

DIRECTIONS OF FINANCIAL SECURITY ENFORCEMENT IN THE CENTRAL ASIA COUNTRIES

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ABSTRACT

Article is devoted to the assessment and analysis of the level of financial security of the economies of the countries of Central Asia, and the definition of the criteria for the development of the financial system, its support and approval in the current economic situation. The urgency of the article is due to the fact that in the current situation the problem of ensuring financial security becomes systemic. It affects and connects individual countries, regions, economic entities, politics, economy, finance, etc. Integration of countries with a guarantee of financial security will contribute to the sustainable development of the region's economy to financial risks.

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Virtually there is no aspect of the country's national security that does not directly depend on the level of its financial security. At the same time, the level of financial security itself mostly depends on the level of other aspects of national security. Consideration of interrelations and dependence between various aspects of national security allows finding measures to prevent or overcome threats to the national interests.

The dependence of all aspects of the country's national security on its financial security is at first glance extremely simple: the lack of financial resources leads to underfunding of the most urgent needs in various sectors of the economy and poses a threat to national security.

That is why today the national economies face the problem of developing such a new direction, the most important element of which would be strategy of financial security, which requires consistent, purposeful practical work aimed for improving the economy and resuming its growth. It means that the financial security system assumes not only the effective functioning of the financial system itself, but also the safe functioning of all elements of the country's financial and economic mechanism.

Modern globalization pushes the world market towards unity, and national financial segments and investment mechanisms - to integration. At the same time, the processes of globalization give rise to a variety of challenges that threaten the security of many countries, including Central Asia. This requires countries to respond at the interstate level. Only joint actions of the countries of the region will be effective.

In the opinion of V. Yurovitsky. [V. Yurovitsky Russia in the world financial system www.yur.ru/money/MirFin.htm [1]] in order to implement certain measures, it is necessary to understand the starting points of the work of the modern world financial system, which in its opinion is based on the following principles:

1. The absence of a constitutional monetary system. Modern monetary fund's freely convertible in the world market, such as the dollar or the euro, are national money and their international status is not backed by international legal documents. This money is recognized by default. It should be mentioned that such situation is a modern trend, since earlier on the international level it was accepted to use gold money and their value was determined by the content of gold, its weight in a coin.

From the middle of the forties to the seventies of the twentieth century, the dollar gained world currency status through the Bretton Woods Agreements. Then the agreement was disavowed and now no national currency is in the international legal field. But it is the dollar, as well as the euro, the yen, the British pound sterling and the Swiss franc that are used in international trade and financial relations.

It is clear that countries with actively used currencies in the world without international agreements on world money do not have any obligations to the world community. Pursuing their interests, they can act in the financial sphere, which can cause negative consequences in other countries.

2. The division of national currencies into "three varieties". The first is national-world currencies. These are the currencies that were mentioned earlier - the national currencies used as world currencies - the US dollar, the euro, the Swiss franc, the British pound sterling, the Japanese yen, and most recently the Chinese yuan. The issuing state can enter the world commodity and financial markets with its own national money.

Money of the second kind includes money that can be exchanged for world money in the world foreign exchange market. This money is close to the first grade and these two categories of money are called "freely convertible". All the states of the so-called golden billion belong to FCC (freely convertible currency).

Money of the third kind - all other currencies and they are not listed on the foreign exchange market.

The money of the Central Asian countries belongs to the third category of money and world money is needed to enter international commodity and financial markets. To receive them, they need to actively enter the international trade process by offering goods and services in exchange for world money. One of the main conditions for entering the world financial market for such countries is the creation of special gold and currency reserves, which once again confirms the countries' inefficiency and dependence on third-rate currency from countries with first-class money.

Thus, the world is divided into highly developed countries and "third world" countries. Of course, the line between these countries is not clear, it is blurred, and there are some intermediate countries. Russia and all the countries of the Commonwealth of Independent States automatically turned out to be in the collapse of the USSR. [Yurovitsky VM Russia in the world financial system www.yur.ru/money/MirFin.htm] [2].

The current financial crisis has shown that the current national financial systems of the countries of Central Asia should be more attentive to the issues of ensuring the financial security of their economies.

Experts of the Bank for International Settlements (BIS) warn that in the medium term, the crisis of 2008 may be repeated, although not on such a global scale. In this connection, analysts identified four main factors that could lead to a "collapse" in the growth of world GDP and negate all efforts to restore economies, especially in emerging markets, including Central Asian countries. These factors are referred to [World economy is threatened with the recurrence of the 2008 crisis // <https://msk.kprf.ru/2017/06/28/28504/>] [3]:

1. Inflation. The trend of inflation growth at some point may be dangerous for economic growth and "absorb" it. For countries dependent on the world's commodity and raw materials and foreign exchange markets, this is a rather serious factor. Commodities play the most important role in the economies of Central Asia. The decline in prices on world commodity markets has led to a reduction in foreign exchange earnings and a regular rise in prices for first-class currencies and, subsequently, inflation in countries.

2. Financial stress associated with the phase of contraction in the financial cycle may be the next threat to financial security for such small economies as the countries of Central Asia. Theoretically, the financial cycles go through four stages: revitalization, expansion, top and compression. Another compression can become a systemic and come at once in all economies of the region.

3. Reduce consumption and investment due to accumulation of debts. The economies of Central Asia can be characterized as a consumption economy. Decrease in purchasing power, including because of inflation, leads to a reduction in investment and it will not be enough to support the economy.

4. Protectionism. The mechanism of protectionism is considered in the first part of the study and now it becomes an effective measure of protection of national markets in the world economy. Analysts at BIS believe that de-globalization could have negative consequences in the short and long-term outlook, as it will damage trade and contribute to a sharp overlap in investment flows [The global economy is threatened with the recurrence of the 2008 crisis // // <https://msk.kprf.ru/2017/06/28/28504/>] [4].

Here the factors are singled out in the most common form. The consequences are quite large and affect not only one certain sphere of the economy, but are systemic in nature and cover all levels of security - from macro to nanoscale. This pattern is quite legitimate for the financial system. The slightest fluctuations can seriously affect the nature of socio-economic processes and will affect the financial security of the country in particular and generate threats to economic security in general. However, in the previous section of the study, we analyzed the change in the parameters of financial systems, which showed the level of financial security of the countries of Central Asia. Based on the analysis, we can identify the main areas of financial security in the Central Asian region.

In the short term, in the countries that are the main partners, we can expect economic growth associated with some stabilization of prices for oil and other raw materials. This will create certain

favorable external conditions for the countries of Central Asia. But at the same time, an increase in the level of risks requires the restoration of gold and foreign currency reserves to the level that ensures the obligations of countries, and issues of financial stability and budgetary vulnerability through budget consolidation remain relevant. It is important that the resource-exporting countries consider ways to increase non-primary income and improve the efficiency of expenditures.

In the long term, the refusal to use the Union of foreign currencies, dollars and euros, which should lead to an increase in demand for national currencies in the partner countries for the integration project, can contribute to overcoming inflationary problems. In addition, the formation of collective monetary policy can play a positive role, but such decisions clearly can not be implemented in the short term [EAE and inflation in Central Asian countries. Scientific and analytical portal of the Eurasian sector of the Central Research Institute of Higher School of Economics // Electronic resource: <http://eurasian-studies.org/archives>. Date of circulation 22.01.2018] [5].

The urgent task of economic policy is to find new products, markets and potential partners in the field of finance, investment, and goods in order to ensure the financial security of the Central Asian countries. It is clear that this direction can not be realized without political decisions of the government or the state. At the same time, mastering a new, technically advanced product in the field of finance requires a fairly serious study of the possible risks and consequences. In recent years, the governments of the Central Asian countries have changed their investment policy somewhat and have become increasingly interested in developing productive industries and attracting foreign investment in the processing industries of the economy.

In general, the following priorities in the provision of financial security in the countries of Central Asia can be singled out:

- in the field of fiscal security, it is important for countries to continue to stimulate economic growth through fiscal instruments, taking into account the potential of budgets and reserves. At the same time, it should be an effective budgetary process of an expanded type;

- in the sphere of monetary and credit security, special attention should be paid to issues of inflationary pressures and economic growth while maintaining financial stability. It is clear that simultaneously it is necessary to strengthen the monetary system and take care of the balance of the exchange rate policy;

- In the financial sector, in order to maintain the stable operation of financial institutions, it is necessary to improve the system of supervision, macro prudential regulation and crisis management.

At the same time, in our opinion, the national financial security of the countries of Central Asia can in many ways be achieved through an alliance and mutual cooperation between the countries of the region. This task is complicated by the fact that so far the integration in Central Asia has been hampered both by the different models of economic development chosen by the countries of the region and by different political formats, with an uneven degree of openness to the world. In addition, as world practice shows, authoritarian regimes are less inclined to cooperate than democratic ones.

Ultimately, the fact that the region represents five specific political and socio-economic systems has become one of the risk factors in Central Asia. In addition, not all geopolitical players are interested in the Central Asian countries speeding up the process of cooperation. Numerous contradictions in the region are a good external control tool for each of the states individually [Satpayev D. Will there be a regional alliance in Central Asia? Analytical Internet portal Ratel.kz // <http://balborsyk.kz/>] [6].

Globalization sharply compounded the competition of economies, that pushes national forces to consolidate in order not to lag behind and not to remain outside this process. In the most difficult situation turn out to be developing and transit countries, to which the new Central Asian states - Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan - are ranked. In order not to be a field for exploitation by post-industrial countries and not to reproduce backwardness, there is one possible exit for the Central Asian states in this situation - this is the way to cooperation within the framework of regional integration. To some extent, awareness of this need comes gradually to the leaders of Central Asian countries [Zerkalov DV Political Security. Problems and reality. Book 1. 2009 // <https://textbooks.studio/mejdunarodnie-otnosheniya-uchebnik/politicheskaya-bezopasnost-problemyi-realnost.html>] [7].

It is still too early to talk about the general regional interest of the Central Asian countries about the preservation of financial security in the region. If the issues of political security of the Central Asian countries can be solved within the framework of international structures, such as the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organization (SCO), financial security due to the integration of financial markets and globalization requires more prudent and thoughtful methods and mechanisms to counteract risks and threats.

The modern reality is that the Central Asian region with its countries can not yet be called an integrated space. At the same time, recently the attitude of the countries to the integration problems of the region is changing. The relations between the countries are also changing. So, in the region, two countries - Kazakhstan and Kyrgyzstan - are participants in one integration association. With the change of the president in Uzbekistan, the foreign policy of the state becomes more and more open and ready to search for new opportunities. This fact brings the countries of the region closer to integration, where there are no factors and conditions for this. The economy of Uzbekistan is the second in the region, and now it is possible to consider the opportunities ensuring the transformation of the CAR into an integration complex with effective interethnic and supranational structures of interaction in the field of financial security. At the same time, Kazakhstan has a certain potential in the sphere of finance, it is Kazakhstan that, more than other countries, focuses on integration within the region and more successfully develops financial structures and implements financial technologies.

Ensuring financial security in the region, in our view, is seen in the creation of a system based on mutual cooperation of all countries in the region. The initiator and organizer in the initial stages can be Kazakhstan, as the state with the greatest potential, the most open and having the experience of chairing the UN Security Council. The priorities of Kazakhstan as a member of the UN Security Council in 2017-2018 are indicated in the political address of President N. Nazarbayev to the UN Security Council under the title "Kazakhstan's conceptual vision of strengthening global partnership for building a safe, just and prosperous world." Among them are the promotion of the interests of Central Asia in strengthening regional security and cooperation, as well as ensuring the inextricable link between security and sustainable development and adapting the Security Council and the entire UN system to the threats and challenges of the 21st century, including global financial instability [Kazakhstan took the chairmanship of the Security Council UN. Information portal zakon.kz // <http://www.zakon.kz/4896727-kazahstan-vstupil-v-prava-predsedatelya.html>] [8].

For the beginning, it is important to consider the initiative and take a political decision on the creation of the Central Asian countries' financial security unit by at least two or several countries in the region. The countries of the Coalition will implement a policy of ensuring security in the region through concerted actions in the field of currency regulation, investment, monetary policy, and fiscal pragmatism. A separate topic of discussion will be the formation of an integrated financial market.

In our opinion, the integration of countries to ensure financial security will contribute to the sustainable development of the region's economy to financial risks. The current financial crisis has revealed new problems in the sphere of finance, since financial institutions are the main sources of monetary and investment resources in the economy. Consequently, the slightest volatility affects the participants of the financial market and the economy as a whole. Therefore, it is important, on the one hand, to create conditions for the effective application of the capital of financial institutions and the state, and on the other, to ensure the stability of the financial sector as a whole. This will become the main task of the Central Asian countries' interaction in the sphere of financial security. It is extremely important for the CA to interact with financial markets to form a developed segment of the global financial market. In addition, interaction contributes to the formation of effective circulation of savings in investment, will expand the range of new financial instruments and services, and reduce transaction costs, which is important for financial institutions and banks.

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