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## **MONEY CIRCULATION IN THE RUSSIAN FEDERATION**

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Annotation: This article is about the regulation of money circulation in Russia. The law of money circulation is discussed. The concept of cash circulation is studied in detail. The analysis of cash and non-cash circulation is carried out. The article focuses on the study of the rules of electronic means of payment, i.e. e-money and virtual currency. It examines the types of issuers. The history of the origin of money, types, essence and functions are disclosed. The author will analyse the theories of money. The concept of "money supply" will be explained and its measurement will be discussed. A description of the creation of money is presented. Keywords: money circulation, currency, money, electronic money, virtual currency, coins, issue, issuers, money supply, demand.

Before going deeper into this topic, we would like to start by familiarising ourselves with the concept of money circulation. Monetary circulation is the movement of money within the country, in the system of foreign economic relations, in cash and non-cash form serving the sale of goods and services, as well as non-commodity payments in the economy. As mentioned in the definition, there are non-cash and cash circulation. Cash circulation is monetary movement which takes place by means of coins and banknotes issued by the Central Bank.

Cashless circulation is the movement of money in the bank accounts of customers, the essence of this movement is that cash is not used. In Russia, non-cash payment is determined by certain rules of the Bank of Russia, which in turn is based on the laws of the Russian Federation. There is a special distinction between these two types of cash circulation. The relationship, as money is in constant

motion, it can move from one sphere of circulation to another. As for cash circulation, people are more familiar with it than with non-cash circulation, because it is in this form that the population of Russia receives certain payments: wages, pensions, scholarships, and various benefits. In addition to receiving money in this form, people spend cash on various purchases, to pay taxes and so on.

Many people do not know, but even money has an "expiry date", e.g. a paper note can serve for 7 months, and a coin for more than 10 years. We can talk about coins endlessly, but I would like to highlight the most interesting part. Perhaps not everyone knows that a coin consists of two parts. The first part is called the obverse – this part depicts the coat of arms, some famous personalities and so on. The second part is called the reverse – it shows the denomination and the name of the coin.

Next we would like to focus on electronic means of payment. E-money has an important role in our lives, and many people can no longer imagine life without it. To the great disappointment people are not aware of the fact that e-money has a specific order of use, which was officially approved on 27.06.2011. But what is electronic means of payment? Electronic means of payment – means that allow the client of the money transfer operator to transfer in order to carry out the transfer of funds within the applicable forms of cashless payments using information and communication technologies, electronic data carriers, including payment cards, as well as other technical devices.

Issuers is an organisation that issues securities. Issuers play a major role in the market, as the development of the market depends on them. There are several types of issuers:

1. The state has the right to issue federal loan bonds and Eurobonds. The state as an issuer of securities is considered a less risky option compared to other types. There are many purposes that the state pursues, but the most important one is to supplement the state budget.

2. Next comes the more risky type of issuer – municipal authorities. What are their functions? They issue securities which have a higher return than federal loan bonds. The main purpose is to supplement the budget for the development of the region.

3. legal entities issue securities in order to increase their share capital. The risk here is already higher than with state issuers.

Of course, issuers have certain rights and obligations when issuing securities. There are not many rights, but they are there:

1. to operate within the limits of the law.
2. To make a profit from the issue and spend it on their own purposes and needs.

There are a few more duties:

1. Comply with the law on the registration of the issue.
2. Oversee the flotation of the assets.
3. Provide purchasers with the rights that are prescribed in the issue of securities. Every issuer has certain risks. For example, bankruptcy of the issuer.

We are gradually learning more and more about the circulation of money in the Russian Federation. Next we will talk about the money supply. The money supply is the totality of cash and non-cash means of payment which serve economic relations and belong to natural and legal persons as well as the state. For the purpose of analysing changes in the movement of money over a certain period of time in financial statistics began to use monetary aggregates.

There are several monetary aggregates:

1. Cash in circulation (M0) – a liquid part of the money supply, which includes notes and coins in circulation, except for amounts of cash at cash offices of the Bank of Russia and credit institutions.

2. Transferable ruble deposits (M1) – funds in settlement, current and other demand accounts (including plastic card accounts) of residents of the Russian Federation (organisations and individuals) opened in the banking system in the currency of the Russian Federation.  $M1 = M0 + \text{transferable deposits in roubles}$

3. Other RUB-denominated deposits (M3) – funds on time deposit accounts and other funds attracted for the term in the currency of the Russian Federation, precious metals accounts, and all accrued interest on deposit operations by residents of the Russian Federation (organisations and individuals) in the banking system.  $M2 = M1 + \text{other ruble deposits}$

4. Other deposits in foreign currency – balances on time deposit accounts and other funds attracted for a term in foreign currency, as well as all accrued interest on deposit operations in foreign currency by residents of the Russian Federation (organisations and individuals). Broad money supply =  $M2 + \text{other foreign currency deposits} + \text{debt securities}$

5. Debt securities – deposit and savings certificates issued by credit institutions.

Above, we talked about money all the time, but we still don't know what it is. Money is a universal equivalent which expresses the value of other goods. The history of money in Russia is interesting. At the time it was called banknotes and was not at all like what we have now. Rather, they were banker's obligations, i.e. receipts for coins. The essence of money can be seen in the functions it performs. Today we can distinguish five main functions of money:

1. a means of payment;
2. a measure of value;
3. medium of circulation;
4. a means of accumulation of value;
5. world money.

It is believed that these tasks can only be accomplished if people are involved. It is they who set the prices of things, put them into circulation and make a profit from them.

A conclusion can conclude that money circulation is an integral part of modern economic relations. The flow of money opposes the flow of goods, services, which meet the immediate needs of the population, the state.

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