

The instruments of monetary policy and their legal regulation

Abstract

The goal of this paper was to perform a comprehensive analysis of Monetary Policy Instruments of the Czech Republic and the Eurosystem, including the historical, economic and international aspects of the subject matter.

As the topic is significantly overlapping with economic theory, the theoretical grounds were first defined in the parts concerning historical analysis, the scope of the Czech National Bank, monetary policy and economic theory. The legal analysis of the instruments of the Czech monetary policy itself was then carried out especially in a general and special part; a comparative analysis with of the Eurosystem instruments was carried out afterward as well. The purpose of a general analysis of Czech Monetary Policy Instruments was to generalize the findings and the common features of the similar monetary policy instruments and therefore the author chose the procedure consisting in definition of the notion of the *monetary policy instrument*, the division of the instruments and particular instrument specification. In the following part, the author deals with the legal regime of specified monetary policy instruments.

The paper provides concrete insights into the legal regime of individual monetary policy instruments. The research may benefit in new general findings in the area of division of monetary policy instruments and their specification while reflecting the specific Czech legislation. Thus, monetary policy instruments as defined by monetary theory could be divided into the CNB's trades, trade terms determination, minimum reserve requirements and non-legal instruments. Some attention has also been paid to the legal regime of non-legal monetary policy instruments that are often overlooked by economic theory, although they can have significant complementary effects with common instruments.

Although the economic conditions of the European monetary policy may be different from the Czech ones, concrete stimuli for the amendment of Czech law have emerged from the comparative analysis. The author attempted to outline possible areas of legislative amendments with regard to the other findings in the paper. In this context, the author thinks there is a need to amend the Czech delay interest rate so as to meet the requirements of secondary EU law.

Keywords: instruments of monetary policy, monetary policy instruments, Czech National Bank, CNB, virtual currencies, trades of CNB, trade terms determination, interest rates determination, minimum reserves, non-legal instruments