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**MECHANİSM OF İNTERNATİONAL CURRENCY-FİNANCİAL RELATİONS**

**Abstract**

The article contains information about "International currency-financial relations, the essence, types and functions of the world currency system".

Capital export, international trade with goods and services, scientific and technical cooperation lead to the creation of mutual monetary demands and obligations between the subjects of world economic relations.

Since the middle of the 20 th century, international currency relations have gained a new impetus in their development. The internationalization and globalization of the world economy has led to the development of trade and economic exchange between countries, and the development of currency relations. The stability of currencies, their permissible limits of fluctuation relative to each other and reserve currencies have become important problems of the development of the world economy. The creation of an efficient currency mechanism for the continuous implementation of world economic relations has become the central task of the international financial system.

It is important to regulate monetary relations, which determine payment and settlement operations between national economies and modern mechanisms of international currency relations. With the introduction of new mechanisms, international currency relations will be ensured more efficiently.

**Keywords:** capital export, impetus, internationalization, globalization, currencies, mechanism, targeted loan.

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**Introduction**

This concept can also be promoted as a set of economic relations related to the functioning of money as world money. As world money, money serves foreign trade, capital migration, conversion of profit into investment, granting of subsidies and loans, scientific and technical exchange, tourism, public and private money transfers [2].

The nature of currency relations depends on the state of international economic relations. Any changes in the forms of international economic relations will affect currency relations, but there is also an inverse relationship here. A currency

system is needed to regulate currency relations between countries.

The currency system is a set of monetary and credit relations formed on the basis of the internationalization of economic life and the development of the world market, reflected in international agreements and state-legal norms.

The currency system can be viewed from two sides. First, it is an objective reality that has emerged as a result of the deepening of economic relations between the countries. Second, this objective reality is understood and reflected in legal norms, institutions, and international agreements. In this sense, one can talk about the

creation of a currency system as a purposeful activity.[4]

As the internationalization of economic relations increases, national, regional and world currency systems are formed.

Initially, a national currency system was created. This is the form of organization of currency relations of the country, which was formed historically and reflected in the national legislation. The national currency system is determined by the currency legislation of the country.

The national currency system is a part of the internal monetary system and is determined by its characteristics. But at the same time, the national currency system is relatively independent and goes beyond national frameworks.

The national currency system includes the following main components:

- national monetary unit (national currency);
- composition of official gold-currency reserves;
- national currency parity and exchange rate formation mechanism;
- terms of convertibility of the national currency;
- existence or non-existence of currency restrictions;
- rules for the implementation of international settlements;
- national currency market and gold market regime;
- national bodies that regulate the currency relations of the country and provide services to it.

The national currency system has a number of functions:

- formation and use of currency resources;
- ensuring the foreign economic relations of the country;
- providing optimal conditions for the functioning of the national economy.

World and regional currency systems are considered international currency systems and serve to implement mutual exchange with the results of national economies.[1]

Regional currency system is a form of organization of currency relations of a number of states of a certain region. This form is reflected in interstate agreements and the establishment of interstate financial and credit institutions. An

example of this level of currency systems is the European currency system.

#### **Setting the issue**

The world currency system is a global form of organization of currency relations within the framework of the world economy. This form is regulated by international currency-credit and financial organizations based on multilateral intergovernmental agreements.

The world currency system reflects currency relations on the one hand and currency mechanism on the other. Currency relations include the relations that individuals and legal entities, firms, banks enter into on a daily basis in currency and money markets in order to carry out international settlement, credit and currency transactions. The currency mechanism incorporates legal norms and instruments that reflect these norms at both the national and international levels. [6]

The main elements of the world monetary system are as follows:

- \* national and collective reserve currency units;
- \* composition and structure of international liquid assets;
- \* mechanism of currency parities and exchange rates;
- \* terms of exchange of currencies;
- \* forms of international settlements;
- \* international currency markets and world gold market regime;
- \* interstate organizations that regulate currency-financial relations.

The world monetary system primarily solves the tasks of the world economy, which is reflected in its functions. The following can be mentioned as the main functions of the world monetary system:

- \* coordination of international economic relations through mediation;
- \* ensuring the payment-settlement cycle within the framework of the world economy;
- \* providing the necessary conditions for the normal reproduction process and the continuous sale of manufactured products;
- \* regulation and coordination of regimes of national currency systems;
- \* unification and standardization of principles of currency relations.

The modern world currency system does not function as a separate system, it is formed based on

the interaction and interaction of national and international currency systems.[7]

As the degree of internationalization of economic life increases, the boundaries between these currency systems are slowly being erased. In addition, the negative trends that may occur in a national currency system can have a negative impact on regional and world currency systems, and the reforms implemented in the regional currency system can result in serious changes both in different national systems and in the world currency system in general.

The world monetary system has gone through several stages in its development. Each stage has its own functions and principles. At the same time, each stage brought certain issues from the previous stage.

They distinguish the following stages in the development of the world currency system:

1. Paris currency system (from 1867 to the 20s of the 20th century); gold coin
2. Genoese currency system (from 1922 to 1930s); gold-currency
3. Bretton Woods currency system (from 1944 to 1976); gold currency
4. Jamaican currency system (1976-1978 to present).

The first world currency system is a gold-coin standard that was formed by itself as a result of the industrial revolution of the 19th century and the expansion of international trade. This world currency system is also called the Paris currency system, in accordance with the name of the place where the negotiations on the principles of its functioning are held. At that time, national and international currency systems were similar, gold performed the function of world money, payments on the world market were based on its weight.[10] was held

The basic principles of the gold-coin standard were as follows:

- 1) the gold content of national currency units was determined;
- 2) gold performed the function of a general means of payment and, therefore, the function of world money;
- 3) banknotes of the central banks were freely exchanged for gold coins; the exchange was carried out on the basis of their monetary parities,

that is, according to the weight quantities of pure gold contained in the banknotes;

4) free movement of gold between countries ensured relative stability of exchange rates;

5) the exchange rate could differ from monetary parities within the framework of "golden points" ( $\pm 1\%$  of the fixed exchange rate);

6) maintaining the ratio between the national gold reserve and the domestic supply of money at a specified level was strictly controlled;

7) in addition to gold, the British pound was also used in international circulation;

8) the balance of payments deficit was covered by gold.

#### Methods of solution

As a result of the gradual transformation of free competition capitalism into monopoly capitalism, the classical gold-coin standard began to fail to meet the scale of economic relations, and to prevent the regulation of the economy, money and currency systems in accordance with the interests of monopolies and states. At the beginning of the 20th century, with the growth of the economic power of the United States and France, the position of Great Britain in the world monetary system began to weaken. During the First World War, all countries except the United States stopped exchanging banknotes for gold, and the gold standard was abolished.

Gold was removed from the internal exchange and exchanged for notes that were not measured in gold. The free movement of gold between countries in the international payment cycle was canceled.

The end of the First World War and the restoration of foreign economic relations between countries made it necessary to develop a new principle of the world currency system. Thus, the gold-currency standard or Genoese currency system, which is considered the second stage in the evolution of the world monetary system, began to operate. In 1922, at the international conference on economic and financial issues held in Genoa, Italy, it was noted that the gold reserves possessed by the countries were not sufficient to regulate settlements on foreign trade and other operations. In addition to gold and British pounds, it was recommended to use the US dollar. Both currencies, which assumed the role of international

means of payment, received the name "main currencies".[8]

The basic principle of the Genoese currency system was similar to that of the earlier Paris system.

Gold retained the role of world money, gold parities were maintained. However, some changes were also implemented. During the period of relative stabilization established as a result of monetary reforms carried out in 1924-1928, "gold monometallism" was restored in two new modified forms: 1) gold bullion; 2) gold-currency.

The result

The basic element of any currency system is considered to be currency. When we say currency, it is not a new kind of money, but a special way of their functioning, and in this case, national money includes international trade, credit, payment and settlement operations. By status currencies are classified into the following types:

- \* national (currency defined by the legislation of the country, legal means of payment in the territory of the country of issue);

- \* foreign (banknotes, coins and claims denominated in the currencies of other countries, legal means of payment in the territories of other countries);

- \* international convention (XIH);

- \* regional (euro);

- \* euro currency (currencies participating in the settlements of third countries and not controlled by the financial authorities of the issuing country).

According to its material form, all currencies are divided into cash and non-cash currencies. During international settlements, cash currencies must be transported from one country to another, protected, stored, that is, its actual movement must take place. Cashless and currencies move only nominally during international settlements, transferring them from one bank account to a bank account in another country.

The improvement of the new financial and monetary system significantly increases the resolution of many issues: [11]

The importance of developing international standards by ensuring the disclosure of existing information to society in economic-currency relations;

Creation of new control systems in the banking system;

Increasing the financial resources of the International Monetary Fund at the level of NAB (New Arrangement to Borrow);

NAB is a new mechanism of financial support to debtor entities.

Provision of modern lending mechanisms is a mechanism of financial support to investors in countries that are members of the International Monetary Fund. The importance of the mechanism for improving the international financial system is the creation of targeted credit channels. The mechanism of targeted credit channels provides the opportunity for the countries that are members of the International Monetary Fund to maintain their financial and economic stability when financial crises occur at the international level. Targeted credit channels are a mechanism for providing short-term financial resources in order to ensure efficiency in the international financial markets of IMF member countries.

Terms of use of targeted credit channels:

- According to the decision of the Management Board of the IMF, the country providing the targeted loan must have stable financial and economic indicators;

- Based on the information positively assessed by the IMF, it is decided to allocate a targeted loan;

- In addition to foreign reserves, the development of the country's financial and currency system is created with the regularization of foreign debts;

In order to be approved by the Governing Council of the International Monetary Fund for the allocation of a targeted loan, it must submit a program of financial and economic indicators. Certain changes may be made in the program of financial and economic indicators mentioned by the Fund in the necessary cases. Granting of targeted loans is determined by the demand for financial resources of a country that is a member of the International Monetary Fund.

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**BEYNƏLXALQ VALYUTA-MALIYYƏ MÜNASİBƏTLƏRİ MEXANİZMİ**

**Xülasə**

Məqalədə "Beynəlxalq valyuta-maliyyə münasibətləri, dünya valyuta sisteminin mahiyyəti, növləri və funksiyaları" haqqında yanaşmalar öz əksini tapmışdır.

Kapital ixracı, əmtəə və xidmətlərlə beynəlxalq ticarət, elmi-texniki əməkdaşlıq dünya iqtisadi münasibətlərinin subyektləri arasında qarşılıqlı pul tələblərinin və öhdəliklərinin yaranmasına gətirib çıxarır.

20-ci əsrin ortalarından başlayaraq beynəlxalq valyuta münasibətləri öz inkişafında yeni təkan qazanmışdır. Dünya iqtisadiyyatının beynəlmilləşməsi və qloballaşması ölkələr arasında ticarət-iqtisadi mübadilənin inkişafına, valyuta münasibətlərinin inkişafına səbəb olmuşdur. Valyutaların sabitliyi, onların bir-birinə və ehtiyat valyutalara nisbətən yol verilən dəyişmə hədləri dünya iqtisadiyyatının inkişafının mühüm problemlərinə çevrilmişdir. Dünya iqtisadi əlaqələrinin davamlı şəkildə həyata keçirilməsi üçün səmərəli valyuta mexanizminin yaradılması beynəlxalq maliyyə sisteminin mərkəzi vəzifəsinə çevrilmişdir.

Milli iqtisadiyyatlar arasında ödəniş-hesablaşma əməliyyatlarını müəyyən edən pul münasibətlərinin, beynəlxalq valyuta münasibətlərində müasir mexanizmlərlə tənzimlənməsi vacibdir. Yeni mexanizmlərin tətbiqi ilə beynəlxalq-valyuta münasibətlərinin daha da səmərəli təmini baş verəcəkdir.

**Açar sözlər:** kapital ixracı, təkan, beynəlmilləşmə, qloballaşma, valyutalar, mexanizm, məqsədli kredit.

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## **МЕХАНИЗМ МЕЖДУНАРОДНЫХ ВАЛЮТНО-ФИНАНСОВЫХ ОТНОШЕНИЙ**

### **Резюме**

Статья содержит информацию на тему «Международные валютно-финансовые отношения, сущность, виды и функции мировой валютной системы».

Вывоз капитала, международная торговля товарами и услугами, научно-техническое сотрудничество приводят к созданию взаимных денежных требований и обязательств между субъектами мирохозяйственных отношений.

С середины XX века международные валютные отношения получили новый импульс в своем развитии. Интернационализация и глобализация мировой экономики привели к развитию торгово-экономического обмена между странами, развитию валютных отношений. Стабильность валют, допустимые пределы их колебаний относительно друг друга и резервных валют стали важными проблемами развития мировой экономики. Создание эффективного валютного механизма для непрерывного осуществления мирохозяйственных связей стало центральной задачей международной финансовой системы.

Важно регулировать денежные отношения, определяющие платежно-расчетные операции между национальными экономиками, современными механизмами международных валютных отношений. С внедрением новых механизмов международные валютные отношения будут обеспечиваться более эффективно.

**Ключевые слова:** экспорт капитала, импульс, интернационализация, глобализация, валюты, механизм, целевой кредит.