

Money and banking

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Money and Banking a. What are three ways that South Africa's Central bank differs from the US Federal Reserve? Although South Africa's Central Bank has similar economic policy making roles to the country like the US Federal Reserve, they differ in some ways. The first aspect of this difference is structure of the bank's management. The US Federal Reserve System consists of a seven-member board of directors in Washington, D. C while South African central Bank has one governor in Pretoria. While South Africa's central Bank is only one in the entire country, US Federal Reserve has 12 regional banks, each controlled by its own directors. The governor has final say in South African's central Bank decision but in the US Federal Reserve such decisions are discussed collectively by the Board of Governors who oversees the entire system.

b. How independent is South Africa's central bank?

South Africa reserve bank is constitutionally vested with powers to make policy recommendations on how to improve the economy through fiscal and monetary policies. However, the final decision should be representative of the public opinion through political debate. This means that although it has powers, its decisions must be scrutinized by the government and members of the public hence partial independence in terms of operation (Klein and James 25). It is also worth to note that the central bank of South Africa must work through co-operation with various sectors of the economy and the executive arm of the government in successful implementation of the recommended economic and financial policies.

Work cited

Klein, Edith, and James R. Barth. *Global Banking Issues*. New York: Nova Science Publishers, 2005. Print.