

Abstract

This thesis examines the central banking transparency and financial stability communication. The main goal is to find the determinants of the updated Monetary policy transparency index and the index for financial stability transparency, which cover 110 countries during the period 2000-2011. We analyse the individual components of transparencies and perform regression models with the set of economic and political variables in order to find drivers of all aspects of transparency. As a basic observation we verified the increasing trend in both types of transparencies during last two decades. We found out that economically well developed countries with flexible exchange rates, quality government and stable political institutions tend to be more open about their monetary policies. Moreover, high degree of monetary policy transparency and the occurrence of past systemic banking crisis implies higher openness of central banks about financial stability issues. The drivers of Financial stability transparency index components display significant variations, especially variables like rule of law or past financial distress. It is concluded that financial stability transparency is still a young field of study and many central banks are still in the developing phase of learning.

Keywords central banking, transparency, monetary policy,
financial stability

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