

自由論題 8「東南アジアの金融・通貨」・報告 3

報告テーマ

What is the problem with local currency in a dollarized country?

Currency choice for payment and transaction cost

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要旨

Though multi-currency usage in payment is observable in several economies, the phenomenon has not been well empirically analyzed yet. Theories of currency circulation had been commenced by Kiyotaki & Wright and their search theoretic model were stretched in several ways to explain multi-currency circulation environment. But there have been few empirical works due to limitation on micro data availability.

Cambodia is one of the highly dollarized economies in the world. With large inflow of US dollar (USD) during the United Nations Transitional Authority of Cambodia operations in 1991-93, USD started to perform all three functions of currency; store of value, unit of account, and means of payment (Okuda & Aiba 2018). Though the riel (KHR) is the only legal tender, people use several foreign currencies; USD, Thai baht, or occasionally Vietnam dong, for payment besides KHR.

We empirically analyze the phenomenon of multi-currency usage for payment in Cambodia using survey micro data collected by a nation-wide large-scale survey conducted by Japan International Cooperation Agency Research Institute and the National Bank of Cambodia.

We find that theoretically predicted exchange rate depreciation is not affecting the currency choice for payment. Rather, we find that transaction size and network effect are significantly affecting the choice since they influence the transaction cost of currency. The transaction cost of currency is assumed as proportional to the size of transaction. The larger is the transaction size, the larger is the cost. We confirm the size of transaction matters for the currency choice. Network effect can be measured by ratio of FX denominated expenditure to total expenditure. Accumulation of experience using FX as a means of payment acts as an externality that reduces transaction cost of the currency (Uribe (1997)). We find individual's ratio of FX in expenditure is significantly affecting his/her currency choice for payment. (299 words)