فصلنامه تحقیقات جدید در علوم انسانی
Human Sciences Research Journal
New Period, No 24, 2020, P 157-168 دوره جدید، شماره ۲۴، بهار ۱۳۹۹، صص ۱۶۸-۱۵۷
ISSN (2476-7018) شماره شاپا (۲۴۷۶-۷۰۱۸)

Transparency and redefinition of the role of the monetary system (currency portal)

Maryam Khezri
Exchange Rate clerk, Sina Bank

Abstract
The monetary system is one of the main pillars of the financial markets, where transparency is an integral part of it. Transparency in the monetary system reflects the information symmetry between banks. Therefore, due to the importance of the monetary system, the present study aimed to investigate the transparency and redefinition of the role of the monetary system. The statistical population of this study is managers and employees of Sina Bank in Tehran. The purpose of this study is the type of applied studies and the method of analytical-survey studies. Spss23 software was used to study the purpose of the study and data analysis. The results of the data analysis indicate that preventing corruption and monetary authority has a significant impact on the transparency and redefinition of the role of the monetary system.

Keywords: Transparency, Monetary System, Currency Portal

1. Introduction

Economic sanctions have restricted Iranian banks in two ways. Sanctions, on the one hand, directly reduced the profitability of banks by cutting off Iranian banks' cooperation with foreign partners and banning them from continuing to operate internationally. On the other hand, indirectly, with the increasing cost of exchange in the economy, they have put manufacturing companies in serious trouble. In such circumstances, increasing companies' need for liquidity along with their difficulties in repaying their debt to the banking system reduced the profitability of banks and increased their non-performing loans (Shoarian et al., 2014).

Monetary policy is one of the evolving areas of macroeconomics, and the monetary policy regime has undergone tremendous changes over the past decades. Monetary policy reforms in the 1930s and 2000s focused on a number of key components, one of which was to make the decision-making and policy-making process more transparent and to inform the public through communication channels to manage inflation expectations (Jalali Naeini, 2015). In the last two decades, transparency has become one of prominent features of monetary policy, and central banks around the world have adopted a set of strategies to increase monetary policy transparency. Prior to this period, central banks were known for secrecy. The motivation for this secrecy has been different in each era. Central banks, which at the beginning of the emergence had more a viewpoint of business and profitability, did not declare their lending decisions to maintain a competitive advantage over their competitors. When central banks changed their task to banking for governments, they kept their secrecy in order to avoid presenting humiliating and debilitating information about the government financing. When they took on the role of the last lender in the economy, they tended to safeguard information about the operations of financial institutions in times of emergency in order to prevent the loss of trust in these institutions in critical situations (Eichengreen et al., 2014). Therefore, theoretically, transparency refers to the information symmetry between the central bank and the private sector in monetary policy and system (Ma et al., 2015). Reducing the information asymmetry between monetary policy makers and the private sector improves monetary policy transparency (Hesarzadeh, 2012). Therefore, considering the role of transparency in the banking system, the purpose of the present study is to investigate the transparency and to redefine the role of the monetary system (currency portal).

2. Theoretical foundations

The key element of a sound banking system from the viewpoint of the Basel Committee on Banking Supervision (Basel) is transparency. According to the committee, the information provided must be accurate, timely, and consistent with the definitions. The Committee considers transparency as a must in some areas to provide such information, including the following examples (Basel, 2015):

1. Financial performance such as bank revenues and expenses, quality of revenues, potentials, etc.
2. Financial position such as amount of bank capital, ability of bank to pay debts, amount of liquidity and
3. Risk management and control strategies such as the use of risk mitigation tools such as collaterals, settlement agreements, protection over credit limits, the use of financial tools and derivatives, etc.
4. Resources at risk such as market risks, credit risks, interest rate risks, liquidity risks, exchange rate risks, legal and operational risks, etc.
5. Accounting policies such as outlining accounting principles and procedures, consolidation rules, policies for determining the extent of loss of capital and income, contingency measures for loan loss events, valuation and evaluation of debts and assets, how to securitize assets, foreign exchange transactions, income tax, financial derivatives, etc.
6. Business management and corporate governance (such as bank's organizational structure and system, style, number, position, expertise and service life of the bank's board of directors and senior management, structure of incentive system such as rewards, etc.) (Eyvazloo et al., 2014).

Nowadays, with the major drawbacks to active monetary policy, there is a consensus among economists that the ultimate and long-term goal of monetary policy is to stabilize the general level of prices. Alongside this, the issue of time inconsistency is also a pervasive issue with which all central banks have been involved. If the policy-makers want to think of short-term solutions for the problems and only consider the present in their policies, they may achieve their goal in the short run, but in the long run, given that the expectations are adaptive or rational and match new circumstances, the effect of that policy would eventually be neutralized and it may exacerbate the economic situation (Papadamou et al., 2013).

Time inconsistency is nothing but the ineffectiveness of monetary policy on real variables, but the main issue is governments' pressure and borrowing from central banks. To finance and fix deficits or to achieve the fleeting results of expansionary monetary policy (especially the reduction of unemployment) in order to better demonstrate their performance to public opinion, governments put pressure on central banks to implement expansionary policies and cause time inconsistency. To achieve the long-term goal of monetary policy, price stability and coping with the issue of time inconsistency and more monetary discipline, a nominal anchor is needed. Nominal anchor is predetermined values of economic variables for future that policymakers are required to operate in a way over time to achieve the determined values. Targeting of major nominal anchors can be targeting exchange rate, targeting money volume, targeting inflation, targeting price index, and targeting GDP to current price (Gallie, 2015). The monetary system is usually discussed for two purposes.

1. In the monetary system with inflation targeting coupled with the control of inflation deviations, the monetary policy shocks are small and thus the transitional effects of exchange rate changes on domestic commodity prices can be expected to be less (Forlani et al., 2010).

2. In the monetary system of exchange anchorage, where inflation rate deviations are higher, the monetary policy shocks are greater and any change in the exchange rate will have a greater impact on domestic commodity prices (Miller et al., 2015). In the monetary system, commodity money performs the same functions as monetary commodity, but it must have public acceptance for transactions. So this can lead man to use metal (gold and silver) money. On the other hand, the monetary system (currency portal) is designed to provide electronic monitoring of the import process by following the various stages of import. Therefore, transparency in the monetary system is an indispensable and inseparable issue that must be considered. Therefore, it can be said that the main purpose of the present study is to transparentize and redefine the role of the monetary system (currency portal).

3. Review of the Related Literature

In a research, Zamanzadeh et al. (2017) analyzed the effects of imbalance in banking system balance sheet on monetary variables and strategies for moderating this imbalance. The results in the framework of estimating a vector error correction model including three long-run production relationships, some money relationship and purchasing power parity relationship during the third season of 1374 (1995) to the second season of 1396 (2017) show that despite not decreasing liquidity growth rate, inflation rate from the path of liquidity quality decline affected by decline in the quality of the banking system's assets has seen a significant decline, which cannot be a stable process. Finally, considering the negative and risky consequences of imbalance in bank balance sheets for the banking system and macroeconomics of the country, this study investigated the ways of correcting this imbalance and purifying the liquidity creation process by analyzing the factors and consequences of imbalance in bank balance sheets.

Khaleghi (2016) examined the role of the banking system in achieving the resistive economy. The results indicate that one of the issues that has been emphasized by the supreme leader in recent years is paying attention to the economic issues of the country. Naming successive years with economic issues and with a focus on the resisting economy shows the importance of this issue. In the meantime, bank and banking system, which plays a major role in the veins of the economy in society, in the Islamic system must be administered in full compliance with Islamic standards in order to play an effective role as the foundation of the Islamic economy. In our country, where the economy is based on money and about one-third of the economy's share belongs to the capital market, attention to the banking system is doubled and thus the banking system in the economic structure of every country is in the position of managing the distribution of monetary resources in the country's economy. Bastanifar et al. (2016) investigated resistance in the monetary and currency system and its structural requirements under conditions of economic threat. In this descriptive-analytic study, the threat acceptance process, which is affected by the international debt-based monetary and currency system, is extracted. In the following, by analyzing the policies and characteristics of the resistive economy, the characteristics of the position-based monetary and currency system are extracted and the mechanism of its effect on macroeconomic equilibrium are extracted, and the monetary and currency measures and policies consistent with changes arising from economic threats are presented. In a study, Fattahi et al. (2016) examined the impact of meritocracy and transparency in doing works on reducing corruption in the banking system. The research instrument included researcher-made questionnaires. The results of the analysis of the research data showed that there is a significant relationship between transparency in doing works and activities and increasing accountability as well as establishing meritocracy in choices and appointments and financial corruption in the electronic banking system. Winkelreid (2011), using the structural autoregressive method, examines the relationship between the degree of exchange rate pass-through and the monetary system of inflation targeting in Peru during 1998-2009. The empirical findings of this study indicate that since 2002 that Peru has implemented the monetary system of inflation targeting, the inflation rate in the country has gradually decreased and the implementation of an appropriate monetary system to predict inflation and reduce its deviations has been an instrument to reduce the degree of exchange rate pass-through in the country.

4. Methodology

The study is of analytical-survey design because it uses a questionnaire to investigate the transparency and redefinition of the role of the monetary system (currency portal). In order to investigate this study, 75 managers and employees of Sina Bank in Tehran were selected as the statistical population of the study. Of these, 63 were selected as the sample size using Morgan sampling method. Regression test was used to evaluate the research objectives using Spss23 software. Since the data collection tool in this study was a questionnaire, its validity and reliability had to be measured first. Content validity was used to determine the validity and reliability of the questionnaire. For this purpose, an initial questionnaire was developed by studying different sources and was evaluated by the professors and experts in this section and the CVR of all items of the questionnaire was higher than 0.8 and the final questionnaire was developed. On the other hand, Cronbach's alpha was used to test the reliability, which indicates the accuracy, reliability and consistency of the test results and to what extent the instrument measures the stable or variable characteristics of the subject. Spss23 software was used for calculations and it was determined that the questionnaire has 91.5% reliability which is acceptable.

Table 1. Calculation of questionnaire reliability

Questionnaire	Number of questions	Cronbach's alpha
Transparency and redefinition of the role of the monetary system (currency portal)	20	0.915

Hypotheses

Preventing corruption has a significant effect on the transparency and redefinition of the role of the monetary system.

Monetary authority has a significant effect on the transparency and redefinition of the role of the monetary system.

5. Descriptive findings

Includes descriptive statistics. Each of these indices is then examined for each of the variables included in this study.

Table 2. Descriptive statistics of research variables

Variable	Mean	Standard deviation	Skewness	Kurtosis
Preventing corruption	3.5952	0.79398	-0.441	-0.486
Monetary authority	3.7823	0.810	-0.404	-0.603
Transparency and redefinition of the role of the monetary system (currency portal)	3.9281	0.86143	-0.661	-0.370

Based on the data in Table 1 on each of the research variables, one can examine each of these indicators. As can be seen, the highest mean belongs to the variable of transparency and redefinition of the role of the monetary system (currency portal) and the lowest mean is related to the prevention of corruption. It can be seen that the standard deviation represents the dispersion of the majority of the data and in other words, the dispersion of the majority of the data is in the mean value is plus and minus the standard deviation. The coefficient of skewness is the index that determines the skewness value. Its value varies between -3 and +3. If the skewness is zero, the distribution is symmetric that is within the standard range for all the research variables. The kurtosis value using the kurtosis variable is also normal for all the variables in the study.

5.1 Evaluating the normal distribution of data

This research uses the validated Kolmogorov-Smirnov test to check the normality of the distribution of the main variables.

Table 3. Variable normality test

Variable	Type of distribution used	Significance value	Error value	Confirmation of hypothesis	Result
Preventing corruption	Normal	0.063	0.05	H_0	Normal
Monetary authority	Normal	0.064	0.05	H_0	Normal
Transparency and redefinition of the role of the monetary system (currency portal)	Normal	0.111	0.05	H_0	Normal

According to the values obtained from the Smirnov-Kolmogorov statistic in Table 3, it can be deduced that the expected distribution does not have a significant difference from the observed distribution for all variables and therefore the distribution of these variables is normal.

Hypothesis 1: Preventing corruption has a significant effect on the transparency and redefinition of the role of the monetary system.

Table 4. F test for significance of regression

Variable	Total sum of squares	Mean squares	Degree of freedom	F	Significance value
Regression	6.651	6.651	1	12.510	0.000
residual	32.433	0.532	61		
Total	39.085		62		
Standard error determination		Adjusted coefficient of determination		Coefficient of determination	Correlation coefficient
0.72918		0.157		0.170	0.413

Table 4 shows the value of the independent variable, ie prevention of corruption, on the dependent variable, ie on transparency and redefinition of the role of the monetary system (currency portal). As you can see, the significance value is less than 0.05, so in general it can be said that the independent variable affects the dependent variable. The correlation coefficient value is 0.413, indicating a simple correlation between the two variables, ie the severity of the correlation between corruption prevention and transparency, and redefinition of the role of the monetary system (currency portal). As can be seen from the value of R (Pearson correlation between two variables), there is a simple correlation between the two variables, ie corruption prevention. The coefficient of determination indicates how much of the dependent variable of transparency and redefinition of the role of the monetary system (portal portal) can be explained by the independent variable of corruption prevention.

Table 5. Coefficients of regression effect

Variable	Beta	T	Significance level
Constant value	-	4.821	0.000
Corruption prevention	0.413	3.537	0.001

Considering the value of this statistic and error level of less than 0.05, it can be said that the intended variable had a statistically significant effect on explaining the dependent variable. Regression coefficients also confirm the effect of the independent variable on the dependent variable. According to the coefficient of corruption prevention, the research hypothesis is confirmed. As a result, it can be stated that preventing corruption has a significant effect on the transparency and redefinition of the role of the monetary system (currency portal). That is, the null hypothesis of the first hypothesis is rejected and the alternative hypothesis is confirmed.

Hypothesis 2: Monetary authority has a significant effect on the transparency and redefinition of the role of the monetary system.

Table 6. F test for significance of regression

Variable	Total sum of squares	Mean squares	Degree of freedom	F	Significance value
Regression	6.592	6.592	1	12.376	0.000
residual	32.493	0.533	61		
Total	39.085		62		
Standard error determination		Adjusted coefficient of determination		Coefficient of determination	Correlation coefficient
0.72984		0.155		0.169	0.411

Table 6 shows the value of the independent variable, ie monetary authority, on the dependent variable, ie on transparency and redefinition of the role of the monetary system (currency portal). As you can see, the significance value is less than 0.05, so in general it can be said that the independent variable affects the dependent variable. The correlation coefficient value is 0.411, indicating a simple correlation between the two variables, ie the severity of the correlation between monetary authority and transparency, and redefinition of the role of the monetary system (currency portal). As can be seen from the value of R (Pearson correlation between two variables), there is a simple correlation between the two variables, ie monetary authority. The coefficient of determination indicates how much of the dependent variable of transparency and redefinition of the role of the monetary system (portal portal) can be explained by the independent variable of monetary authority.

Table 7. Coefficients of regression effect

Variable	Beta	T	Significance level
Constant value	-	4.821	0.000
Monetary authority	0.413	3.537	0.001

Considering the value of this statistic and error level of less than 0.05, it can be said that the intended variable had a statistically significant effect on explaining the dependent variable. Regression coefficients also confirm the effect of the independent variable on the dependent variable. According to the coefficient of monetary authority, the research hypothesis is confirmed. As a result, it can be stated that monetary authority has a significant effect on the transparency and redefinition of the role of the monetary system (currency portal). That is, the null hypothesis of the second hypothesis is rejected and the alternative hypothesis is confirmed.

6. Conclusion

The present study investigated the transparency and redefinition of the role of the monetary system (currency portal). The findings of the study showed that the first hypothesis indicating that preventing corruption has a significant effect on the transparency and redefinition of the role of the monetary system (currency portal) is confirmed because it has a p value of less than 0.05, thus preventing corruption has a significant effect on the transparency and redefinition of the role of the monetary system. The findings also show that the second hypothesis indicating that monetary authority has a significant effect on transparency and redefinition of the role of the monetary system (currency portal) is confirmed since it has a p value of less than 0.05. Therefore, it can be said that monetary authority has a significant effect on the transparency and redefinition of the role of the monetary system (currency portal). Since corruption is one of the categories that can keep any system away from reality, preventing it can lead to transparency in the monetary system or the currency portal. On the other hand, maintaining monetary authority is one of the issues that is important in creating and continuing transparency in the monetary system, so it can be said that the research results are consistent with studies and research. According to the results of the research, it can be said that the results of this study are consistent with the studies of Fattahi et al. (2016) and Bastanifar et al. (2016). One of the limitations of the present study is the data collection by the researcher which may be somewhat effective in generating wild and effective observations.

7. Recommendation

__ Improving the banking system through improved monetary and financial policies in the country

__ Strong and appropriate monitoring over the terms of existing exchanges in the country to prevent corruption

__ Investigating factors affecting bank corruption in future research

References

[1] Bastaniar, Iman, (2016). Resistance in the Monetary and Currency System and its Structural Requirements in Conditions of Economic Threats, Afaq Amniyat Quarterly, Ninth Year, No. 31.

[2] Jalali Naeini, Ahmad Reza (2015). Monetary Policy: Theoretical Foundations and Performance Evaluation in Iran, Tehran, Monetary and Banking Research Institute.

[3] Hesarzadeh, Reza, (2012). The Impact of Transparency on Economic Actions: How Does Transparency in Monetary Policy Affect Economic Activities? Economic News Quarterly, No. 135.

[4] Khaleghi, Mohammad Javad (2016). The Role of the Banking System in Achieving the Resistive Economy, Journal of Nations' Research, Volume I, Number 6.

[5] Zamanzadeh, Hamid, Badri, Ahmad (2017). Analyzing the Impacts of Imbalance in the Banking System Balance Sheet on Monetary Variables and Adjustment Strategies of the Imbalancement, Monetary-Banking Research Quarterly, Vol. 10, No. 34, pp. 621-656.

[6] Eyvazloo, Hossein, Wahab, Ghalich (2014). Ethical Banking with Islamic Approach, Ethics and Structural Measures, Tehran: Monetary and Banking Research Institute.

[7] Fattahi, Reza, Badini, Fouad (2016). The impact of meritocracy and transparency of doing affairs on reducing corruption in the banking system, the 5th International Conference on Accounting and Management and the Second Conference on Entrepreneurship and Open Innovation.

[8] Basel Committee on Banking Supervision(Basel:BCBS), (Sep. 2015), "Principles for the Management of Credit Risk".

[9] Eichengreen, B., & Dincer, N. N. (2014). Central bank transparency and independence: Updates and New Measures. International Journal of Central Banking, 10(1), 189- 259

[10] Furlani, L. G. C., Portugal, M. S., & Laurini, M. P. (2010). Exchange rate movements and monetary policy in Brazil: Econometric and simulation evidence. Economic Modellin, 27(1), 284-295.

[11] Ma, Y., & Li, S. (2015). Bayesian estimation of China's monetary policy transparency: A new Keynesian approach. Economic Modelling, 45, 236-248.

[12] Miller, T., Kim, A. B., & Holmes, K. (2015). 2015 Index of economic freedom. Washington DC: The Heritage Foundation.

[13] Papadamou, S. (2013). Market anticipation of monetary policy actions and interest rate transmission to US treasury market rates. Economic Modelling, 33, 545-551.

[14] Shoarian Ebrahim and Rahimi Farshad, “Sanctions and their Effects on Contractual Obligations: From the Perspective of International Instruments and Iranian Law”, 2014, Nordic Journal of Commercial Law.

[15] Winkelreid, D. (2011), Exchange Rate Pass-Through and Inflation Targeting in Peru, Central Reserve Bank of Peru, Working Paper Series,1-14.