

The Czech National Bank, its legal position and scope of activities

My diploma thesis deals with the legal position and the scope of activities of the Czech central bank. The central bank holds an important position, as it is able to influence the state's economic situation.

This thesis is divided into three chapters, the first deals with the issue of central banking in general. It contains the basic theoretical framework, which is important for further interpretation. Main focus is given to the defining attributes of the central bank, differences in view and approach to central banking and objectives that it should achieve.

The second part deals with the historical development of the central banking in the Czech Republic and its predecessors. It follows the creation and transformation of the institution from Austro-Hungarian monarchy over to the period of the First Republic and discusses the situation in the Protectorate of Bohemia and Moravia and in communist Czechoslovakia. The chapter is closed by description of changes to central banking following the Velvet Revolution in 1989 and the path to the modern independent central bank.

The first part of the third chapter focuses on the legal position of the Czech National Bank. It defines the legislative basis, mainly rising from the Constitution and the Act on Czech National Bank. Primary focus is given to the goals of CNB, the main objective being maintaining price stability. This objective divides itself into many others and is reflected in other CNB objectives. This part also deals with interpretation of independence of CNB, which seems to be a key feature of the central bank and it is supported by judgments of the Constitutional Court. These judgments were concerning the Bank Board and Governor, the governing authorities of CNB. The organizational structure is also a part of this section.

The second part of the third chapter contains an analysis of the activities of the Czech National Bank, deals with the emission monopoly of CNB and protection of the currency that is associated with it. Furthermore, I present the monetary policy instruments that are used mainly for achieving the CNB primary objective. Large part of the activities of the CNB is supervision over regulated objects of the financial market and protection of its stability. Other activities of CNB lie in areas such as the foreign exchange market or its contribution to the preparation of legislation of the financial market and central banking.

Throughout the entire third chapter, changes brought on by the amendment to the Act on CNB are being followed. This amendment, well conceived in my opinion, completes the current regulation and incorporates legal requirements of European law. I see its benefit primarily in more exact definition of the position of the governor, development in the area of

statistics and reporting or unification of decisional practice by abandoning the act of provision of CNB.

The last part of the third chapter is devoted to the international and European position of the CNB. The membership of the Czech Republic in the EU and the future adoption of the single European currency, the euro, affects the status of CNB and will bring further changes. CNB is *inter alia* involved in national structures, which should prepare the ground for the transition to the new currency. At that moment, a deeper integration into the European System of Central Banks will take place, certain competencies will be transferred to the ECB.