

# The reserve bank of australia essay

[Parts of the World](#), [Australia](#)



## **Introduction**

This is the central bank of Australia and its head office is in Sydney. This bank was established at the end of 1959, under the Reserve Bank act of 1959, but became effective in 1960. It assumed the central banking functions, which previously were a responsibility of the Commonwealth Bank of Australia. The bank's main responsibility is setting the monetary policy of the country, besides other responsibilities. The bank is owned by the government of Australia (rba. gov. au).

## **Body**

The bank has two boards; the Reserve Bank Board (deals with the bank's monetary and banking policy), and the Payments System Board (sees to the bank's payments system). The Governor chairs these two boards (centralbanksguide. com).

Of the many responsibilities of the bank, making and implementing the monetary policy is the main. This is done by targeting low inflation to ensure there is stability in the country and by setting interest rates (centralbanksguide. com).

Another responsibility is that of maintaining the stability of the financial system. The bank keeps a close a close check on the state of the financial system of the country (centralbanksguide. com). In the case that a financial institution becomes illiquid, the Reserve Bank will decide on appropriate action to prevent the state of one institution from affecting the financial situation of the whole country.

More to that, the Reserve Bank of Australia is responsible for issuing the Australian currency banknotes. The bank handles everything to do with the currency except the production. Notes are manufactured by a separately owned subsidiary, the Note Printing Australia Limited while the coins are manufactured by the Royal Australian Mint in Canberra (centralbanksguide.com).

## **Conclusion**

The Reserve Bank of Australia is entirely responsible of the financial institution of the country. This is because it sees to the stability of the Australian currency, maintains the employment of the country, as well as ensuring economic prosperity. The bank assumes all these responsibilities since it is owned by the government and was established under a parliamentary act.

## **Citations**

Art Branch Inc. “ Reserve Bank of Australia.” Central Banks, 2011. Retrieved from

[http://www. centralbanksguide. com/reserve+bank+of+australia](http://www.centralbanksguide.com/reserve+bank+of+australia). 9th July 2011

[http://www. rba. gov. au/](http://www.rba.gov.au/). 9th July 2011.