

The central bank, its activities and position

Abstract

Central banks are in today's global banking system an indispensable part of a stable functioning market economies. I was always interested in these issues. I studied these issues in another master's degree course. The subject of this thesis is the central banking system in the Czech Republic and in the European Union.

In the first chapter I focus on definition of banking and on the characteristics of three models of the banking system (single-stage, two- and three-stage banking system).

The second chapter is the largest of all chapters. In this chapter I deal with the formation of Monetary Union, the creation of the European central banking system and the foundation of the European Central Bank. I analyze the legal base of European Central Bank, its organizational structure, issuing of legal acts, the capital. I deal with the introduction of the euro in member and non-member countries too. Special attention is paid to the independence of the European Central Bank. I analyze its institutional, personal, financial, material and budgetary independence. The conclusion of this chapter deals with the preparations for the introduction of the euro in the Czech Republic.

In the third chapter I describe the historical development of European central banking and the development of central banking in our country. I analyze activities of central bank in different stages of the existence of our country.

The most important is the fourth chapter, which deals with the question of the foundation of independent Czech National Bank, with its objectives and tasks, its constitutional position among other institutions. Special attention is paid to the decisions of the Constitutional Court related to the issue of the appointment and dismissal of members of the Bank Board and related to the main objectives of the Czech National Bank.

In the fifth chapter I analyze the main functions of the Czech National Bank. I focus on monetary policy and the issuing of cash currency. I thoroughly describe the exchange and return of worn or damaged banknotes and coins.

In the sixth chapter I focus on banking regulation and supervision. I analyze types of supervision, including informal banking regulation and supervision, i.e. the Banking Association and the banking ombudsman.

In the seventh chapter I briefly describe the position of representatives of the Czech National Bank in international monetary institutions, such as the World Bank or International Monetary Fund.

In the last chapter I analyze very carefully statistical activities, particularly inflation, government statistics, monetary and financial statistics, balance of payments.

I was convinced that the central bank is really an exceptional body which has a number of powers.