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The Legal Basis of the Russian Monetary System

Abstract: The monetary system is one of the main factors regulating the impact of the state on the economy, determining the methods and possibilities of stabilising inflation and negative trends. The modern monetary system is a collection of credit money and the institutions that issue, distribute, circulate, and coordinate it. The main institution of the monetary system is the banking system. The process of globalisation unfolding in the world is leading to the elimination of borders between national monetary circulation systems. As a result, a single financial space and a global capital market are being created. The Russian economy cannot stay away from the process of global integration. Isolation has a negative impact on domestic market reforms. The study object is social, economic and financial relations in the sphere of functioning of the monetary system. The study subject is the fundamentals of the monetary system of Russia. The purpose aims to examine the Russian monetary system. The study used methods such as analysis, synthesis, generalisation, as well as statistical, graphical and comparative methods. The author concludes that monetary systems are subsystems of the general formation of the economic system. The monetary system operates within the framework of general and special monetary legislation and is subject to the general legal norms of the company. One of the special indicators is the monetary base, which includes cash in circulation, including cash at the cash desks of commercial banks, funds in the Reserve Fund of Claims and funds on correspondent accounts of the Bank of Russia in commercial banks. The analysis of the dynamics of the money supply did not reveal significant trends. Aggregate demand is unlikely to put upward pressure on inflation. It is established that the regulation of monetary circulation, entrusted to the Bank of Russia, is performed according to the main directions of monetary policy, is formed and approved in accordance with the procedure established by the Law on Banks.

Keywords: Bank of Russia, banking system, monetary system, Russian economy.

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Правовая основа денежной системы России

Аннотация: Денежно-кредитная система является одним из основных факторов, регулирующих воздействие государства на экономику, определяющих методы и возможности стабилизации инфляции и негативных тенденций. Современная денежная система — это совокупность кредитных денег и институтов, которые их выпускают, распределяют, циркулируют и координируют. Основным институтом денежной системы является банковская система. Разворачивающийся в мире процесс глобализации ведёт к устранению границ между национальными системами денежного обращения. В результате создаётся единое финансовое пространство и мировой рынок капитала. Российская экономика не может оставаться в стороне от процесса глобальной интеграции. Изоляция негативно сказывается на реформах внутреннего рынка. Объект исследования – общественные, экономические и финансовые отношения в сфере функционирования денежной системы. Предмет исследования – основы денежной системы Российской Федерации. Цель курсовой работы состоит в рассмотрении денежной системы Российской Федерации. В ходе исследования использовались такие методы как анализ, синтез, обобщение, а также статистический, графический и сравнительный методы. Автор делает вывод, что денежные системы являются подсистемами общего формирования экономической системы. Денежная система функционирует в рамках общего и специального денежного законодательства и подчинена общим правовым нормам общества. Одним из специальных показателей является денежная база, которая включает в себя наличные деньги в обращении, в том числе наличные деньги в кассах коммерческих банков, средства в Резервном фонде требований и средства на корреспондентских счетах Банка России в коммерческих банках. Анализ динамики денежной массы не выявил значимых тенденций. Совокупный спрос вряд ли будет оказывать повышательное давление на инфляцию. Установлено, что регулирование денежного обращения, возложенное на Банк России, осуществляется в соответствии с основными направлениями денежно-кредитной политики, формируется и утверждается в порядке, установленном Законом о банках.

Ключевые слова: Банк России, банковская система, денежно-кредитная система, российская экономика.

Abbreviations:

CBR is the Central Bank of Russia,

CSC is cash settlement center,

IPS is International Payment System,

SWIFT is the Society for Worldwide Interbank Telecommunications.

Introduction

The monetary system is one of the main factors regulating the impact of the state on the economy, determining the methods and possibilities of stabilising inflation and negative trends. The modern monetary system is the result of a long historical development and the adaptation of credit institutions to the needs of a market economy. The modern monetary system is a collection of credit money and the institutions that issue, distribute, circulate, and coordinate it. The main institution of the monetary system is the banking system. Banks are the only producers and suppliers of credit money in economic circulation. If non-bank credit organisations raise funds and issue loans, then banks generate new funds and collect them to issue loans. The separation of cash flows and capital flows in the form of money requires an independent form

of regulation by the state. The movement of funds is regulated by the central bank, and the movement of loan capital is regulated by administrative and legal acts of the state.

Coordination of economic activity in a market system is carried out through markets by setting prices according to supply and demand. The market has two distinct types of economic decision makers—sellers and buyers. The main role in market decision-making is played by the prices that manufacturers and consumers rely on.

The main factor in the relative stability of the monetary system is its close relationship and interaction with the real sector of the economy. Flexibility is provided by the availability of various forms and functions of money and the self-regulation of the money market.

The modern Russian monetary system does not meet the needs of a market economy. It is not only far from a developed state, but also does not have all the necessary structural connections. The latter is the reason to assert that the Russian monetary system continues to be in the process of formation. In this regard, the scientific development of the objective logic of the formation of the Russian market monetary system and practical recommendations on its organization remain relevant.

The process of globalisation unfolding in the world is leading to the elimination of borders between national monetary circulation systems. As a result, a single financial space and a global capital market are being created. The Russian economy cannot stay away from the process of global integration. Isolation has a negative impact on domestic market reforms. However, the complete openness of the economy in the conditions of an immature monetary system and a weak national currency turns Russia into a conduit for solving the internal problems of developed countries.

The study object is social, economic and financial relations in the sphere of functioning of the monetary system.

The study subject is the fundamentals of the Russian monetary system.

The purpose aims to examine the Russian monetary system.

Base on the purpose, the tasks are following:

- consider the concept and structure of the monetary system;
- characterise the modern Russian monetary system;
- analyse the indicators of the Russian monetary system;
- identify ways of developing the Russian monetary system.

The research used methods such as analysis, synthesis, generalisation, as well as statistical, graphical and comparative methods.

Results

Theoretical and Legal Foundations of the Organisation of the Russian monetary system

The Concept and Structure of the Monetary System

In present days, it is the definition of the national monetary system from the viewpoint of the first approach that is most often reflected in the relevant laws. This may be a law on the

monetary system of a country or a law regulating the activities of the central bank of that country as the main entity determining economic relations within the monetary system. Thus, in accordance with the expired Federal Law “On the Monetary System of the Russian Federation” (1992), the main provisions of which were almost completely transferred to the Federal Law “On the Central Bank of the Russian Federation (Bank of Russia)” (2002), the monetary system of the Russian Federation includes the following elements such as the official monetary unit, the organization of monetary circulation and its regulation, and the procedure for issuing cash (*Abolikhina et al., 2024*).

The monetary system is a form of organisation of monetary circulation, which has a historical character and changes in accordance with the essence of the economic system and the fundamentals of monetary policy. Its integral part is the national monetary system, which at the same time is relatively independent.

The monetary system is a form of organisation of monetary circulation in a country, i.e., the movement of money in cash and non-cash forms. It includes the following elements:

- monetary unit (the measure of money accepted in a country as a unit (ruble, dollar, etc.);
- price scale (the weight amount of monetary metal accepted in a country as a monetary unit and its constituent parts);
- types of money in the country, the order of their issue and circulation;
- the state apparatus responsible for regulating money circulation.

A monetary unit is a legally established monetary sign that serves to measure and express the price of any product. Monetary units are usually divided into smaller proportional parts. Most countries today use the decimal system of division.

The price scale is a means of expressing value in monetary units and a technical function of money. Currently, price scales are formed spontaneously and serve to measure the value of goods using prices.

Currently, there is no metal circulation system in any country. The main types of money are credit notes (banknotes), national banknotes (treasury notes) and change coins, which are the legal tender of the country.

Any monetary system consists of a number of elements. In our country, it is customary to distinguish between the following elements of monetary circulation:

- a monetary unit is a legally established monetary sign that is a means of measuring and comparing prices for goods, works, and services;
- types of money that are a legal means of payment (this includes credit money, as well as paper banknotes and coins);
- the country’s emission system is the procedure established at the legislative level for issuing money into circulation and withdrawing it;
- money circulation regulation is the process of monitoring the state of money circulation in a country and measures to stabilise and normalize it applied by the relevant authorities.

Since the money supply is one of the main elements of any monetary system, it is advisable to conduct a statistical analysis of monetary circulation in Russia.

The money supply is a set of money used to pay for goods and services and intended for accumulation by organizations, non-financial enterprises and the population.

The Russian monetary system belongs to the bimetallic type. The basis of Russia's modern monetary system is money that is not denominated in gold. The official monetary unit of Russia is the Russian ruble, equal to 100 kopecks. At the same time, according to the legislation, the official ratio between the monetary unit (ruble) and the precious metal (mainly gold) is not regulated. The authority to withdraw and issue cash belongs to the Bank of Russia, which is fully responsible for the circulation of cash in the economy.

When developing economic policy and setting quantitative benchmarks for macroeconomic proportions, governments use various aggregated indicators of the structure and volume of the money supply—monetary aggregates.

Metallic money circulation is inherently heterogeneous, since in different historical periods different metals and on different grounds could be used in monetary circulation. Silver and gold have traditionally been recognised as the main monetary metals, while in some periods copper money could also be used as exchange coins (*Yanova et al., 2024*).

Monetary aggregates are used in Russian financial statistics to analyse the changes in the money supply:

- unit M0 is cash in circulation;
- unit M1 is unit M0 + funds of enterprises in various bank accounts, demand deposits of the population, funds of insurance companies;
- unit M2 is unit M1 + term deposits of the population in savings banks, including compensation;
- Unit M3 is unit M2 + certificates and government loan bonds.

There are factors that affect the volume and structure of the money supply:

- the size of the official discount rate;
- transactions with securities on the open financial market.

An increase in the official exchange rate stimulates the inflow of foreign short-term capital into the country, stimulating the balance of payments and increasing the supply of foreign currency, which leads to a decrease in the exchange rate of foreign currency and an increase in the exchange rate of the national currency. A decrease in the official exchange rate has the opposite effect.

Financial regulation is a set of government measures to ensure that the amount of money meets the objective needs of economic development.

The main purpose of monetary regulation in the monetary system of the Russian Federation is to develop and legally consolidate a system of measures to ensure economic growth, curb inflation, ensure employment and balance of payments, and reduce structural economic imbalances in a market economy. It is the norms of financial law that regulate in detail the organization of the Russian monetary system.

In addition, through financial and legal norms on the signs of the solvency of banknotes, on ensuring the order of cash circulation, the basics of organising settlements, determining the procedure for conducting cash transactions, etc., its effective functioning is achieved.

However, in practice, the legal regulation of the Russian monetary system is performed primarily by the norms of financial law, as well as the norms of civil and criminal law. As for the rules of financial law, they are contained in a number of federal laws. These are Federal Laws

“On the Central Bank of the Russian Federation (Bank of Russia)” (2002), “On Banks and Banking Activities” (1990) and “On Currency Regulation and Currency Control.”

Many issues related to the activities of the CBR that ensure the functioning of the monetary system and require their detail (manufacture of banknotes, their transportation to the regions of the country, storage and collection, creation of reserve funds for banknotes, their withdrawal from circulation, destruction and replacement of obsolete and damaged banknotes) are regulated by the rules of financial law contained in departmental regulations acts of the CBR.

Characteristics of the Modern Russian Monetary System

The Russian monetary system operates according to the Federal Law “On the Central Bank of the Russian Federation (Bank of Russia)” (2002), which defines its legal framework. The official monetary unit (currency) of our country is the ruble. The introduction of other monetary units on Russia’s territory is prohibited. The ratio between the ruble and gold or other precious metals is not legally defined. The official exchange rate of the ruble against foreign currency units is determined by the CBR and published in newspapers.

The CBR has the exclusive right to issue, circulate and withdraw cash on Russia’s territory. The CBR is responsible for the state of money circulation in order to maintain normal economic activity in the country.

The types of money that have the force of legal tender are banknotes and metal coins, which are backed by all assets of the CBR, including gold reserves, government securities and reserves of credit institutions with accounts in the CBR. The design of banknotes and coins is approved by the Bank of Russia. Information about the issue of new banknotes and coins and their descriptions are published in the mass media. New banknotes and coins are accepted throughout the country at their face value for all types of payments, as well as for crediting to accounts, deposits and money transfers. The withdrawal period for old banknotes is from one to five years. There are no restrictions on the amount or object of exchange. Banknotes and coins may be invalidated by law (invalidate legal tender). Counterfeiting and manufacturing of illegal coins are punishable by law.

In Russia, there is cash (banknotes and coins) and non-cash money (funds in the accounts of credit institutions). All issues related to the organisation and regulation of non-cash payments are established by the CBR according to current legislation. It defines the rules, forms, conditions and criteria for making non-cash payments. The Bank is responsible for the authorisation of payment systems of credit institutions.

The Russian currency—the ruble—is not legally linked to the monetary metal (gold), so its price does not have a fixed measure. The official price of the ruble is determined by the government. The regulation of monetary circulation, entrusted to the CBR, performs out in accordance with the main directions of monetary policy, formulated and approved according to the procedure established by the Law on Banks. The CBR has the exclusive right to issue money and is responsible, among other things, for maintaining a balanced monetary circulation.

Cash settlement centers are being established in the main offices of the CBR on Russia’s territory to provide cash services to credit institutions and other legal entities in Russia. Reserve funds are a stock of banknotes and coins in circulation in the vaults of the CBR, and are important for the organisation and centralised regulation of cash resources. Cash is put into

circulation on the basis of an issue permit. This document gives the CBR the right to replenish the circulating cash register from the reserve fund of banknotes and coins. The document is issued by the Board of Directors of the CBR within the limits of the emission directive established by the Government of the Russian Federation, that is, the maximum volume of money in circulation (*Zhivalov, 2015*).

Thus, the coins that have the force of legal tender on Russia's territory are banknotes (banknotes) and metal coins, the samples of which are approved by the CBR. They are required to be accepted at face value for all types of payments, deposits, letters of credit, and money transfers throughout the Russian Federation.

Payments on Russia's territory are made in the form of cash and non-cash payments. The CBR also approves samples of payment documents used for non-cash payments, such as payment orders, bills of exchange and checks. The CBR is responsible for planning the production of banknotes and coins, creating a reserve fund for banknotes and coins, defining rules for storing, transporting and collecting cash, establishing signs of banknote solvency and approving rules for conducting cash transactions.

The CBR carries out its monetary policy activities jointly with the Government of Russia. The CBR regulates the issuance of cash into circulation, performed on the basis of issuance permits, which give the right to increase the money supply at the expense of reserve funds. The Reserve Fund of money and coins is a reserve of money and coins that have not been released into circulation in the vaults of the CBR. In addition, commercial banks do not create such funds. Commercial banks have operational cash desks, and the maximum balance of money in them is determined in agreement with the CBR or its departments.

The main directions of the unified state monetary policy for the coming year are determined by the CBR. The main directions of the unified state monetary policy analyse the state of the Russian economy for the coming year, predict the development of events, determine the goals and objectives of the unified state monetary policy and the growth targets of one or more indicators of the money supply.

A properly functioning monetary system gives vitality to the cycle of income and expenses, which embodies the entire economy. A well-functioning monetary system promotes both the full use of productive potential and full employment. Conversely, a poorly functioning monetary system is the main cause of sharp fluctuations in the level of production, employment and prices in the economy, as well as the main source of distortions in the allocation of resources.

The monetary system is formed and operates depending on monetary policy. The impact on the financial system is a hierarchy of goals applied for daily operations on the open market or long-term impacts on parameters such as the amount of money in circulation.

The main objective of the CBR's monetary policy is to ensure price stability in the country, that is, to achieve and maintain stable and low inflation for several years in a row. Therefore, the correctness of the chosen monetary policy, of course, depends on a critical assessment of the situation in the country and following the "golden rules" of economic theory. This is important because, in accordance with the general trend of modernity, the role of the state in regulating the national economy through the financial system is increasing.

The Concept of Settlement Legal Relations

The Essence of Settlement Legal Relations

In modern conditions of market formation, most property relations are of a reimbursable nature, which implies the need to make settlements (payments) for valuables received, services rendered, and work performed. Settlements, being an element of compensated property relations (purchase and sale, construction contract, lease, etc.), may occur simultaneously with the receipt of any benefits, but may be distant in time from this moment. Settlements are carried out either directly between the parties to a paid property relationship, or with the participation of an additional entity—a credit institution. In this case, a new settlement relationship arises on the basis of the relevant property relationship. These property relations are mediated by the norms of law and take the form of a settlement legal relationship. The legal relations that arise when making payments to budgets of all levels and to state extra-budgetary funds are also settlement legal relations.

Thus, settlement legal relations are compensated property relations based on the norms of law and related to settlements between the parties with the participation of the bank.

It is necessary to consider the structure of settlement legal relations. The subjects of settlement relations are the financial sector and the non-financial sector. The financial sector consists of banks and other credit institutions that perform interbank settlements. The non-financial sector includes enterprises, firms, budget-funded, and public organisations that perform inter-firm settlements. This also includes calculations of the population—the personal sector. The objects of settlement relationships are payments for commodity transactions—for goods and services, and payments for non-commodity transactions—contributions to the budget, extra-budgetary funds, payments on loans and other financial and credit documents. Settlement relations are regulated by the norms of various branches of law, primarily the norms of financial and civil law, which together form a comprehensive institute of law. The most important normative acts regulating this sphere of public relations are the Civil Code of the Russian Federation (art. 861-885) (1994), the Federal Law “On the Central Bank of the Russian Federation (Bank of Russia)” (2022) and the Federal Law “On Banks and Banking Activities of the Russian Federation” (1996).

Settlement relations are also regulated by resolutions of the Government of Russia, regulatory acts of the CBR, such as “Regulations on Non-Cash Payments in the Russian Federation,” “Regulations on Non-Cash Payments by Credit Institutions of the Russian Federation” and other regulatory acts of the CBR. The CBR is the body coordinating, regulating and licensing the organisation of settlement, including clearing systems in the Russian Federation. The establishment of rules, forms, deadlines and standards for non-cash payments is the responsibility of the Bank of Russia. The tasks assigned to the Bank of Russia also include ensuring the efficient and uninterrupted functioning of the settlement system.

Currently, Russia has a two-tier banking system. At the first level is the CBR performing non-cash money turnover between banks of the second level of the Russian banking system. The second level consists of commercial banks of various forms of ownership, performing operations directly with the clientele—legal entities and individuals.

In Russia, there is a continuous process of evolution of settlement legal relations in order to increase the speed, reliability, and cost-effectiveness of payments. The following basic principles are observed in the organization of settlement relations:

- (1) the legal regime for settlements and payments;
- (2) settlement of bank accounts;
- (3) maintaining liquidity at a level that ensures the smooth execution of payments;
- (4) availability of the payer's acceptance (consent) for the payment;
- (5) the principle of urgency of payment;
- (6) control of all participants over the correctness of the calculations, over compliance with the established provisions on the procedure for their implementation;
- (7) the principle of financial responsibility of settlement participants for compliance with contractual conditions.

Types of calculations can be classified for various reasons. Depending on the location, calculations can be intra-state (nonresident, nonresident) and interstate. Depending on the time stipulated in the contract, payments can be:

- urgent (before the start of the trading operation; immediately after the transaction; after a certain period of time after the completion of the trading operation on the terms of a commercial loan);
- early (before the deadline is calculated);
- scheduled (periodic payments as goods or services are received);
- deferred (prolongation of the originally set deadline);
- overdue (with expired payment).

The following communication systems are used for making non-cash payments:

- postal communication;
- special services (special communications agencies, courier service, couriers, collection service);
- telegraph and teletype communication;
- telephone connection;
- electronic communications (international telecommunications, e.g., SWIFT).

Settlements between enterprises, organisations, and institutions are usually made in cash or non-cash. The payment (settlement) mechanism is worth designing in such a way as to eliminate the time gap (or at least minimize it as much as possible) between the moment when the obligation to pay arises and the moment when the flow of funds from the payer to the recipient is completed in fulfillment of this obligation.

Making payments in cash (bills and coins) between organisations has many technical disadvantages and inconveniences when used in modern business conditions. Therefore, preference is given to money having a deposit origin, i.e., having the form of an entry in some accounting register. The necessary change in the balance of funds belonging to individuals, and at the same time in very significant amounts, is achieved in this case by simply changing the record. Most of the settlements between counterparties—the supplier and the buyer of goods, the shipper and the transport organisation, the taxpayer and the budget, the credit institution and the borrower—are made without cash, by making accounting records on their accounts.

Non-cash settlements are settlements performed without the participation of cash by transferring amounts from the payer's account to the recipient's account. Non-cash payments can significantly speed up the turnover of funds and reduce the cost of their circulation. They are made through banks and other credit organizations with which the relevant accounts are opened, unless otherwise required by law and conditioned by the form of settlement used.

Non-cash settlements between counterparties are made through an intermediary, who undertakes all procedures for debiting and crediting funds to the relevant accounts. Such an intermediary is a bank or other credit institution where settlement participants—customers—open their accounts. A bank account is a way for the bank to record the amounts of money entrusted to the intermediary by the clients, which they need to make payments. Settlements and payments between legal entities must be made in a non-cash form.

According to the Decree of the President “On Additional Measures to Limit Cash Circulation” (1992) established that enterprises, organisations and institutions, regardless of their organizational and legal form:

- are required to keep their funds in bank institutions;
- must make settlements on their obligations with other enterprises in a non-cash manner through bank institutions;
- may have cash in their cash register within the limits set by bank institutions in agreement with the heads of enterprises;
- they are required to deposit all cash in excess of the established limits of the cash balance in the cash register according to the procedure and terms agreed with the bank's establishment;
- have the right to keep cash in their cash desks in excess of the established limits only for wages, social security benefits, scholarships, pensions and only for a period of no more than three working days, including the day of receipt of money at the bank institution.

Business entities independently select a credit institution and conclude an appropriate agreement with it. Unjustified refusal of a credit institution, whose charter provides for the conduct of banking transactions for settlements, to accept funds for safekeeping and open an account, unjustified evasion of a credit institution from concluding a bank account agreement may be appealed to a court or arbitration court. According to current legislation, business entities are required to keep their funds (both their own and borrowed) in a credit institution with which a bank account agreement is concluded. If settlements between legal entities are performed in cash, their maximum amount is set by the regulations of the CBR.

Types of Current Accounts and Their Characteristics

The range of accounts used by Russian banks for non-cash payments is quite diverse and corresponds to differences in the economic content and purpose of settlement operations.

The main types of bank account agreements are settlement, current, and budget account agreements. In connection with the transition to the treasury system of federal budget execution, accounts are being opened in banks to account for federal budget revenues and funds of the Federal Treasury bodies of the Ministry of Finance (*On Measures..., 1997*). Correspondent accounts, correspondent subaccounts, etc. are opened for banks. In credit organisations,

business entities have settlement, current, deposit, letter of credit, loan, foreign currency accounts, capital investment accounts, and other accounts.

The most common type of bank account that is used in settlements for most of the business transactions of its owner is a checking account. Settlement accounts are opened for business partnerships and societies, production cooperatives, and state-owned unitary enterprises, i.e., enterprises that have a number of characteristics: they have the status of a legal entity, maintain complete accounting records, pay taxes on their own, and enter into credit relationships with banks. In other words, the owners of the checking account have full economic and legal independence.

It is worth noting that according to the Federal Law “On Banks and Banking Activities” (1990), legal entities can have an unlimited number of settlement accounts with various banks.

Each bank has a cash desk for storing cash and for cash servicing of its clientele. An enterprise’s bank account is an information cell where non-cash funds of a bank customer are recorded. This accounting is kept in the form of a receipt and expense table. A bank statement from a current account is a copy of the personal (settlement) account of a legal entity or entrepreneur.

Current accounts are opened for non-profit legal entities (institutions, public and religious organizations, etc.).

The current account is used to finance the administrative and economic expenses of the entities, as well as to pay for labour.

Unlike a current account, the owners of which can perform any settlement operations related to their business activities that do not contradict the law, the types of transactions on the current account are regulated. Funds from the client’s current account are spent strictly in accordance with the estimates approved by his superior organisation. Enterprises that have separate non-accounting units (subsidiaries) outside their location are granted the right to have, in addition to settlement accounts, settlement subaccounts opened in the name of the enterprise itself in banks at the location of these non-accounting units, most often retail (branded stores) that sell goods produced at the parent company for cash. The cash proceeds are deposited to the bank and credited to the settlement subaccount, and then, after certain periods, they are wirelessly transferred to the bank of the parent company to its settlement account. These accounts receive funds only from higher-level organisations and are intended mainly for paying salaries and some administrative expenses. All other payments and cash receipts of the branch are performed on the settlement account of the parent company.

Thus, a settlement subaccount is a subsidiary account, the main purpose of which is the accumulation of incoming revenue from an unaccountable link for subsequent transfer to the settlement account of the parent organisation. Settlement operations from settlement subaccounts are usually limited. A settlement subaccount can be described as an accumulative or collective account.

In addition to the settlement account (accounts of a legal entity for its main activity), legal entities may have deposit accounts, letter of credit accounts, capital investment accounts, and other accounts arising from the terms of commercial transactions and provided for by the rules for conducting relevant banking operations. The funds in these accounts must be generated by transfer from the current account. All accounts are subject to registration in accordance with the

established procedure with the tax authorities to monitor the correct and timely payment of taxes and other payments to the budget by the legal entity.

Enterprises and organisations engaged in foreign currency transactions open foreign currency accounts with banks. Russian banks must obtain an appropriate license from the CBR in order to settle their clients in foreign currency. Resident clients can open two parallel accounts in these banks, they are called authorised banks—current and transit.

All foreign currency funds intended for receipt by enterprises in the territory of the Russian Federation are credited to the current foreign exchange account.

The export currency earnings are credited to the transit currency account. According to the law, part of it must be sold to the state without fail to be credited to the foreign exchange reserve of the Bank of Russia, while the other part remains at the disposal of the enterprise. Export foreign exchange earnings, thus, passing through the transit account, are split into two shares, one of which is credited to the current foreign currency account in the form of foreign currency, and the other is credited to the settlement account in the form of the ruble equivalent of the currency sold to the state. To perform currency control, a special transit currency account is used, to which foreign currency purchased on the domestic foreign exchange market and intended for payments under an import contract is credited.

With the permission of the Bank of Russia, resident enterprises can open foreign currency accounts in foreign banks abroad. Non-resident enterprises can open both foreign currency and ruble accounts in Russian authorized banks, but their mode of operation differs somewhat from similar accounts of resident enterprises.

An enterprise engaged in large-scale capital construction often separates this type of activity from current operations. For this purpose, it opens a separate account, the financial capital investment account, to which funds intended for financing capital investments are credited, and from which the costs associated with capital construction are paid. Temporarily available funds of enterprises may also become isolated from the current turnover. They are withdrawn from the company's current account and deposited into an escrow account for a certain period, for which the bank pays interest several times higher than what it pays for storing funds in the current account.

The specifics of the organisation of some branches of the national economy determine the existence of specific types of accounts for which enterprises in these industries perform non-cash payments. In particular, the centralised nature of the management of Russian railways, the predominance of transit transportation here, in which services are provided by various independent divisions of railway transport, and payments by shippers and passengers are made at departure points, necessitated the distribution of funds received for transportation between individual railways. The IPS took over the distribution function, and therefore so-called income accounts began to be opened in commercial banks.

The mobilisation and expenditure of budgetary funds are performed through the relevant accounts of the state budget. To strengthen state control over the targeted use of budgetary funds, budget accounts at all levels have now been transferred from commercial banks to the territorial branches of the CBR for servicing. Funds intended for the recipient of budget allocations from the federal budget are no longer transferred from the budget accounts to his current account. Instead, under the control of the State Treasury, the expenses of the enterprise,

for which budgetary allocations have been allocated, are paid from the budget accounts (Treasury accounts). This method of executing the state budget is called the treasury.

All listed accounts are classified as client accounts and reflect the client's relationship with the bank that arose in connection with non-cash payments. If the counterparties are serviced not by one, but by different banks, and such cases are most common, there is a need for mutual settlements between banks. Such calculations are performed through correspondent accounts.

Each commercial bank is assigned to a regional division of the CBR. The CSC acts as such units. Just as businesses have settlement accounts in commercial banks, commercial banks have correspondent accounts in the cash settlement center. These accounts represent the amount of attracted customer funds (amounts on settlement and other accounts of the bank's clientele) and the bank's own funds. Funds from the bank's cash desk are used to replenish the correspondent account, as well as loans from other banks (sometimes loans from the CBR). Settlements between different CSCs are performed using telegraphic or electronic receipts.

If the clientele of one bank has sufficiently strong ties with the clientele of another bank, then in this case, banks can open correspondent accounts with each other to speed up payments. Such a relationship is called a direct correspondent relationship. In this case, the calculations are performed directly, bypassing the CSC. In this case, operations are performed that are similar in nature to mutual offsetting.

Another type of correspondent account excludes the participation of a third bank as an intermediary in interbank settlements. Commercial banks become clients not of the CSC, but of each other. The bank of the buyer-payer opens a correspondent account with the supplier's bank and calls it "nostro" ("you have our account"). For its part, the supplier's bank opens the same account and under the same name in the buyer's bank, but the buyer's bank itself calls it the account "vostro" ("your account is with me"), in other terminology—the loro account. In banking practice, such accounts are called "loro" type accounts. They can be opened either on a mutual basis or unilaterally.

Interbank settlements are also performed without the use of correspondent accounts by direct crediting of funds by banks to customer accounts. Such transactions are called inter-branch turnover. In this case, the movement of funds between banks is performed using a special bank notification on the execution of a settlement operation based on the description or transfer of funds.

Deposit accounts are intended for storing free funds unused by an economic entity, as well as funds that do not belong to it. The offer to conclude a bank account agreement (offer) comes from the future account holder. Clients have the right to open the required number of settlement, deposit and other accounts in any currency with banks with their consent, unless otherwise established by federal law. Transactions on settlement, current and other accounts are performed according to settlement and monetary documents of the established form. According to the legislation, the bank account agreement may be terminated at the request of the client at any time. Termination of the bank account agreement is the basis for closing the account. The account of an economic entity may also be closed

- if he is declared bankrupt;
- if a decision has been taken to ban the activities of an economic entity due to non-fulfillment of the conditions established by law, and compliance with these conditions has not been

ensured or the type of activity has not been changed within the time period stipulated by the decision.;

- if the court's decision invalidates the constituent acts on its creation;
- in other cases, stipulated by law.

Conclusion

Thus, monetary systems are subsystems of the general formation of the economic system. The monetary system operates within the framework of general and special monetary legislation and is subject to the general legal norms of the company.

The Russian monetary system operates in accordance with the legal bases established by the Constitution, federal legislation, the President, the Government and the Bank of Russia.

Russia, like other countries, has its monetary system: banknotes, Bank of Russia notes, and metal coins. The basis of the Russian monetary system is the ruble, the national monetary unit defined by law.

The CBR has the exclusive right to issue and withdraw cash into circulation. He is also fully responsible for the organisation of monetary circulation in the national economy. In this regard, the CBR has the following functions:

- forecasting and organising the production, transportation and storage of banknotes and coins, as well as the creation of reserve funds;
- establishment of rules for the storage, transportation and collection of cash, as well as the procedure for conducting cash transactions by credit institutions;
- establishment of signs indicating the solvency of banknotes and coins, the procedure for their destruction and the procedure for replacing damaged banknotes with valid ones.

According to the current Russian legislation, there are two types of money—banknotes and coins. They are the unconditional obligations of the CBR and are secured by all its assets.

During the implementation of monetary policy, the CBR monitors the volume and structure of the money supply in circulation using special indicators that characterize the process of its formation.

One of these indicators is the monetary base, which includes cash in circulation, including cash at the cash desks of commercial banks, funds in the Reserve Fund of Claims and funds on correspondent accounts of the CBR in commercial banks. In addition to the monetary base, the CBR uses other indicators, such as the state of the trade balance, price dynamics for major Russian exports, and the cost of paying off government debt.

The most important instruments of financial regulation in global financial practice are interest rates, refinancing rates, official rates (recalculation), pawn rates, mandatory bank reserves, operations with government bonds on the open market, refinancing banks and setting targets for money supply growth.

The analysis of the dynamics of the money supply did not reveal significant trends. Aggregate demand is unlikely to put upward pressure on inflation. It is established that the regulation of monetary circulation, entrusted to the CBR, is performed in accordance with the main directions of monetary policy, is formed and approved in accordance with the procedure established by the Law on Banks.

The CBR determines monetary policy based on an assessment of the current economic situation and medium-term macroeconomic forecasts.

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