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# Transparency And The Bank Of Englands Monetary Policy

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Central Bank Accountability and Transparency

Canada

Country Transparency and the Global Transmission of Financial Shocks

Transparency in Central Bank Operations in the Foreign Exchange Market

The Transparency of the Banking Industry and the Efficiency of Information-based Bank Runs

Greater Transparency in Monetary Policy

Transparency and Monetary Policy with Imperfect Common Knowledge

The Oxford Handbook of the Economics of Central Banking

Optimal Degrees of Transparency in Monetary Policymaking

The Transparency of the Banking Industry and the Efficiency of Information-Based Bank Runs

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**Central Bank Accountability and Transparency** Centre for Economic Policy Research

The IMF's development of the code of good practices on transparency in monetary and financial policies and introduction of safeguard assessments has increased the importance of the transparency of the disclosures found in central bank financial statements. This study looks at the disclosure requirements for central banks under International Accounting Standards and provides practical guidance for those responsible for preparing central bank financial statements.

*Canada* International Monetary Fund

In this paper we construct indices of transparency of monetary and financial policies, based on self-evaluations carried out by 135 IMF member countries in 1999, and use them to identify transparency patterns across different policies and country groups. We find that across all countries, transparency is highest in the formulation and conduct of monetary policy and lowest in insurance supervision and deposit-insurance oversight. Across country groups having similar political/economic characteristics, the average degree of transparency is highest in advanced countries and lowest in developing ones for both monetary policy and those financial policies for which there are differences between country group means.

*Country Transparency and the Global Transmission of Financial Shocks* International Monetary Fund

"Lack of transparency increases the probability of a banking crisis following financial liberalization. In a country where government policy is not transparent, banks may tend to increase credit above the optimal level"--Cover.

Transparency in Central Bank Operations in the Foreign Exchange Market INTERNATIONAL MONETARY FUND

"The Handbook reflects the state of the art in the theory and practice of central banking. It covers all the essential areas that have come under scrutiny since the global financial crisis of

2007-9"--

**The Transparency of the Banking Industry and the Efficiency of Information-based Bank Runs** International Monetary Fund

This is the fourth chapter of a forthcoming monograph entitled "On Implementing Full-Fledged Inflation- Targeting Regimes: Saying What You Do and Doing What You Say." It examines a number of issues related to transparency and accountability in an inflation-targeting regime. It first looks at the factors behind the move to increased transparency in recent years and the important role of a communications strategy in transparency. It then turns to the role of the forecast in communications, how risks surrounding the forecast are communicated, and whether there should be limits on what is made public. It concludes with a short discussion of accountability.

**Greater Transparency in Monetary Policy** International Monetary Fund

Transparency in the economic sphere involves making public sector action visible and understandable to the private sector. Transparency in central bank operations can be seen a complement to the greater transparency being established in policy formulation. Among the most important areas in this regard and the central bank's operations in the foreign exchange market. This paper looks at the respective roles of overt and covert foreign exchange market operations, and considers that each may be appropriate under particular conditions. Reconciling covert operations with transparency requires rules for full disclosure with as short a lag as possible.

*Transparency and Monetary Policy with Imperfect Common Knowledge* Our National Conversation

This paper develops a new central bank transparency index for inflation-targeting central banks (CBT-IT index). It applies the CBT-IT index to the Czech National Bank (CNB), one of the most transparent inflation-targeting central banks. The CNB has invested heavily in developing a Forecasting and Policy Analysis System (FPAS) to implement a full-fledged inflation-forecast-targeting (IFT) regime. The components of CBT-IT index include measures of transparency about monetary policy objectives, the

FPAS designed to support IFT, and the monetary policymaking process. For the CNB, all three components have shown substantial improvements over time but a few gaps remain. The CNB is currently working on eliminating some of these gaps. The Oxford Handbook of the Economics of Central Banking International Monetary Fund

The Bank of Uganda (BOU) is implementing transparency practices that are broadly aligned with the good practices for central banks. The BOU's initiatives on a comprehensive communication strategy and broad use of tools underpin the commitment to transparency and its accountability for the price stability mandate. The BOU seeks to improve public accountability and intends to use the results of the CBTC review to further improve its communications and transparency practices. *Optimal Degrees of Transparency in Monetary Policymaking* International Monetary Fund

To mitigate the risks of contagion from problems arising in the banking sector, many countries operate some form of banking sector safety net. Such safety nets generally involve a judicious mixture of transparency and ambiguity. This ambiguity may be important to counter moral hazard effects but may lead to excessive forbearance in the face of banking problems. While the scope for ambiguity has been declining, some ambiguity in the handling of individual institutions remains. In any case, ex post transparency is essential for reviewing the propriety of any assistance and preserving the authorities' future reputation and policy credibility.

*The Transparency of the Banking Industry and the Efficiency of Information-Based Bank Runs* World Bank Publications

The Central Bank of Chile (CBC) has implemented broadly advanced transparency practices. This reflects the CBC's strong public commitment to transparency, which is anchored in the law and has been designated by the CBC as a strategic objective to fulfill its mandate. This policy has earned the CBC the broad trust of its stakeholders and has paid significant dividends for the CBC in terms of safeguarding its autonomy and ensuring its policy effectiveness.

*Transparency Games* International Monetary Fund

In this paper, we investigate the relationship between the transparency of banks and the fragility of the banking system. We show that information-based bank runs may be inefficient because the deposit contract designed to provide liquidity induces depositors to have excessive incentives to withdraw. An improvement in transparency of a bank may reduce depositor welfare through increasing the chance of an inefficient contagious bank run on other banks. A deposit insurance system in which some depositors are fully insured and the others are partially insured can ameliorate this inefficiency. Under such a system, bank runs can serve as an efficient mechanism for disciplining banks. We also consider bank managers' control over the timing of information disclosure, and find that bank managers may lack the incentive to reveal the information about their banks.

*Inflation Targeting Pillars - Transparency and Accountability* The Stationery Office

Transparency in government operations is widely regarded as an important precondition for macroeconomic fiscal sustainability, good governance, and overall fiscal rectitude. Notably, the Interim Committee, at its April and September 1996 meetings, stressed the need for greater fiscal transparency. Prompted by these concerns, this paper represents a first attempt to address many of the aspects of transparency in government operations. It provides an overview of major issues in fiscal transparency and examines the IMF's role in promoting transparency in government operations.

*Public financial management in Latin America* International Monetary Fund

This paper considers the role of country-level opacity (the lack of availability of information) in amplifying shocks emanating from financial centers. We provide a simple model where, in the presence of ambiguity (uncertainty about the probability distribution of returns), prices in emerging markets react more strongly to signals from the developed market, the more opaque the emerging market is. The second contribution is empirical evidence for bond and equity markets in line with this prediction. Increasing the availability of information about public policies, improving accounting standards, and enhancing legal frameworks can help reduce the unpleasant side effects of financial globalization.

*Inflation-Forecast Targeting* International Monetary Fund

The ongoing global economic crisis threatens one and a half billion people who live in poverty. An effective World Bank is critical to reducing global poverty, but can it effectively tackle the challenge? In the first half of the 2000's, two Bank researchers sought to increase transparency and accountability within an institution mired in bureaucracy and secrecy. What unfolds is a dramatic story of how the World Bank really operates, the power it has to change people's lives and how it can be successful in the current crisis.

*Republic of North Macedonia: Central Bank Transparency Code Review* Springer

The National Bank of the Republic of North Macedonia (NBRNM) is implementing advanced transparency practices. The long-standing commitment to transparency noted by a number of stakeholders and forcefully re-affirmed in the recent period is well anchored in the law, and it has been designated by the NBRNM as a strategic objective to fulfill its mandate. This policy has earned the NBRNM noteworthy trust from stakeholders met by the mission, and it has paid significant dividends in terms of anchoring its autonomy and ensuring policy effectiveness.

**Transparency and Governance** INTERNATIONAL MONETARY FUND

Banks may be unable to refinance short-term liabilities in case of solvency concerns. To manage this risk, banks can accumulate a buffer of liquid assets, or strengthen transparency to communicate solvency. While a liquidity buffer provides complete insurance against small shocks, transparency covers also large shocks but imperfectly. Due to leverage, an unregulated bank may choose insufficient liquidity buffers and transparency. The regulatory response is constrained: while liquidity buffers can be imposed, transparency is not verifiable. Moreover, liquidity requirements can compromise banks' transparency choices, and increase refinancing risk. To be effective, liquidity requirements should be complemented by measures that increase bank incentives to adopt transparency.

*Central Bank Independence, Accountability, and Transparency* MIT Press

This paper explores whether greater transparency measures undertaken by the Bank of Canada have been accompanied by reduced uncertainty in financial markets. This question is addressed by examining the market's response to releases of the

Bank's semi-annual "Monetary policy report" and to changes in the Bank's operating band for the overnight interest rate. Section 2 outlines the evolution of the Bank's operating procedures in financial markets, with particular emphasis on the improved transparency that ensued. Section 3 reviews the Bank's efforts to achieve inflation targets in recent years, noting the tactical constraints in the first half of the 1990s. The theoretical link between transparency and market uncertainty is outlined in section 4. This relationship is tested empirically in section 5. Some thoughts on the limits of transparency are then offered, along with concluding remarks.

*The World Bank Unveiled* Centre for Economic Policy Research  
The Bank of Canada (BOC) sets a high benchmark for transparency, which is recognized by its stakeholders, thus maintaining a high level of trust and accountability. The BOC's transparency practices are broadly aligned with expanded and comprehensive practices as defined by the IMF Central Bank Transparency Code (see Table 1). This is acknowledged by the BOC's external stakeholders, who view the central bank as an open, dynamic, and transparent public institution.

*Central Bank Independence and Transparency: Evolution and Effectiveness* International Monetary Fund

A central bank is financially strong if it possesses resources sufficient to attain its fundamental policy objective(s). Once endowed with those resources, relations between government and central bank should be designed so that significant changes in central bank financial strength do not occur unless necessitated by changes in policy objectives. The level of strength required depends on the array of policy objectives (for example, the exchange rate regime) as well as the constraints and risks presented by the operational environment. Attaining credibility is facilitated if the public can easily determine the financial strength of the bank, yet for a variety of reasons this is often difficult. Transparency requires institutional arrangements that ensure the central bank generates profit in most states of the world, is subject to strict ex post independent audit, and transfers regularly all profits, after provisions, to the treasury.

**Mexico** Inter-American Development Bank

This book investigates the strengths and weaknesses – in terms of transparency and compliance with the democratic principle – of Bretton Woods Institutions, considering the most important

innovations from the original framework achieved through the introduction of independent accountability and complaint mechanisms (the Inspection Panel and Independent Evaluation Office), but also due to relevant reforms in the internal

governance of the International Monetary Fund and the new financial assistance tools. One of its main focuses is on evaluating the socio-economic impact of conditionality in the countries requiring financial assistance, acknowledging the need to strengthen social protection policies in the adjustment programs.

In addition, emphasis is given to the effects of the “constitutionalization” of the Washington Consensus in the European Union, with the establishment of the so-called “Berlin-Brussels-Frankfurt Consensus.”