

Abstract

Central Bank communication has become, in the last period, a topic of increased interest both in academia, as well as in the process of conducting the monetary policy. This thesis addresses the communication of central banking and compares the Czech National Bank's (CNB) communication practices with the ones of the National Bank of Moldova (NBM) for the period of 2005 – 2010.

Communication of both central banks is analyzed by compiling a Transparency Index, based on a detailed analysis of actual information disclosure by the two banks. In order to analyze how surprising are the monetary policy decisions in the two countries, an investigation about how much the short-term money market rates change after the monetary policy decision's announcement has been made. The results of the analyses show that the CNB has achieved almost full transparency in 2010 in conducting the monetary policy, while the NBM, even though registered a gradual increase in its transparency since 2005, still needs to put more effort into improving its communication practices.

The research also reveals that the CNB manages to lower the pace of market surprises related to its monetary policy decisions, while in the case of NBM, the money market rates respond little to the policy rate changes. Also, in order to show the importance of effective communication for the success of the monetary policy, the thesis contains a series of recommendations, based on the Czech experience, for a more effective central bank communication in Moldova.