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Research Article

**THE ROLE AND DEVELOPMENT POLICY OF THE CENTRAL  
BANK OF RUSSIA AS A MEGAREGULATOR OF THE  
NATIONAL FINANCIAL MARKET**Olga Zinisha<sup>1</sup>, Irina Ryndina<sup>2</sup>, Natalya Goncharova<sup>1</sup>, Murat Tleptserukov<sup>3</sup><sup>1</sup>Kuban State Agrarian University named after I.T. Trubilin, Kalinina str., 13, Krasnodar 350044, Russia, <sup>2</sup>Kuban State University, Stavropol'skaya str., 149, Krasnodar 350040, Russia, <sup>3</sup>Kuban State Technological University, Moskovskaya str., 2, Krasnodar 350072, Russia.**Article Received:** January 2019    **Accepted:** February 2019    **Published:** March 2019**Abstract:**

*The article presents the positive and negative aspects of the functioning of the Bank of Russia as a mega-regulator, analyzed certain indicators of the financial market efficiency, and considered promising policy directions of the CBR for the development of the national financial market.*

**Keywords:** *Central Bank, mega-regulator, financial market, economy, financial system, development.***Corresponding author:****Olga Zinisha,***Kuban State Agrarian University named after I.T. Trubilin,  
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## INTRODUCTION:

The Bank of Russia is a federal body that has a special public legal status, and is not one of the branches of government, which determines its special status. Historically, one of the main functions of the Central Bank of the Russian Federation is to exercise control and supervision over the activities of credit institutions, which has a significant impact on the country's economic system, since in the emerging market conditions, banks are the main participants in financial relations.

Since the end of July 2013, the Bank of Russia has been vested with the powers of the mega-regulator of the financial market. The inclusion of the Federal Service for Financial Markets in the main bank of the country expanded its functions, adding the following aspects: the development of the financial market and ensuring its stability, as well as control and supervision over all its participants. This causes the direct impact of the policy of the Central Bank of the Russian Federation on the economic potential of the country as a whole [7-14].

To determine the effectiveness of this reform, it is necessary to investigate the problem from different perspectives. Many experts identify the positive and negative aspects of this process of expansion of the Bank of Russia activity [1]. Supporters, including the head of the Central Bank in 2002-2013. S. M. Ignatiev, First Deputy Chairman of the Government of the Russian Federation I. I. Shuvalov and others, cite the following facts:

1. A single regulator will allow to optimize the work of the previously disparate federal services, eliminating duplication of duties and many other problems;
2. reduce the cost of maintaining the administrative apparatus;
3. increase the effectiveness of activities to identify systemic risks;
4. provide the basis for the development of new areas of the financial market;
5. allow to stimulate cooperation with international organizations;
6. the possibility of unimpeded access of medium and small national investors and issuers to world markets, and so on.

Specialists such as political and public figure A.S. Voloshin, head of the Central Bank since 2013. E.S. Nabiulina, former head of the Federal Service for Financial Markets Pankin, arguing about the negative side of expanding the powers of the Central Bank of the Russian Federation, present the following conclusions as proof:

1. reduction in the flexibility of regulation of market sectors, based on their specifics;
2. tightening control over banking regulation in various areas of activity;
3. growing burden on the supervisory authority of the Bank of Russia due to the increase in supervised organizations;
4. deterrent effect of conservative trends in the policy of the Central Bank;
5. conflict of interests between the Bank of Russia, acting as a participant in operations with government securities, issuer of bonds and owner of shares of the largest banks in the country, and other participants;
6. excessive unification of the regulation of banking and non-bank financial organizations, etc. [2].

Undoubtedly, the consequences of making such an important in the country's economy decision to create a mega-regulator were evaluated and predicted by the largest experienced specialists. In addition, international experience in 43.5% of the world's countries such as Australia, Great Britain, Germany, Japan, Korea, and Scandinavian countries can serve as a basis for determining the development possibilities of the economy. Since many countries have a developed economy, given the many factors and conditions, this practice can still be considered successful [2].

Creating a financial mega-regulator in Russia is an objective necessity for ensuring the stable development of the national financial system, improving relations between various participants in market relations, as well as the legality of doing business in various sectors of the economy [3].

Table 1 presents the data characterizing the financial market of Russia in the period 2012 - 2016, allowing to trace the dynamics of development of this sector of the economy.

Table 1: Indicators of the financial market of Russia for 2012 - 2016 [4]

| Indicator  | 2012    | 2013    | 2014    | 2015    | 2016    |
|--|---------|---------|---------|---------|---------|
| The average daily turnover of the interbank derivatives market, million. | 2 364   | 4 065   | 2 021   | 1 369   | 1 868   |
| Volume of issued securities, billion rubles                              | 8 764   | 9 197   | 9 680   | 12 129  | 13 587  |
| Key rate,%   | 8,0     | 5,5     | 17,0    | 11,0    | 10,0    |
| Cash in circulation, billion rubles                                      | 6 896   | 7 668   | 8 308   | 8 841   | 8 522   |
| Ruble rate to US dollar, rubles / dollars                                | 32,1961 | 30,3727 | 32,6587 | 56,2376 | 72,9299 |
| Ruble exchange rate to euro, rubles / euro                               | 41,6741 | 40,2286 | 45,0559 | 63,3681 | 79,6395 |

As can be seen from the statistics presented in the table, some indicators characterizing the state of the national financial market have not experienced a rapid increase. For example, the average daily turnover of the interbank derivatives market in 2016 was 45.95% less than the corresponding figure for 2014. And the ruble / dollar and euro exchange rates increased significantly during the study period (by 248.26% ruble / dollar, by 183.90% - ruble / euro), the reason for which is not only a decrease in the price of oil, but also a slow response of the country's market to external negative challenges. The increased volume of cash in circulation by 123.58% in 2016 compared to 2013, with an increased real level of inflation (about 7%) indicates insufficient provision of production of the output money supply.

In modern conditions, the Central Bank in the draft of the main directions of development of the financial market for the period 2016 - 2018. The main forces determined the population, economy and financial industry of the country [5]. Therefore, an action plan was developed that stimulates the interaction of these parties with a view to the stable development of the financial market, which includes the following main positions [6]:

1. increasing the availability of financial services and products to the population;
2. ensuring consumer protection and improving financial literacy of citizens;
3. tight control over "unfair" financial organizations and consumers of services;
4. increasing the attractiveness of equity financing companies for investors;
5. development of the bond market and syndicated lending;
6. improving the efficiency of the market surveillance system;
7. professional development of persons involved in financial relations;
8. ensuring the financial stability of the country's economy;
9. other measures.

#### CONCLUSION:

Thus, the reform to create a single regulator in the market should contribute to the growth of the economic potential of the country, increase the attractiveness of the national market for investors, as well as create the necessary relationship system that is susceptible to changing global market conditions and is able to maintain stability and sustainability under adverse effects. Today, the Russian economy is in a state of transition, so the Central Bank, as a mega-regulator, must function rationally and efficiently.

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