conducted by central banks, including to replenish the country's international reserves.

The National Bank of the Republic of Kazakhstan regulates the liquidity and interest rates of the money market, affects the lending activity of banks and affects the volume of money in circulation through monetary instruments.

The main tool is the open market operations - regular operations in the form of auctions for the provision or withdrawal of liquidity in the money market in order to form the level of interbank interest rates near the base rate. Operations on the open market are carried out on the initiative of the National Bank; in conducting open market operations, highly liquid and risk-free securities are used as collateral.

The central bank also applies permanent mechanisms or permanent access operations — monetary policy instruments for adjusting liquidity volumes that have emerged as a result of open market operations. The goal of continuous access operations is to limit the volatility of the short-term money market interest rates. These operations are carried out at the initiative of banks.

In the new conditions, the National Bank of the Republic of Kazakhstan is focused on the inflation targeting regime, as the most optimal at the current stage of development. Inflation targeting is a set of measures aimed at achieving the target level of inflation, which includes the following:

- improvement of the system of analysis and forecasting of inflation and other macroeconomic indicators;
- improving the efficiency of the interest rate channel of the transmission mechanism by expanding the monetary policy instrument system. The exchange rate policy of the National Bank will be aimed at maintaining the inflation target. However, in the event of currency shocks, the priority for the National Bank will be to ensure stability in the financial market;
- changing the current decision-making system for monetary policy in accordance with the best international practice;
- increase the effectiveness of communication policy. The main objectives of the communication strategy will be to shift the priorities of economic agents from the exchange rate to inflation, as well as to keep inflation expectations at a low level.

CONCLUSION

The implementation of the monetary policy of Kazakhstan until 2020 will allow the National Bank to ensure price stability, which will contribute to sustainable economic growth, as well as contribute to the achievement of the country's strategic goals of joining the thirty most developed countries in the world.

The main advantages of this project are the conclusion of transactions with securities online (instant delivery), the absence of intermediaries, full transparency and access to information about operations for each client using mobile technologies [7].

Monetary policy is at the heart of the intense debate of many economists, due to its potential to have a significant impact on the real economy. It is generally accepted that, perhaps, being ineffective in the long run, monetary policy can be a powerful tool that affects economic activity in the short run. According to the facts presented in the work of Cristiano et al. (Christiano et al.), In the USA monetary policy influences the real sector with an average delay of 4 months, while this influence can persist for almost 2 years [8].

In the conditions of uncertainty in the development of the Kazakhstani economy, the previously accepted goals and objectives of the country's central bank appear in a new light. There is a need to search for new tools and targets in the regulation of money circulation. The National Bank of the Republic of Kazakhstan should carry out comprehensive work on the improvement of activities in order to ensure financial stability [9].

Thus, the activities of the National Bank of the Republic of Kazakhstan are constantly being improved in accordance with the changing situation on the international financial market, as well as under the influence of external and internal factors affecting the development of the Kazakhstan economy.

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А.Т. Джумабекова , А.Ж. Канатова

Казахский университет экономики, финансов и международной торговли

ТРАНСФОРМАЦИЯ ТРАНСМИССИОННОГО МЕХАНИЗМА НАЦИОНАЛЬНОГО БАНКА РЕСПУБЛИКИ В УСЛОВИЯХ ФИНАНСОВОЙ НЕСТАБИЛЬНОСТИ

Аннотация. Трансформация трансмиссионного механизма Национального банка республики Казахстан обусловлена финансовой нестабильности, соответственно с целью эффективного развития казахстанской экономики, центральному банку страны необходимо пересмотреть принятые ранее цели и задачи, которые на сегодняшний день встают в новом свете. Назрела необходимость в поиске новых инструментов и таргетов в регулировании денежного обращения. По мнению авторов, Национальным Банком проводится комплексная работа по изысканию путей совершенствования деятельности в соответствии с учетом изменений ситуации на международном финансовом рынке, в целях обеспечения финансовой стабильности Республики

Казахстан, что является весьма сложной задачей под воздействием внешних и внутренних факторов, влияющих на развитие казахстанской экономики. В данном случае, мы считаем, трансмиссионный механизм будет являться путем расширения системы инструментов денежно-кредитной политики.

Ключевые слова: трансмиссионный механизм, трансформация, Национальный банк, финансовый рынок, таргетирование, нестабильность.

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А.Т. Джумабекова, А.Ж. Канатова

Қазақ экономика, қаржы және халықаралық сауда университеті

**ҚАРЖЫЛЫҚ ҰНТЫМАҚТАСТЫҚ ЖАҒДАЙЛАРЫНДАҒЫ
ҚАЗАҚСТАН РЕСПУБЛИКАСЫНЫҢ
ҰЛТТЫҚ БАНКІНІҢ ӨТКІЗУ МЕХАНИЗМІНІҢ ӨЗГЕРУІ**

Аннотация. Қазақстан Республикасы Ұлттық Банкінің трансмиссиялық тетігін трансформациялау Қазақстан экономикасын тиімді дамыту мақсатында, тиісінше, қаржы тұрақсыздығымен байланысты, еліміздің орталық банкі бүгінгі таңда жаңадан пайда болған бұрын қабылданған мақсаттары мен міндеттерін қайта қарастыруды қажет етеді. Ақша айналымын реттеуде жаңа құралдар мен мақсаттарды іздестіру қажет. Авторлардың пікірінше, Ұлттық Банк Қазақстан Республикасының қаржылық тұрақтылығын қамтамасыз ету мақсатында халықаралық қаржы нарығындағы өзгерістерге сәйкес өз қызметін жетілдіру жолдарын іздестіру бойынша кешенді жұмысты жүргізеді, бұл Қазақстан экономикасының дамуына әсер ететін сыртқы және ішкі факторлардың әсерінен өте күрделі міндет. Бұл жағдайда ақша беру механизмі ақша-кредит саясатының құралдарын кеңейтудің әдісі болады деп есептейміз.

Түйін сөздер: трансмиссия, Ұлттық банк, қаржы нарығы, мақсатты жағдай, тұрақсыздық.

Information about authors:

Jumabekova Almagul Tulegenovna - Ph. D., senior lecturer, Kazakh University of Economics, Finance and international trade, 0000-0001-9887-0597

Kanatova Ainur Zhumabaevna - Ph. D., senior lecturer, Kazakh University of Economics, Finance and international trade, 0000-0001-5253-2904