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SUMY STATE UNIVERSITY
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QUALIFICATION PAPER

on the topic" DEVELOPMENT OF THE CURRENCY MARKET OF UKRAINE IN
MODERN CONDITIONS"

Specialty 292 "International Economic Relations"

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ABSTRACT
on bachelor's degree qualification paper on the topic
«DEVELOPMENT OF THE CURRENCY MARKET OF UKRAINE IN MODERN
CONDITIONS»

student Evhenii Koval

The qualification paper consists of 45 pages, 4 sections, 6 tables and 28 references.

KEYWORDS: EXCHANGE MARKET, CURRENCY, MONEY MARKET, EMISSION, FOREIGN EXCHANGE MARKET.

The study object is the currency market of Ukraine.

The subject of the study is complex relations that arise in the field of implementation of business entities currency transactions.

The purpose of the work is to study the condition national currency market, features of its functioning and development problems.

The task is to analyze all the aspects of the currency market of Ukraine and its aspects; to analyze its current state, peculiarities and the main issues; to analyze the importance of currency market and how it influences on the economy; to analyze it in the context of transformational processes.

During the work we have analyzed all the aspects of the currency market of Ukraine. Moreover, it is necessary to mention that we have also paid attention to its current state, peculiarities and the main issues. As a result we have analyzed the importance of currency market and how it influences on the economy and, in addition, we observed the currency market of Ukraine it in the context of transformational processes.

According to the results of the study the following conclusions are formulated:

1. The foreign exchange market is one of the most important segments of the financial market, and hence the degree of its development directly affects the state and development of the economy, and vice versa.

2. The dynamics of international reserves was negative and only funding from international financial institutions made it possible to optimize their volume. The state of the macroeconomic and political situation also affects stability of the foreign exchange market.

3. Improving the functioning of the foreign exchange market can be achieved by reducing the level of dollarization of Ukraine's economy by increasing attractiveness of the hryvnia; improvement of market regulation mechanisms; improvement of market infrastructure taking into account the international one practices and introduction of new types of international settlements; stimulating exports and ensuring a positive balance of payments balance sheet; end of the conflict in eastern Ukraine; development of new financial technologies; ensuring the stability of the regulatory framework of the National bank of Ukraine; establishing the optimal exchange rate regime, etc.

The obtained results can be used in the process of development of the strategy of foreign economic development of Ukraine and the evaluation of the effectiveness of conducting policy in the field of currency regulation.

The year of qualifying paper fulfillment is 2021.

The year of paper defense is 2021.

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TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(Specialty 292 " International Economic Relations ")

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1. The theme of the paper is “Development of the currency market of Ukraine in modern conditions” approved by the order of the university from «19 » April 2021 №0193-VI.

2. The term of completed paper submission by the student is «19» June 2021.

3. The purpose of the qualification paper is to study the conditions of the national currency market, the features of its functioning and development problems.

4. The object of the research is the foreign exchange market of Ukraine.

5. The subject of research is complex relations that arise in the field of implementation of business entities currency transactions.

6. The qualification paper is carried out on materials statistical databases, analytical materials and official reports of the National bank of Ukraine; resources of the global Internet.

7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Aspects of the currency market research.

Chapter 1 examines macroeconomic and financial aspects of the currency market and its functioning.

Chapter 2 The current state of the currency market.

Chapter 2 deals with the current state of the currency market, the main peculiarities of the market emission and issues in the history of Ukraine currency market development.

Chapter 3 The importance of currency market of influence on the economy.

Chapter 4 The correlation between the transformational processes and the currency market.

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Chapter	Full name and position of the advisor	Date, signature	
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1			
2			
3			

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Research Advisor: _____

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INTRODUCTION

Relevance of the research topic. The currency exchange market is a significant part of the international monetary system. Improving the mechanism of the foreign exchange market was a consequence of Ukraine's integration into the world community. The foreign exchange market links the national and global financial systems, therefore, the regulation and development of the external market is a prerequisite for the formation of an open economy.

In order to achieve economic growth, monetary policy comes under the greater influence of the practical implementation of the state. Control over economic development, influence on sectors, enterprises and industries is carried out through the mechanism of regulation of the foreign exchange market. Thus, it occupies the highest and highest place in the economic policy of the state and affects the position of the state in the world market.

The relevance of the effective operation of the foreign exchange market at this stage of economic development is very high. Inflation, economic development, the state of the balance of payments and so on are completely dependent on the foreign exchange market.

Thus, as a result of globalization, the world financial crisis, the state of the Ukrainian economy and the conflict in the east of the country, the problems of the mechanism of the functioning of the national currency market and the prospects for its development become especially urgent.

Thus, due to the country's economy, problems in the east of Ukraine, globalization, the problems of the foreign exchange market mechanism and the possibility of its improvement are gaining relevance.

Review of the literature on the topic of this study. Many works of domestic and foreign scientists are devoted to the study of the subject of the foreign exchange market, its features and development. Although there is a lot of work, very little attention is paid to assessing the actions of the monetary authority in Ukraine. So, the question is

that further development and research of the influence of the central bank on the development of the foreign exchange market in the country and its further development are needed.

To achieve the goal of the work, the formulation and solution of the following scientific and practical tasks was formulated:

- ✓ From the point of view of functional purpose, institution building and organizational and technical support to reveal the economic essence of the “foreign exchange market” category and generalize approaches;
- ✓ To identify the objectives of monetary policy, the main components and implementation tools;
- ✓ To assess the threats and prospects for the development of the foreign exchange market;
- ✓ To characterize the current state and identify prospects development of the national currency market.

1. ASPECTS OF THE CURRENCY MARKET RESEARCH

1.1. Macroeconomic aspect

The macroeconomic approach to the money market comes first with his participation in the cycle of products and income. Formation of supply and demand on money market provides its relationship with other structures of the market mechanism: markets for goods, labor, finance, wages. In a modern market economy, the state of the money market characterizes the state of the whole economic system and gives grounds to draw conclusions about the course of economic processes.

The existence of a close connection between the state of the money market and the functioning of the whole economy gives opportunity to create a mechanism for influencing the state of economic activity. Basically modern market economies have a mechanism for allocating resources. Effective the allocation of resources implies that the production of any product cannot be increased without reducing the production of another product in the case of their limited offers.

The money market balances national income flows and national product flows. According to the schemes widespread in the modern macroeconomic analysis the cycle of income and products can be divided into separate stages. Each stage of the cycle serves a certain set of their payments. The most common is the division of cash flows between firms, households and the state. Ideally, the two largest cash flows - national product and national income - should be equal to one another because they reflect two dimensions of the same process.

There is an exchange of goods between households, firms and the state factors of production, as well as the reverse flow of payments for their use. Payment for factors of production, wages, rents create household income firms. In the cycle of products and income, the amount of income is equal to the amount of sales carried out by firms. Factors of production and goods are distributed through markets.

The mechanism of market distribution and exchange between economic entities provides appropriate market structures: goods market, labor market, resource market, finance and money.

A. Galchynsky emphasizes that one of the most important functions of the market in general is formation of the relative value and price of the goods that are the object of its circulation. This feature performs and money market. The relative value of money is formed by the interaction in the monetary market of their supply and demand [2].

National money can fully function in national economies only after their price has been determined in the money market. Thanks to the price of money receive recognition of all participants in economic activity. The money market is included in market mechanism and interacts with the markets of goods, finance and labor.

The money market responds to changes that occur in any market as it exists most sensitive to economic conditions. In turn, national price fluctuations money affects economic processes at the macro and micro levels. National price change currency changes the overall price level, tastes and intentions of consumers and producers of goods on other markets.

1.2. Financial aspect and its functions.

The financial aspect of money supply and demand is related to in-depth analysis of the distribution and redistribution of monetary instruments. Structure institutions of supply and demand in the money market involves the passage of money instruments between the central bank, commercial banks and economic entities activities that have a bilateral direction.

The money market by its economic nature is a secondary market of valuables securities, and one of its most important functions is to establish the market price of

money tools. Determining the price of monetary assets contributes to the efficient allocation of funds in the money market. The money market is mainly short-term financial claims that have not yet matured. Secondary securities markets, on which circulating monetary instruments do not affect the total amount of credit claims.

The money market promotes more efficient distribution and redistribution of funds between creditors and borrowers. Money market price fluctuations are smaller and its instruments are higher liquidity. Therefore, commercial banks and are more active in the money market corporations for which such parameters of financial assets are more important than for insurance companies and pension funds.

The money market sells and buys cash in the form of short-term loans and debt obligations for up to one year. Monetary instruments have a specific character when money is exchanged at an alternative value, which is measured through the interest rate. On the money market buy and sell temporarily free funds that are formed in economic entities activities and individuals.

The market mechanism provides creditors with interest in the form of interest, which is the price for using monetary instruments. In turn, borrowers for in order to repay the loan and pay interest, must exercise their economic activity effectively, at a level that determines the market mechanism. Based on size loan interest and the factors influencing its formation built a mechanism money market.

From the standpoint of the financial aspect, the money market performs a number of recognized functions [6].

The first function - the organization of free competition of sellers and buyers of money goods. Satisfying the demand for monetary goods creates an opportunity for technical renewal of production, expansion of product range and scale of economic activities.

The second function is the formation of niches and segments of business activity of economic structures and banks. This function is associated with identifying their

economic potential and realization of opportunities to fill the relevant markets with goods and services on the basis of competition.

The third function is to regulate the proportions of reproduction of the social product on the basis supply and demand for cash. This function is due to the fact that there is money the highest form of expression of the value of goods and the realization of the price of the commodity mass and carried out in cash.

The formation of revenue from the sale of goods means the possibility of additional demand for cash and capital inflows in the industry, which bring the maximum profit.

In modern market economies, the vast majority of the money market is and serviced by commercial banks, the founders of which are large firms and companies with significant free capital. There is a merger of industrial and financial capital a global process that facilitates the segmentation of national and regional monetary markets. The technological development of the modern economy requires the integration of diverse components of the production cycle for the accelerated creation, introduction of new species products capable of capturing national and world commodity markets.

The money market segments of modern market economies are largely associated with the existence of permanent credit and settlement relations between the structures of the real sector economies and commercial banks, which are closely linked to the interbank market. In his activities of commercial banks have the opportunity to receive on the interbank market credit resources to serve the current needs of its customers and equalization payment circulation.

In the money markets there is a redistribution of the already functioning money supply and distribution of money issued by central banks.

Identification of the money market in the financial aspect requires its consideration features and interaction with other economic structures for the redistribution of funds.

The relationship and demarcation of the money market and the capital market is possible in within a certain approach to the peculiarities of the functioning of money over time and its role in the reproductive processes in the economy. Using money for certain components of the process reproduction in the economy, features of attracting money, the channels of their passage from lender to the borrower, the nature of the operation and return, documentation of the use of money provide grounds for delimitation of the money market and financial market.

One of the classics of economic thought J. Schumpeter shared the money market with financial market. "The capital market is what any business person calls money market... This name is not correct enough, because in this market are sold and not just "money" is bought. But, despite this, we can say that only the market capital is exactly what in practice is called the money market. Another capital market it simply does not exist "[7].

In today's economy, the money market stands out in the structure of the capital market, and this one the term is mainly used to trade credit instruments issued

for up to one year. Money market instruments are highly liquid and can to be sold and bought. The largest money market sector in the United States is the Treasury promissory notes with a maturity of less than one year. A significant share of the money market occupy large deposit certificates, commercial papers, banking acceptances, RERO agreements, instruments of federal funds, etc. [4].

F.S. Myshkin also distinguishes between the money market and the capital market in terms of time debt obligations operating in these markets. The money market is financial in which short - term debt instruments are bought and sold, repayment of which is less than 1 year [5].

In the Ukrainian economic literature, there are certain differences in the conceptual apparatus in determining the content of the money market and the money market. O. Hrytsenko as well considers the money market as an integral part of the financial market where they are carried out short-term (up to 1 year) deposit and loan

operations that serve, mainly the movement of capital of firms and other subjects of market relations. Object buying and selling in the money market are temporarily free cash.

The money market in its functional structure interacts most closely with credit market, where short-term loan instruments are formed. From the bond market short-term financial assets are attracted to the money market. These are private and public bonds with a maturity of up to one year, as well as bank acceptances, commercial promissory notes, certificates of deposit.

In countries with market economies, the money markets attract the privileged money market shares.

The money market interacts closely with other financial market structures. The relationship between money market and financial market structures is close and can only be separated regarding the timing of their instruments and their role in the reproduction process.

The money market consists of the interbank market and the open market. In the interbank market, there are short-term loans, which are mostly unsecured. The interbank market allows banks to balance current liquidity and equalize payment turnover. The use of temporarily free funds allows you to receive additional income.

However, the interbank market is not able to use all the liquid surpluses funds and cover all existing deficits. Therefore, in the money market also act central banks and other participants. In addition, the central bank has the ability to influence money market conditions due to changes in the supply of liquid assets. In market economies, foreign exchange intervention is one of the main methods of regulation money market by the central bank.

2. THE CURRENT STATE OF THE CURRENCY MARKET AND PECULIARITIES OF THE EMISSION IN UKRAINE

2.1. Principles of the market functioning.

As a rule, financial dictionaries describe the foreign exchange market of any country as "the sphere of economic relations between countries associated with the purchase and sale and exchange of foreign currency and the use of payment documents in foreign currency" [3].

The world renowned economist Yu.V. Seneiko was sure that "the foreign exchange market is a special market in which there are sellers, buyers and those who exchange such specific goods as currency, where the role of price is the exchange rate" [3].

O. Lavrushin, on the other hand, said that "the foreign exchange market is not a relationship not only between banks, but also between their clients. The main feature of the foreign exchange market is that here currencies oppose each other only in the form of entries on correspondent accounts. "

So, from these statements, we can conclude that the foreign exchange market is a complex economic category that has many different interpretations and significantly affects the development of any country.

The market includes many transactions that may be related to tourism, migration capital, foreign trade settlements and many others, which is closely related to the use of foreign exchange by market participants and depends on it.

The foreign exchange market has a lot in common with the regular market: supply and demand, communications, facilities and organizations, infrastructure. It is used in the field of buying and selling foreign currency for the national currency of a country or state, and the object of purchase and sale is the foreign currency of different

countries around the world, collective currencies, national and foreign currency values, etc.

The subjects of the foreign exchange market are individuals or individuals and legal entities, residents and non-residents, intermediaries, various banks, foreign stock exchanges, large world corporations, foreign exchange brokerage firms and other financial institutions that ensure the interaction of all market participants. Their main goal in the foreign exchange market of Ukraine is to make a profit.

The main functions of the market:

- ensuring the implementation of the state's monetary policy;
- creation of conditions for international settlements;
- assistance to the development of foreign trade;
- determination, formation of supply and demand for foreign currency;
- currency regulation;
- diversification of foreign exchange reserves.

In total, there are four groups of subjects in the foreign exchange market:

- government agencies, the main of which are central banks and treasuries of individual countries;
- individuals and legal entities engaged in various spheres of foreign economic activity;
- commercial banks and other institutions providing currency exchange services;
- currency exchanges and branches of commodity and stock exchanges.

Extension phone, computer and other communication methods - connect participants to each other. Thanks to this, it is possible to transfer funds to any country, any continent. Location - large banking and exchange centers, because in a number of countries, in addition to interbank trade, there are special currency exchanges, and the rate set for them is called the official exchange rate. The exchange rate is the market price.

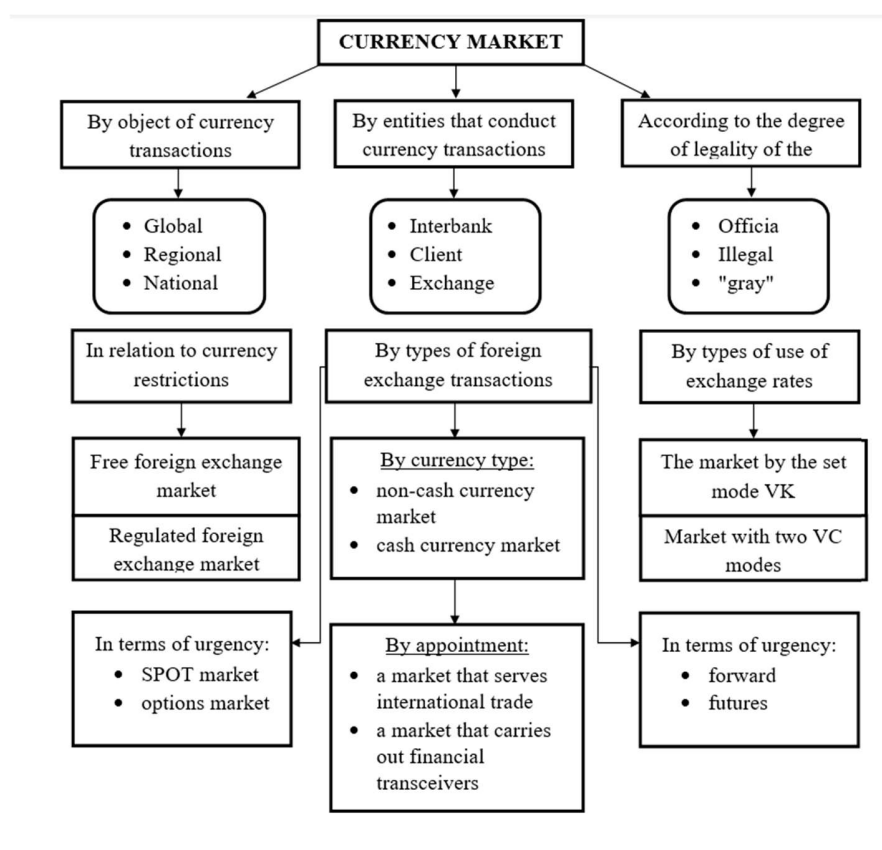
By structure, markets are: international, regional and national (local) foreign exchange markets. Their difference is in scale, nature of currency transactions, volume of currency, and so on.

The structure of the national and international foreign exchange markets is presented in Table 1.

National foreign exchange markets are easily accessible in most countries. The territory of the country is their economic space and they are under the control of the national currency legislation.

High-speed communications of regional markets constitute the international currency market.

Table 1 - The structure of the foreign exchange market.



Today these are regional currency markets:

- European, whose centers are located in London, Frankfurt and Zurich;
- Asian, which centers are located in Tokyo, Singapore, Hong Kong;

- American, with major centers in Los Angeles, New York and Chicago.

Realizations by market entities (payments that are somehow connected with the movement of currency) are functions of the foreign exchange market

Transactions in the foreign exchange market are divided into:

1. Conversion:

-cash;

- attackers;

- futures;

-optional.

2. Deposit:

- to a question;

- temporary;

- urgent.

3. Credit:

- temporary;

- Average degree;

- long-term.

Favorable conditions for market participants are created by a wide range of foreign exchange transactions, high organizational and technical support.

The National Bank of Ukraine is the main body of Ukraine for monetary policy and foreign exchange market regulation.

The foreign exchange market in Ukraine has developed in three stages:

1. 1991 - October 1994 - the period of the search for a concept for the development of the economy of the new state, when the foundations of the ideology of the National Bank of Ukraine were laid, its main guidelines and priorities were determined and formed.

2. October 1994 - August 1996 after the proclamation of state programs for macroeconomic stabilization.

3. Since September 1996, when the hryvnia was introduced as a full-fledged national currency of Ukraine.

Now in Ukraine is not the best times for the foreign exchange market. There are a number of reasons for this: military action, political conflicts, the financial crisis and the general economic situation of the country. Specialists are not the only ones who are worried about the exchange rate of the dollar against the hryvnia; the whole society is also concerned.

2.2. The peculiarities of the market emission.

The national economy is a close unity interconnected real (commodity market-services, the market of factors of production) and financial owl sectors. The modern market is a bigger concept deep, multifunctional, complex and is a system of markets, among which a special place belongs to the money market, which is understood the mechanism by which the interaction is the effect of supply and demand of money.

Banks cannot directly influence on inflation using interest rates and reserve requirements, there are also other factors impact. Quantitative theory is sometimes compared to "black box ", which on the one hand come money, and on the other - the prices. Therefore, one of important tasks of the central bank is to develop research and use of the mechanism changes in monetary policy, which influence production and price levels. Process transfer of changes through various instruments available in central bank, the financial sector economy is divided into channels and has a name "Transmission mechanism". In all models of monetary transmission of most European countries, including European Central Bank, present channel exchange rate, credit channel and exchange channel (reflects the dependence of savings and savings living of the population from the interest rate). Group scientists of the Center for Scientific

Research of the NBU conducted theoretical research, analyzing economic strong preconditions and summarizing the available approaches to study the mechanism of monetary transmission in Ukraine, distinguishing in the structure of monetary transmission mechanism four channels: interest rate, exchange rate (as part of asset prices), credit channel and economic expectations channel subjects.

The use of a transmission mechanism is enough complex, so to facilitate decision-making in the field of monetary policy of the central bank apply target guidelines. In modern practice most CBs use mainly two strategic to achieve this goal. The first strategy is in the application of an indirect policy based on is based on the growth of a particular monetary aggregate on exchange rate regulation. In this case, the price the central bank manages the number of shay (or loan volumes) or the exchange rate for achieving a certain level of inflation. The second strategy provides for the establishment of a target in the field inflation. As a rule, the target is set is for future inflation to have a time lag to make certain changes in the field of monetary new policy. In this case, the policy of the central bank will change on the basis of many macro-economic indicators that affect demand and supply in the economy. Such indicators there may be asset prices, inflation expectations, real output, growth in credit dating, wage costs.

Bank of England economist G. Hoggart believes that precisely because of the difficulties that arise during forecasting the velocity of money, a number of countries abandons intermediate guidelines in the field monetary policy in favor of intermediate exchange rate benchmarks (especially in countries developing) or in favor of the ultimate target guidelines for future inflation (in some developed countries) countries). The first group of countries includes Ukraine, Russia and most of the former countries socialist camp. The second group of countries Australia, Canada, Finland, Israel, Iceland action, Sweden, the United Kingdom, etc.

Targets are obvious to the masses population and provide for the definition of currency exchange rate based on an anchor country with low inflation, for example, the

United States or Germany. G. Hoggart remarked that after some time this leads to convergence market prices and inflation with a foreign country. Targets in the field of exchange rate mean- that domestic policy is built in accordance with monetary policy of the country- "anchor".

A policy based on currency benchmarks rate, does not allow short-term fluctuations interest rates and real output, due to unexpected changes in demand for money. At a fixed exchange rate changes in demand on money are balanced by external (from foreign countries) impact on the money supply (through the inflow of capital thaw). At the same time, they have relative disadvantages with monetary targets through visible negative changes in the material production sector such as deteriorating trade conditions, declining production or loss of export markets. Fixed this exchange rate involves fixing the relative prices and does not allow for negative real shocks adjusted for devaluation. That means that the domestic economy must undergo significant structural reforms. After all, if wages and domestic prices will not be flexible, the volume of real production will be reduced. To compensate for this negative reduction during the use of monetary interest rate targets may be partially reduced in order to promote the growth of mass and volume of lending to the level of one target. Inflation targets include prepare an appropriate forecast for its con- critical value. If inflation is expected deviate from the target, this will mean that need for change: holding tougher policies in case of raising the target and easing policies in the event of lower inflation below the target level. As a rule, the target dashes are set in the form of ranges, not fixed values of certain indicators. Such flexibility contributes to the mitigation of violations of economic weight in production, which also affects on prices (for example, in trade).

In different countries, preference is given to whether another channel of the transmission mechanism and there is a decision on the choice of target depending on the main purpose of the monetary policy. In most developed countries the main goal activities of the central bank is to ensure price stability, in the control of inflation for

the long-term growth of the economy at low unemployment rates. By 2010, the main goal of monetary credit policy in Ukraine was fundamentally different from declared in most other countries. Officially defined in the law purpose of monetary policy was the stability of national monetary unit, the components of which are internal (price) and external (exchange rate) stability. Yes, according to Art. 1 of the Law of Ukraine "On the National Bank of Ukraine it was stated that price stability is maintained pricing system at a certain level through support stable exchange rate of the currency of Ukraine.

However, in 2010 due to changes made to of this law, this article has been amended to that "monetary policy is a complex measures in the field of money circulation and credit, aimed at aimed at ensuring the stability of the monetary Ukraine through the use of certain means and methods ". Under price stability, the NBU has implying the preservation of the purchasing power of the national national currency by maintaining in the medium-term long-term (3 to 5 years) low, stable painful inflation rates measured by the index consumer prices.

Doctor of Economics, Professor MI Savluk considers that one of the means of influencing monetary power economic development may increase volumes and improvement of methods of use emission resource, understanding it as the money funds generated by the banking system in the process increase the money supply. It is about the credit channel of money issue which provides refinancing of banks by the NBU at the expense of this. This money acts as an impetus for the future animation of money by banks.

With the currency regime in force until 2010 currency interventions of the National Bank of Ukraine they have long been the main tool monetary policy, and foreign exchange transactions market - the main channel of national emissions currency in Ukraine, through which the National Bank Ukraine in 2011-2016 were issued payments means.

Until 2008, with the exception of 2004, in the structure emission transactions were dominated by transactions that were carried out through a currency channel (sometimes they reached almost 95% of the total amount of emissions). The situation changed during the financial crisis. In 2008 through a credit channel almost 78% of the issue of payment instruments was while in foreign currency - only 18%. In addition, after a break, the stock channel became more active emissions. In 2010, it was 33.6%, in the following three years - about 20%. Quite significant changes from

were in the structure of the currency and credit channels left. Thus, in 2011 an attempt was made to return to engage in traditional currency issuance of money (71%), however, in 2012 its share decreased to 57%, and in 2013 - up to 28%.

Issuing money through the credit channel last has increased significantly over time and in 2013 has already fork 52% of the total. Significant changes have taken place in 2014, in which the non-cash issue became 288.1 billion hryvnias, and in 2015 - 330.5 billion hryvnias. and this is more than in 2016, by UAH 178.5 billion.

Therefore, given the declared changes in the main purpose of monetary policy in Ukraine, it is possible to state strengthening of a role of other channels issuance of money, except for currency, namely – credit and stock.

And it should be noted the absence of any systems in the process. We can assume that this is the case instability in the distribution of money through various channels are most likely caused by feedback monetary power to various external shocks and indicates a loss of control of monetary sphere in Ukraine. In favor of such a statement evidenced by the references of Ukrainian officials to the first the cause of the financial and economic crisis as an external one source, not internal imbalances and contradictions.

The transition period from one target shooting range to another is somewhat chaotic and obvious aimed not at refinancing banks, but towards Government. Although it should be noted that the central banks many countries of the world,

especially the developed have a similar policy today, providing emissions funds to governments to perform their functions and consumption through budget subventions.

The steps of the National can be considered positive of the Bank on changes in the exchange rate orientation on inflation price. This will give more opportunities to the central bank in conducting an independent country- "anchor" policy. However, the ways of transition from one goal regime to another is somewhat ambiguous. For more detailed analysis of such judgments by the author is investigated emission and sterilization operations in terms of the three main channels for the period allocated from the total paintings, namely for 2011-2016.

The largest amount of funds (UAH 218.2 billion) was issued by the National Bank of Ukraine in 2012 during the acute phase of the financial crisis of the NBU. Then emission funds were also withdrawn from circulation. UAH 179.6 billion. To do this, the credit channel through which the issue took place in the amount UAH 169.5 billion and UAH 110.4 billion was withdrawn. The currency channel began to play the role of sterilizer funds than the issue. Yes, in 2012 through UAH 29 billion was withdrawn from it. In the following 2013, In 2015 and 2016, the situation repeated itself, and through currency channel was sterilized, respectively, UAH 63.8 billion, UAH 14.2 billion. and UAH 7.5 billion. It cannot be assumed that the credit channel has become a emission source, and although in 2012, 2013 and 2016 through it was issued quite large sums of money, UAH 169.5 billion, UAH 64.4 billion. and UAH 97.6 billion, however, sterilization operations were also performed in significant amounts of UAH 110.4 billion, UAH 39.8 billion. and UAH 93.6 billion. in accordance.

The period under analysis was marked by a clear predominance of the stock channel over others. Exactly through this channel was carried out a net issue of everything worth 1 trillion. UAH 235 billion and the stock the channel does not play an active role in the modern economy in economic development. It is used faster to support the fulfillment of budget commitments. Therefore, on the one hand, its activation is impossible consider successful decisions of monetary policy that effectively affects the

economy. But, on the other hand, after the acute phase of the financial crisis 2009-2010 and still almost all central banks, especially in economically developed countries, use this channel to support overall consumption and, consequently, to develop the economy.

Let's analyze the impact of different channels of money issuance on the formation of the monetary aggregate M3 as the most used indicator of money supply. In the table. 3 shows the shares of money issued by the NBU in general and through different emission channels in the growth of the monetary aggregate M3.

The role of the NBU in the total issuance of money in the economy significantly varied over the years. Yes, in 2011 and 2012 the share of the NBU issue in the growth of M3 was 29.6%, and 32.5%, respectively, and in 2013 the role of the central bank was insignificant and did not cover the typical effect of banks. Following 2014 showed rapid growth – to 32.1%, and in 2015 again a significant decrease – almost 4 times compared to the previous year - 7.3%. In 2016, the NBU again actively issued money to him the share was 36% in M3 growth.

Issues from banks are almost twice as high as those of the NBU. Such is the uneven dynamics of the NBU's participation in the issuance of money for economy has negatively affected the main economic macroeconomic indicators - GDP growth rates, inflation, banking and the real sector of production.

Analysis of world experience in the application of various channels of the transmission mechanism and targets of monetary policy, in our opinion, proves the need for wider use National Bank of Ukraine credit channel issuing money and more efficient and tested world practice of the regime based on price stability.

It is appropriate to highlight several benefits of prevalence credit channel over others. First, coming out from the postulate of the credit nature of modern money, the priority direction of the use of the issue resource central bank must be credit and investment financing of the real sector of the economy.

Second, refinancing by the central bank commercial allows the latter to run their own emission resource through the monetary process animation. Third, the management of banks' own issuance resource will enable domestic producers increase competitiveness through reduction interest rates and inflation and fill the country's economy with cheap credit.

2.3. The main issues in the history of Ukrainian currency market development.

In 2009, the development of the foreign exchange market in Ukraine was influenced by the deficit availability of foreign currency in the country at the beginning of the year. Export operations brought less revenue. It dropped significantly to \$ 48.6 billion from the original \$ 66 billion in 2008. Foreign exchange earnings of up to \$ 32.4 billion, compared with a profit that was in 2008, which is \$ 40.9 billion. In 2009, there was a significant reduction in transactions in the interbank market, as the volume of foreign exchange purchases and sales fell to \$ 573 billion in comparison with 2008, where the same volume was \$ 770 billion, which is 25.7% less. Foreign exchange interventions for the sale of foreign currency amounted to \$ 10.4 billion, and were \$ 3.9 billion.

The supply of foreign currencies was very low and demand was significantly higher. At \$ 2.3 billion, from \$ 6.1 billion in 2008 to \$ 8.4 billion in 2009. The number of transactions in the interbank market from the euro increased significantly by 7.7% - to 21.9% and the number of transactions decreased from \$ by 6.6% - to 71.1% in Russian rubles. The number of transactions with \$ in cash increased to 71.9%, with the share of transactions in euros unchanged and a slight decrease in the share of transactions in Ukrainian hryvnias. The nominal effective exchange rate depreciated by 7.7%, while the real effective exchange rate depreciated by 2.3%.

The following year - 2010 - was followed by a significant stabilization of processes, operations and incomes in the foreign exchange market, also the balance of external receipts from non-residents was positive, there was an increase in market quotations of the hryvnia. The dynamics of the exchange rate depended on the demand in Ukraine and the supply of foreign currency in the domestic market. The exchange rate of the hryvnia to \$ - 796.17 UAH. for \$ 100, i.e. rose against the dollar by 0.3%. In relation to the Chinese yuan, the official exchange rate of the hryvnia in 2010 decreased by 3.10%, in 2009 - by 3.85%, in 2008 - by 62.93%. The hryvnia appreciated against the euro by 7.7%, against the Russian ruble - by 1.1%, the British pound sterling - by 2.9%, the Polish zloty - by 3.9%, and the Hungarian forint - by 9.9%. The currency did not change in the total volume of foreign exchange transactions - 19.3%. The volume of purchases of foreign currency by banks increased by 22.6%, sales - by 20.1%. Foreign exchange demand exceeded supply by \$ 9.7 billion. The prevalence of demand over supply during 2010 gradually decreased.

The demand for non-cash foreign currency amounted to USD 7.9 billion. The average daily volume of foreign exchange transactions increased by 59.2% due to an increase in demand for foreign exchange (by 60.1%) and supply (58.1%). The volume of transactions with non-cash foreign currency amounted to \$ 46,322.5 million. USA. The increase in the share of transactions in the non-cash sector of the foreign exchange market with US dollars increased by 3.8 percentage points - up to 76.5%, with euros - by 0.4 percentage points - up to 15.0%, with Russian rubles - by 1.1 percentage points. item. points - up to 5.5%.

In 2013, the supply of non-cash foreign currency amounted to USD 1.6 billion. The average daily volume of foreign exchange transactions amounted to 17.1%, its increase was due to an increase in the supply of foreign currency (by 19.3%) and demand (by 14.9%). Most of the transactions were carried out in a non-cash form, and the share of non-cash transactions with foreign currency in the total volume of transactions in the foreign exchange market increased by 1.5 percentage points - up to

94%. The volume of transactions with non-cash foreign currency in the interbank market amounted to 79,862.1 million dollars. USA. Cashless transactions in US dollars increased by 1.1 percentage points to 77.6%, in Russian rubles - by 0.6 percentage points to 6%. But the share of transactions in the euro decreased by 0.3 percentage points - to 14.7%, with other currencies by 1.4 percentage points - to 1.5%. Net demand for foreign currency in cash in 2013 was \$ 2.9 billion. USA.

Volume of cash foreign currency transactions amounted to \$ 3,515.8 million. USA, the amount of currency purchased by banks in the population warehouse 1,287.8 million dollars. USD, sold to the population - 2 228.0 million dollars. USA. Transactions with cash foreign currency increased from the euro - by 1.4 percentage points - up to 13.0%, with Russian rubles - by 0.4 percentage points points - up to 12.2%, with other currencies - by 0.1 percentage points - up to 1.2%.

Instead, the share of transactions with US dollars decreased by 5.5 percentage points - up to 73.6%. The average daily volume of cash transactions foreign currency decreased by 11.8%, demand - by 23.9%, and supply increased by 8.4%. The hryvnia depreciated against the US dollar non-cash transactions by 1.2%, with cash transactions - by 2.4%. Nominal effective exchange rate increased by 4.0% due to the strengthening of the hryvnia against the Russian and Belarusian ruble, Japanese yen, etc. Real effective exchange rate decreased relative to December 2012 by 0.4%, which helped maintain the price advantages of Ukrainian producers. International reserves amounted to USD 20,415.7 million. USA.

During 2015, the hryvnia exchange rate decreased from UAH 1,576.86. by USD 100 to UAH 2400.07. for \$ 100 at the end of the year, the peak value was recorded on February 26, 2015 - UAH 3001.01. for \$ 100. The volume of interventions in the interbank market amounted to 4250.7 million UAH. US dollars, which is much less than in 2014. The volume of trade interventions amounted to \$ 2,046.6 million. USD, from the purchase - 2204.1 million dollars. USA.

After a strong acceleration of devaluation, the NATIONAL BANK OF UKRAINE was forced to spend funds from its reserves to meet market demand and maintain the exchange rate. The balance of interventions in the interbank foreign exchange market reached \$ 233.1 million. USA. The amount of transactions with foreign currency in cash amounted to USD 239.9 million. The predominance of the sale of foreign currency by the population over the volume of purchases has significantly decreased, including the amount of foreign currency purchases by the population of banks amounted to -180.3 million dollars.

The amount of non-cash transactions in foreign currency amounted to USD 13,907.0 million. USD, including sales of the bank's clients, amounted to USD 4,435.0 million, purchases - USD 3,657.3 million. USA The average daily trading volume on the interbank market amounted to \$ 746.82 million. USA. The volume of gold and foreign exchange reserves at the end of 2015 amounted to \$ 13,299.99 million. USA, for the year they grew by 87%. The official exchange rate of the hryvnia to the US dollar fell by 0.5% and amounted to UAH 2,400.0667. for 100 US dollars, euros - by 3.8% and amounted to UAH 2622.3129. for 100 euros, the Russian ruble - by 8.7% and amounted to 3.2931 for 10 Russian rubles.

During 2016, a predominantly stable situation was visible on the foreign exchange market; at the end of the year and at the beginning of 2017, there was an increase in devaluation pressure on the hryvnia, despite favorable external factors. This was due to many factors, primarily with an increase in enterprises' payments on foreign loans at the end of the year, an increase in budget expenditures at the end of the year, VAT refunds and, of course, with a psychological factor that arose due to a temporary increase in tension on the political background. and capitalization of Privatbank at the expense of public funds.

In the cash segment of the foreign exchange market, by the end of 2016, the average daily purchases slightly increased, namely to USD 4.3 million compared to USD 3.5 million. USA in the third quarter of 2016, with sales volumes declining

significantly. But in general, the balance of purchase and sale of foreign currency in the IV quarter of 2016 remained positive for the state.

The volume of transactions in the interbank foreign exchange market with non-cash currency in December 2016 amounted to 3,179.0 million dollars. USA, including with sales of foreign currency amounted to 234.4 million dollars. USA, from purchase - 115.0 million dollars USA. Volume of transactions with cash foreign currency for sale amounted to 96.4 million dollars. USD, from purchase - 134.3 million dollars. USA.

During February, the state of the foreign exchange market remained stable, but sometimes there was an increase in exchange rate volatility. Given this, the National Bank Of Ukraine was present in the market and responded to exchange rate fluctuations.

The official exchange rate of hryvnia to the US dollar in February decreased by 0.24% and at the end of the month amounted to UAH 2,707.37. for \$ 100 USA, to the euro – on 0.64% and at the end of the month amounted to 2864.17 and against the Russian ruble increased by 3.59% and at the end of the month amounted to UAH 4.67. for 10 Russian rubles. That is, the dollar fell by UAH 0.0653. for USD US dollars, euro by UAH 0.1858. and the ruble went up by UAH 0.016.

An increase in the supply of foreign currency and a decrease in demand for it during February contributed to the strengthening of the national currency rate, which for the month (as of February 27, 2017) strengthened by 0.5% since the beginning of the year. The net balance of purchases of foreign currency by the National Bank of Ukraine in February (as of February 27, 2017) was positive. The hryvnia exchange rate on sales in US dollars decreased by 2.45% and at the end of the month amounted to UAH 2,738.51. per 100 US dollars, per euro - by 2.11% and at the end of the month amounted to UAH 2,915.80. for 100 euros. Thus, the dollar for sale fell by UAH 0.6885, the euro - by UAH 0.6271. In percentage terms, the dollar fell 2.45% and the euro fell 2.11%.

Thus, the hryvnia exchange rate for the purchase of the US dollar decreased by 0.5609 hryvnias, euros by 0.5211 hryvnias. As a percentage of the dollar fell by 2.03%, the euro by 1.79%.

In February, compared with January, the volume of transactions on the interbank market foreign exchange market with non-cash foreign currency decreased by 1.21% or \$ 39.2 million.

Foreign exchange sales amounted to USD 2,691.8 million. USD (in January - USD 2,724.7 million), purchases - USD 2,691.8 million. USA (in January - 2724.7 USD).

Table 2 – Interventions of the National Bank of Ukraine in the interbank foreign exchange market.

NBU investments	January	February	Change to the previous month	
			Nominal	%
Sales (mil. dollars USA equivalent)	235,8	52,7	-183,1	-77,65%
– mil. dollars USA	235,8	52,7	-183,1	-77,65%
– mil. euro	0,0	0,0	0,0	0,00%
– mil. other currencies in dollar equivalent	0,0	0,0	0,0	0,00%
Purchase (mil. Dollars usa equivalent)	157,8	133,6	-24,2	-15,33%
– mil. dollars USA	157,8	133,6	-24,2	-15,33%
– mil. euro	0,0	0,0	0,0	0,00%
– mil. other currencies in dollar equivalent	0,0	0,0	0,0	0,00%

The volume of transactions in foreign currency cash increased strongly compared to January. In January, the balance (sales minus purchases, total \$ 1 million) was -4.5

million dollars. USA, and in February - 47.2 million dollars. USA. At the same time, sales amounted to \$ 116.4 million. USA, in February already \$ 146.6 million. USA. The volume of purchases in January amounted to \$ 120.9 million. USA, while in February it amounted to \$ 193.7 million. USA. That is, in percentage terms, sales of foreign currency in cash increased by 25.9%, while the volume of purchases increased by 60.35%.

In February 2017, the National bank of Ukraine sold \$ 52.7 million. US (in January 236.8 million. dollars USA), which is 77.65% less than in January. As for the purchase, the National Bank Of Ukraine \$ 133.6 million was purchased. US dollars (in January 133.6 million US dollars), which in the percentage ratio compared to January is only 15.33% lower. At the end of February, international reserves amounted to \$ 15,460.30 million, while in January their amount was \$ 15,444.98 million. USA. The reserve position in the International Monetary Fund remained unchanged. The volume of Special Drawing Rights decreased by USD 74.46 million. US dollars (in January 2 773.01 million US dollars, in February - 2 658.55 million US dollars). The volume of gold increased by \$ 51.32 million. US dollars (980.38 million US dollars in January, 1,031.10 million US dollars in February).

Table 3 – International reserves of Ukraine as of the end of February 2017.

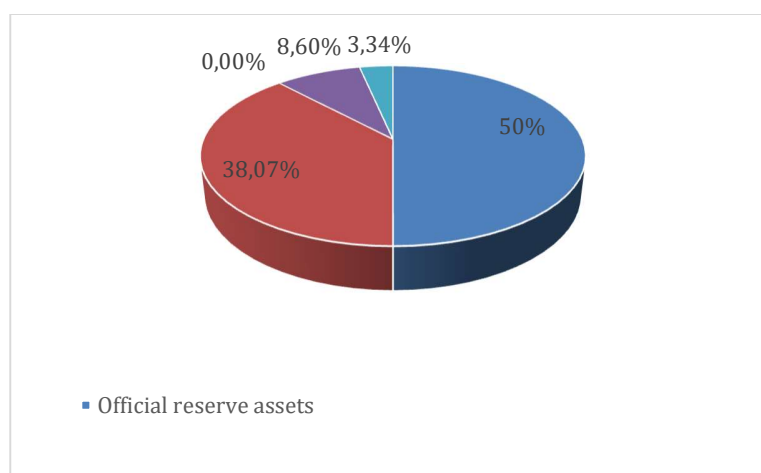
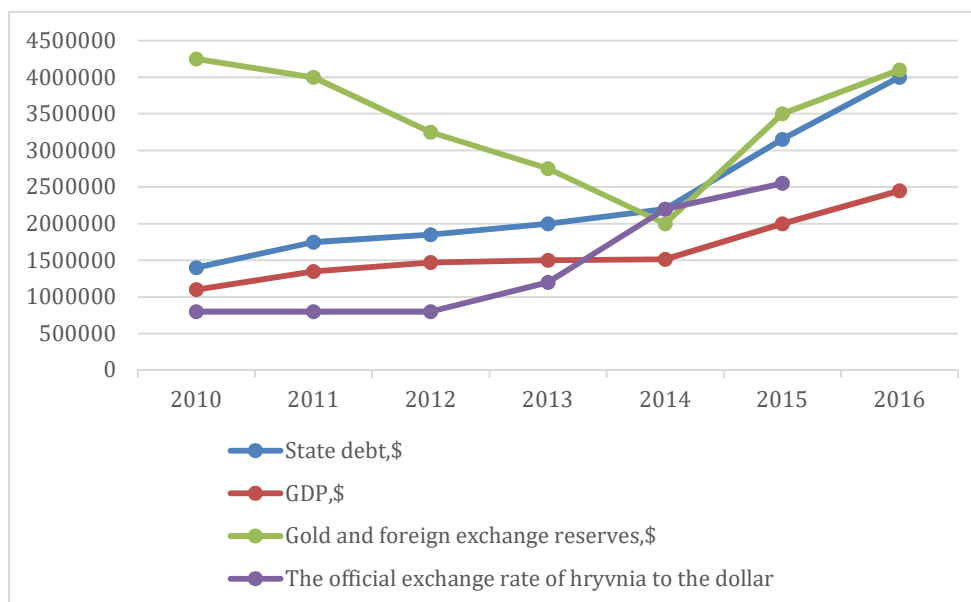


Table 4 – Dynamics of the main macroeconomic indicators of Ukraine in 2010–2016



After analyzing the data in Table 4, we can conclude that especially significant changes in the main macroeconomic indicators have occurred since 2014. Since the beginning of 2014, the national currency has depreciated against the US dollar by more than three times, and gold and foreign exchange reserves have decreased from 2010 to 2014 by almost 60%, while since 2014 the volume of gold and foreign exchange transactions began to increase, although at the beginning of 2017, it is observed again a decrease in the volume of gold and foreign exchange reserves by 0.51%. Public debt growth exceeds GDP growth. A high degree of macroeconomic stability in Ukraine on the part of the IMF and donor countries in 2017 will cause further contraction of the national financial and budgetary system, which will keep the economy in a depressed state. Despite all the negative factors, in 2017 Ukraine will continue its recovery trend after a tipping point in 2016, which led to a GDP growth of about 1.5%.

Table 5 – Dynamics of operations in the interbank foreign exchange market of Ukraine from cash and non-cash foreign currency.

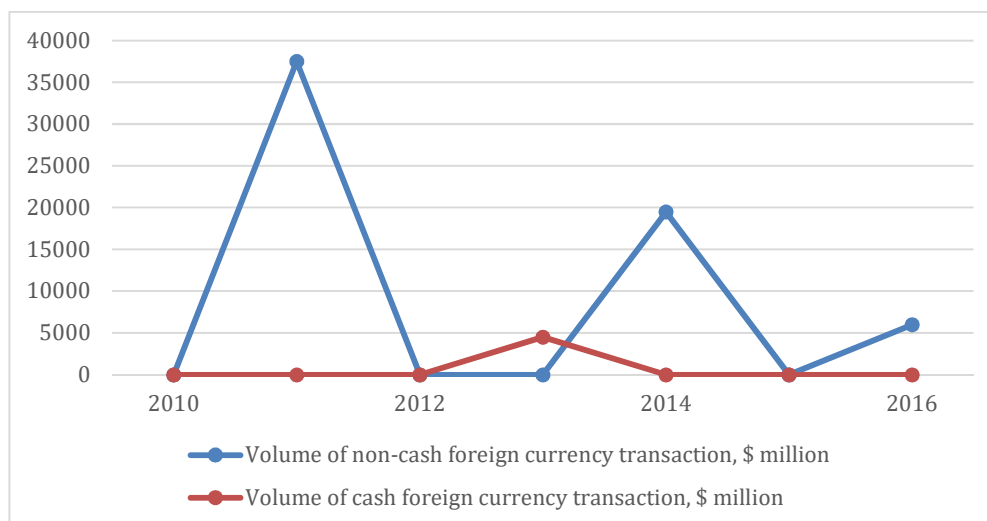


Table 3 shows that the volume of non-cash transactions with foreign currency in all years has exceeded the volume of cash transactions with foreign currency, this tells us that the main in all countries of the world, non-cash payments are widespread, they are convenient and effective, they allow you to control the flow of funds. In recent years, the volume of cash transactions with foreign currency has significantly decreased and, accordingly, the volume of non-cash transactions with foreign currency in the interbank market has increased.

The expected trend towards an increase in the volume of non-cash transactions with foreign currency in the interbank foreign exchange market, which is a positive factor in the development of the Ukrainian foreign exchange market, since it indicates that transactions in the interbank market are becoming more transparent and, accordingly, there will be funds in the budget, i.e. ... there will be no tax evasion, and banks will receive additional funds for these operations.

With regard to interventions, overseas sales have declined significantly since 2013, again due to the tense situation in 2014, due to a shortage of gold and foreign exchange reserves, the National Bank of Ukraine was unable to carry out sales. Since

2015, sales have started to grow again, i.e. The National Bank of Ukraine began selling foreign currency to increase the exchange rate for the long-term perspective of stabilizing the national currency by increasing sales of foreign currency. At the same time, in 2014, the volume of purchases of foreign currency began to increase. Thus, in the future situation on the foreign exchange market will remain twofold.

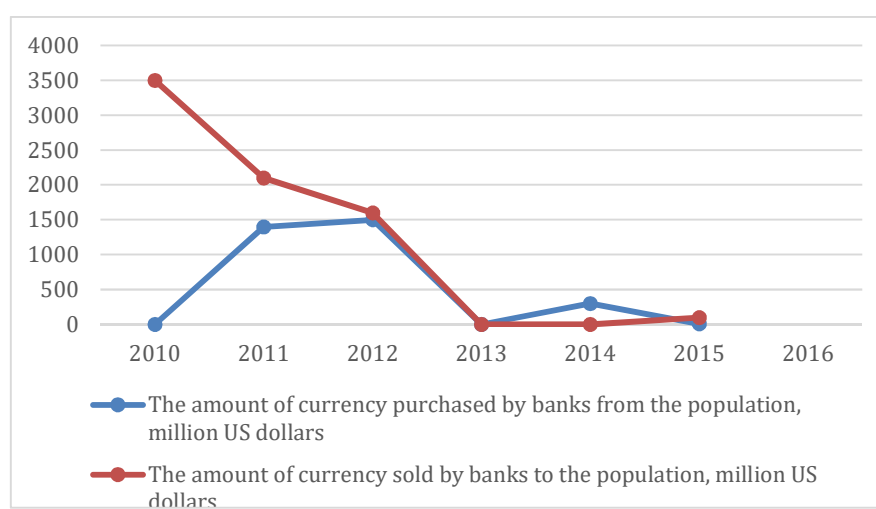


Figure 7 – Dynamics of cash foreign currency transactions.

As for transactions with foreign currency in cash, it can be argued that the volume of sales of foreign currency has always exceeded the volume of its purchase, which indicates the dollarization of the economy. This indicates that the hryvnia is losing its accumulation function because the majority of the population wants to keep their savings in a stable, strong currency. This is due to high inflationary and inflationary expectations, government loans in foreign currency, etc.

However, there is a positive trend of recovery in the growth of foreign currency sales from 2014 to the present. The National Bank of Ukraine is trying in every possible way to stabilize the national currency, and this is one of the main strategic goals for the long term.

These indicators show that Ukraine is in the process formation and reflects external aggression, in 2017 will not show us explosive growth, but the pace of recovery

will accelerate. A positive factor that will contribute to the de-shadowing of the foreign exchange market, was the abolition in 2017 of 2% of the pension fee for the purchase of the population cash foreign currency. In addition, this event is one step towards further liberalization of the foreign exchange market and fulfillment of Ukraine's obligations under program of cooperation with the IMF.

3. THE IMPORTANCE OF CURRENCY MARKET INFLUENCE ON THE ECONOMY

Monetization of the economy characterizes the degree of security of the economy with the money needed to make payments and calculations, and reflects the provision of production and consumption processes with the appropriate money supply. Also, this indicator characterizes the level of credit activity. The greater the value of monetization, the greater, other things being equal, the demand for real money. The level of monetization is determined by the level of economic development [8].

The velocity of money characterizes the intensity of the use of money in circulation to pay for goods and services sold. Changing the velocity of money significantly affects the supply of money in circulation and thus affects the effective demand and costs of circulation, complicates or facilitates the regulation of money circulation, gives a generalized reflection of changes in the intensity of economic processes.

The analysis showed that in Ukraine the level of monetization of the economy does not meet the normative value (70-80%). In 2013, the highest value of this indicator was observed - 62.29%. However, by 2016 it had decreased by almost 20% and was only 42.60%. Quite low values of the coefficient of monetization of the economy confirm the crisis processes of the country's economic system.

As for the velocity of money, for the analyzed 2012-2016, it meets the standard. Since 2013, there has been an increase in this indicator. The highest value for the analyzed period was recorded in 2016 - 2.34 times. However, the growth of this indicator is due to high interest rates and inflation. An important indicator that affects the stability of the economy is the level of dollarization, which means the displacement of the national currency stronger - foreign currency (mostly US dollars), which is used in the functions of circulation, payment, accumulation, measure of value. This indicator has a negative impact on the state of the economy for a number of reasons:

- reduces the effectiveness of monetary policy;
- undermines national interests;
- impoverishes society and the state;
- promotes the illegal outflow of capital abroad;
- reduces the investment climate in the country;
- artificially devalues and deforms the structure money circulation [1].

Recently, there has been a significant level of dollarization. Thus, according to the IMF calculation method, its level as of March 2016 was 32.2% with a threshold value of 30%.

Although in the developed countries of the world the value of dollarization does not exceed 5-7%. This trend in Ukraine is caused by the interest of economic agents in relatively stable purchasing power, which is why they prefer a more stable foreign currency [10]. The volume of gold and foreign exchange reserves is the key to the country's economic growth. If the state has significant amounts of international foreign exchange reserves, then it will be able to localize the effects of any factors that cause imbalances in the financial market through intervention measures. Proper structure of gold and foreign exchange reserves allows to maintain stability national money and balance of payments balance [9].

Considering how the official exchange rate of the hryvnia to the US dollar and Ukraine's gold and foreign exchange reserves have changed. As we can see, the exchange rate tended to increase. During the period from December 31, 2013 to December 31, 2016, the hryvnia depreciated almost 3.5 times. At the same time gold and foreign exchange reserves decreased by 12,882.4 million dollars USA.

Thus, the money market is an important mechanism for the functioning of Ukraine's monetary system. Development of money market provides economic growth and depends on specific conditions and factors. Inefficient functioning of money market and the economic crisis have reduced access to external credit resources, occurred falling GDP in dollar terms. The reason for this was the wrong approach to lending,

which did not ensure efficiency monetary mechanism, especially that banks are getting smaller every year.

The weighted average interest rate on loans remains high compared to EU countries. Low monetization and weakness cash flows are country specific with a transition economy. Therefore increase the efficiency of monetary functioning market will contribute to the sustainable development of the real sector of the country's economy.

4. THE CORRELATION BETWEEN THE TRANSFORMATIONAL PROCESSES AND THE CURRENCY MARKET

Organization and continuous development of cashless calculations is one of the most important prerequisites transformation of the economy of a state striving for a development. In the total money supply in economically developed countries, the share of cash is not laundered higher than 29% [9]. Thus, it is necessary to analyse the dynamics of the monetary structure mass of Ukraine for the last 5 years.

The cash flow fluctuates between 26.3 and 29.6%. It should also be noted that not only the volume is growing, but also the amount of cash in the country's money supply. Such an increase in the level of monetization leads to increased inflation and leads to disbalance sheets in the country's economy. The problem may be the withdrawal of non-cash roses accounts to a new level by carrying out effective reforms development of the mechanism of non-cash settlements hunks starting with business entities. A full-fledged transition to non-cash money circulation is the basis for the formation of a transparent financial system state, by reducing the level of shadowing of the economy, as a result, increase revenues to states and local budgets of Ukraine [19].

The first tangible advantage of reforming the mechanism of non-cash payments will be the rise liquidity of the banking system due to growth the resource capacity of the bank due to the increase in tea cashless payments. Adverse effects on the increase in cash in circulation are caused by the following factors [20]: high level shadow economy and a large number of uncontrolled natural markets; instability of the deposit and va lute markets, resulting in periodic observations depositors withdraw deposits, low level of income; underdeveloped financial markets; no a significant proportion of non-cash forms of payment hunks of the population; economic and political on instability; devaluation and inflation expectations; the presence of risks when using non-cash forms calculations; lack of population dos type of use of non-cash payments tools; limited use use of non-cash forms of payment hunks in the countryside and others.

The usage indicators payment cards issued in Ukrainian banks are growing every year, which is a positive trend, however, the growth rate is insufficient for qualitative changes in the structure of money circulation and the functioning of the monetary system. All over the world, innovative card products have long been a vital necessity of the modern subject. In developed countries are so ingrained non-cash calculations, which is important in the development of new products and services for banks, enterprises in the field of services, trade there is the maximum convenience of the client at implementation calculations. In Ukraine, banks are also actively introducing innovative card products. In particular on the basis of mobile devices.

These devices allow remote banking services customers to manage their account without visits bank and make payments of various kinds, for example, utility bills, pay fines, insurance, send and receive international services, receive cash at ATMs without cash payment card, provide management commands, , even take pictures receipts for payments and send to the bank for their performance by bank employees, etc.

Another innovation is the introduction of contactless technologies, which in turn leads to increased convenience and speed of customer service in trade networks. A striking example of this is without contact technology PayPass, which allows pays for purchases in small amounts without the participation of the cashier. Card sticker raised to the reader at the checkout or the past allows the client to write off immediately funds from the account. This type of services is already quite successfully implemented. However, along with such innovations and active work of banks on the issue and about mass payment service implementation and quality use of current for the main purpose in Ukraine is not happens.

The development of the domestic card business can be described as rapid, but mostly extensive. According to National bank of Ukraine statistics, market growth is mainly due to the implementation of salary and pension projects by banks and payment cards are used by their holders to a greater extent not for non-cash payments, but for cash withdrawals.

According to the official data, the number of active payment cards over the past 15 years has increased almost 10 times - up to 31984 thousand units, the total number of payment cards in circulation since 2009 and the first quarter of 2017 increased by 28% - up to 58089. The number of pieces of equipment has also changed over the last five years. If the number of ATMs decreased by 7%, or by 2369. over the past 5 years, the number of terminals increased by 35%, or 56,517. In the total number of terminals, the share of trade terminals as of the first quarter of 2017 was 90.2%, or 206,676 units, and banking terminals - 9.8%, or 20,250 .

It should be noted that over the past five years, the number of bank terminals decreased by 8510, or 30%, and trade terminals - on the contrary, increased by 72712 , or 55%.

Despite the positive dynamics of growth in the number of cards and equipment for their reception and maintenance, qualitative changes have not yet taken place. Therefore, there are trade and services enterprises more than 600 thousand [5], of which only 155913 thousand institutions provide customer service for accepting payment using a payment card [3].

In general, according to the National Bank of Ukraine, as of the beginning of 2017, in the amount of transactions made using payment cards only 38.4%, or 163,511 million UAH. were non-cash payments, and cash withdrawal transactions amounted to 61.6%, or UAH 262 million. But over the past five years, this figure has had a positive trend - in 2013, the share of non-cash transactions using payment cards was only 17.4%. Thus, it can be argued that the growth of infrastructure is positive

affected the growth of non-cash payments.

One of the quantitative indicators that characterize the state of money circulation is the size of the money supply, the volume and structure of which have a significant impact on the economic development of the state. In Ukraine, there is a tendency to increase the money supply.

The NBU's policy of reducing inflation contributed to the fact that the monetary base began to grow for all units. In 2017, there was an increase in all indicators

In the regulation of the money supply in Ukraine, one of the central problems is the suboptimal structure of the money supply. Solving this problem will help to exercise effective control over monetary aggregates and conduct effective monetary policy.

Overall, money and monetary systems are an active lever of influence on the economy in modern market economies. Modern monetary systems by their properties - multifunctional and provide

implementation of money turnover and money supply. Each state forms its own monetary system, trying to give it full independence and the ability to withstand external influences when they threaten the interests of the national economy. The existence of such a sovereign monetary system is one of the key signs of political and economic independence of the state.

CONCLUSIONS

From the information considered point by point, the following should be highlighted: the foreign exchange market is a special market within which many operations take place. Among them are the purchase, sale and exchange of goods, the price of which is the exchange rate. The participants that make up the foreign exchange market are objects and subjects, market price, infrastructure, communication, supply and demand. The financial market includes such an important segment as the foreign exchange market, which means that the degree of development of the foreign exchange market has an impact on the development and the current state of the economy, and vice versa. Various operations that are carried out: transfers of foreign funds, trade and non-trade operations, operations to attract foreign currency, affect the setting of the market price of a currency relative to the national currency - a unit that allows economic entities to conclude transactions. Foreign exchange market participants can buy and sell goods and an ambassador in any currency of another person with whom they have entered into an agreement. The modern market of national currencies is now at the stage of formation and has not yet been finally formed, but its tendencies and principles are already visible and understandable.

The foreign exchange market of Ukraine is organized and regulated by the National bank of Ukraine. It conducts foreign exchange interventions to stabilize national currency, regulates the mechanism for forming the exchange rate⁶, manages gold and foreign exchange reserves, devalues and revalues the national currency, etc.

To optimize the volume of international reserves, financing was provided by international financial institutions. The stability of the foreign exchange market is also influenced by the political situation, as well as the state of the macroeconomy. The state of balance sheets, budget deficit and its reduction, investments and currency reserves, political situation and the economic situation in the country and the world are the factors influencing the formation of the hryvnia exchange rate against foreign currency.

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APPENDICES

APPENDIX A

SUMMARY

Koval E. Y. Development of the currency market of Ukraine. – Bachelor-level Qualification Thesis. Sumy State University, Sumy, 2021.

The bachelor's thesis focuses on the development and the general state of the currency market of Ukraine, the features of its functioning, and the main development problems. All the aspects of the currency market of Ukraine, its current state, the main peculiarities, and issues of the development were analyzed. In addition, it was discovered the importance of the currency market functioning and how it influences the economy.

The purpose of the work was to study the conditions of the national currency market, features of its functioning, and development problems.

Keywords: exchange market, currency, money market, emission, foreign exchange market.

Анотація

Коваль Є. Ю. Розвиток валютного ринку України – Кваліфікаційна бакалаврська робота. Сумський державний університет, Суми, 2021 р.

Бакалаврська робота присвячена розвитку та загальному стану валютного ринку України, особливостям його функціонування та основним проблемам розвитку. Було проаналізовано всі аспекти валютного ринку України, його сучасний стан, основні особливості його розвитку. Крім того, було визначено важливість функціонування валютного ринку та його вплив на економіку.

Метою роботи було вивчення стану ринку національної валюти, особливостей його функціонування та проблем розвитку.

Ключові слова: валютний ринок, валюта, грошовий ринок, емісія.