

Identifying behavioral pattern of cash usage in Iran

by:

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Abstract

Although banknotes and coins have been in circulation for many years, there is not much information available on the amount of cash usage by households. So, in order to obtain an estimate of the number and value of transactions with different payment instruments, the cash demand assessment plan was conducted for the first time by the Central Bank in 1401. In this research, by analyzing the data of the plan using descriptive statistics methods, the effective factors on the choice of payment tool of citizens in the points of sale are explained and comprehensive information is provided to improve the efficiency of the cash cycle and the payment system in general.

The results show that the dominant tool of payment is the bank card, so that it has a share of 73% of transactions and 86% of the value of payments. Cash usage, having a share of 25% of all transactions, was the second most payment instrument, covering 10% of the total value of payments. It was also found that cash is used more in low-value transactions, and for convenient prices that match the currency denomination, there is a tendency to pay more in cash. In addition, people who carry more cash with them make more cash payments. By examining the demographic characteristics, it was also found that the amount of cash usage increases with age, but decreases with education and income levels.

Keywords: demand for cash, payment systems, payment behavior.

JEL Classification: D19, E42, E58.

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The basic features of the financial social accounting matrix of the Iranian economy in 2016; Central Bank of Iran

by:

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Abstract

The financial social accounting matrix is one of the tools for examining various economic issues and policies at the macro level, along with the Input-Output table, which can be used to simultaneously examine the real accounts and financial flow between economic institutions. Therefore, in order to complete the circular flow of national income that is presented in the conventional social accounting matrix, financial accounts are also included in its framework to obtain the financial social accounting matrix.

Therefore, simultaneously with the preparation of the time series of institutional accounts of the Iranian economy based on the base year of 2016, the preparation and compilation of the financial social accounting matrix for 2016 was also on the agenda of the Economic Accounts Department of the Central Bank of the Islamic Republic of Iran. The statistical sources used in this matrix are mainly supply-use tables of Iran's economy in the year under review, which are statistically prepared by the Central Bank, national income statistics, and statistics related to the income and expenses of institutions in terms of funds flow. The financial social accounting matrix of Iran in 2016 provides a comprehensive picture of the economic activities and current exchanges carried out by various institutions in this year, in the form of 10 accounts (including the goods and services account that includes 130 types of goods and services, the production account that includes 89 types of activities, income creation account, primary income allocation account, secondary income distribution account, income consumption account, capital account, gross fixed capital formation account, financial account and external world account).

Keywords: financial social accounting matrix, social accounting matrix, Input-Output table, national accounts system, supply and use tables, base price

JEL Classification: D57, C67

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The role and operational structure of primary dealers in the government securities market

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Abstract

Over the past decade, and in line with the wide range of bottlenecks in [Iranian] government debts market, the lack of primary dealers has continued to be one of the most important challenges facing the government. In general, it is said that the vital application of primary dealers is deemed to be as: designing suitable auction models for the sale of debt securities, playing an effective role in making debt securities highly liquid, deepening the debt market, spreading credit and trust to the market, and trying to identify and meet the needs of issuers and holders of these securities in accordance with fundamental economic measures. Although most of the developed countries have benefited from the existence of primary dealer systems in accordance with their territories, and contribution of these systems in deepening the debt market of emerging countries is also increasing. However, due to factors such as not establishing a consistent array of interest rate cascades in the country's financial system, leaving financing to creation of cheap money in banking system, and finally, the serious weakness of the debt market in financing Iran's economy, implementation of a primary dealer system in capital and debt markets continues to be seriously neglected by capital market regulators and the government. This study investigates the experience of developed countries in the field of setting up primary dealer system and discusses the basic components of setting up and establishment of this system so that the money and capital markets supervisory institutions can take them into account and increase the depth of the debt market (especially the government debt market), though gradually, by setting up an effective primary dealer system, because they know best the needs of financial and capital markets development as well as the expectations of interested parties; and they are always trying to meet them. In addition, primary dealers can increase investors' confidence in government bonds as an investment and increase efficiency in this type of market.

Keywords: public debt management, primary dealer system, primary dealers, government debt securities

JEL Classification: O10, N20, G28, E58

An introduction to climate change and green financing in the policies of central banks

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Abstract

The widespread consequences of climate change and environmental degradation have made it necessary to consider sustainable economy at the top of the plans. Due to the central bank s' implicit or explicit responsibility for financial and macroeconomic stability, it is essential for them to address climate and environmental risks on a systematic level. In addition, central banks are in a strong position to support the development of green financial models and the implementation of appropriate pricing of environmental and carbon risks by financial institutions through their supervisory role over money and the credit of the financial system.

The main purpose of this article is to investigate the public financial governance policy through which central banks as well as other related financial regulatory agencies can address environmental risks and promote sustainable financing. This paper first discusses the reasons why central banks should be concerned about financial alignment with sustainable development. At the next step, the tools that can be used by central banks and financial regulatory institutions to address the environmental risks and promote green finance and sustainable development are introduced. In the end, the paper shows that, despite the fact that central banks and monetary authorities around the world are aware of the importance of greening their financial markets, the green central bank is still a relatively young concept, and the development of joint international initiatives and cooperation will determine the future direction of the green central bank.

Keywords: climate change, green finance, central bank

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Why are banks holding so many excess reserves?

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Abstract

The buildup of reserves in the U.S. banking system during the financial crisis has fueled concerns that the Federal Reserve's policies may have failed to stimulate the flow of credit in the economy: banks, it appears, are amassing funds rather than lending them out. However, a careful examination of the balance sheet effects of central bank actions shows that the high level of reserves is simply a by-product of the Fed's new lending facilities and asset purchase programs. The total quantity of reserves in the banking system reflects the scale of the Fed's policy initiatives, but conveys no information about the initiatives' effects on bank lending or on the economy more broadly.

Keywords: bank reserves, lending, bank balance sheets, interest rate, money multiplier

JEL Classification: E50 ,E51 ,E43

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Macroeconomic stability and inclusive growth

Translated by:*

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Abstract

We survey the literature on the relationship between macroeconomic stability and inclusive growth and identify gaps in our knowledge. We examine the role of macroeconomic policies (fiscal, monetary, macroprudential, and exchange rate) and measures of inclusiveness (income inequality, consumption inequality, wealth inequality, poverty, and unemployment) across countries at different income levels. Avoiding procyclical macroeconomic policies and mitigating macroeconomic volatility should be on the agenda of all policymakers concerned with promoting inclusive growth. The emerging theory and evidence suggest a strong role for macroeconomic policies in shaping inclusive growth, both in the short-run and the long-run. The two-way relationship between the macroeconomy and inequality underscores the challenge of identifying and estimating causal relationships. Models with heterogeneous agents have much to offer in this area.

Keywords: macroeconomic policy, inclusive growth, inequality, poverty, unemployment, heterogeneous agents

JEL Classification: E61, D31, J64

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