

Abstract

This bachelor thesis analyzes the approaches of the Federal Reserve System and the European Central Bank to monetary policy during the crisis. The main part of this thesis is devoted to unconventional monetary policy measures conducted during the crisis. We firstly introduce the respective measures, subsequently compare them and state reasons which caused different behaviour of the Federal Reserve System and the European Central Bank. This thesis states six main differences and their respective reasons. First, the fundamental difference is the perspective on unconventional monetary policy measures in terms of whether they were considered a substitute or complement to the existing policy instruments. The second significant difference can be found in the behaviour before the collapse of Lehman Brothers. Third, the timing of implementation of measures was also distinct. Fourth, the purchases of government bonds were common for the Federal Reserve System even before the crisis, while for the European Central Bank it was a novelty. The fifth difference is in the use of outright purchases versus collateralized lending. The last difference resides in the attitude toward main interest rates steering, in which the Federal Reserve System was more aggressive than the European Central Bank. Reasons which contributed to these distinct approaches are various – mandates of the central banks, method of liquidity distribution, structure of financial systems and other.