INTERNATIONAL FINANCIAL INSTITUTIONS' ROLE IN PROVIDING INTERNATIONAL CURRENCY LIQUIDITY

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Providing international liquidity became a central issue in countries' currency system effectiveness due to the fact of world economic system's globalization. International financial institutions (IFI), like the IMF, are aimed at financing and investing to ensure financial stability through pouring assets into member countries' monetary system. Although these actions make positive effects on countries' international reserves, it becomes more difficult to achieve high results because of some institutional problems.

The analysis of the IFIs' financial policy and countries' international reserves formation is performed. It is proved that there is an increased sensitivity of the foreign exchange reserves growth comparatively to the international trade growth. The problem of the IMF functioning as a lender of last resort is highlighted. The issue stems from the international community's critics in Fund's macroeconomic policies conducting in developing countries. Another one refers to the conflict between interests of advanced economies and developing economies in raising IMF's funds. As a result, the regional structure of the countries, the Fund works with at the present stage, has changed dramatically in favour of European advanced economies.

The empirical evidence also suggests that the share of IFIs' financial activity has dropped compared to countries' foreign economic activity. As an alternative to "Bretton-Woods sisters" and regional development banks, the Asian Infrastructure Investment Bank (AIIB) provides additional financing to the Asian region, which is predicted to change the SDR currency composite basket. IFIs like European Investment Bank and International Financial Corporation are gaining significant importance, which ensures the growth of the investment potential of the countries and form the preconditions for the strengthening of international currency liquidity.

In order to improve the cooperation of countries with IFIs, it is proposed to develop a specific assessment system that takes into account the negative impact of such cooperation. It is also highlighted the need for the IMF to focus more on regulatory policy over European Central Bank and Federal Reserve System in order to avoid monetary policy manipulation.