

PROBLEMS OF PROVIDING CURRENCY CONVERTIBILITY

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Convertibility is understood as an ability of the currency to exchange for currencies of other countries and international payment means.

Usually, the achievement and maintenance by the country convertibility of its national currency is an important, difficult economic problem associated with deep qualitative changes in the economy and in its economic relations with the outside world. Convertibility includes not only direct exchange of currency but also the conditions for this exchange and the ability of economic entities to perform these exchange operations.

In our opinion, convertibility is a freedom of some company or person to take part in foreign trade, the right to buy freely, sell or exchange domestic currency for foreign currencies for existing rates without restrictions or direct government intervention.

Free convertible currency is a currency that can exchange freely on other currencies, so that has external and internal convertibility.

The possibility of free import and export of currency to abroad is a necessary condition for the transition from limited currency convertibility to full convertibility.

Besides, we need to consider the modern state of Ukraine's currency market and the Ukrainian hryvnia convertibility features.

Of course, the hryvnia is not a freely convertible currency because is used only within our country and today there are a lot of problems which do not give hryvnia an opportunity to be among other foreign currencies.

One of those problems is instability of the hryvnia relative to major foreign currencies such as the euro and the US dollar.

If we follow four major conditions, convertibility gives positive results, such as:

1. real exchange rate;
2. sufficient level of international liquidity;
3. "healthy" macroeconomic policy;
4. economic system that will create a free possibility to respond to price changes and eliminate disparities.