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**THE CURRENT STATE OF MONETARY CIRCULATION  
AND MEASURES TO ENSURE ITS SUSTAINABILITY**

**Abstract.** The stability of the monetary system is a backbone factor that reflects the essence of the social process and determines the stability of the development of a market economy and its component - the regional economy. Money is a reproductive category; cash issued by the Bank of Russia as a monopolist in the total mass of reproduction entities serves both the production sphere and the distribution, exchange and consumption spheres. Fuelled by advances in technology and communications, the financial infrastructure has developed into a perpetually operating global system in which "megabyte money" (i.e. money in the form of symbols on computer screens) can move anywhere in the world with speed and ease. Currently, the stability of the monetary system is significantly affected by risks arising from the shortage of the long-term resource base and the transformation of short-term liabilities of banks into long-term investments.

**Key words:** money circulation, economic growth, monetization of the economy, financial depth of the economy, transmission mechanism channels, monetary policy, inflation, financial sector.

**Introduction.** The monetary system is a complex socio-economic phenomenon, reflecting a set of stable relations established by national legislation between the subjects of the money market regarding the organization and implementation of money circulation, the functioning of the money market and the fulfillment by money of their functions. The basic functions of the monetary system are predetermined by the need to implement the functions of money as a means of payment and means of circulation and consist in ensuring: reliable organization and stability of money circulation in the country; balance of supply and demand of money; reliable and efficient functioning of economic turnover, payment and settlement systems; stable and balanced functioning of the commodity and money markets; stability of the national monetary unit, as well as in promoting the dynamic development of the country's economy.

**Main part.** The main contradiction in the mechanism of functioning of modern monetary systems is the antinomy of the economic nature of money and its maternity nature, due to which the circulation of decreed (fiat) money is provided by the administrative authority of the state. In our opinion, this contradiction is fundamental and is reflected in the aggregate of other contradictions, the resolution of which is carried out through the implementation by the state of a certain system of measures to regulate monetary circulation and the implementation of the monetary policy by the central bank. The forms of manifestation of the main contradiction in the functioning of monetary systems that are inherent in almost all countries, in our opinion, are the following imbalances and imbalances that exist in monetary circulation.

As is commonly believed in economic literature, since in practice the demand for money is difficult to determine, in fact we are dealing with the money supply market. In fact, the supply of modern money is monopolized by the banking system, and we are dealing with a monopolized market and imperfect competition. But this fact is not a drawback, but rather a definite advantage of modern monetary systems, since the concept of the active role of money in the development of the economy and, accordingly, the

monetary policy of the central bank are built on the discrepancy between the supply and demand of money. Due to the fact that the demand for money is limited not only by the resources and assets of business entities, but also by the interest rate of the central bank, the regulation of these processes, as is commonly believed in economic theory, is carried out mainly on the basis of establishing an equilibrium interest rate.

Balancing the demand and supply of money through the implementation of the monetary policy of the national bank is carried out on the basis of the so-called “dynamic effect of monetary expansion”, the essence of which is in the adaptation of business entities to issue additional money supply. And although the mechanisms for implementing the “dynamic effect of monetary expansion” are quite complicated in practice, they are based on the concept of the active role of money in the economy and a certain monetary policy regime is being formed, which is implemented through the transmission mechanism of the monetary policy of the central bank.

It is generally accepted that the central bank does not deal with issues of determining the demand for money, but regulates only their supply. However, this is not at all true. Modern central banks pay very much attention to the issues of targeting the money supply, and the key element of this process is determining the volume and structure of the monetary base. And although the main goal of forming the monetary base is nevertheless the determination of the volumes and structure of the channels for future credit emissions of the central bank, this process also takes into account the main components of the demand for money.

The monetary base is a complex monetary indicator, which is called money of "increased efficiency". The volume, structure and dynamics of the monetary base is influenced by a number of factors, among which the main ones are the growth rate of gross domestic product, the level and dynamics of commodity prices, the degree of development of the financial sector, and the nature of the monetary policy implemented by the national bank. Changes in the monetary base have a significant impact on changes in other monetary indicators, which allow us to predict the nature and effectiveness of the monetary policy pursued by the central bank.

Changes in the methods and tools of monetary policy lead to a change in the volume and structure of monetary aggregates, interest rates, foreign exchange rates, lending conditions, asset prices, as well as the expectations of market entities and, therefore, affect the functioning of the money market. Then changes in the money market through changes in accumulations, investments, and consumption, export and import volumes have a direct or indirect effect on the real sector, which ultimately affects the dynamics of volumes and structure of production, employment and prices. Thus, the general reaction of the housekeeper to the monetary policy of the central bank is the result of the combined effect of all channels of the transmission mechanism. In fact, on the basis of the transmission mechanism channels, certain types of money prices are controlled and the money supply in circulation is regulated.

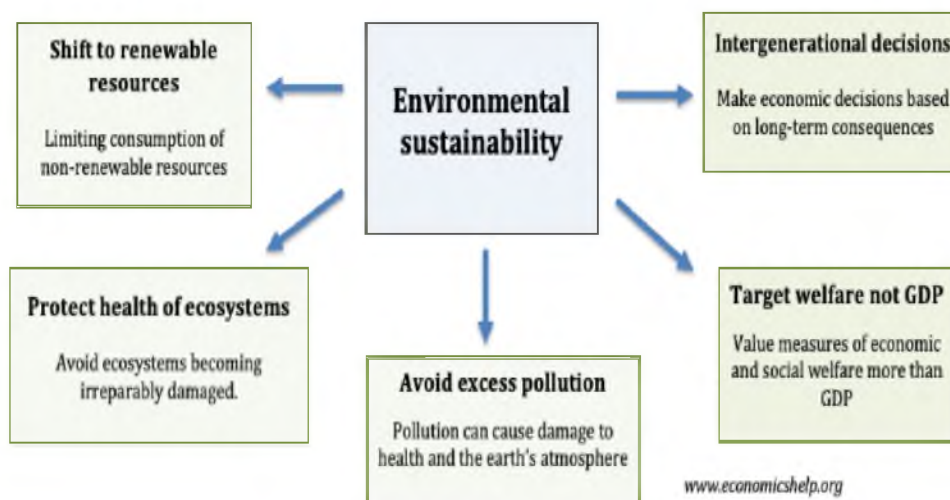
In accordance with modern approaches, monetary, credit, interest and currency (exchange rate) channels are allocated in the mechanism of monetary transmission, which are directly influenced or controlled by the national bank, as well as a channel for changing asset prices and an expectation channel that are almost weakly controlled by the national bank. From the point of view of assessing the impact of money circulation on economic growth, the most important are the monetary, credit, interest and currency channels. However, in different periods of the country's economic development, the role and level of use of these channels can vary significantly. In the pre-crisis period, the main role in the transmission mechanism was played by the currency and credit channels, as well as the asset price channel. To date, the most significant impact on the real sector of the economy is exerted by monetary and credit channels.

The study showed that money circulation affects the stimulation of economic growth mainly indirectly, based on the regulation of money supply and demand, interest rates and the exchange rate. Moreover, the main method of this influence is to increase the financial depth of the economy, and the main tool is the management of transmission mechanism channels.

Thus, the financial depth of the economy should be considered as a comprehensive assessment of the saturation of the economy with money, characterizing the level of development of the monetary market, the financial sector and the involvement of a wide range of institutions, financial intermediaries and business entities in the monetary system. In accordance with the concept of “financial depth of the economy” it is considered that the higher the saturation of the economy with financial and monetary

resources and the more diversified the structure of the financial and credit system, the more stable the rate of economic growth. The concept of financial depth was first formulated by R. Goldsmith, who established a direct relationship between the level of economic and financial development, and also determined that in certain periods the growth rate of the financial sector can significantly exceed the growth rate of the real sector.

Later, this pattern was called the theory of “faster growth” of the financial sector. In accordance with this theory, which fully complies with the requirements of modern monetarism, the financial sector is the basis of economic development, and therefore the increase in the size of financial markets and the increase in the financial depth of the economy contribute to economic growth. To date, this approach prevails in the scientific literature, and its supporters are M. Binswanger, B. Braash, A. Galetovik, J. Gurley, R. McKinnon, J. Olivier, X. Titmeyer, J. Tobin, E. Shaw and many other famous economists.



Issues of environmental sustainability

Environmental sustainability is concerned with issues such as:

- Long-term health of ecosystems. Protecting the long-term productivity and health of resources to meet future economic and social needs, e.g. protecting food supplies, farmland and fishing stocks.
- Intergenerational decision making. When making economic decisions, we should focus on implications for future generations, and not just the present moment. For example, burning coal gives a short-term benefit of cheaper energy, but the extra pollution imposes costs on future generations.
- Renewable resources: Diversifying into energy sources that do not rely on non-renewable resources. For example, solar and wind power.
- Prevent the consequences of man-made global warming. Policies to ensure the environment of the planet does not deteriorate to a point where future generations face water shortages, extreme weather events, excess temperature.
- All factors that could make living in parts of the world very difficult if not possible.
- Protection of species diversity and ecological structure. Sometimes medicines require elements within specific plant species. If some species go extinct, it limits future technological innovation.
- Treating environmental resources as if they have intrinsic rights and value. In other words, we shouldn't just rely on a monetary value, i.e. we should protect rainforests because they deserve to be protected rather than using a cost-benefit analysis of whether we gain financially from protecting rainforests.
- Targeting social welfare/happiness and environmental sustainability above crude measures of progress such as GDP.

The importance in the economy of achieving a balance of supply and demand of money. Being an instrument of economic policy, money directly affects economic growth, contributes to the activation of business activity, increase in jobs and, as a result, increase in the number of employees. At the same time, the existing imbalances in the distribution of money supply, the mismatch between demand and supply of

money can block the mechanisms of economic growth and impede the sustainable development of national and regional economies.

The crises that arose during the formation and development of the monetary system of the Republic of Kazakhstan, the problems of banking liquidity, the stability of the national currency, and the use of funds received due to high energy prices put forward the creation of an effective system for managing the monetary system, ensuring the sustainability of regional monetary subsystems, and studying theoretical aspects of demand modeling money.

The main reason for the decrease in the purchasing power of money is the inflationary development of the modern economy and the dominance of the financial sector in its structure. In this regard, the point of view according to which even moderate inflation impedes the normal development of the economy is now widespread. Therefore, the stabilization of money circulation, i.e., the achievement of relative price stability, should be considered as a condition for long-term sustainable economic growth.

In addition, the lack of tools and mechanisms for influencing the stability of the national monetary unit and the stability of monetary circulation requires the expansion of monetary policy instruments. This is due to the presence of another contradiction - inconsistencies in the short-term nature of the action of monetary policy instruments and the long-term nature of the goals and objectives of monetary circulation. In this regard, recently the issue of the need to coordinate monetary and fiscal policies has become quite acute.

This is partly due to the fact that in the process of managing inflation, some of the factors are of a monetary nature and their management is in the competence of the central bank, and a significant part of the factors are in the competence of the government. Moreover, the stability of money circulation should be understood as: the stability of the purchasing power of money over a relatively long period of time; balance of money supply structure; reliability of operation and trust of the population and business entities to the central bank and the banking system; the existence of an effective system for regulating monetary circulation; compliance with the proportions in the formation of cash incomes of the population, savings and savings in the economy in proportion to the rate of growth of production and productivity of social labor; full satisfaction of the solvent demand of the population for goods and services with banknotes of the national currency. The main task of regulating money circulation should be to ensure its stability, and regulation should be based on the practical implementation of the functions of money circulation - its internal properties, which are manifested in the process of implementing monetary policy, regulating cash circulation and ensuring the reliable functioning of payment systems. Moreover, money circulation should be considered in the unity of its cash and non-cash forms through the prism of: regulation of the money market, including factors of supply and demand of money; regulation of the money supply and the structure of monetary aggregates; implementation of the monetary policy by the central bank; regulation of the activities of institutions and subjects of the money market; regulation of the performance of money its functions. The process of regulation of cash circulation should include certain procedures of the central and commercial banks, forecasting, planning and organizing the release of cash into circulation, production, protection, processing of banknotes and coins, etc. Regulation of cashless circulation is carried out on the basis of the use of tools available to the central bank and methods for implementing monetary policy and performing a number of oversight and control functions. The macroeconomic relationship of instruments and mechanisms for regulating cash and non-cash money circulation should be based on the formation of a monetary base indicator by central banks.

In addition, in this process, it is necessary to take into account the role of the transmission mechanism of monetary policy as the basis for regulating monetary circulation, the main channels of which are the currency, credit, interest, asset value channel and expectations channel. A feature of the current stage of the practical implementation of monetary theories is that changes in the supply of money, through the implementation of the transmission mechanism, transmit stimulating impulses from the process of implementing the basic principles of monetary policy to specific areas of investment promotion, accumulation and expanded reproduction.

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### АҚША АЙНАЛЫМЫНЫҢ ҚАЗІРГІ ЖАҒДАЙЫ ЖӘНЕ ОНЫҢ ТҰРАҚТЫЛЫҒЫН ҚАМТАМАСЫЗ ЕТУ ШАРАЛАРЫ

**Аннотация.** Ақша жүйесінің тұрақтылығы әлеуметтік үдерістің мәнін көрсететін және нарықтық экономика мен оның құрамдас бөлігі – аймақтық экономика дамуының тұрақтылығын анықтайтын тірек факторы. Ақша дегеніміз ұдайы өндірістік категория; Қазақстан Республикасының Ұлттық Банкі шығаратын қолма-қол ақша өндіру субъектілерінің жалпы көлеміндегі монополист ретінде өндіріс саласына да, бөлу, айырбастау және тұтыну салаларына да қызмет етеді.

Ақша базасының элементтерін талдау барысында елдің халықаралық (алтын-валюта) резервтерін анықтау тетіктері ірі маңызға ие. Мұндай резервтерге орталық банктің бақылауында болатын және кез келген уақытта төлем балансының тапшылығын, ұлттық валютаға әсер ететін валюта нарығындағы араласу немесе басқа мақсаттарды қаржыландыруға пайдаланылатын сыртқы активтер жатады. Технология мен коммуникация саласындағы жетістіктерге сүйене отырып, қаржылық инфрақұрылым тұрақты мегабайттық жүйеге айналды, онда «мегабайт ақша» (яғни, компьютерлік экрандардағы таңбалар түріндегі ақша) әлемнің кез келген нүктесінде тез әрі жеңіл қозғалады. Қазіргі уақытта ақша-несие жүйесінің тұрақтылығына ұзақ мерзімді ресурстық базаның жетіспеушілігі және банктердің қысқа мерзімді міндеттемелерінің ұзақ мерзімді инвестицияға айналуы нәтижесінде туындайтын тәуекелдер айтарлықтай әсер етеді.

Сонымен қатар, ақша айналымының тұрақтылығы келесідей түсінікті қамтиды: салыстырмалы түрде ұзақ уақыт кезеңінде ақшаның сатып алу қабілетінің тұрақтылығы; ақша массасы құрылымының теңгерімі; халықтың сенімділігі және шаруашылық жүргізуші субъектілердің орталық банкке және банк жүйесіне сенімі; ақша айналымын реттеудің тиімді жүйесінің болуы; халықтың ақшалай кірісін қалыптастыру, экономикадағы жинақ пен жинақ ақша өндірісінің өсу қарқыны мен әлеуметтік еңбек өнімділігінің пропорциясына сәйкестігі; ұлттық валютаның ақша белгілері арқылы жасалатын тауарлар мен қызметтерге халықтың төлем қабілеттілігін толық қанағаттандыру.

Егер қылмыстық әрекеттен түскен қаражат белгілі бір мекеме арқылы жеңіл өңделетін болса, мекеме қызметкері немесе директоры пара алғандықтан немесе мекеме мұндай қаражаттың қылмыстық сипатына көз жұма қарағандықтан мекеме қылмыскерлермен белсенді серіктестік болып есептелуі мүмкін және қылмыстық желінің бөлігіне айналады. Мұндай күрделіліктің дәлелі басқа қаржы делдалдарының және реттеуші органдардың, сондай-ақ қарапайым тұтынушылардың қарым-қатынасына зиянды әсер етеді.

Бақыланбайтын ақшаны жасырудың ықтимал теріс макроэкономикалық салдарына ақшаға деген сұраныстың беймағлұм өзгерісін, банктің тұрақтылығына пруденциалдық тәуекелдерді, заңды қаржылық операцияларға ластану әсерін және болжанбаған трансшекаралық активтер трансферті салдарынан халықаралық капитал ағынына валюта бағамдарының жоғарылауын жатқызамыз. Сонымен қатар, ол сыбайлас жемқорлық пен қылмысқа қарсы әрекет ете отырып, ақшаны табысты пайдалану бүкіл қоғамның тұтастығына және демократия мен заңның үстемдігіне кедергі келтіреді.

Осылайша, монетаризм дағдарысы негізінде сипатталатын ақша теориясы мен практикасының қазіргі даму кезеңінің ерекшелігінен туындайтын ақша жүйелерінің негізгі қарама-қайшылығын талдау ақша айналымын және ұлттық ақша жүйесін дамытуды жетілдірудің негізгі мәселесі мен бағыттарын анықтауға мүмкіндік береді.

**Түйін сөздер:** ақша айналымы, экономикалық өсу, экономиканы ақшамен алмастыру, экономиканың қаржылық тереңдігі, транмиссия тетігінің арналары, ақша-кредит саясаты, инфляция, қаржы секторы

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## СОВРЕМЕННОЕ СОСТОЯНИЕ ДЕНЕЖНОГО ОБРАЩЕНИЯ И МЕРЫ ПО ОБЕСПЕЧЕНИЮ ЕГО УСТОЙЧИВОСТИ

**Аннотация.** Устойчивость денежной системы является системообразующим фактором, отражающим сущность общественного процесса и определяющим стабильность развития рыночной экономики и ее составной части – региональной экономики. Деньги являются воспроизводственной категорией; наличные деньги, выпущенные НацБанком РК как монополистом в общей массе субъектов воспроизводства, обслуживают как сферу производства, так и сферы распределения, обмена и потребления.

В процессе анализа элементов денежной базы большое значение имеет механизм определения международных (золотовалютных) резервов страны. К таким резервам относят внешние активы, которые находятся под контролем центрального банка и в любой момент могут быть использованы для финансирования дефицита платежного баланса, интервенций на валютных рынках, оказывающих влияние на курс национальной валюты, или для других целей. Опираясь на достижения в области технологий и коммуникаций, финансовая инфраструктура превратилась в постоянно действующую глобальную систему, в которой «мегабайтные деньги» (то есть деньги в виде символов на экранах компьютеров) могут быстро и легко перемещаться в любую точку мира. В настоящее время на устойчивость денежной системы значительное влияние оказывают риски, возникающие в связи с дефицитом долгосрочной ресурсной базы и трансформацией краткосрочных обязательств банков в долгосрочные вложения.

При этом под устойчивостью денежного обращения следует понимать: устойчивость покупательной способности денег в течение относительно продолжительного периода времени; сбалансированность структуры денежной массы; надежность функционирования и доверие населения и субъектов хозяйствования к центральному банку и банковской системе; наличие эффективной системы регулирования денежного обращения; соблюдение пропорций в формировании денежных доходов населения, накоплений и сбережений в экономике пропорционально темпам роста производства и производительности общественного труда; полное удовлетворение платежеспособного спроса населения на товары и услуги денежными знаками национальной валюты.

Если средства от преступной деятельности могут быть легко обработаны через конкретное учреждение – либо потому, что его сотрудники или директора были подкуплены, либо потому, что учреждение закрывает глаза на криминальный характер таких средств, – учреждение может быть вовлечено в активное соучастие с преступниками и стать частью самой преступной сети. Доказательства такого соучастия будут иметь пагубное влияние на отношение других финансовых посредников и регулирующих органов, а также обычных клиентов.

Что касается потенциальных негативных макроэкономических последствий неконтролируемого отмывания денег, можно привести необъяснимые изменения в спросе на деньги, пруденциальные риски для устойчивости банков, влияние загрязнения на законные финансовые операции и повышенную волатильность международных потоков капитала и обменных курсов из-за непредвиденной трансграничной передачи активов. Кроме того, поскольку это поощряет коррупцию и преступность, успешный отмывание денег наносит ущерб целостности всего общества и подрывает демократию и верховенство закона.

Таким образом, анализ основных противоречий денежных систем, вытекающих из особенностей современного этапа развития монетарной теории и практики, характеризующегося кризисом монетаризма, позволяет определить основные проблемы и направления совершенствования регулирования денежного обращения и развития национальных денежных систем.

**Ключевые слова:** денежное обращение, экономический рост, монетизация экономики, финансовая глубина экономики, каналы трансмиссионного механизма, денежно-кредитная политика, инфляция, финансовый сектор.

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