

**MINISTRY OF HIGHER AND SECONDARY SPECIALIZED
EDUCATION OF THE REPUBLIC OF UZBEKISTAN**

TASHKENT INSTITUTE OF FINANCE



**«CREDIT-ECONOMY» FACULTY
«BANK ACCOUNTING AND AUDIT» DEPARTMENT**

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**METHODOLOGICAL GUIDE FOR CONDUCTING
PRACTICAL LESSONS ON THE DISCIPLINE
"MONEY AND BANKS"**

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Ensuring high rates of economic development and increasing competition require the development of the circulatory system of the economy, i.g., banking system. Reforms taking place in the banking sector, its development strategy, ensuring stable development and developing a strategy to meet international standards and access to the international arena require the training of highly qualified specialists that meet current realities. This requires the training of specialists of a new generation in the sphere of banking system, monetary regulation, which is carried out by the Central Bank. The discipline of "Money and banks" has its significance in it.

This methodical guide contains questions on discipline topics, test tasks, practical tasks, case studies, business games, handouts, decision and familiarization which will contribute to the expansion and deepening of the knowledge of undergraduate students and stimulates their interest in practical issues and problems, the solution which develops independent thinking skill, the ability to make conclusions, defend one's point of view, compare domestic and foreign practices, a qualified specialist in the banking sector and will help with the further employment of students.

This methodical guide along with students is intended for teachers of practical classes in the discipline "Money and banks."

The methodical manual was discussed at the meeting of the department (April 4th, 2017) and recommended for approval by the Institute's educational-methodical council.

Reviewers

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INTRODUCTION

In the conditions of modernization of the economy of our republic there are intensive processes of reforming and development of the modern financial and banking system, in particular, the banking system of the Republic of Uzbekistan, it was necessary to create new services in banks that meet the requirements of the market, taking into account the demand and supply and the needs of customers, creation of various new credit institutions that meet international standards.

The focus is given to ensure a stable financial and banking system, an independent national monetary system that meets modern requirements and work continue on their integration into the international arena.

The purpose and objectives of this subject are to prepare students for independent work in the banking system.

This methodical guide is compiled in accordance with the work program of the educational discipline "Money and banks" which is intended for conducting practical classes on this discipline. Practical exercises integrate the theoretical and methodological knowledge and practical skills and abilities of students in a single process of educational and research character.

The material presented in the guide helps to consolidate theoretical knowledge and fuse the experience of their application in real life, which is of practical interest for the future specialist.

"Money and banks" is considered one of the major theoretical subjects in the preparation of economists for the banking system. This subject studies the organization of monetary circulation, the improvement of the monetary system, the stability of the national currency, the origin of banks, the stages of their development, the formation of the banking system of the Republic of Uzbekistan, the issues of ensuring the stability of the banking system, the laws of credit development in a market economy, loan forms, the need for credit, liquidity banks and other. The methodical guide consists of questions for discussion, self-control, test questions, tasks, illustrative material, business games that facilitate the work of students in the group, which allows reader to independently express his/her

decisions and conclusions, conclusions and give recommendations on a given problem, which will help students adapt to the future workplace.

All theoretical and practical assignments are compiled on relevant topics for practical classes on the discipline of “Money and banks”

1	Emergence and meaning of money
2	Functions and forms of money
3	Monetary system and its forms
4	Turnover and circulation of money
5	Theories of money
6	Monetary system of the Republic of Uzbekistan
7	Inflation
8	Essence of credit and its functions
9	Forms of credit and interest rate of credit
10	Emergence of banks and banking system
11	Central banks and their functions
12	Passive operations of commercial banks
13	Active operations of commercial banks
14	Nonbank credit organizations and their development
15	Banking system of Uzbekistan and its development
16	International money relations and matters to regulate their activities
17	International financial institutes and their goals

Topic 1. Emergence and meaning of money

Plan

- a) Commodity production and the need for money.
- b) The essence of money and their features.
- c) Money as the universal equivalent of the value of goods.
- d) Features of commodity production and services in a market economy.
5. Functions of money, their characteristics.
6. Money as a measure of value, medium of circulation, payment, accumulation.
7. The relationship between the functions of money.
8. The role of money in the economy.
9. Types of money.
10. The role of ensuring the stability of money in the development of the economy.

Glossary.

“Barter” Бартер - exchange (goods or services) for other goods or services without using money.

“Dekadrahma” Декадрахма- A large silver ten-dahram coin of the ancient Greeks

“Fulus” Фулус - a small change in the principality of Faridkot (1 anna = 4 fulus).

“Real money” Реальные деньги – the amount of money expressed in the volume of goods and services that can be purchased on them (that is, the amount of money divided by the price level to the period taken for the base one)., The stock of real money falls with the growth of inflation.

“Reserve currency” Резервная валюта - Foreign currency, which the state owns, trusting its stability and expecting to use it to pay off foreign debts.

“Money” Деньги - universal equivalent, expresses the value of all goods and exchanges for any of them.

“GDP (gross domestic product)” ВВП - The aggregate value of final goods and services produced in the territory of a given country, at market prices (without income from abroad)

“GNP (gross natural product)” ВВП - the total value of goods produced and services provided by a country during one year, equal to the gross domestic product plus the net income from foreign investments.

“Stock of money” Денежная масса - a combination of cash and non-cash purchasing and payment means ensuring the circulation of goods and services that are held by individuals, institutional owners and the state.

“Inflation” Инфляция - Steady tendency of price and wage increase in monetary terms.

Tests

1. Which of the functions of money predetermines the appearance of paper money?

- a. measure of value;
- b. medium of circulation;
- c. store of value;
- d. instrument of payment

2. Which function of money determines the appearance of credit money?

- a. measure of value;
- b. medium of circulation;
- c. instrument of payment;
- d. world money.

3. By mediating the exchange process, money expresses:

- a. actual value of goods;
- b. the consumer value of the goods;
- c. the nominal value of the goods;
- d. exchange value of goods.

4. What functions of money do accomplish mediating the sale of goods on credit and repayment of the value of goods purchased on credit?
- measure of value;
 - medium of circulation;
 - store of value;
 - instrument of payment
5. The function of money as a means of payment expresses the following formula:
- $P - M - P$;
 - $P - \text{liability} - M$;
 - $M - M$;
 - $M - P - M$.
6. When money does serve as a means of payment?
- within the payment of purchase;
 - within the repayment of a loan;
 - within the payment of taxes;
 - within the payment of wages.
7. Setting the scale of prices using the weight of gold is a way of expressing money in the value of goods (a function of a measure of value):
- full-fledged money;
 - paper money;
 - credit money;
 - electronic money.
8. According to the Paris Agreement of 1867, the world's means of payment was recognized:
- gold;
 - french franc;
 - GBP;
 - USD.
9. In accordance with the 1922 Genoa Agreement signed by the world's means of payment was:

- a. gold;
- b. french franc;
- c. GBP;
- d. USD.

10. To which concept of the essence of money is the statement: Money is what they carry out:

- a. pragmatic;
- b. concept of representative value;
- c. the concept of own value;
- d. there is no correct answer

Tasks

TASK № 1

Determine the functions of money at the following economic and financial operations of your company?

	Transactions	Functions of money	Type of relationship: financial, credit, commodity-money
1	Drawing up a business plan for the firm		
2	Payment by bank transfer of raw materials and materials for production		
3	Payroll to employees		
4	The transfer of salaries to the National bank of Uzbekistan		
5	Transfer of insurance and tax payments to the financial system		
6	Payroll through statement		
7	Purchase of government securities		
8	Transfer of currency payments for imported equipment		
9	Receiving and repaying a loan to a commercial bank		
10	The realization of finished products to its customers		

Case - studies

Group 1

What do you think, what features of precious metals (gold) contributed to their use as money?

Group 2

What is the significance of the appearance and application of money?

Group 3

What is the essence of money and what are its features?

Formed topics on the topic of “Theories of money”

As a result of mastering this topic, the student obtains the following competencies:

Competence	Descriptors - the main signs of development (indicators of achievement of the result)	Forms and methods of teaching that contribute to the formation and development of competence
1. The ability to determine the basic theory of money and their evolution.	The student knows the essence of money, the form of manifestation of the essence of money, the function of money.	Working with materials of lectures and recommended literature, preparation for current and final control exams
2. The ability to form the student's fundamental knowledge in the theory of money, credit and banks; the acquisition by the student of the skills of systematization and evaluation of processes in the monetary and credit sphere;	Having an ability to calculate the indicators that characterize the features of money as well as being able to justify the choice of methodology, based on which calculation of indicators is made.	Working with the lessons, preparation for the current, intermediate and final exams
3. Ability to collect, analyze and process the data necessary to solve the set social and economic problems.	The student knows the theoretical bases and functions of money	Performing independent works on the basis of adequately selected statistical information from official sources

Competence	Descriptors - the main signs of development (indicators of achievement of the result)	Forms and methods of teaching that contribute to the formation and development of competence
4. Ability to analyze and interpret the data of domestic and foreign practice on the evolution of money.	Being able to analyze and interpret the data of domestic and foreign statistics as well as being able to identify trends in socio-economic indicators and forecast on this basis.	Performance of assignments in practical classes.
5. Ability to work with available information in official statistical sources and in global computer networks, use them for analysis and forecasting	The students is able to collect additional information, bring it in comparable form with the main database, prepare statistical table layouts for further analysis, collect data from official and alternative sources of information, bring them into a comparable look for model development.	Preparation of an abstract based on conducted independent research

Topic 2. Functions and forms of money

Plan

1. The essence of functions of money
2. The forms of money
3. Evolution of money

Glossary

“Assets” (holdings) Авуар – An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

“Letter of advice” АВИЗО - a commercial letter giving a specific notification, such as the consignment of goods.

“Bill of credit” АККРЕДИТИВ- Written request by a party (an account holder or merchant) to another (a bank or merchant) to give the bearer a specified sum (or amount of goods), either from the funds of the first party held by the second party or from the credit advanced by the second party. A check is a type of bill of credit

“Credit” Кредит- Credit is a contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest.

“Money turnover” Денежный оборот - Turnover is an accounting term that calculates how quickly a business collects cash from accounts receivable or how fast the company sells its inventory.

“Bankroll” Денежные средства - a roll of banknotes.

“Payment transactions” Платежный оборот - the act of paying

“Payment order” Платежное поручение - Payment order is an international banking term that refers to a directive to a bank or other financial institution from a bank account holder instructing the bank to make a payment or series of payments to a third party.

“Liquidity” Ликвидность - the availability of liquid assets to a market or company.

“Diversification” Диверсификация - the action of making or becoming more diverse or varied.

Test

1. What type of functions of money does exist?

- A. A medium of exchange
- B. A unit of account
- C. A store of value
- D. All answers are correct

2. What is fiat money?

A. Money that has intrinsic value (in other words, it's worth its weight in a precious metal). Gold, silver, and any other precious metal is considered commodity money.

B. Money that is decreed by the government as an acceptable means of exchange for goods and services.

- C. The type of money which can be used electronically
- D. Not given

3. Key characteristics of money:

- A. Durability i.e. it needs to last
- B. Portable i.e. easy to carry around, convenient, easy to use
- C. Must be generally accepted by a population
- D. All answers are correct

Topic 3. Monetary system and its forms

Plan

1. The mechanism of creating money.
2. The laws of money circulation.
3. Money supply in circulation and management.
4. Monetary aggregates, their characteristics and their application in practice.
5. Monetary policy, its main directions.
6. The role of the Central Bank in ensuring the stability of monetary circulation in the conditions of economic modernization.
7. The laws of money circulation.
8. Monetary aggregates, their characteristics, the practice of regulating the money supply, the factors that exert influence on it.
9. Monetary aggregates in Uzbekistan, their properties.
10. Monetary policy, its basis is not directed.

Glossary

Monetary reform **Денежная реформа** – is any movement or theory that proposes a system of supplying money and financing the economy that is different from the current system.

“Rate of monetization” **Коэффициент монетизации** - is the process of converting or establishing something into legal tender. While it usually refers to the coining of currency or the printing of banknotes by central banks, it may also take the form of a promissory currency

“Money supply” **Денежная масса** – the total amount of money in circulation or in existence in a country.

“Velocity of money” Скорость обращения денег - is the rate at which money is exchanged from one transaction to another and how much a unit of currency is used in a given period of time. Velocity of money is usually measured as a ratio of GNP to a country's total supply of money.

“Monetary aggregate” Денежные агрегаты - a measure of the amount of money in circulation within a country or economic sector.

“Monetary base” Денежная база - the total amount of a currency that is either circulated in the hands of the public or in the commercial bank deposits held in the central bank's reserves.

“Collection” Инкассация - an amount of money collected from several people, or the act of collecting money

Deflation Дефляция - reduction of the general level of prices in an economy.

“Income policy” политики доходов - A policy that pays a benefit out monthly to provide an income for the policyholder, instead of paying out a one-time benefit.

“Refinancing rate” Ставка рефинансирования - is the replacement of an existing debt obligation with another debt obligation under different terms.

Tasks

1. Can you say that in the US in the 50's. money was the best means of saving than in the 70's? Why? In which of these periods would you most like to hold money on your hands?

2. Arrange the following assets in order - from the most liquid to the least liquid: (a) check accounts; (b) at home; (c) cash; (d) washing machines; (e) Savings accounts; (e) shares in the stock market.

3. Why did some economists compare money in the period of hyperinflation with the "hot potato", which people quickly transfer to each other?

4. In Brazil, where there was a strong inflation, many transactions were made in dollars, and not in cruzeiro, Brazilian currency. Why?

5. Suppose that researchers make this conclusion: the dynamics of the total amount of debt in the American economy over the past 20 years predicted

inflation and economic cycles are better than the M1, M1 or MZ units. Does this mean that we should determine the day's amount equal to the total debt in the economy?

Task № 1. Calculate the value of monetary aggregates if it is known that cash in the turnover offices of the RCC is 1500 billion rubles • money on current accounts in commercial banks is 12,000 billion rubles • cash on hand in the hands of the population is 7,200 billion rubles. • money on accounts in Sberbank - 7 500 billion rubles • incl. on time accounts with Sberbank - 3800 billion rubles • deposits in non-bank credit institutions - 1,200 billion rubles • cash at the enterprises' cash desks - 4,700 billion rubles • state loan bonds - 520 billion rubles • cash on the way - 180 billion rubles •

Task № 2. How many turns made money, if the sum of the prices of goods amounted to 12,000 billion rubles, on credit sold for 3,000 billion rubles, the amount of payments on incoming debts is half that of goods sold on credit, and the amount of mutual payments was 30 % of the sum of the prices of goods. The amount of money needed for circulation is 600 billion rubles.?

Task № 3. What is the value of the sum of the prices of goods if the number of revolutions made by money is 8, the amount of payments on the incoming debt obligations is 2,100 billion rubles, the loan is sold for 2,500 billion rubles, and the amount of mutually extinguishing payments is 5,000 billion rubles. rubles, the amount of money needed for circulation - 720 billion rubles.

Task № 4. Determine the amount sold goods on credit for a period if the money made 9 turns, the sum of the prices of goods amounted to 14,000 billion rubles, the amount of payments on incoming debt obligations is 1.5 times less than the amount of goods sold on credit, and the amount of mutually extinguishing payments amounted to 3 times the amount of goods sold on credit; the amount of money needed for circulation is 950 billion rubles.

Task № 5. Determine what is the amount of payments on the incoming debt, if the money made 8 revolutions, the price of goods amounted to 12,600 billion rubles, sold goods on credit for a period of $\frac{3}{4}$ of the amount of payments on the incoming debt obligations, and the amount of mutual payments amounted to a

value 1,8 times less than the sum of the prices of goods, the amount of money needed for circulation is 750 billion rubles.

Task № 6. Determine the turnover of money in payment turnover, if the average annual amount of money in circulation is 660 billion rubles, and the amount of money in current accounts is 3,820 billion rubles.

Task № 7. The rate of money flow is 7 turns per year, the GDP is 12 340 billion rubles. Determine the required amount of money supply.

Task № 8. The Commercial Bank attracted deposits for 100 million rubles, the required reserves rate - 9%. Determine the amount of credit and money issue and the emitted money supply.

Task № 9. The emitted money supply amounted to 1,000 million rubles, deposits were raised by 170 million rubles. Identify the required reserve rate.

Topic 4. Turnover and circulation of money

Plan

1. The concept of monetary circulation, its structure and composition.
2. Non-cash money turnover, the principles of its organization and prospects for development.
3. Characteristics of the basic forms of non-cash payments, their features and application possibilities.
4. Non-cash settlements are carried out on the basis of settlement documents of the established form and with observance of the corresponding document circulation.
5. The main forms of non-cash settlements: payments by payment orders, a letter of credit form, settlements by checks, settlements by payment orders-instructions.
6. The Central Bank issues both cash and non-cash money, and CB - only non-cash.
7. The release of cash by the Central Bank of Uzbekistan carries out through the sale of its design bureau.
8. A significant part of this issue is carried out through the purchase of the Central Bank of Uzbekistan cash from the CB.

Glossary

“Assets” (holdings) Авуар – An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit.

“Letter of advice” Авизо - a commercial letter giving a specific notification, such as the consignment of goods.

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“Payment order” Платежное поручение - Payment order is an international banking term that refers to a directive to a bank or other financial institution from a bank account holder instructing the bank to make a payment or series of payments to a third party.

“Liquidity” Ликвидность - the availability of liquid assets to a market or company.

“Diversification” Диверсификация - the action of making or becoming more diverse or varied.

Tasks

Task № 1

The volume of gross domestic product (GDP) in the base year amounted to 44939 billion rubles, the share of settlements in the non-cash order (creation,

distribution and redistribution of GDP) was 75% of its volume. The speed of circulation of money is 4.5 revolutions per year.

In the current year, the value of GDP in basic prices amounted to 40980 billion rubles. The GDP deflator is 1.083 *.

The share of payments in non-cash order decreased to 72%. The speed of money circulation slowed to 3 turns per year. How much money is needed to service commodity circulation in the basic and current year? What factors influenced the change in the balance of money required for circulation?

1. Note

$$\text{GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} * 100$$

Choose the best form of non-cash settlements with your customers when you make out a supply contract taking into account the following factors placed in the table:

Shoppers	Place	Paying capacity	Periodicity Supplies	Form of non-cash payments
ОАО Электросила	Tashkent	Satisfied	Once in quarter	?
Knitting factory	Jizzakh	Satisfied	Reciprocal supply	?
ИСП «Дельта»	Samarkand	Being able to pay.	Constantly Daily	?
СJSC Нижнетагильский меткомбинат	Bukhara	Dissatisfied.	One-time order	?

Topic 5. Theories of money.

Plan

1. The metal theory of money and the period of its origin.
2. The founders of the metal theory of money.
3. Characteristic features and disadvantages of the metallic theory of money.
4. Views of K. Knys (1821-1898).
5. Metamorphoses of the metal theory of money.
6. Nominalistic theory of money, its sources.
7. Representatives of early nominalism.
8. Errors of nominalists.
9. Further development of nominalism (especially in Germany).
10. The most famous representative of nominalism was the German economist G. Knapp (1842-1926).
11. Characteristic features and disadvantages of the nominalistic theory of money.
12. Ancestors of the quantitative theory of money.
13. Representatives of this theory the British D. Hume (1711-1776) and J. Mil (1773-1836), as well as the Frenchman S. Montesquieu (1689-1755).
14. Characteristic features and disadvantages of the quantitative theory of money.
15. Modern quantitative theory, which is based on credit money and paper-money circulation, it is set forth in the works of such economists as A. Marshall, I. Fisher, G. Kassel, B. Hansen, M. Friedman. "Transaction option" by I. Fisher and monetarists, headed by M. Friedman; The concept of "cash balances" of the English Cambridge school led by A. Pigou, and after the Second World War - D. Patinkin. Modern monetarism.
16. Cambridge version of the quantitative theory of money.
17. Difference and similarity in the formulas of I. Fisher and A. Pete. J.M. Keynes (1883-1946) in the late 1920's and early 1930's "The general theory of employment of interest and money" (1936) and some articles.

18. The theory of interest and money. F.Vizer, and in the beginning of the 20th century. L.Mizes et al. - Functional theory of money.

19. German economist G.Fr.Кнapp, who published in 1905 the book "The State Theory of Money."

20. The main provisions of the neo-Keynesian theory of money.

Glossary.

Bimetallism Биметаллизм – a system of allowing the unrestricted currency of two metals (e.g. gold and silver) as legal tender at a fixed ratio to each other

National monetary system Национальная валютная система - is the set of institutions by which a government provides money in a country's economy. Modern monetary systems usually consist of the national treasury, the mint, the central banks and commercial banks.

Monometallism Монометализм - the use of one metal only, as gold or silver, as a monetary standard.

Fiscal policy Фискальная политика - the use of government spending and tax policies to influence macroeconomic conditions, including aggregate demand, employment, inflation and economic growth

Demonetisation демонетизация - the act of stripping a currency unit of its status as legal tender.

Money market Денежный рынок – The money market is where financial instruments with high liquidity and very short maturities are traded.

Funds Денежные средства - a sum of money or other resources whose principal or interest is set apart for a specific objective.

Currency Валюта - circulation as a medium of exchange

Endorsement Индоссамент - the issue of full independence received overwhelming endorsement

Tests

1. It can be inherited from monetary system that...

- A) the issue of money in the country;
- B *) the form of the organization of monetary circulation in the country;
- C) types of money in circulation;
- D) all the answers are correct.

2. A system in which the role of the universal equivalent is legislatively assigned to two metals is ...

- A) monometallism;
- B) a dual currency system;
- C *) bimetallism;
- D) all the answers are correct.

3. A parallel currency system is ...

- A) silver is practically not used, but it is legally available;
- B) the ratio of gold and silver is fixed by law;
- C) bad money is pushed out of circulation are good;

D*), gold and silver are freely traded, and the relationship between them is established by the market.

4. A kind of bimetallism at which silver is practically not used, but it exists legally - this is ...

- A) double currency system;
- B) a system of parallel currency;
- C*) the system of "lame currency";
- D) there is no correct answer.

5. According to the Copernican-Gresham law

- A*) the worst money is displaced from circulation by the best;
- B) the best money is replaced by the worst;
- C) there is no better and worse money;
- D) there is no correct answer.

6. The monetary system in which one metal serves as the universal equivalent, and the circulating signs of value and coins are exchanged for metal is ...

- A) bimetallism;
- B*) monometallism;

- C) gold monometallism;
- D) The answers A and B are correct.

7. At what standard did the banknotes be exchanged for foreign currency, which in turn was exchange for gold?

- A) gold and silver standard;
- B) the gold coin standard;
- C*) gold and gold (gold, gold) standard;
- D) gold and gold standard and gold coins.

8. For what standard is characteristic - the absence of gold coins in circulation, banknotes were exchanged for gold in the form of ingots?

- A) gold-dollar standard;
- B) the gold coin standard;
- C) gold standard;
- D*) gold-zinc standard.

9. Which of the above-mentioned economic institutions is not an obligatory element of the monetary system of a modern market economy:

- A). financial institutions;
- B). the procedure for the exchange of national currency to foreign currency;
- C). conditions of non-cash money turnover;
- D)*. Conditions for the exchange of money for gold

10. The Latin monetary union is:

- A). system of monometallism;
- B). parallel currency system;
- C). double currency system;
- D). a system of "lame" currency.

Handout

Elements of monetary system



The essence of the monetary system and its elements

The normal functioning of credit money is one of the main objectives of the banking system and the organization of cash flow conducted with banks. That's why the monetary system is one of the components of the banking system.

In many countries the legal rules that form the monetary system are defined in the banking legislation, especially laws that regulate the activity of central banks.

The central bank is institutional center of the monetary system

INTERNATIONAL MONETARY SYSTEM

- The International Monetary System refers to set of policies, institutions, practices, regulations & mechanism that determine the rate at which one currency would be exchange for another.
- There are primarily 5 market mechanisms to establish exchange rate with each having its share of merits & demerits –
 - ✓ Free float
 - ✓ Managed float
 - ✓ Target zone arrangement
 - ✓ Fixed rate system
 - ✓ Hybrid system

Topic 6. Monetary system of the Republic of Uzbekistan

Plan

1. The significance of monetary system
2. Types of monetary system
3. Monetary system of the Republic of Uzbekistan

Glossary

“Active trade balance” Активный торговый баланс - foreign trade balance, which is characterized by excess of exports of goods (exports) over imports (imports).

“Hot money” Горячие деньги - capital which is frequently transferred between financial institutions in an attempt to maximize interest or capital gain.

“European Currency Union” ЭКЮ- a political and economic union of European countries.

“Credit money” Кредитные деньги - money accepted because of the credit of the issuer rather than for its intrinsic commodity value

“Token-money” Счетные деньги- money where the face value of notes or coins is unrelated to the value of the material of which they are composed.

“Electronic money” Электронные деньги - money that is stored electronically, for example, on a computer or plastic card, and can be used to pay for products and services, for example, on the internet.

“Monetary policy” Монетарная политика - actions taken by a government to control the amount of money in an economy and how easily available it is, for example by changing the interest rate

“Gold standart” Золотой стандарт – a system of providing and controlling the exchange of money in a country, in which the value of money (compared to foreign money) is fixed against that of gold.

“Gold exchange standard” Золотодевизный стандарт-
monetary system under which a nation’s currency may be converted into bills of exchange drawn on a country whose currency is convertible into gold at a stable rate of exchange.

Tests

1. Who is the founder of the quantitative theory of money:
 - A. Boden.
 - B. Keynes.
 - C*Friedman.
 - D.Hume.
2. Representatives of the quantitative theory of money believe that:
 - A. only valuable metals (gold and silver) can perform the function of money
 - B. the wealth of society is measured only by the existing gold reserve.
 - C. rich is the society that has more stock, gold and silver)
 - D. The purchasing power of money is inversely proportional to the mass of money in circulation
3. Which of the theoretical rules applies to Keynesian theory?
 - A. * It is possible to achieve the provision of the population with high-level work by stimulating demand
 - B. the change in the money supply in circulation does not depend on cyclical fluctuations in the economy.
 - C. It is advisable to use indicators of money supply growth as an indicator of monetary policy
 - D. a), b), c) answers are correct
4. Untill now, the monetary system of Uzbekistan can be indicated in:
 - A. 5 stages
 - B. *6 stages
 - C. 7 stages
 - D. 8 stages
5. Which years does 1st stage of monetary system of Uzbekistan include?
 - A. *1994-1996

B. 1997-1999.

C. 1991-1993

D. 1992-1993

6. To what percentage was the rate of inflation of Uzbekistan decreased in 1999?

A. *26%

B. 25%

C. 25.5%

D. 26.5%

7. The minimum requirement put for authorized capital of private commercial banks of Uzbekistan in 1999 was:

A. 290.000\$

B. 250.000\$

C. 350.000\$

D. *300.000\$

Topic 7. Inflation

Plan

1. Inflation, its essence, the causes of appearance, form.
2. Money supply, management.
3. Socio-economic consequences of inflation.
4. Stabilization of monetary circulation, ways to eliminate inflation.
5. Monetary reforms, and their role in ensuring the stability of monetary circulation.
6. Inflation of supply and demand.

Glossary

Devaluation Девальвация – the reduction in the official value of a currency in relation to other currencies.

Deflation Дефляция – reduction of the general level of prices in an economy.

Hyperinflation Гиперинфляция – monetary inflation occurring at a very high rate.

Expected inflation Ожидаемый уровень инфляции –The public's expectations for inflation. These expectations determine how large an effect a given policy action by the Fed will have on economic activity.

Revaluation ревальвация - adjustment of the value of a currency in relation to other currencies.

Stagflation Стагфляция - persistent high inflation combined with high unemployment and stagnant demand in a country's economy

“Inflation” Инфляция - Inflation is the rising price of goods and services over time.

Absorption Затраты - Absorption is not a common term but refers to the total level of spending in an economy. It includes import spending but excludes exports.

Suppressed inflation Подавленная инфляция - Existing inflation disguised by government price controls or other interferences in the economy such as subsidies. Such suppression, nevertheless, can only be temporary because no governmental measure can completely contain accelerating inflation in the long run.

Anti Inflationary policy Антиинфляционная политика - Anti-inflationary fiscal policy involves adjustments in government expenditures, taxation and borrowing and debt management policies.

Nullification Нуллификация - the act of nullifying; making null and void; counteracting or overriding the effect or force of something

Demonetization демонетизация – an economic policy where a certain currency unit ceases to be recognized or used as a form of legal tender. In other words, a currency unit still loses its legal tender status as a new one comes into circulation.

Monetary reform Денежные реформы — an economic policy where a certain currency unit ceases to be recognized or used as a form of legal tender. In

other words, a currency unit still loses its legal tender status as a new one comes into circulation.

Price liberalization **Либерализация цен** - To allow prices to move according to market forces.

Targeting **Таргетирование** - a monetary policy where the central bank sets a specific inflation rate as its target or goal. It wants you to believe prices will continue rising which makes you buy things now before they cost more.

Tests:

1. The Central Bank of RUZ announced its intention to maintain an unchanged real exchange rate of the sum against the US dollar during the year. If for the year the inflation in the United States was 3%, and in Uzbekistan 8%, then the Central Bank of RUZ for the year should:

- A) allow the depreciation of the sum against the dollar by 5%;
- B) to achieve an increase in the price of the sum against the dollar by 3%;
- C) to increase the dollar by 36%;
- D) prevent the dollar from growing more than 3%.

2. The sum to dollar exchange rate will increase if: -

- A) trade balance of the Republic of Uzbekistan with the USA will improve;
- B) US investments in the economy of Uzbekistan will decrease;
- C) the dollar currency reserves of Uzbekistan will increase;
- D) restrictions on US investments in the economy of Uzbekistan have been introduced.

3. Find the wrong saying:

- A) a country in which interest rates are growing more slowly than in other countries can expect that the exchange rate of its currency will fall;
- B) a country that pursues a policy of cheap money can count on the appreciation of its currency;
- C) the country's currency will rise in price if its inflation rate is lower than in other countries of the world;
- D) A country imposing restrictions on the import of capital can expect to depreciate its currency.

4. Option transaction is:

A) a contract that combines the positive aspects of forward and futures contracts;

B) a contract providing for a participant's right to refuse to execute a transaction;

C) a contract that involves mutual lending to two banks;

D) a contract combining a spot transaction and an fixed transaction.

5. Hyperinflation is inflation, the rate of which exceeds

A). 100% in a year;

B). 200% in a year;

C). 500% in a year;

D). 600% in a year.

6. The market economy is inherent:

A). open inflation;

B). suppressed inflation;

C). both types of inflation;

D). absence of inflation.

7. Modern inflation has (2 items)

A). chronic nature;

B). ubiquitous nature;

C). local character;

D). Periodic character.

8. Inflation of demand in the short term causes:

A). increase in real output;

B). decrease in real output;

C). shortage of goods;

D). overproduction of goods.

9. What does not apply to inflation demand factors?

A). State budget deficit;

B). credit expansion;

C). increase in wages;

D). investment growth.

10. Consumer price index:

A). grows during the deflation period;

B). decreases during the period of inflation;

C). growth with a reduction in deflation;

D). growth is accompanied by a reduction in inflation.

11. Slowing inflation is profitable:

A). all;

B). buyer who bought goods in installments;

C). a mortgage bank that charges a fixed interest;

D). debtors of this bank.

12. Which of the following people is likely to benefit from inflation?

A). a teacher who received an interest-free loan of 20,000 rubles;

B). a former employee who receives a pension of 7,000 rubles;

C). an engineer who has 100,000 rubles on a savings account;

D.) a doctor who lent 8,000 rubles for a percentage corresponding to inflation.

13. The main source of inflation in Russia in 1992-1993gg. there were state subsidies to enterprises. Therefore, economists attribute this type of inflation to a model called:

A). inflation caused by increased demand;

B). hyperinflation;

C). inflation caused by rising costs;

D).none of the known models are suitable for Russia.

14. In the last decade of the 20th century, Russia experienced high inflation.

Which of the following is estimated by experts to be the main factor of inflation?

A). inflation expectations;

B). excessive issuance of banknotes;

C). rising energy prices;

D). a decline in labor productivity.

15. Inflation declined during the month from 15 to 5% per month. From this, most likely, they won:.

- A). teachers with a fixed salary;
- B). jewelers;
- C). owners of government loan bonds;
- D). creditors;

Case study

Explain the impact of inflation on pricing and ways to overcome them with the following figures:

CASE STUDY

INFLATION CONSIDERATIONS FOR STOCK AND BOND INVESTMENTS

Background

The savings and investments that an individual maintains should have some balance between equity (corporate stocks that rely on market growth and dividend income) and fixed-income investments (bonds that pay dividends to the purchaser and a guaranteed amount upon maturity). When inflation is moderately high, bonds offer a low return relative to stocks because the potential for market growth is not present with bonds. Additionally, the forces of inflation make the dividends worth less in future years because for most bonds there is no inflation adjustment made in the amount the dividend pays as time passes. However, bonds do offer a steady income that may be important to an individual, and they serve to preserve the principal invested in the bond because the face value is returned at maturity.

Information

Earl is an engineer who wants a predictable flow of money for travel and vacations. He has a collection of stocks in his retirement portfolio, but no bonds. He has accumulated a total of \$50,000 of his own funds in low-yielding savings accounts and wants to improve his long-term return from this retirement program "nest egg." He can choose additional stocks or bonds, but has decided to not split the \$50,000 between the two forms of investments. There are two choices he has outlined, with the best estimates he can make at this time. He assumes the effects of federal and state income taxes will be the same for both forms of investment.

Stock purchase: Stocks purchased through a mutual fund would pay an estimated 2% per year dividend and appreciate in value at 5% per year.

Bond purchase: If he purchased a bond, he would have a predictable income of 3% per year and the \$50,000 face value after the 12-year maturity period.

Topic 8. The significance, essence, functions of credit

Pan:

1. The emergence of credit relations in the natural and commodity economy.
2. The need for a loan.
3. The essence of credit.
4. Functions of credit.
5. Credit relations and historical processes of development of the credit market.
6. Laws of credit.
7. Transition to managed credit relations.
8. The importance of credit relations in the context of economic modernization.

Glossary

Credit Кредит – the ability of a customer to obtain goods or services before payment, based on the trust that payment will be made in the future.

Lending principles Принципы кредитования - when people or organizations such as banks lend you money, they give it to you and you agree to pay it back at a future date, often with an extra amount as interest

Stock market Фондовый рынок - the collection of markets and exchanges where the issuing and trading of equities (stocks of publicly held companies), bonds and other sorts of securities takes place, either through formal exchanges or over-the-counter markets.

Mortgage market Ипотечный рынок - A market for loans to people and organizations buying property a market for mortgages that have been bought by financial institutions and are then traded as asset-backed securities.

Mortgage Ипотечный кредит - an agreement that allows you to borrow money from a bank or similar organization, especially in order to buy a house, or the amount of money itself

Primary market Первичный рынок ценных бумаг - A primary market issues new securities on an exchange for companies, governments and other groups to obtain financing through debt-based or equity-based securities.

Credit relations кредитные отношения- this is a monetary relationship in which the free monetary capitals and incomes of enterprises, the state and the personal sector are accumulated, turning into loan capital transferred for payment and temporary use.

Turnover оборот средств - the amount of money taken by a business in a particular period.

Creditor Кредитор - a person or company to whom money is owing.

Loans Ссуда - a thing that is borrowed, especially a sum of money that is expected to be paid back with interest

Tests

1. The loan is satisfied needs of loan participants

A) Constant

B) Temporary

C) Elemental

D) Unlimited

2. credit - this is what remains in it stable and unchanged

A) Borders

B) The role

C) Functions

D) Structure

3. The universal property, the basis of the loan is:

A) Paying capacity.

B) Returnability.

C) Targeted use.

D) Security.

4. Sources of the creditor's resources are ... funds.

A) Only own.

B) Only those involved.

C) Own, attracted and loaned.

D) Own and attracted.

5. In a credit transaction, the object of transfer is ... cost.

A) Monetary.

B) Commodity.

C) Loaned.

D) Opportunity

6. Elements of the structure of credit relations are:

A) Lender and borrower.

B) Loan value and purpose of the loan.

C) Lender, borrower and lending cost.

D) Lender, borrower and purpose of the loan.

7. The movement of credit as capital determines:

a) Returnability.

b) Security.

- c) Paying capacity
 - d) Targeted use.
8. Credit as an economic category manifests its essence in:
- A) The very fact of a deferred payment.
 - B) Security
 - C) Targeted use
 - D) Paying capacity
9. The functions of credit have ... a character.
- A) Subjective.
 - B) Objective.
 - C) Temporary.
 - D) Permanent
10. The functions of a loan are ... category.
- A) Changing.
 - B) Static.
 - C) Not changing.
 - D) None
11. The loan is:
- A) the movement of commodity capital
 - B) the movement of loan capital
 - C) the movement of industrial capital
 - D) the movement of intellectual capital
12. Loan capital is:
- A) money-capital, given on loan
 - B) money-making capital, yielding interest
 - C) both options
 - D) not given
13. The lender is:
- A) the party obliged to repay the loan
 - B) a party to credit relations receiving a loan
 - C) the loan side that provides the loan

D) not given

14. The Borrower is:

A) a loan lending party

B) a party to credit relations receiving a loan

C) a party to credit relations, obliged to repay the loan received

D) not given

15. The credit performs the following functions:

A) distribution, emission, control

B) control and emission

C) distribution and control

D) not given

Tasks

Task 1. The investment portfolio contains 1,500 ordinary shares with a face value of 100 rubles, 600 preference shares with a par value of 1,000 rubles, 700 bonds with a par value of 1,000 rubles. Determine the most profitable investment portfolio paper, if the amount of dividends on common shares was 30 thousand rubles, for preferred shares - 60 thousand rubles, and the amount of interest on bonds - 56 thousand rubles.

Task 2. Bill of 500 thousand rubles. was presented to the bank 3 months before maturity and was accounted for at a discount rate of 5%. Calculate:

a) the amount paid to the owner of the bill; b) the amount of the bank's income (discount).

Group - 1

Nevertheless, with the similarity of credit and hiring, how can one distinguish the essential differences?

Group -2

How does credit differ from hiring a workforce?

Group -3

What definitions of the nature of credit are debatable?



Topic 9. Forms of credit and interest rate of credit

Plan:

1. The emergence of credit relations in the natural and commodity economy.
2. Stages of development of credit relations.
3. Subjects of credit relations.
4. The structure of the loan.
5. Transition to managed credit relations.
6. History of the emergence of bank and commercial credit.

Glossary.

АЛЛОЖ – attachment to negotiable instrument

Авал Аваль – a written engagement by one not a drawer, acceptor, or indorser of a note or bill of exchange that it will be paid at maturity

Bill of exchange Вексель - a written order to a person requiring them to make a specified payment to the signatory or to a named payee; a promissory note.

National credits Государственные кредиты – interstate loans (loans) for which foreign countries, their legal entities and international organizations have debt obligations to the country as a creditor.

Endorsement Индоссамент - a legal term that refers to the signing of a document that allows for the legal transfer of a negotiable from one party to another; it can also refer to an attachment to a document that amends or adds to it.

The endorsers Индоссант- someone, especially a well-known person, who appears in an advertisement saying that they use and like a particular product

Transferee индосса́т- Person or firm to whom a negotiable instrument (bill of exchange, bill of lading, delivery order, or other document of title) is transferred by endorsement.

Contract Account Контокоррент кредит - единый активно-пассивный счет, на котором учитываются все операции банка с клиентом при предоставлении последнему кредита на текущие производственные цели.

Tests

1. At what stage did the development of commercial lending come about with the appearance of promissory notes and transfer bills?

- A) 2nd stage;
- B) 1st stage;
- C) at the stage of transition to regulated credit relations;
- D) the correct answer is A and B.

2. Which of the above statements are true:

- A) credit allows you to reduce the speed of turnover of enterprise funds;
- B) lending allows the accumulation of temporarily free cash facilities;
- C) the replacement of cash with credit increases the cost of organizing monetary circulation in the country;
- D) there is no correct answer.

3. The credit performs the following functions:

- A) redistribution;
- B) the replacement of cash with credit money and transactions;
- C) stimulating;
- D) there is no correct answer.

4. Leasing credit is:

- A) a credit granted by business entities to each other in the commodity by deferred payment;
- B) a loan issued by states, international credit and financial

institutions, private firms in the process of international economic cooperation;

C) provision of long-term lease of machinery and equipment, transport means, etc. with the reduction of ownership of them for the lessor;

D) there is no correct answer.

5. A commercial loan is:

A) any type of credit;

B) bank credit;

C) seller's credit to the buyer;

D) there is no correct answer.

6. . The form of the loan, which is a kind of trade and commission transaction related to lending working capital:

A) factoring;

B) overdraft;

C) bill loan;

D) there is no correct answer.

7. Factoring makes sense to apply:

A) in all cases;

B) if the profit from immediate receipt of money is greater than from the receipt thereof in the prescribed period;

C) when there are doubts about the reliability of the payer;

D) there is no correct answer.

8. Deposit of cash or securities for safekeeping is:

A) factoring;

B) the deposit;

C) an overdraft;

D) there is no correct answer.

9. The main condition for granting a loan is:

A) the amount of the loan;

B) the borrower;

C) securing a loan;

D) there is no correct answer.

10. The credit system is a set of credit and financial institutions, performing specific functions:

A) on accumulation and distribution of funds;

B) for the formation, distribution and redistribution of the national product of the country;

C) the creation, distribution and redistribution of cash national funds of the country.

D) there is no correct answer.

11. Which of the statements are true:

A) the central bank, together with commercial banks, forms a banking system of the country;

B) the state receives seigniorage when the cost of issuing money is greater the nominal value of the money issued;

C) the objective of the functioning of the central bank is to achieve sustainable growth rates of the economy, full employment, fighting inflation through regulation;

D) there is no correct answer

Tasks

Task 1. When the bank was established, 1,500 ordinary shares with a nominal value of 1,000 soums were issued, which were sold at the rate of 1300 soums. In addition, for two years of activity, the retained earnings of the bank amounted to 60,000 soums. and 80 000 soums. respectively. The bank did not issue preference shares. Identify the size of the bank's capital two years after the commencement of its activities.

Task 2. The bank accepts deposits for 4 months at a rate of 5% per annum, for 5 months at a rate of 6% per annum and for a year at a rate of 7% per annum. The amount of the deposit is 100 thousand rubles. Identify the accrued amount of the deposit for the terms: a) 4 months; b) 5 months; in year.

Task 3. The bank issued a loan in the amount of 600,000 rubles. for three quarters at a simple interest rate, which in the first quarter was 12% per annum, and in each of the following quarter increased by 1 percentage point. Identify:

- a) the increased amount of debt;
- b) the amount of interest for using the loan.

Topic 10. Emergence of banks and banking system

Plan:

1. Banks, and the history of their appearance.
2. Banks as the main link of the credit system.
3. Development of monetary relations in Turkestan.
4. Monetary reforms and the practice of their conduct.
5. Credit mechanism and credit reforms.
6. Formation of an independent monetary and credit system in Uzbekistan.
7. Tasks and functions of banks. Banking system and stages of its development.
8. Banking system of the Republic of Uzbekistan, its levels, goals and objectives.
9. Programs for reforming the banking system.

Glossary

Bank Банк- a financial institution licensed to receive deposits and make loans.

Bank credits Банковские кредиты - the aggregate amount of credit available to a person or business from a banking institution.

Mortgage banks Ипотечные банки – a bank that specializes in originating and/or servicing mortgage loans. In the US a mortgage bank is a state-licensed banking entity that makes mortgage loans directly to consumers.

Specialized banks Специализированные банки - banks which concentrate mainly on financing specialized economic and social activities.

Bonds Облигации – a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

Balance Банковский баланс – the amount of money that a client has in your bank account at a particular time.

Banking system Банковская система – The structural network of institutions that offer financial services within a county.

Issuance of currency Эмиссия денег – introducing to circulation in economy cash- or non-cash money. It is mainly function of central banks in every country, but commercial banks also can indirectly create money.

Banking regulations Банковское законодательство - the formulation and issuance by authorized agencies of specific rules or regulations under governing law, for the conduct and structure of banking.

Tests

1. What type of license is issued to the bank for operations?

- A) preliminary license
- B) the general license
- C) a license for all operations
- D) The main license

2. Give a definition to such concepts in ancient Greece as:

- A) trapezites
- B) argyramoids
- C) apodecks
- D) menesiars

3. Give a definition of such concepts of banks in England:

- A) Deposit, trading, accounting houses,
- B) foreign banks,
- C) Commonwealth banks
- D) Interstate banks

4. Give a definition of such concepts:

A) Banking reputation

B) Fat banks

C) Syndicated loan

D) Government credit

5. What is typical for a banking system of a market type:

A) state monopoly on the formation of banks;

B) the state is responsible for all obligations of banks;

C) operations for lending to legal entities and individuals are concentrated in commercial banks;

D) a centralized scheme for managing banks.

6. The monetary policy of the Central Bank is aimed at:

A) regulating the money supply in circulation;

B) stimulating the growth of the savings of the population;

C) reducing the level of unemployment in the country.

D) a single-tier banking system;

Topic 11. Central banks and their functions

Plan:

1. The Central Bank as an issuing bank, its structure.

2. Fundamentals of the Central Bank of the Republic of Uzbekistan, its goals, objectives and operations.

3. Features of the activities of the Central Banks of foreign countries.

4. The activity of the Central Bank as a bank of banks.

5. Interrelation of the Central Bank with the state.

6. The main activities of the Central Bank of the Republic of Uzbekistan.

7. Some features of the Central Banks of foreign countries.

8. Applied educational technologies: dolphin technology, boomerang, cluster.

Glossary

Banknote Банкнота- (банковский билет) - a negotiable promissory note, which a bank can issue.

Discount policy **Дисконтная политика** - policy taken by the central bank to increase and decrease the money circulation by raising or lowering bank rates.

Compulsory reserves policy **Политика обязательных резервов** - requirements regarding the amount of cash a bank must hold in reserve against deposits made by customers.

Monetary policy **Денежно-кредитная политика** - how central banks manage liquidity to create economic growth

Central bank **Центральный банк** - an independent national authority that conducts monetary policy, regulates banks, and provides financial services including economic research.

Official reserves **Золотовалютные резервы** - the gold held by a national central bank, intended mainly as a guarantee to redeem promises to pay depositors, note holders (e.g. paper money), or trading peers, during the eras of the gold standard, and also as a store of value, or to support the value of the national currency.

Open Market Policy **Политика открытого рынка** - an activity by a central bank to give (or take) liquidity in its currency to (or from) a bank or a group of banks.

Currency policy **Валютная политика** - part of the economic and foreign economic policy of the state, representing the line of state actions inside and outside the country, conducted through exposure to currency, exchange rate, currency transactions.

The monetary policy of the country is carried out by its government, central bank, central financial authorities.

Refinancing rate **Ставка рефинансирования (учетная ставка)** – the replacement of an existing debt obligation with another debt obligation under different terms.

Tests

1. Which of the definitions most accurately characterizes the notion of monetary policy?

A)* a set of measures, instruments and mechanisms of the Central Bank aimed at ensuring the stability of the national currency and prices, regulating the money supply, the liquidity of the banking system, as well as the balance of payments, strengthening macroeconomic stability and economic growth

B) a set of measures, instruments and mechanisms of the Oliy Majlis and the Central Bank aimed at ensuring the stability of the national currency, monetary circulation, strengthening macroeconomic stability and economic growth

C) a set of measures, instruments and mechanisms of the Central Bank and the Government, aimed at reducing non-banking turnover, ensuring the stability of the national currency, monetary circulation, strengthening macroeconomic stability and economic growth

2. Monetary policy is implemented through the interaction of the Central Bank with:

A) Organizations of various sectors of the economy

C) Commercial banks

C) The Government

3. The Central Bank of the Republic of Uzbekistan is obliged to report to:

A) Ministry of Finance

B) The Oliy Majlis

C) The Cabinet of Ministers

4. The term for which the Chairman of the Central Bank of the Republic of Uzbekistan is appointed is ... years

A) 5

AT 6

C) 7

5. The role of the central bank is as follows:

A) The Trust Center of the Country

B) Lender of legal entities

C) The issuing center

6. The capital of the Central Bank of the Republic of Uzbekistan is formed by:

- A) State funds
- B) The means of commercial banks
- C) Funds of the soft loan fund

7. The task ... of the policy of the Central Bank is to influence the amount of money in circulation through regulation of the money supply and free liquid resources from commercial banks.

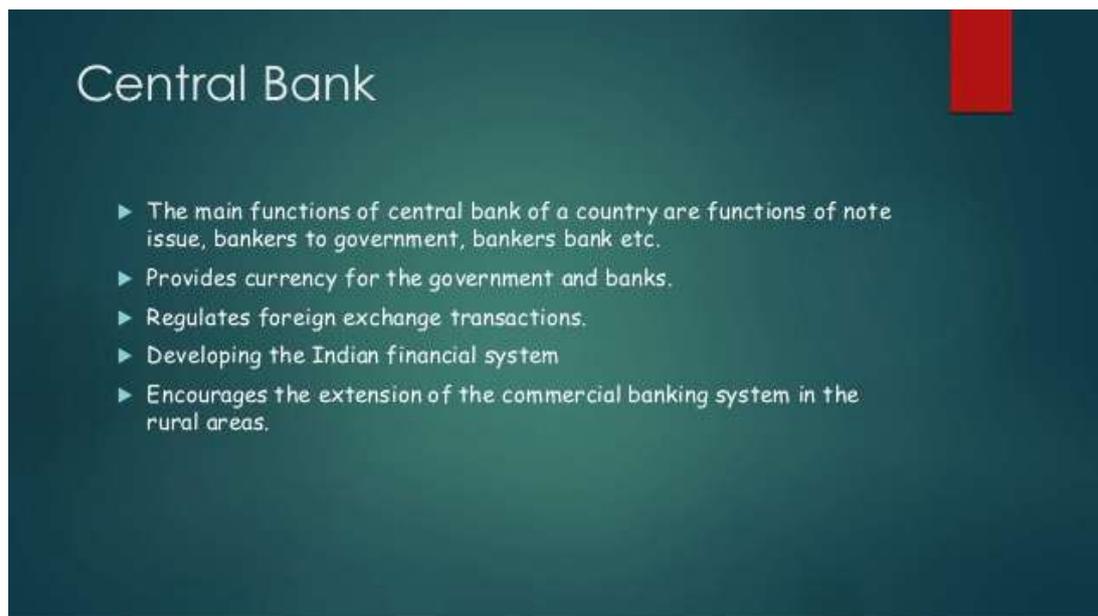
- A) Commodity
- B) Clearing
- C) Monetary credit

8. Which state body does not serve the Central Bank of the Republic of Uzbekistan?

- A) Ministry of Emergency Situations of the Republic of Uzbekistan
- B) Ministry of Internal Affairs of the Republic of Uzbekistan
- C) Tax Inspectorate of the Republic of Uzbekistan

Case study

Discussion



Central Bank

- ▶ The main functions of central bank of a country are functions of note issue, bankers to government, bankers bank etc.
- ▶ Provides currency for the government and banks.
- ▶ Regulates foreign exchange transactions.
- ▶ Developing the Indian financial system
- ▶ Encourages the extension of the commercial banking system in the rural areas.

BUSINESS GAME

Tasks of the game

1. Based on the knowledge of the source materials - topics and students' interest in using game elements in the classroom - to achieve a synergistic cognitive-educational effect.

2. To consolidate students' knowledge on the topic, orienting them to actively participate in the collective discussion on developing a joint solution.

Plan of the game

1. **The initial stage of the game.** Definition of goals and objectives of the game, familiarity of participants with the order of its conduct.

2. **The active part of the game.** Teamwork.

3. **The final stage of the game.** Summarizing. Definition of results.

Lesson equipment:

- indicative questions "Influence of the Central Bank on inflation";
- data plates;
- the order of the game.

In this variant of the business game, it is proposed to consider ways of measuring inflation, their advantages and disadvantages, as well as determining which method is currently more relevant and which index more accurately reflects the inflationary process.

The stream is divided into three groups, each of which receives a task to prepare for participation in the game.

1. The group calculates the rate of inflation by calculating the consumer price index - gets the task to justify the need to measure inflation processes in this way, its advantages and disadvantages.

2. The group calculates the rate of inflation in the manner of the deflator of GNP - selects arguments that prove the necessity of measuring inflationary processes in this way.

3. A group of observers - which should choose the most preferable price index for building an inflation meter, indicate these reasons.

During the game, the groups will have to try to take a "tough" stance on the issues under discussion and defend their point of view. What exactly is their way to determine the power of inflation is most reliable, for what reason. What level of inflation is acceptable and safe for the economy.

The approximate range of questions proposed for discussion to all groups:

1. Method of calculating the rate of inflation, its advantages.
2. The rate of inflation ..
3. Possible causes.
4. What is inflation and its impact on the economy of the country.
5. Anti-inflationary measures
6. The role of the Central Bank in regulating inflation

The educational task of the game: to prove the necessity of measuring inflationary processes by your method, arguing facts in the process of evidence.

Course of the game:

1. The initial stage of the game.

Stage 1.

Representatives of all groups are invited to discuss the range of issues and calculate the rate of inflation distributed in advance, the discussion is given 15 minutes. Choose a speaker from the group for advocacy, its measurement method, in front of other representatives.

2. Stage.

The chosen representative covers the position of his group, in front of other groups (10 minutes each group), the group consisting of observers and the opposing party can ask their questions necessary to evaluate these evidence. The discussion takes 20 minutes.

3. Stage.

The group of observers sums up the speeches of the representatives of the groups, and reads the group that gave more convincing evidence of the measurement of inflationary processes (10 minutes).

Methods and techniques of evidence in the game: tough (offensive): activity, a comprehensive study of the monetary system that you defend, perseverance, finding enemy weaknesses, positional pressure.

The active stage of the game is led by the organizers, the group consisting of observers, gives the floor to the participants.

The first stage is the determination of the positions of the parties.

The second stage is the upholding of one's position.

The final stage of the game.

Results are summed up - the word to observers.

1. Table for the 1st group.

Determine the rate of inflation using the Consumer Price Index (CPI).

The consumer price index (CPI) is calculated on the basis of the "basket" of the most consumed goods and services.

The price index is calculated by the formula:

The price of the "consumer basket" in this period

The price index in this period, % = ----- X
100

The use of indices allows a specialist to calculate the level of inflation, measured by the increase, the growth in prices, in percentages, was calculated most often for a month or a year.

The table is based on the minimum wage endorsed in Uzbekistan.

№	Indicators	2014 year	2015 year	2016 year	2017 year
		1	2	3	4
1.	"Consumer basket" in this period				
2.	"Consumer basket" in the base period				
3.	The price of an index ((p. 1/ p. 2) *100)				
4.	Rate of inflation				

The inflation rate for this year can be calculated as follows: subtract the price index of the past year from the index of this year, divide this difference by the index of the past year, and then multiply by 100.

1. What characterizes the CPI?
 2. If the index of the price level is greater than one, does it mean ...? If less than one, then ...
 3. Describe inflation by the rate of price growth.
 4. Why, such indicators as, the GDP deflator and the CPI often give different estimates of the level of inflation?
 5. What is the level of inflation acceptable and safe?
 6. What anti-inflation measures can you offer?
2. Table for the 2nd group.

Determine the rate of inflation using the value of the deflator of GNP.

Deflator of GNP (IPD). This is the price index, in which the "basket" includes all final goods and services. This index reflects a change in prices not only for consumer goods, but also for all goods. This index allows you to compare real and nominal GNP and is determined by the formula:

$$\text{Deflator of GNP} = \frac{\text{Real GNP}}{\text{Nominal GNP}} \times 100$$

The use of indices allows you to calculate the level of inflation, measured by the increase, the increase in prices in percent, calculated most often for a month or a year.

Table is based on the nominal and real GNP of the Republic of Uzbekistan

	Indicators	2014	2015	2016	2017
	1	2	3	4	5
1	Nominal GNP				
2	Real GNP				
3	Deflator of GNP ((p. 1/p. 2)*100)				
4	Rate of inflation				

The inflation rate for this year can be calculated as follows: subtract the GNP Deflator of the past year from the Deflator of this year, divide this difference by the Deflator of the past year, and then multiply by 100.

1. What characterizes the GDP deflator?
2. If the GNP deflator is greater than one, does it mean ...? If the deflator is less than one, then
3. Describe inflation by the rate of price growth.
4. Why, such indicators as, the GDP deflator and the CPI often give different estimates of the level of inflation
5. What is the level of inflation acceptable and safe?
6. What anti-inflation measures can you offer?

Topic 12. Passive operations of commercial banks

Plan

1. The functions and objectives of commercial banks
2. Passive operations of commercial banks
3. Types of passive operations of commercial banks

Glossary

Deposit Депозит - A transaction involving a transfer of funds to another party for safekeeping.

Commercial banks Коммерческие банки – a type of financial institution that accepts deposits, offers checking account services, makes business, personal and mortgage loans, and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses. A commercial bank is where most people do their banking, as opposed to an investment bank.

Securities Ценные бумаги – a fungible, negotiable financial instrument that holds some type of monetary value. It represents an ownership position in a publicly-traded corporation(via stock), a creditor relationship with a governmental body or a corporation (represented by owning that entity's bond), or rights to ownership as represented by an option

Dividend Дивидент- a distribution of a portion of a company's earnings, decided by the board of directors, paid to a class of its shareholders. Dividends can be issued as cash payments, as shares of stock, or other property.

Checking account Расчетный счет - a bank account which pays little or no interest, but from which the customer can withdraw money when he or she wants by writing checks.

Transactions Комиссионные операции -Activity affecting a bank account and performed by the account holder or at his or her request.

Stockmarket transactions Фондовые операции –A market is a medium that allows buyers and sellers of a specific good or service to interact in order to facilitate an exchange. This type of market may either be a physical marketplace where people come together to exchange goods and services in person, as in a bazaar or shopping center, or a virtual market wherein buyers and sellers do not interact, as in an online market.

Bank marketing Банковский маркетинг- Banking market definitions are used in connection with applications to evaluate effects on competition in local banking markets.

Bank liquidity Ликвидность - Liquidity describes the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

The liquidity management of the bank is aimed at preventing and eliminating both the shortage and the surplus of liquidity. Insufficient liquidity can lead to insolvency of the bank, and excessive may not favorably affect its profitability.

Tests

1. The main factor determining the interest rate of commercial banks of the republic:

- A) Terms of credit repayment
- B) Commercial bank credit resources
- C) Accounting rates of the Central Bank
- D) Interest rate on the securities market
- E) The rate of inflation

2. What is a commercial bank?
- A) The institution giving credit to customers;
 - B) Institution accumulating funds of enterprises;
 - C) A legal person, an institution that accepts clients' funds, lends and executes their payments
 - D) The institution that issues money.
 - E) Institution establishing a foreign exchange rate.
3. Name the main operations of a commercial bank:
- A) Implementation of mutual settlements of customers
 - B) Providing customers with cash
 - C) Opening and maintaining settlement accounts of customers, taking savings and lending to customers, issuing securities, selling and buying them, etc.
 - D) Issuance of money
 - E) Wrong answers
4. Who can be the founder of a commercial bank?
- A) Legal entities and individuals, including foreign ones
 - B) State institutions, legal entities and individuals;
 - B) General funds, population and state institutions;
 - D) Foreign social funds
 - E) there is no wrong answer
5. Who approves the minimum authorized capital of a commercial bank?
- A) State and law enforcement agencies;
 - B) The Central Bank
 - C) Shareholders of a commercial bank
 - D) Oliy Majlis
 - E) The Cabinet of Ministers
6. Who determines the reserve fund standard of a commercial bank?
- A) Ministry of Finance
 - B) State and legal organizations
 - C) The Central Bank
 - D) Credit auctions

- E) There is no right answer
7. The main objective of banking activities is:
- A) accumulation of temporarily free funds of the population
 - B) income generation
 - C) issuing loans
 - D) Investing.
8. Loan interest is regulated:
- A. The norm of mandatory reserves.
 - B. Instructions of the Central Bank.
 - C. Government regulations.
9. Commercial banks of developed countries emerged on the basis of:
- A. Government decisions.
 - B. State Banks
 - C. Evolutionary way of development.
10. The credit rating of the borrower is made by the bank:
- A. For each customer.
 - B. In addition to first-class customers.
 - C. For new customers.
 - D. For suspicious customers

Tasks

1. In order to create a joint-stock commercial bank, an amount equivalent to EUR 5 million was accumulated and relevant documents were submitted to the Central Bank. In what terms the decision will be rendered and the permission is received.
2. How many banks are currently operating in Uzbekistan? What kind? On the basis of the data obtained, complete the table.
3. What profit will the bank's client receive from the deposit, if he placed on his deposit account in the bank the amount of 2,564,000 soums with the condition of paying him an income of 12% per annum?
4. Compose an abstract on: Banking supervision in Uzbekistan »
5. Describe the following concepts:

Undistributed profit of the bank-

The norm of obligatory reservation in CB-

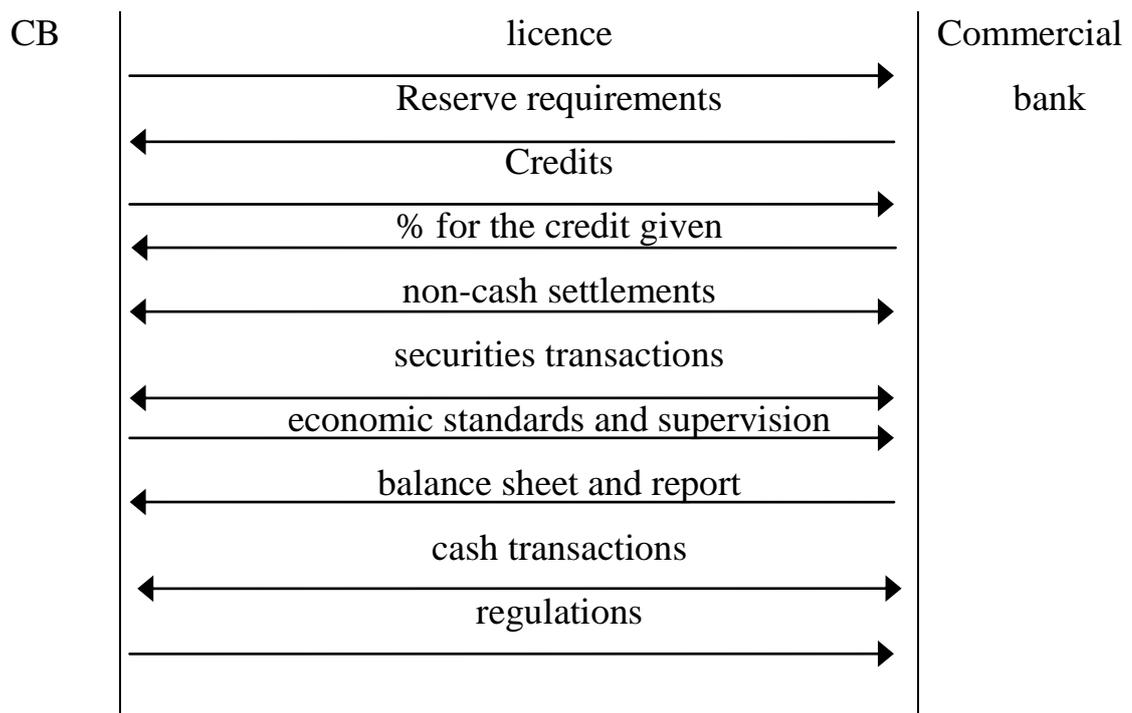
Net profit of the bank-

Case study

Explain and discuss.

Mutual relations of commercial banks with the Central Bank.

The following relationships exist between the central and commercial banks.



Topic-13 Active operations of commercial banks

Plan:

1. The capital of the bank.
2. Passive operations to attract funds from individuals and legal entities to the bank's accounts and deposits.
3. Deposits and prospects of expanding their effectiveness.
4. Active operations of a commercial bank, their types.
5. Intermediary and other operations of a commercial bank.
6. Interpretation of strategies for managing active and passive operations of a commercial bank.

GLOSSARY

Bank passive operation **пассивные операции коммерческого банка** - Passive operations of commercial banks - is the activity of the bank on the accumulation of own and borrowed funds in order to accommodate them.

Authorized capital **Уставной капитал** - the maximum amount of share capital that the company is authorised by its constitutional documents to issue (allocate) to shareholders. Part of the authorised capital can (and frequently does) remain unissued. The authorised capital can be changed with shareholders' approval. The part of the authorised capital which has been issued to shareholders is referred to as the issued share capital of the company.

Reserve fund **Резервный фонд**- a savings account or other highly liquid asset set aside by an individual or business to meet any future costs or financial obligations, especially those arising unexpectedly. If the fund is set up to meet the costs of scheduled upgrades, less-liquid assets may be used. For example, a homeowner's association often manages a reserve fund to help maintain the community and its amenities using the dues paid by homeowners

Undistributed profit **Нераспределенная прибыль** – The amount of a publicly-traded company's post-tax earnings that are not paid in dividends. Most earnings retained are re-invested into the company's operations. Year-on-year tracking of the ratio of undistributed profits to dividends is important to fundamental analysis to investigate whether a company is increasing or decreasing its rate of re-investment. Undistributed profits form part of a company's equity, and are owned by shareholders. They are also called retained earnings, accumulated profits, undivided profits, and earned surplus.

Deposit operation **Депозитные операции**- A transaction involving a transfer of funds to another party for safekeeping.

Call-up capital **Привлеченный капитал** – Depending on the jurisdiction and the business in question, some companies may issue shares to investors with the understanding they will be paid at a later date. This allows for more flexible

investment terms and may entice investors to contribute more share capital than if they had to provide funds up front. The amount of share capital owed by shareholders, but has not yet been paid, is referred to as called-up capital.

Overdraft Овердрафт- an extension of credit from a lending institution when an account reaches zero. An overdraft allows the individual to continue withdrawing money even if the account has no funds in it or not enough to cover the withdrawal. Basically, overdraft means that the bank allows customers to borrow a set amount of money.

Current account Конткоррент- The current account records a nation's transactions with the rest of the world –specifically its net trade in goods and services, its net earnings on cross-border investments, and its net transfer payments – over a defined period of time, such as a year or a quarter.

Lombard loan Ломбард-A loan advanced by a pawnbroker to a customer. The term derives from the prosperous pawn shops in Italy in the early modern period.

Tests

1. How many commercial banks operated in Uzbekistan as of December 31, 2011?
 - A) 0
 - B) 30
 - C) 31
2. In terms of business activity, commercial banks are divided into:
 - A) 3 types
 - B) 4 types
 - C) 5 types
 - D) 6 species
3. What license is given to the bank for conducting transactions with foreign currency:
 - A) Primary License
 - B) The main license
 - C) The general license

D) License for the execution of all operations

4. What is a commercial bank?

A) The institution giving credit to customers;

B) Institution accumulating funds of enterprises;

C) A legal person, an institution that accepts clients' funds, lends and executes their payments

D) The institution that issues money;

5. Name the main operations of a commercial bank:

A) Implementation of mutual settlements of customers

B) Providing customers with cash

C) Opening and maintaining settlement accounts of customers, taking savings and lending to customers, issuing securities, selling and buying them, etc.

D) Issuance of money

6. What license is issued to the bank for conducting transactions with foreign currency:

A) Primary License

B) The main license

C) The general license

D) The license for the execution of all operations.

7. The assets of a commercial bank include:

A) deposits of the population in deposit accounts

B) cash

C) bank bonds

D) correspondent accounts of other banks

Self-study task

Activity 1

How many commercial banks operated in Uzbekistan as of December 31, 2016?

Activity 2

What profit will the bank's client receive from the deposit, if he placed on his deposit account in the bank the amount of 23463000 sums with the condition of paying him dividends at a rate of 12% per annum?

Activity 3

What is goodwill and how is it determined?

Activity 4

Define the following keywords:

The Charter of the Bank -

Authorized capital -

Gold share -

Shareholders -

Activity 5

The main goal of the transition to a two-tier banking system and the history of the formation of central (emission) banks, using the example of the Bank of England. Task to execute in the form of an abstract.

Activity 6

Give a comment to the following keywords:

Consumption -

Central bank -

Income -

Profit -

Activity 7

Define the following keywords:

Dividend -

Deposit operations-

Deposit certificate-

Activity 8

Indicate the main difference between the Central and commercial banks. Explain this on the basis of the laws of the Republic of Uzbekistan "On the central bank" and "On the activities of commercial banks"

Activity 9

What is the governance structure of a joint-stock bank?

1. What is interbank credit?
2. What does correspondent relations mean?
3. What is the purpose of the Deposit Guarantee Fund?

Activity 10

Give a description of the following keywords:

- Overdraft
- Savings deposit
- Liquidity
- Solvency

Activity 11

How many banks are currently operating in the country, fill in the table according to the data:

Years	Joint-stock commercial banks	State-owned banks	With the participation of foreign capital	Private banks	Subsidiary banks
2015					
2016					

Case studies Discussion



Topic 14 Non-bank credit organizations and their types

Plan

1. Savings banks, their tasks and functions.
2. Credit cooperations.
3. Leasing and factoring companies.
4. Insurance companies, credit unions, their tasks, functions and other financial and credit institutions.
5. The need to develop the activities of non-bank credit institutions in the context of economic modernization.

Glossary

Credit unions Кредитный союз- a type of financial co-operative. Ranging in size from small, volunteer-only operations to large entities with thousands of participants, credit unions can be formed by large corporations, organizations and other entities for their employees and members. Credit institutions are created, owned and operated by their participants.

Microcredit organizations Микрокредитные организации- the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment, or a verifiable credit history. It is designed to support entrepreneurship and alleviate poverty. Many recipients are illiterate, and therefore unable to complete paperwork required to get conventional loans. As of 2009 an estimated 74 million people held microloans that totaled US\$38 billion. Grameen Bank reports that repayment success rates are between 95 and 98 percent.

Factoring company Факторинговые компании- a financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount.

Leasing Лизинг Written or implied contract by which an owner (the lessor) of a specific asset (such as a parcel of land, building, equipment, or machinery) grants a second party (the lessee) the right to its exclusive possession and use for a

specific period and under specified conditions, in return for specified periodic rental or lease payments.

Collection Инкассация – The act of receiving payment for goods or services. Collection occurs on the spot in a cash sale, while it may occur some weeks or even months later in a credit sale.

Pension funds Пенсионный фонд - All the financial resources of a firm, such as cash in hand, bank balance, accounts receivable. Any change in these resources is reflected in the firm's financial position.

Clearing company Клиринговые компании - An organization associated with an exchange to handle the confirmation, settlement and delivery of transactions, fulfilling the main obligation of ensuring transactions are made in a prompt and efficient manner. They are also referred to as "clearing firms" or "clearing houses".

Insurance Страхование - a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured.

Financial leasing Финансовый лизинг- a type of lease in which a finance company is typically the legal owner of the asset for the duration of the lease, while the lessee not only has operating control over the asset, but also has a substantial share of the economic risks and returns from the change in the valuation of the underlying asset.

License Лицензия - formal permission from a governmental or other constituted authority to do something, as to carry on some business or profession.

Tests

1. SCFI, unlike banks ...

A) are engaged in settlement and cash services for clients;

B) perform a limited range of banking operations, usually 50 or 100 operations and they are engaged in cash management services for customers;

C) perform a limited range of banking operations;

D) perform a limited range of banking operations, usually 1-2 transactions and they are not engaged in settlement and cash services for clients.

2. When was the Law "On Banks and Banking Activities" passed?

A) January 5, 1995;

B) on April 25, 1996;

C) on April 8, 2000;

D) January 1, 1996 ..

3. A distinctive feature of the banking system of Uzbekistan from other states, in particular from the CIS countries.

A) a small number of banks;

B) the largest number of banks;

C) a small number of private banks;

D) there is no correct answer.

4. Credit union is ...

A) credit organizations established by legal entities on the basis of voluntary and equal membership in order to provide loans;

B) credit organizations established by individuals on the basis of voluntary and equal membership with a view to granting loans;

C) credit organizations established by legal entities and individuals on the basis of voluntary and equal membership for the purpose of granting loans;

D) credit institutions established by the state.

5. pawnshops are ...

A) credit institutions that issue loans secured by movable property;

B) credit organizations that carry out the storage of pledged inventory and other valuables;

C) credit institutions conducting trading operations for the sale of mortgaged property on commission basis

D) Credit institutions that issue loans secured by movable property, which store the pledged inventory and other valuables, if necessary, conduct trading operations for the sale of mortgaged property on commission basis.

6. Why the minimum amount of the authorized capital for the newly established banks is set at 5 € and 2.5 €?

- A) based on Basel I and Basel II;
- B) Invented in the Ministry of Finance;
- C) just an even number;
- D) as a result of GDP growth.

Self-study task

The task . Answer the questions.

Where did the first credit unions originate?

What regulations do you know about the activities of microcredit organizations?

For what purpose was the Stabilization Fund of the Credit Unions created?

What economic role is assigned to the Parabank system

Who can be a participant in the leasing market?

Task. Give a definition of such concepts as:

- A) Deposit in a credit union
- B) Authorized capital
- C) Investments

The task .

Tell us about the activities and development of microcredit organizations in Uzbekistan

Task

Which of the following transactions are highly risky operations in Non-Bank Credit Institutions?	Credit operations	Operations on deposits	Liquid operations	Active-Passive Operations
When the law "On Microcredit institutions" was adopted	2013	2014	2015	2016

The task. Answer the questions.

- 1) What operations of investment funds contribute to the formation of their resources?
- 2) What is the difference between a bank and a credit cooperative?
- 3) Who controls leasing companies?
- 4) What operations of banks are similar to those of credit unions?

The task . Give a definition of such concepts as:

- A) Operational leasing
- B) Microcredit
- C) Collection

Topic 15 Banking system of Uzbekistan and its development

Plan

1. The development of banks
2. The development of banking activity
3. The emergence of Central bank
4. Banking system and its elements

Glossary

Banking system Банковская система- The network of institutions and laws that provide a great variety of financial services. At its most basic, banking involves an institution holding money on behalf of customers that is payable to the customer on demand, either by appearing at the bank for a withdrawal or by writing a check to a third party. The banking system also provides loans to businesses and individuals. Many banks also perform other services for a fee; for instance, they offer certified checks to customers guaranteeing payment to third parties.

Solvency Платежеспособность кредита- the ability of a company to meet its long-term financial obligations. Solvency is essential to staying in business as it asserts a company's ability to continue operations into the foreseeable future. While a company also needs liquidity to thrive, liquidity should not be confused with solvency. A company that is insolvent must often enter bankruptcy.

Leverage Лeverаж- the investment strategy of using borrowed money: specifically, the use of various financial instruments or borrowed capital to increase the potential return of an investment. Leverage can also refer to the amount of debt used to finance assets. When one refers to something (a company, a property or an investment) as "highly leveraged," it means that item has more debt than equity.

Good will Гудвил- an intangible asset that arises when one company purchases another for a premium value. The value of a company's brand name, solid customer base, good customer relations, good employee relations, and any patents or proprietary technology represent goodwill.

Goodwill is considered an intangible asset because it is not a physical asset like buildings or equipment. The goodwill account can be found in the assets portion of a company's balance sheet.

Forfeiting operations Форфетийнговые операции- a means of financing used by exporters that enables them to receive cash immediately by selling their medium-term receivables (the amount an importer owes the exporter) at a discount. The exporter also eliminates risk by making the sale without recourse, which means that the exporter has no liability regarding possible default by the importer on paying the receivables. The forfaiter is the individual or entity that purchases the receivables. The importer is then obligated to pay the receivables amount to the forfaiter. A forfaiter is typically a bank or a financial firm that specializes in export financing.

Interest rate Процентная ставка - the cost of borrowing money. Interest rates are normally expressed as a % of the total borrowed, e.g. for a 30-year mortgage, a bank may charge 5% interest per year.

Interest rates also show the return received on saving money in the bank or from an asset like a government bond.

Coefficient of liquidity Коэффициент ликвидности- measure a company's ability to pay debt obligations and its margin of safety through the calculation of metrics including the current ratio, quick ratio and operating cash flow ratio. Current liabilities are analyzed in relation to liquid assets to evaluate the

coverage of short-term debts in an emergency. Bankruptcy analysts and mortgage originators use liquidity ratios to evaluate going concern issues, as liquidity measurement ratios indicate cash flow positioning.

Bank assets Активы - a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit. Assets are reported on a company's balance sheet, and they are bought or created to increase the value of a firm or benefit the firm's operations. An asset can be thought of as something that in the future can generate cash flow, reduce expenses, improve sales, regardless of whether it's a company's manufacturing equipment or a patent on a particular technology.

Practical lessons

Task

Identify the following terminologies:

Banking system-

Goodwill-

Credit system-

Mechanism of credit–

Forfeiting operations -

Interest rate -

Tests

1. The credit system does not include ...

A) The Central Bank

B) pawnshops

C*) service of financial monitoring

D) mortgage bank

2. The national credit system is ...

A) a system of lending to individuals and legal entities of the country

B) the mechanism of accumulation and use of temporarily free funds

C) Legislatively regulated system of subjects and credit relations

D*) Legislatively regulated system of financial and credit organizations of the country

3. The activities of a commercial bank are determined ...

A*) by the credit policy of the bank's owners

B) the credit policy of the Central Bank

C) state credit policy

D) international credit policy

Identify the elements of the credit system?

A) credit circuit, currency, cash

B) gold, loans, loan agreements

C *) participants of credit relations, loan ratios, loan agreements

D) principles of lending, credit standards, participants in credit relations, credit limits, loans

4. The credit system is expanding

A *) money accumulation, allows to carry out the transfer of money from one industry to another and therefore contributes to the growth of production efficiency

B) the volume of credit investments, the share of bank loans in the formation of fixed and working capital of enterprises and organizations.

C) the aggregate payment turnover and performs the functions of managing gold and currency reserves

D) implementation of cash execution of the state budget.

6. What is typical for a single-tier banking system?

A) there is one bank in the country

B *) all banks perform similar functions

C) strict division of functions of central and commercial banks

7. What is the policy of credit expansion?

A) the policy of the central bank aimed at increasing the exchange rate

B) the policy of the central bank aimed at reducing inflation

C) the policy of the central bank, aimed at reducing loans and money supply

D) the policy of the central bank aimed at expanding credit and money supply

Task

Answer the questions.

What is a banking system?

What is the difference between a credit system and the banking system?

Specialized financial institutions are-?

Name three main links of the modern credit system in Uzbekistan.

What are the types of banking system in international practice?

Case studies

Discussion

Group 1.

Consider the differences between the credit system and the banking system.

Group 2.

Name three main links of the modern banking system in Uzbekistan.

Group 3.

What are the types of banking system in international practice?

Topic 16. International monetary relations and matters to regulate their activities

Plan

1. International economic relations - as the basis of currency relations.
2. Currency system, its elements and types.
3. International economic relations of the Republic of Uzbekistan.
4. Currency relations and legislation of the Republic of Uzbekistan.
5. National monetary system and the world monetary system.
6. Factors affecting the exchange rate, their characteristics and management methods.

Glossary

Cross rate Кросс-курс - the currency exchange rate between two currencies when neither are official currencies of the country in which the exchange rate quote is given. Foreign exchange traders use the term to refer to currency quotes that do not involve the U.S. dollar, regardless of what country the quote is provided

in.

Forward Форвард- a customized contract between two parties to buy or sell an asset at a specified price on a future date. A forward contract can be used for hedging or speculation, although its non-standardized nature makes it particularly apt for hedging. Unlike standard futures contracts, a forward contract can be customized to any commodity, amount and delivery date. A forward contract settlement can occur on a cash or delivery basis. Forward contracts do not trade on a centralized exchange and are therefore regarded as over-the-counter (OTC) instruments. While their OTC nature makes it easier to customize terms, the lack of a centralized clearinghouse also gives rise to a higher degree of default risk.

Swap Своп - a derivative contract through which two parties exchange financial instruments. These instruments can be almost anything, but most swaps involve cash flows based on a notional principal amount that both parties agree to. Usually, the principal does not change hands. Each cash flow comprises of one leg of the swap. One cash flow is generally fixed, while the other is variable, that is, based on a benchmark interest rate, floating currency exchange rate, or index price.

SPOT Спот - the purchase or sale of a foreign currency, financial instrument, or commodity for immediate delivery. Most spot contracts include physical delivery of the currency, commodity or instrument; the difference in price of a future or forward contract versus a spot contract takes into account the time value of the payment, based on interest rates and time to maturity.

Limit price Лимит - a price, or pricing strategy, where products are sold by a supplier at a price low enough to make it unprofitable for other players to enter the market.

Currency risks Валютные риски - commonly referred to as exchange-rate risk, arises from the change in price of one currency in relation to another. Investors or companies that have assets or business operations across national borders are exposed to currency risk that may create unpredictable profits and losses.

Exchange rate Курс валют- the price of a nation's currency in terms of another currency. Thus, an exchange rate has two components, the domestic currency and a foreign currency, and can be quoted either directly or indirectly. In a direct quotation, the price of a unit of foreign currency is expressed in terms of the domestic currency. In an indirect quotation, the price of a unit of domestic currency is expressed in terms of the foreign currency. Exchange rates are quoted in values against the US dollar. However, exchange rates can also be quoted against another nation's currency, which are known as a cross currency, or cross rate.

Currency Intervention Валютная интервенция- a monetary policy operation. It occurs when a government or central bank buys or sells foreign currency in exchange for their own domestic currency, generally with the intention of influencing the exchange rate and trade policy.

Hedging Хэджирование- method of reducing the risk of loss caused by price fluctuation. It consists of the purchase or sale of equal quantities of the same or very similar commodities, approximately simultaneously, in two different markets with the expectation that a future change in price in one market will be offset by an opposite change in the other market.

Currency parity Валютный паритет- two things being equal to each other. The term "par value" for a bond is similar to parity. Parity can also refer to two securities having equal value, such as a convertible bond and the value of the stock if the bondholder chooses to convert into common stock.

Bretton Woods system Бреттон-вудское валютная система — monetary management established the rules for commercial and financial relations among the United States, Canada, Western Europe, Australia, and Japan after the 1944 Bretton-Woods Agreement. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent states. The chief features of the Bretton Woods system were an obligation for each country to adopt a monetary policy that maintained its external exchange rates within 1 percent by tying its currency to gold and the ability of the IMF to bridge temporary imbalances of payments. Also, there was a

need to address the lack of cooperation among other countries and to prevent competitive devaluation of the currencies as well.

Jamaican currency system Ямайская валютная система- The transition from the gold exchange standard to a new system of currency relations took several years. After the first significant step is cessation of the exchange of dollars for gold, there were such events. In March 1973, was introduced floating exchange rates. Since 1974 all the leading currencies (dollar, pound sterling, Deutsche mark, yen, French franc) is freely floated against each other. In the same year, the "Special drawing right - SDR basket" has become the new benchmark of the value of currencies. In 1976, the IMF decided to abandon the fixing of the official price of gold by discontinuing operations in the framework of the IMF, giving the right to national monetary authorities to dispose of their own gold at its discretion. Finally, in 1978 the IMF Charter was secured the abandonment of the fixed parities and officially launched the Jamaican currency system.

Tests

1. The basis of the national monetary system is:
 - A)* statutory monetary unit of the state
 - B) exchange rate;
 - C) convertibility of currencies;
 - D) base currency.
2. The subjects of currency relations in Ukraine are:
 - A)*legal entities and individuals
 - B) The Cabinet of Ministers of Ukraine;
 - C) The Verkhovna Rada of Ukraine;
 - D) *National Bank of Ukraine
3. The country-guardian of Ukraine in the IMF is:
 - A) United Kingdom;
 - B) France;
 - C) *Netherlands.
 - D) Italy.
4. Currency dumping is:

A) an international agreement between two or more states on the regulation of foreign exchange settlements between countries or groups of countries;

B)* Export of goods at bargain prices, due to a decrease in the exchange rate of the currency of the exporting country.

C) intergovernmental agreement on the mutual set-off of counterclaims and obligations arising from the cost equality of commodity deliveries and services provided;

D) a significant one-time targeted impact of the country's central bank on the foreign exchange market and the exchange rate realized through the sale or purchase by the bank of large amounts of foreign currency.

5. A currency basket is:

A)* a set of currencies in relation to which the weighted average rate of one currency is determined;

B) the ratio of claims and obligations of a commercial bank in foreign currency;

C) the exchange ratio used in the recalculation of prices and monetary amounts from one currency to another;

D) currency groupings of states for carrying out of the coordinated policy in the field of the international currency relations.

6. the currency can be:

A)* freely convertible

B)* partially convertible

C)* non-convertible credit.

7. The subjects of currency relations in the country are:

A) The Cabinet of Ministers;

B) Supreme Court;

C) * authorized banks

D) * exchanges

8. The main objective of the European Bank for Reconstruction and Development is:

A) preservation and creation of new jobs;

B) reduction of debt of member countries of the European Economic and Monetary Union;

C) economic growth in Europe;

D)* price stability and protection against inflation

9. Currency clearing is:

A) an international agreement between two or more states on the regulation of foreign exchange settlements between countries or groups of countries;

B) export of goods at bargain prices, due to a decrease in the exchange rate of the currency of the exporting country;

C)*Intergovernmental agreement on mutual offset of counterclaims and obligations arising from the cost equality of commodity deliveries and services provided.

D) a significant one-time targeted impact of the country's central bank on the foreign exchange market and the exchange rate realized through the sale or purchase by the bank of large amounts of foreign currency.

10. The currency position is:

A) a set of currencies in relation to which the weighted average rate of one currency is determined;

B)*correlation of requirements and obligations of a commercial bank in foreign currency;

C) the exchange ratio used in the recalculation of prices and monetary amounts from one currency to another;

D) currency groupings of states for carrying out of the coordinated policy in the field of the international currency relations.

Case studies

1. The basis of the national monetary system is:

2. The currency can be in:

Topic 17 International financial institutions, and their goals

Plan

1. Organization and purpose of the International Financial Institutions.
2. The emergence of the International Monetary Fund, its development.
3. Specialized funds of the IMF.
4. The role of the IMF in the regulation of international monetary and credit relations.
5. The International Bank for Reconstruction and Development, its emergence, main tasks and organizational structure.
6. Regional monetary and credit organizations of the European Community.
7. European Investment Bank, European Bank for Reconstruction and Development.
8. International Settlement Bank, and its operations.
9. Islamic Development Bank.
10. Asian Development Bank.
11. The Role of International Financial and Credit Institutions in the Conditions of the World Financial and Economic Crisis.

Glossary

Organization for Economic Co-operation and Development, OECD

Организация экономического сотрудничества и развития

(ОЭСР,) – the world's largest security-oriented intergovernmental organization. Its mandate includes issues such as arms control, promotion of human rights, freedom of the press, and fair elections. It employs around 3,460 people, mostly in its field operations but also in its secretariat in Vienna, Austria and its institutions. It has its origins in the 1975 Conference on Security and Co-operation in Europe (CSCE) held in Helsinki, Finland.

The OSCE is concerned with early warning, conflict prevention, crisis management, and post-conflict rehabilitation. Its 57 participating states are located in Europe, northern and central Asia, and North America. The participating states

cover much of the land area of the Northern Hemisphere. It was created during the Cold War era as an East–West forum.

The OSCE was a rather small organization until selection by the international community to provide electoral organization to post war Bosnia and Herzegovina in early 1996. Ambassador Frowick was the first OSCE representative to initiate national election in September 1996, human rights issues and rule of law specifically designed to provide a foundation for judicial organization within Bosnia and Herzegovina.

The OSCE had regional offices and field offices, to include the office in Brcko in northeastern Bosnia and Herzegovina which remained in limbo until the Brcko Arbitration Agreement could be decided, finalized and implemented.

Brcko become a "special district" and remains so today.

The OSCE essentially took the place of the United Nations in Bosnia and Herzegovina in part because the Bosnian leadership felt deep contempt for the UN efforts to stop the war which began in 1991 and ended in 1995. During the time the United Nations were attempting a political solution, thousands of UN troops were posted in and around Bosnia and Herzegovina with special emphasis on Sarajevo. Between the inclusive dates of 1991 through 1995, over 200,000 Bosnians were killed and over one million displaced and another million as refugees. citation needed

The OSCE continues to have a presence and a number of initiatives to bring a sustained peace to the region.

International Monetary Fund, IMF Международный валютный фонд – an international organization headquartered in Washington, D.C., of "189 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world." Formed in 1945 at the Bretton Woods Conference primarily by the ideas of Harry Dexter White and John Maynard Keynes, it came into formal existence in 1945 with 29 member countries and the goal of reconstructing the international payment system. It now plays a central role in the management of balance of payments difficulties and

international financial crises. Countries contribute funds to a pool through a quota system from which countries experiencing balance of payments problems can borrow money. As of 2016, the fund had SDR477 billion (about \$668 billion).

Through the fund, and other activities such as the gathering of statistics and analysis, surveillance of its members' economies and the demand for particular policies, the IMF works to improve the economies of its member countries. The organisation's objectives stated in the Articles of Agreement are: to promote international monetary co-operation, international trade, high employment, exchange-rate stability, sustainable economic growth, and making resources available to member countries in financial difficulty.

The Paris club Парижский клуб — a group of officials from major creditor countries whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. As debtor countries undertake reforms to stabilize and restore their macroeconomic and financial situation, Paris Club creditors provide an appropriate debt treatment. Paris Club creditors provide debt treatments to debtor countries in the form of rescheduling, which is debt relief by postponement or, in the case of concessional rescheduling, reduction in debt service obligations during a defined period (flow treatment) or as of a set date (stock treatment).

The Paris Club was created gradually from 1956, when the first negotiation between Argentina and its public creditors took place in Paris. The Paris Club treats public claims, that is to say, those due by governments of debtor countries and by the private sector, guaranteed by the public sector to Paris Club members. A similar process occurs for public debt held by private creditors in the London Club, which was organized in 1970 on the model of the Paris Club is an informal group of commercial banks meet to renegotiate the debt they hold on sovereign debtors.

Creditor countries meet ten times a year in Paris for Tour d'Horizon and negotiating sessions. To facilitate Paris Club operations, the French Treasury provides a small secretariat, and a senior official of the French Treasury is appointed chairman.

Since 1956, the Paris Club has signed 433 agreements with 90 different countries covering over US\$583 billion.

International Development Association **Международная ассоциация развития IDA** - an international financial institution which offers concessional loans and grants to the world's poorest developing countries. The IDA is a member of the World Bank Group and is headquartered in Washington, D.C., United States. It was established in 1960 to complement the existing International Bank for Reconstruction and Development by lending to developing countries which suffer from the lowest gross national income, from troubled creditworthiness, or from the lowest per capita income. Together, the International Development Association and International Bank for Reconstruction and Development are collectively generally known as the World Bank, as they follow the same executive leadership and operate with the same staff.

The association shares the World Bank's mission of reducing poverty and aims to provide affordable development financing to countries whose credit risk is so prohibitive that they cannot afford to borrow commercially or from the Bank's other programs. The IDA's stated aim is to assist the poorest nations in growing more quickly, equitably, and sustainably to reduce poverty. The IDA is the single largest provider of funds to economic and human development projects in the world's poorest nations. From 2000 to 2010, it financed projects which recruited and trained 3 million teachers, immunized 310 million children, funded \$792 million in loans to 120,000 small and medium enterprises, built or restored 118,000 kilometers of paved roads, built or restored 1,600 bridges, and expanded access to improved water to 113 million people and improved sanitation facilities to 5.8 million people. The IDA has issued a total \$238 billion USD in loans and grants since its launch in 1960. Thirty-six of the association's borrowing countries have graduated from their eligibility for its concessional lending. However, eight of these countries have relapsed and have not re-graduated

European Monetary Agreement **ЕМА Валютное соглашение**- an agreement signed in Paris on 5 August 1955. Administered by the Organisation for Economic Co-operation and Development, it is the successor of the European

Payments Union. It provides a multilateral settlement system. The agreement was terminated by OECD in 1972, as its aims were largely replaced by the International Monetary Fund.

International monetary system Международная валютная система- sets of internationally agreed rules, conventions and supporting institutions, that facilitate international trade, cross border investment and generally the reallocation of capital between nation states. They provide means of payment acceptable buyers and sellers of different nationality, including deferred payment. To operate successfully, they need to inspire confidence, to provide sufficient liquidity for fluctuating levels of trade and to provide means by which global imbalances can be corrected. The systems can grow organically as the collective result of numerous individual agreements between international economic factors spread over several decades. Alternatively, they can arise from a single architectural vision as happened at Bretton Woods in 1944.

Asian Development Bank Азиатский банк развития- (АзБР;), a regional development bank established on 19 December 1966, which is headquartered in the Ortigas Center located in Mandaluyong, Metro Manila, Philippines. The company also maintains 31 field offices around the world to promote social and economic development in Asia. The bank admits the members of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, formerly the Economic Commission for Asia and the Far East or ECAFE) and non-regional developed countries. From 31 members at its establishment, ADB now has 67 members, of which 48 are from within Asia and the Pacific and 19 outside. The ADB was modeled closely on the World Bank, and has a similar weighted voting system where votes are distributed in proportion with members' capital subscriptions. ADB releases an annual report that summarizes its operations, budget and other materials for review by the public. The ADB-Japan Scholarship Program (ADB-JSP) enrolls about 150 students annually in academic institutions located in 10 countries within the Region. Upon completion of their study programs, scholars are expected to contribute to the economic and social development of their home countries. ADB is an official United Nations Observer.

As of 31 December 2016, Japan and United States hold the largest proportion of shares at 15.607%. China holds 6.444%, India holds 6.331%, and Australia holds 5.786%

World Bank Всемирный банк- an international financial institution that provides loans to countries of the world for capital programs. It comprises two institutions: the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The World Bank is a component of the World Bank Group.

The World Bank's stated official goal is the reduction of poverty. However, according to its Articles of Agreement, all its decisions must be guided by a commitment to the promotion of foreign investment and international trade and to the facilitation of capital investment.

Various developments had brought the Millennium Development Goals targets for 2015 within reach in some cases. For the goals to be realized, six criteria must be met: stronger and more inclusive growth in Africa and fragile states, more effort in health and education, integration of the development and environment agendas, more as well as better aid, movement on trade negotiations, and stronger and more focused support from multilateral institutions like the World Bank.

Eradicate Extreme Poverty and Hunger: From 1990 through 2004 the proportion of people living in extreme poverty fell from almost a third to less than a fifth. Although results vary widely within regions and countries, the trend indicates that the world as a whole can meet the goal of halving the percentage of people living in poverty. Africa's poverty, however, is expected to rise, and most of the 36 countries where 90% of the world's undernourished children live are in Africa. Less than a quarter of countries are on track for achieving the goal of halving under-nutrition.

Achieve Universal Primary Education: The percentage of children in school in developing countries increased from 80% in 1991 to 88% in 2005. Still, about 72 million children of primary school age, 57% of them girls, were not being educated as of 2005.

Promote Gender Equality: The tide is turning slowly for women in the labor market, yet far more women than men—worldwide more than 60%—are contributing but unpaid family workers. The World Bank Group Gender Action Plan was created to advance women's economic empowerment and promote shared growth.

Reduce Child Mortality: There is some improvement in survival rates globally; accelerated improvements are needed most urgently in South Asia and Sub-Saharan Africa. An estimated 10 million-plus children under five died in 2005; most of their deaths were from preventable causes.

Improve Maternal Health: Almost all of the half million women who die during pregnancy or childbirth every year live in Sub-Saharan Africa and Asia. There are numerous causes of maternal death that require a variety of health care interventions to be made widely accessible.

Combat HIV/AIDS, Malaria, and Other Diseases: Annual numbers of new HIV infections and AIDS deaths have fallen, but the number of people living with HIV continues to grow. In the eight worst-hit southern African countries, prevalence is above 15 percent. Treatment has increased globally, but still meets only 30 percent of needs (with wide variations across countries). AIDS remains the leading cause of death in Sub-Saharan Africa (1.6 million deaths in 2007). There are 300 to 500 million cases of malaria each year, leading to more than 1 million deaths. Nearly all the cases and more than 95 percent of the deaths occur in Sub-Saharan Africa.

Ensure Environmental Sustainability: Deforestation remains a critical problem, particularly in regions of biological diversity, which continues to decline. Greenhouse gas emissions are increasing faster than energy technology advancement.

Develop a Global Partnership for Development: Donor countries have renewed their commitment. Donors have to fulfill their pledges to match the current rate of core program development. Emphasis is being placed on the Bank Group's collaboration with multilateral and local partners to quicken progress toward the MDGs' realization.

The London club Лондонский клуб – an informal group of private creditors on the international stage, and is similar to the Paris Club of public lenders. The London Club is not the only informal group of private payables. The first meeting of the London Club took place in 1976 in response to Zaire's debt payment problems.

Practical lessons.

Task

Identify the following:

International monetary fund-

International development association-

Asian development bank-

World bank-

International corporation finance -

Организация экономического сотрудничества и развития-

Tests

1. What is the purpose of the International Monetary Fund?

A *) promote international currency cooperation;

B) assist countries in reconstruction and development;

C) assist in the financing of private enterprises;

D) maintain the stability of currencies;

e) promote the development of international trade.

2. What are the characteristics of the IMF?

A) The member country subscribes to shares of the share capital;

B) the authorized capital is satisfied from the contributions of member countries in accordance with the established quota;

C *) controls compliance with the established limits of operations in SDRs;

D) assists in the financing of the least developed countries;

E) credit operations are carried out only with the official bodies of the member countries.

3. Specify the characteristics that characterize SDRs:

A) are a collective currency;

- B) do not have their own cost and real security;
- C) the issue is secured by the IMF's gold reserves;
- D *) are used as the IMF unit of account;
- E) are used to replenish international currency liquidity.

4. Why does the International Bank for Reconstruction and Development positively influence the development of the world monetary system?

- A) Stimulates the long-term growth of international trade;
- B *) does not depend on the decisions of the UN in its actions;
- C) provides a loan for production purposes;
- D) sends a significant part of the loans to regional banks, which redistribute funds;
- E) borrowed funds using bonds.

5. What are the characteristics of the credit policy of the International Bank for Reconstruction and Development?

- A) The bank draws borrowed funds in the world market of loan capitals;
- B) provides guarantees for long-term loans of other banks;
- C *) most of the resources are directed to the infrastructure sectors (transport, communications, energy) and agriculture;
- D) there are qualitative changes in the loan portfolio of the bank in connection with its participation in solving global environmental problems;
- E) interest on loans is levied at the level of world financial markets.

6. Specify the specifics of the IMF's lending activities:

- A) provides funds in the form of selling foreign currency to a national one;
- B) provides funds for overcoming the temporary difficulties of the balance of payments;
- C) provides funds at the expense of own and attracted resources;
- D) provides funds on terms of recoverability, urgency and payment;
- E *) the funds provide in foreign currency or SDR.

7. What is the name of the loan that the IMF provides for a period of up to 3 years to overcome the temporary difficulties of the balance of payments and whose size should not exceed 25% of the borrowing country's quota?

- A) Advanced;
- B) urgent assistance;
- C*) reserve;
- D) structural adaptation;
- E) financing losses during export

8. The term of granting IBRD loans (International Bank for Reconstruction and Development) is basically:

- A) 5-10 years;
- B *) 15-20 years;
- C) 25-30 years;
- D) Not installed;

9. The headquarters of IBRD (International Bank for Reconstruction and Development) are located in:

- A) London;
- B) Brussels;
- C) Paris;
- D) Kiev;
- E*) There is no right answer;

10. Within the reserve share of IMF members, loans are issued at the first request of the country:

- A *) Without interest or commission;
- B) With payment of interest and commissions;
- C) Without interest, but with commission;
- D) With payment of interest, but without paying commissions;
- E) There is no right answer;

11. Each member country of the IMF can receive a loan in the amount of:

- A) 25% of its quota;
- B) 75% of its quota;
- C) 100% of its quota;
- D *) 125% of its quota;
- E) There is no right answer;

Task

1. The World Bank Group includes:
2. Name the international financial organization, which collectively solves the following problems:
 - a) acts as a consultant and adviser in the preparation of investment projects;
 - b) provides loans to enterprises with state and private forms of ownership;
 - c) pays much attention to the financing of environmental programs.
3. What is the role of the Bank for International Settlements in the development of international monetary relations?
4. Why do the IMF and IBRD occupy a leading position among international monetary and credit organizations?
5. What borrowing resources does the IMF use in its activities?
6. Disclose the specifics of the IMF's lending activities.
7. Explain the specific features of IBRD's lending operations.
8. What is the role of IDA in international monetary relations?
9. What are the differences and similarities between IBRD and IFC?
10. What are the differences and common features in the activities of regional banks for reconstruction and development?

Case study

Discussion

Group 1.

1. Types of regional development banks

Group 2.

1. The chairman bodies of World bank

Evaluation criteria for current control (CF)

The current rating is carried out in practical classes on the basis of the features of the subject and can be organized in the form of oral interviews, tests, discussions, tests, colloquium, checking home work for seminars and practical classes. For each topic of practical training, the student must use literature, keep notes, be able to express his thoughts independently, and be able to solve practical problems. At each seminar session a student can score from 0 to 2 points. In total, a

student under the current control can score up to 36 points. Criteria for grades according to the current rating are approved by the head of the department and are announced to the students.

Independent work of students on the subject will be evaluated during the current rating in accordance with the assigned points.

For each type of assignment, the student must score a passing score of 55%. A student who has collected more than 55% will be admitted to the final control.

Evaluation criteria for intermediate control (IC)

Intermediate rating - a method for determining and assessing knowledge and practical skills is conducted during the semester two times after completing a study of several topics at the rate of the curriculum. The number and form (verbally, in writing, a test, etc.) is determined based on the total number of hours allocated for the course, and approved by the department. Interim control provides for two independent works, each of which is estimated at a maximum of five points. According to the intermediate rating, the student can score from 0 to 34 points. The first PC - 0-17 points, the second - 0-17 points.

Evaluation criteria for Σ (CF+IC)

The degree of the student's learning of the subject is treated Σ (CF+IC) and is estimated from 0 to 70 points based on the criteria given in the table below:

Level of literacy of students	Rating score		Σ (CF+IC)
	CF	IC	
To understand the importance of money and banks, to have an idea of the types of money, credit and banking operations, to be able to explain the role of money, credit and banks in a market economy, and to solve problems and tests.	31-36	30-34	61-70

To have an idea of money and banks, to have an idea of the types of money, credit and banking operations, be able to distinguish between types of passive and active banking operations, be able to distinguish them by types, apply in practice, understand, know, tell and understand the meaning of money and banks.	26-30	25-29	50-60
To have an idea of money, credit and banks, and be able to think creatively about the causes of their occurrence, be able to justify their regulation on the basis of regulatory acts, show and have an idea about it.	20-25	19-24	39-49
Do not have an idea about money and banks, do not comprehend the reasons for their occurrence, fail to prove their knowledge and their practical application.	0-19	0-18	0-38

Evaluation criterion for final control (FC)

Final control is a method for evaluating theoretical knowledge and practical skills in a subject at the end of the semester. The final control over the discipline "Banking Risks" is usually conducted in the form of written work and it is allocated from 0 to 30 points. For Students, the final rating can also be done in the form of a "written work + test" (6/24). When passing the final control in the form of "Written work", the knowledge of the students is estimated in the interval 0-6 points (20 percent IR). Part of the final control is estimated in the interval of 0-24 points (80 percent of IR) is conducted in computer classes on the basis of test problems. Students receive 0.8 points for each correct answer from 30 test tasks.

At the final evaluation of Student's development of the subject "Money and banks" the following approximate criteria will be taken into account:

Level of literacy of students	FC
To understand the importance of money banks, to have an idea of the types of money, credit and banking operations, to be able to explain the role of money, credit and banks in a market economy, and to solve problems and tests.	26-30
To have an idea of money and banks, to have an idea of the types of money, credit and banking operations, be able to distinguish between types of money, inflation, passive and active banking operations, to be able to distinguish them by type, apply in practice, understand, know, tell and have the idea of the value of money and banks.	22-25
To have an idea about money and banks, and be able to think creatively about the reasons for their occurrence, be able to justify their regulation on the basis of regulatory acts, show and have an idea about it.	17-21
Do not have an idea about money and banks, do not comprehend the reasons for their occurrence, fail to prove their knowledge and their practical application.	0-16

Criteria for identifying students' progress in the subject

Knowledge, skills, abilities of students are determined by the rating system from 0 to 100 points by the following criteria:

Level of literacy of students	Score
Understand the importance of money and banks, have an idea of the types of money, credit and banking operations, be able to explain the role of money and banks in a market economy, and solve problems and tests.	86-100
To have an idea of money and banks, to have an idea of the types of money, credit and banking operations, be able to distinguish between types of passive and active banking operations, be able to distinguish them by types, apply in practice, understand, know, tell and understand the meaning of money and banks.	71-85
To have an idea about money and banks, and be able to think creatively about the reasons for their occurrence, be able to justify their regulation on the basis of regulatory acts, show and have an idea about it.	55-70
Do not have an idea about money and banks, do not comprehend the reasons for their occurrence, fail to prove their knowledge and their practical application.	0-54

Information and methodological approach

Multimedia tools (Microsoft Excel, Microsoft Power Point), tables developed in the format POWER POINT, computer, audio and video equipment, video projectors and cadascopes are used in teaching the subject "Money and Banks". Also in the course of lecture and practical classes, illustrative materials, out-of-service materials, slides and other are used. In addition, didactic materials, verbal justification, inser method, conceptual method, CASE STUDY method and others are used.

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