

Central banking system and its functions

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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

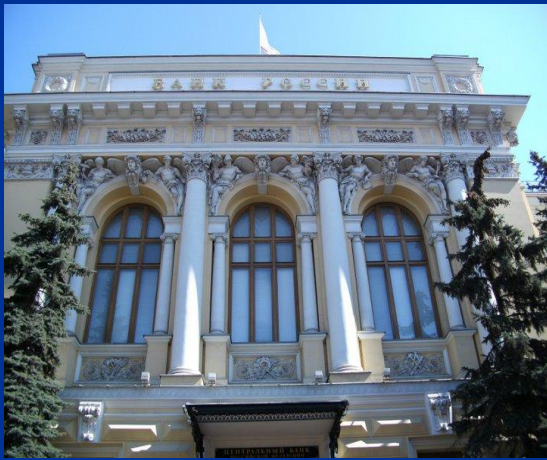


Examples of naming

Bank of country

National bank of

Reserve bank of



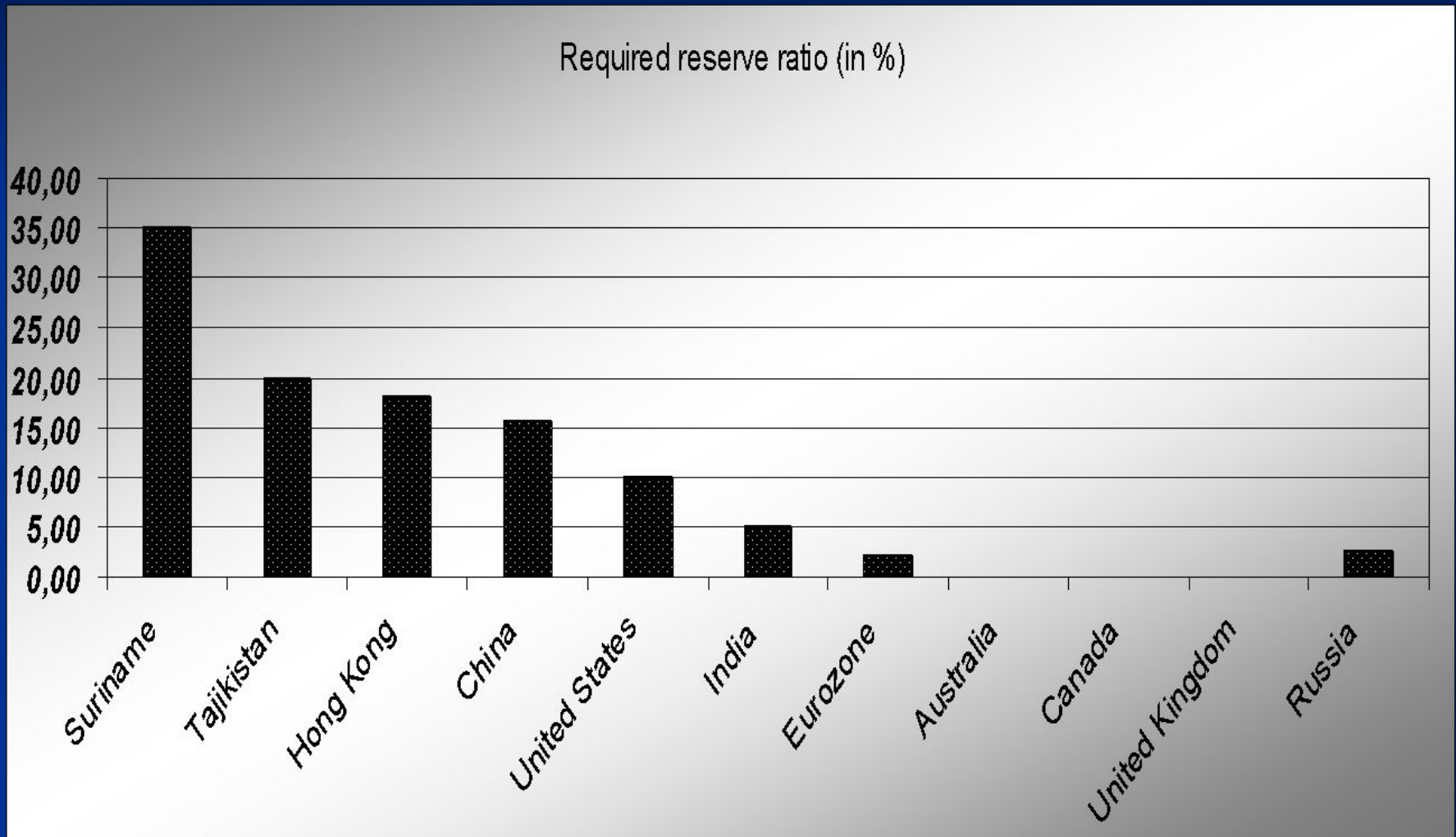
Main policy instruments

- 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

A man in a dark blue pinstriped suit, a light blue striped shirt, and a red tie with white polka dots is pulling open his shirt with both hands, revealing his bare chest. The word "Conclusion" is written in white serif font across the upper part of his chest.

Conclusion

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

Thank you for
your attention.