

Central banking system and its functions

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Contents

- Definition
- Main functions
- Currency issuance
- Naming of central banks
- Main policy instruments
- Conclusion

Central bank

- Monetary authority of a country granted the exclusive privilege to lend a government its currency.

Main functions

- controlling money supply
- money issuance
- setting the official interest rate
- implementing monetary policy

Currency issuance



- Exclusive privilege of a central bank



Examples of naming

Bank of country

National bank of

Reserve bank of



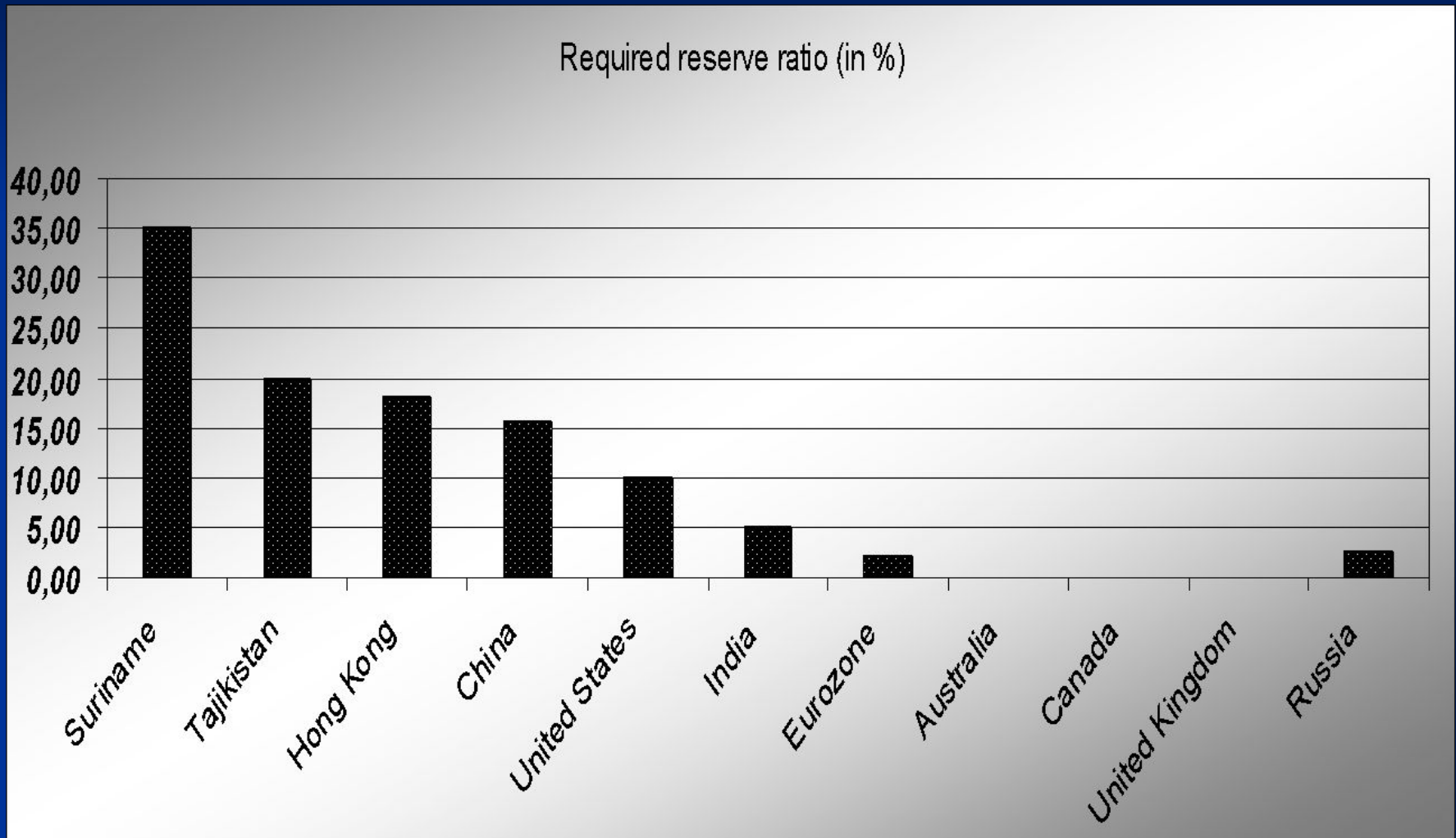
Main policy instruments

- Open market operations
- Reserve require ratio
- Discount rate policy

Open market operations

- Do not require the immediate printing of new currency
- Most frequently used tool of central bank

Required reserve ratio



Discount rate policy

- Affect the balance between demand and supply
- Taken into account before starting business



Conclusion

- Central bank system becomes the most important mean of economy policy in crisis period

Thank you for
your attention.