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WHY DO CURRENCY BLACK MARKETS EXIST?

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The currency black market means the parallel market of exchanging foreign currency, which is illicit all over the world. Some current operations run outside legal channels of banks thus the black market of currency generates the underground economy. A common thing for a currency black market are cash transactions because each participant would be evidently reluctant to detect any facts of their involvement in illegal operations.

The purpose is to research why do Currency Black Markets exist. Why is it still deserved to use an adverse black market rate to convert dollars?

Currency fluctuations are a natural outcome of the floating exchange rate system that is the norm for most major economies. The exchange rate of one currency versus the other is influenced by numerous fundamental and technical factors. These include relative supply and demand of the two currencies, economic performance, outlook for inflation, interest rate differentials, capital flows, technical support, resistance levels, and so on. As these factors are generally in a state of perpetual flux, currency values fluctuate from one moment to the next [2].

But although a currency's level is largely supposed to be determined by the underlying economy, the tables are often turned, as huge movements in a currency can dictate the overall economy's fortunes – a currency tail wagging the economic dog [2].

A black market is a transaction where goods or services are exchanged illegally. What makes the market “black” can either be the illegal nature of the goods and services themselves, the illegal nature of the transaction or both [3].

For example, while the buying and selling of food is not illegal, the transaction enters the black market when the good sold is illegal, such as foie gras in California. And while it's perfectly legal to sell hamburgers, when an all-cash restaurant does not remit to the state government the mandatory sales taxes on its transactions, it too has entered the black market [3].

Black markets, also called shadow markets, come about when people want to exchange goods or services that are prohibited by governments. Black markets skew economic data, as transactions are unrecorded. Black markets also arise when people don't want to pay taxes on the transaction for legal or illegal goods or services. Some black markets exist simply because people don't realize there are laws they aren't following, such as bartering and not reporting the taxable value of the transaction, or hiring a regular housekeeper or babysitter, but failing to pay employment taxes [3]. Currency black markets typically spring up in countries that have the following characteristics in common:

Weak economic fundamentals, such as a high rate of inflation and limited foreign exchange reserves.

Strict currency controls that limit the amount of foreign currency available to residents.

A fixed exchange rate regime where the domestic currency is pegged at an unrealistically high exchange rate to the U.S. dollar or another global currency.

A lack of confidence among the citizenry in the value of the domestic currency [1].

Because of unstable situation in Ukraine, the black trading market of dollars was hit hard by growth. His main advantage is the rapid purchase of the required amount in the currency. Despite the fact that the dollar on the black market in Ukraine is slightly higher than the bank, the purchase of foreign currency from the hands of all the same enjoys an impressive demand from Ukrainians. The reason for this is:

possibility to buy a large amount at a time;
elimination of potential attention from the fiscal service.

A large part of Ukrainians prefers to keep savings in US dollars, so they are interested in any changes in the black currency market [4].

So, the existence of substantial demand on currencies is caused when people look at currency as a way of saving their cash values. The state control makes it extremely difficult for citizens to buy foreign currencies with their local currency at the official exchange rate. A black market, therefore, develops for foreign currencies that would generally be priced at a significant premium to the official exchange rate, because of its artificial value and the demand-supply imbalance [1].

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INSTAGRAM: A WASTE OF TIME OR A SOURCE OF USEFUL INFORMATION?

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Psychologists and time management experts calculate how much time a person spends wasted on social networks. Especially, the most popular is Instagram. Instagram (also known as IG) is a photo and video-sharing social networking service owned by Facebook, Inc. It was created by Kevin Systrom and Mike Krieger.

Following the release in October, Instagram had one million registered users in December 2010. In June 2011, it announced that it had 5 million users, which increased to 10 million in September. This growth continued to 30 million users in April 2012, 80 million in July 2012, 100 million in February 2013, 130 million in June 2013, 150 million in September 2013, 300 million in December 2014, 400 million in September 2015, 500 million in June 2016, 600 million in December 2016, 700 million in April 2017, and 800 million in September 2017.

In fact, you need only 10 minutes to “post” your last photo and view the tape of friends. However, most people “hang out” on social networks – read posts, write comments, argue with other people. All this takes a lot of time, which could be spent with greater benefit for oneself and others.

In addition, many of us completely go to the online world and forget about reality. For example, a group of friends gathered for dinner at a cafe. One of them received a text message on the phone, another decided to view the Instagram tape, someone wanted to make a video in a story. As a result, people do not communicate, but are passionate about their gadgets.

Judging by the results of a survey conducted by scientists from the University of Southern California, more and more people notice that using the Internet takes time away from communicating with loved ones.