

The role of central bank essay sample

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The Role of Central Bank

Bank of Thailand (Central Bank of Thailand)

The Bank of Thailand Act was promulgated on April 28, 1942 conferring the status of a juridical person on the Bank of Thailand and allowing it to carry out all central banking functions. The Bank of Thailand started operations on December 10, 1942. As per the Bank of Thailand Act, 1942, the Minister of Finance is charged with powers to look after the overall functions of the bank. The main objective of the bank is to maintain financial system stability and the soundness of financial institutions. The objectives of the bank can be categorized as follows: Conduct the monetary policy

Ensure the stability of the financial system in the country

Work towards developing a fully efficient payment system mechanism To become an organization that is committed to excellence

To improve the image of the bank in the eyes of the common people The general control and administration of the bank is in the hands of a Court of Directors, which consists of the Governor and the Deputy Governors and at least five other members. His Majesty appoints the Governor and the Deputy Governors. The Cabinet appoints the rest of the members of the board.

Roles and Responsibilities of the Bank of Thailand

According to the Bank of Thailand (BOT) Act B. E. 2485 as amended by B. E. 2551. 1. Print and issue banknotes and other security documents

The BOT prints and issues banknotes and other security documents under the enforcement of the Currency Act and has sole rights to print and issue banknotes in the Kingdom. 2. Promote monetary stability and formulate

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monetary policies. The BOT implements monetary policy as specified by the Monetary Policy Committee as follows : mobilizing the deposits, determining the interest rate for loans to financial institutions, trading foreign exchange and exchanging for the future cash flow, borrowing foreign exchange in order to maintain the monetary stability, borrowing money in order to implement the monetary policy, trading securities as necessary and exchanging for the future cash flow in order to control the money supply in the country's financial system, and borrowing or lending the securities with or without returns. 3. Manage the BOT's assets

The BOT manages its assets (excluding the assets within the currency reserve according to the Currency Act) and invests such assets for returns by realizing the security, liquidity, return on asset, and management risks. 4. Provide banking facilities to the government and act as the registrar for the government bonds The BOT provides banking facilities to the government in terms of depository and lending facilities for the Ministry of Finance, acts as the custodian for the government, acts as the representative of the government for investment in assets and FX, trades and transfers the bill of exchange, securities, and share certificate, and controls and oversees FX. In additions, the BOT may provide banking facilities to the state enterprise or other government agencies.

Moreover, the BOT acts as the registrar for the government bonds by acting as the government representative in purchasing and selling government bonds, paying principal and interest, or acts as the registrar of state enterprises, specialized financial institutions, or other government agencies.

5. Provide banking facilities for the financial institutions. The BOT provide banking facilities for the financial institutions by acting as lender of the last resort for the financial institutions, acting as the custodian for the financial institutions, and ordering the financial institutions to report or explain about the assets, liabilities or contingent liabilities. 6. Establish or Support the establishment of payment system The BOT establishes or supports the establishment of payment system, electronics clearing system, and administers such systems for safety and efficiency. 7. Supervise and examine the financial institutions

The BOT supervises, examines, and analyzes the financial status and performance, and risk management system of the financial institutions in order to promote financial institutions stability. 8. Manage the country's foreign exchange rate under the foreign exchange system and manage assets in the currency reserve according to the Currency Act. 9. Control the foreign exchange according to the exchange control act.

THAILAND INFLATION RATE

The inflation rate in Thailand was recorded at 1. 59 percent in August of 2013. Inflation Rate in Thailand is reported by the Ministry of Commerce. Thailand Inflation Rate averaged 4. 62 Percent from 1977 until 2013, reaching an all time high of 24. 56 Percent in June of 1980 and a record low of -4. 38 Percent in July of 2009. In Thailand, the most important categories in the consumer price index are Food (33 percent of total weight), Transportation and communication (27 percent of total weight) and Housing and furnishing (23. 5 percent of total weight). Others include: Health care (7

percent); Recreation and education (5 percent), Electricity, fuel and water supply (5 percent) and Apparel and footwear (3 percent). This page contains - Thailand Inflation Rate - actual values, historical data, forecast, chart, statistics, economic calendar and news.