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## **COMPONENT ARCHITECTURE FOR DEVELOPMENT OF ECONOMICAL INSTITUTE OF MONEY**

Economical institute of money is the integral concept, which is characterized by function of economical category of money and economical institute, and, mostly important, these relations shall not be infringed. Thus, the institutionalization provides with expression of money essence, i.e. the economical institute creates the favorable environment, protecting cover for money functioning, as well as provides with the mechanism for their operation [8]. The economical institute of money defines the monetary policy of state that includes formal and informal aspects. It is not just the cover, it is a totality of certain rules (norms) for money circulation, which fulfillment or non-fulfillment is reflected on development not only of economical but legal and social institutes. So, the development of economical institute of money shall be considered within the context of its component structure [9].

The necessity in research of this problem is explained by the fact that, on the one hand, the institutes of property, power, management, contractions cannot exist to the utmost, and moreover be developed without development of economical institute of money, and, on the other hand, the inferiority of money itself assists to growth of expenses for economic entities and, as a result, to creation of social legal tension in the country.

Economical institutes, shaping the organization and establishing the logical succession of human activity, create the possibilities for arrangement and expectation for actions from economic agents. Hereby, providing with predictability of results from a certain totality of actions, economical institutes bring the stability into economical activity. Thus, the observance of requirements for economical institutes provides with stable development of the main public subsystems.

It should be mentioned that taking into consideration the peculiarities for development of formal and informal rules, economical institutes exist both at formal and informal level. Consequently, this scientific approach emphasizes the all-

pervading meaning of economical institutes, which consists in provision with stability in development of economical system in the whole. Economical literature [1-4' 9; 10] considers some levels of institutional system, namely: cultural traditions and values, formal rules, informal rules.

Norms and traditions in the form of informal institutes are set in a certain socium and are supported through the system of formal institutes or through conscious activity of individuals. The first banking institutes appeared due to such principle. Originally they appeared from private capital at direct support of the state, and later, enjoying the support from population and its other clients, they became the essential financial institutes, which provide with the lion's share of monetary transactions [2].

Formal institutes and mechanisms for their protection are established and supported consciously, mainly, by the force of the state. They are arranged in a certain hierarchy: it is more difficult to change the rules of higher order than the rules of lower order (it is more difficult to change the constitution than a law, a law – than an administrative act) [3].

D. Nort suggests the classification of formal rules in the form of three-level pyramids, at the low level of which there contracts [4, p. 64]. These are the rules of behavior in concrete situations for group of persons that take part in joint activity, hereby the rules are very specialized – their effect is limited by frameworks of these relations. The contracts are formulates so that in the best way to describe a concrete situation and maximally to facilitate the joint activity [1, p. 84]. Economical rules are at the middle level of pyramid. These rules determine the ownership rights, i.e. a bunch of rights to use and to receive profit from ownership and to restrict the access of other persons to property or special resource. It is more difficult to change economical rules than contracts.

At last, political rules are concentrated at the top level of pyramid. Political rules in the widest form define the hierarchical structure of society, its fundamental structure for adoption of decisions and the most important characteristics for control over political procedures [1, p. 85]. As well, these rules govern how economical rules

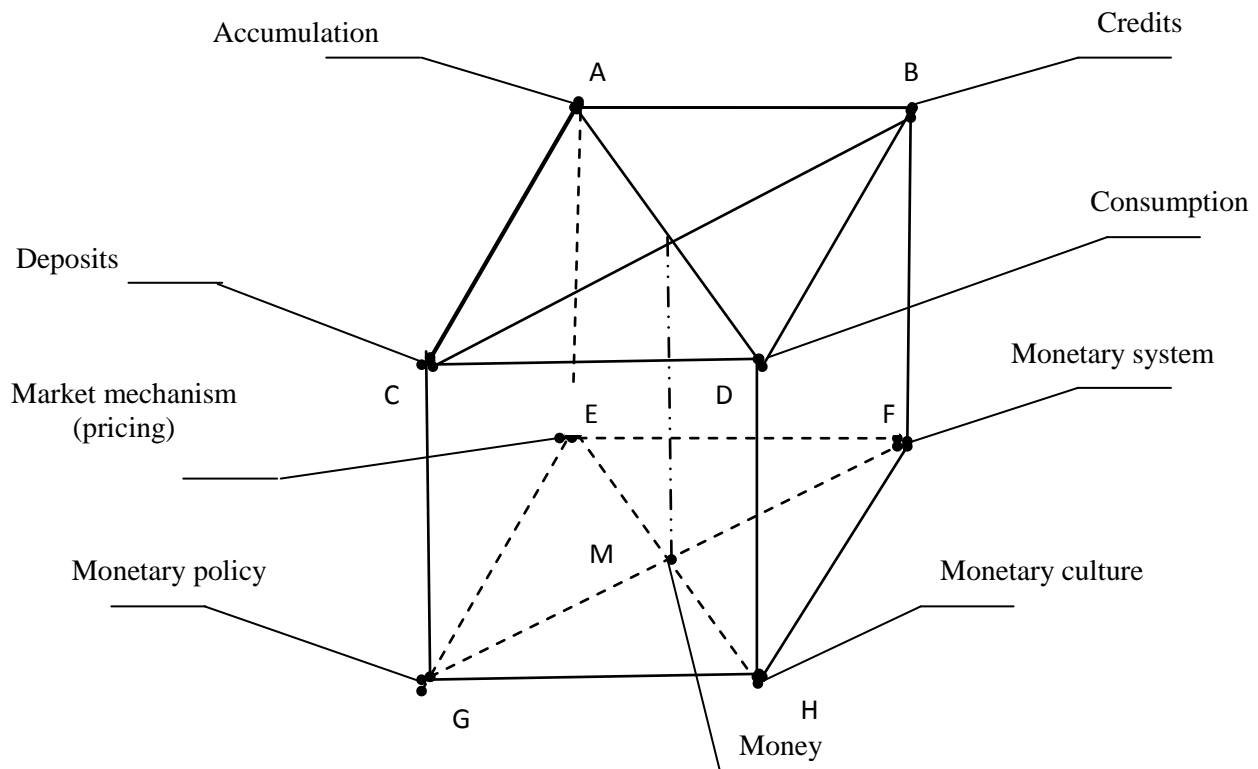
are composed and changed.

Thus, formal rules include political rules, economical rules and contracts. As D. Nort defines institutes as “rules of game”, so the presented hierarchy of formal rules – this is formal institutes, which consists of political institutes, economical institutes and institutes of contraction. Economical institutes carry out the interrelation between institutes of contraction and political institutes; they perform the role of original “transition” between specific (narrow) and universal (wide) rules. Consequently, economical institutes provide with balanced development of main subsystems in public life.

In their turn, “informal restrictions are important as they are and not just as addition to formal rules...” [4, p. 51], - the author emphasizes the significance of these rules by that statement. Informal institutes form as if underwater part of iceberg. They are formed spontaneously without any conscious intention as an indirect result from interaction of many people that study their own interests [3]. “These rules have never consciously been invented by anyone; it is profitable to follow them for everyone” [4, p. 57]. “The basis” in development of informal rules is the culture of society, which, in their turn, is defined as “transfer of knowledge, values and other factors that influence on behavior from one generation to another one through instructions and inheritance” [4, p. 52].

The type of economical institute of money was defined pursuant to comparative analysis of methodological approaches to allocation of formal and informal institutes. As money has arisen as objective necessity we cannot cancel them but may replace by something. As it concerns money functioning, this process is provided by legislative way. Consequently, we can assume that the modern stage in social economical development of the country is the transitional period from informal to formal type of institute of money.

The performed componential analysis of system relations between elements in economical institute of money allowed designing the cubic architectonics, which reflects the interaction of social economical processes that provide with money circulation in the country (Pic. 1).



Picture 1. - Cubic architectonics for economical institute of money

There are close interrelations between elements of each from triangles, located in the plane of low and top basis of cube, namely:

FHG (monetary system → monetary culture → monetary policy);

FEG (monetary system → market mechanism → monetary policy);

ABC (accumulation → credits → deposits),

BDC (credits → consumption → deposits).

The integrity and stability of interrelations between elements in cubic architectonics for economical institute of money is provided by formation of legal and social institutes.

Elements, presented in cubic architectonics for interdependent relations of elements form the institutional basis for monetary system.

We consider the cubic architectonics for economical institute of money as a system of rules, norms and institutes that regulate the activity of subjects on mobilization and allocation of monetary resources.

The sources for formation of monetary resources are the incomes of

population, exchange rate regime and unsatisfied demand, i.e. a part of monetary funds, which is not used up by individual, or due to the reason of high price for offered goods and services at consumer market, or due to the reason for non-conformity of goods and services to its demands, interests.

Available monetary funds can be accumulated in personal savings of population and collected on deposit accounts.

Thus, summing up the abovementioned, we can make some conclusions.

Economical institute of money plays the role of interlink between social economical processes that provide with money circulation in the country.

The structural analysis for components in economical institute of money allows better adapting the monetary policy of state to the conditions of changing social economical environment.

The perspectives for further researches require developing the methodological tools for improvement in functioning of economical institute of money.