

**ROLE OF CENTRAL BANKS IN SHAPING MONETARY POLICY  
(РОЛЬ ЦЕНТРАЛЬНИХ БАНКІВ У ФОРМУВАННІ МОНЕТАРНОЇ  
ПОЛІТИКИ)**

*Дана стаття присвячена вивченню дослідженої ролі центрального банку у формуванні грошово-кредитної політики. Розглянуто особливості грошово-кредитної політики та виокремлено основні чинники макроекономічного середовища, які негативно впливають на її реалізацію.*

**Ключові слова:** монетарна політика, Центральний банк, макроекономічне середовище.

*This article is devoted to the study of the researched role of the central bank in the formation of monetary policy. The features of the monetary policy are considered and the main factors of the macroeconomic environment that negatively affect its implementation are highlighted.*

**Key words:** monetary policy, Central Bank, macroeconomic environment.

Amidst instability and uncertainty, the current stage of economic development poses new challenges for economic policy. The monetary policy of central banks, which is part of the economic policy of countries, should provide an appropriate monetary foundation for stable social and economic development, including price stability and low inflation in the long run. In Ukraine, this topic is particularly relevant, as monetary policy during martial law becomes extremely important, so in the process of making decisions on the use of monetary instruments, the central bank must clearly define priorities and minimize overall risks.

In a general sense, the Central Bank is the issuing and cash center of the country (a state institution) that supervises the banking system and is responsible for maintaining monetary policy in the country based on ensuring stable non-inflationary economic development [1, p. 211].

The key functions performed by all central banks, without exception, are divided into regulatory, control, and service functions. In a market economy, central banks have a wide range of monetary instruments, the use of which depends on the direction of state economic policy, the degree of openness of the economy, the characteristics of the money market, banking system, customs and circumstances [2].

It is worth noting that monetary policy is a set of specific goals and instruments for achieving them. Monetary policy goals are divided into ultimate goals (economic growth, full employment, price stability) and intermediate goals (money supply, interest rate, exchange rate). By achieving intermediate goals, the NBU influences the ultimate goals. The main goal of monetary policy is to implement a set of measures adopted by the state through the central bank in the monetary and financial spheres to achieve strategic goals of economic development, including achieving an appropriate level of inflation, stabilizing the national currency and balance of payments, and ensuring a full employment rate. Monetary regulation is implemented in the monetary sphere through the use of differentiated channels and instruments that together form the structure of the transmission mechanism. It should be noted that the effectiveness of monetary policy depends on certain key aspects [4].

The central bank plays a key role in the conduct of monetary policy by performing functions such as controlling the money supply. Central banks set refinancing rates and other instruments to regulate the amount of money supply in the economy. This may include changing the discount rate, issuing or withdrawing money from circulation, and other monetary mechanisms. One of the main tasks of a central bank is to maintain price stability. They try to avoid large fluctuations in inflation or deflation, which can be harmful to the economy. Central banks are also responsible for ensuring

the stability of the financial system. They take measures to minimize the risks of financial crises, control banking activities, and provide liquidity to the banking system. The central bank determines and implements monetary policy aimed at managing the money supply, interest rates and credit conditions. This policy is aimed at controlling the total amount of money in circulation, which affects the level of inflation and promotes stable economic growth; All these and other functions are aimed at achieving macroeconomic stability and promoting economic growth and development of the country [3].

The National Bank of Ukraine is the main subject of monetary policy in Ukraine. In addition to the NBU, other state economic regulatory authorities, such as the Ministry of Finance of Ukraine, the Cabinet of Ministers of Ukraine, and the Verkhovna Rada of Ukraine, are involved in the implementation of this policy. However, the NBU plays a key role in the process of developing and implementing monetary policy, as it is primarily responsible to society for the situation in the monetary sector [5, P. 103].

The main factors of the macroeconomic environment that have a negative impact on the conduct of monetary policy include

- an increase in the degree of dollarization of the national economy, which reflects the tendency of foreign exchange market participants to protect themselves from possible depreciation of the national currency

- rising inflation expectations on the part of households and businesses;

- sensitivity of the national economy to internal and external shocks.

Thus, it has been established that the central bank is an integral part of the financial system of any country, and its decisions and strategies affect a wide range of aspects of economic life and financial stability. This is due to the implementation of monetary policy that properly takes into account internal and external factors of influence. Thus, the NBU plays a key role in shaping the country's monetary policy.

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