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Jean-Pierre Wang,

Université de Lille

Giacomo Berlucci,

The University of Rome Tor Vergata

IMPORTANCE OF CHINESE CURRENCY

According to the International Monetary Fund (IMF) announcement in 2015, China's economy, when measured by purchasing power parity, surpassed that of the United States to become the world's largest one in 2014. As the importance of China in the global economy, Renminbi (RMB), which is the currency of China, has attracted increasing attention from policymakers, investment institutions and even entrepreneurs all over the world. The global influence of RMB has been growing in recent years. One reflection of such development is the finding by the Society for Worldwide Interbank Financial Telecommunications (SWIFT) in October, 2015 that Chinese yuan overtook the Japanese yen and become the 4th in the ranking of world payment currencies. Although RMB has become the 4th most used world payment currency, Chinese yuan only accounts for 2.8% of total global payments in August, 2015. The top three currencies in the ranking list are US dollar (44.89%), euro (27.2%) and pound (8.5%). This paper is intended to provide a literature review on how important is to hedge currency risk including CNY and CNH.

In accordance with the status of Chinese economy in the world, its government has taken numerous steps to promote the international use of its currency in trade, investment and asset management. China is making effort to reform the mechanism about capital account liberalization, RMB exchange rate and interest rate issues.

Internationally, China is reaching currency swap agreement with central banks of foreign countries and pushed RMB to be included in the Special Drawing Right (SDR) which is maintained by the IMF. The milestone in the process of RMB internationalization is the establishment of RMB offshore center in Hong Kong from

2004. Since then, Hong Kong has gradually become the global hub for RMB trade settlement and a variety of RMB related products are available in Hong Kong. Benassy-Quere and Forouheshfar (2015) use a three country, three-currency portfolio model to study the impact of RMB internationalization on exchange rates.

On December 2008, Chinese Premier announced the pilot program about the cross border trade settlement of RMB, making the offshore RMB become officially deliverable in Hong Kong. From July 19, 2010, the offshore market for RMB, symbolized as CNH, was officially commenced. The CNH has grown rapidly from the start of CNH, making Hong Kong become the largest RMB liquidity pool outside Mainland China.

At the second quarter of 2015, the RMB deposits in Hong Kong has reached more than \$2.9 trillion, which has increased more than two times compared with the period of fourth quarter, 2010, according to the data published by Hong Kong Monetary Authority (HKMA). The relationship between onshore and offshore RMB exchange rate has been widely studied. For instance, Cheung and Rime (2014) explored the links between CNY and CNH based on a specialized microstructure dataset. They concluded that both the CNH exchange rate and the CNH flow have an increasing impact on the exchange rate of CNY and the interactions between CNY and CNH are time-varying. Another aspect about CNY and CNH was studied by Funke, Shu, Cheng, and Eraslan (2015), who introduced the extended GARCH models to explain the role of liquidity in driving the differential between CNY and CNH exchange rates. Considering the integration of global economics, acceleration of RMB internationalization and the wealth growth of Chinese individuals, there are an increasing number of Chinese institutions and investors are inclined to buy foreign assets based on US dollar, for example, foreign stock, foreign bonds, international real estate and so on. Besides, companies in China which are conducting import and export business between mainland China and foreign companies usually have to choose USD as the settlement currency. All the above institutions and individuals have to undertake the risk of foreign exchange rates during their international activities. Moreover, as the internationalization of RMB currency, the risk exposure of currency risk will become higher. Therefore, it becomes essential to hedge the currency risk with the approach of derivatives and forward contracts for Chinese investors. Although we focus on the perspective of Chinese investors, but hedging RMB risk is equally important to international companies which use RMB as the settlement currency or investors who hold some financial assets based on RMB.

Similar literature about the currency hedging in portfolio is as follows. Glen and Jorion (1993) examine the benefits of currency hedging by comparing the risk return performances of international portfolio with and without forward contract hedging. They find that the portfolios including forward contracts perform significantly better than the un-hedged portfolios. Campbell, Serfaty-De Medeiros, and Viceira (2010) consider the risk-minimization problem of global equity and bond investor over the

period 1975 to 2005 and conclude that the optimal currency hedging strategy reduces the standard deviation of unhedged portfolios.

Out of these empirical studies we can make two assumptions. Firstly, from the perspective of China investors who hold foreign assets in US dollars, we suggest them using the fully-hedged portfolio to avoid currency risks. Secondly, during the RMB internationalizing, investors should pay more attentions in RMB hedging.

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Budzyński T., Smygur V.,
Uniwersytet Marii Curie-Skłodowskiej Lublinie, Polska.

DOCELOWOŚĆ UTWORZENIA FUNDUSZY CELOWYCH NA PRZYKŁADZIE FUNDUSZU UBEZPIECZEŃ SPOŁECZNYCH W POLSCE

Fundusze celowe są ważną częścią finansów publicznych, skierowane są na podnoszenie dobrobytu obywateli poprzez przeznaczenie środków na wykonanie wyodrębnionych zadań państwowych. Świadczy o tym, to że w Polsce jest około 30 takich funduszy. [1] Powstają one w wyniku przyjęcia ustawy zwykle na okres dłuższy niż jeden rok budżetowy. Państwowe fundusze celowe nie posiadają osobowości prawnej i istnieją w formie zapisów na rachunkach bankowych znajdujących się w gestii odpowiednich dysponentów. [2, s.183]

Dla powstania funduszy celowych muszą być wyraźne przyczyny przedstawiające to, że na realizację danego celu jest niezbędne wyodrębnienie z całej puli publicznych środków pieniężnych kwoty przeznaczonej na realizację tego działania.

Powstanie funduszu celowego nadaje wyższego znaczenia dla zadań publicznych realizowanych w jego ramach oraz oznacza to, że na zaplanowane