TEME, Vol. XLIX, Nº 4, October − December 2025, pp. 707−720

Original research paper https://doi.org/10.22190/TEME241114047L
Received: November 14, 2024 UDC 336.71
Accepted: April 1, 2025

CENTRAL BANK TRANSPARENCY

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Abstract

The central bank can utilise transparency to effectively implement monetary policy and enhance efficiency. People who are interested in the decisions and activities of the central bank could alter their actions due to increased transparency. Transparency aims to eliminate the imbalance of information between the central bank and recipients of its decisions, allowing market participants to make well-informed judgements. Globalisation, inflation targeting, central bank independence, and financial market liberalisation have led to a higher need for transparency. The central bank's credibility and reputation are upheld through transparency, which helps to maintain trust in the institution. Transparency elements at various decision-making phases involve sharing particular information containing appropriate content. They provide a detailed explanation of the central bank's decision-making process and actions when carrying out monetary policy. While the central bank must be transparent to serve public interests and demonstrate socially responsible behaviour, such transparency has its limits. The public cannot anticipate every single piece of information to be published. Excessive transparency can negatively impact the central bank's interests.

Key words: transparency, information asymmetry, communication, central bank.

ТРАНСПАРЕНТНОСТ ЦЕНТРАЛНЕ БАНКЕ

Апстракт

Транспарентност представља корисно средство централне банке у вођењу монетарне политике и постизању ефикасности. Транспарентност може обликовати понашање субјеката заинтересованих за одлуке и активности централне банке. Циљ транспарентности је да се елиминише информациона асиметрија која постоји између централне банке и оних на које се те одлуке односе, што за резултат има да тржишни учесници доносе рационалне одлуке. Већа потреба за транспарентношћу подстакнута је независношћу централне банке, таргетирањем инфлације, глобализацијом и либерализацијом финансијских тржишта. Путем транспарентности централна банка чува поверење у њу и своју репутацију. Различити аспекти транспарентности указују на објављивање одређених информација одговарајућег садржаја и одговарају одређеној фази доношења одлука. Они аналитички објашњавају доношење одлука и поступање централне банке у вођењу мо-

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нетарне политике. Иако јавни интереси и друштвено одговорно понашање захтевају да централна банка буде транспарентна, транспарентност не може бити неограничена. Јавност не може очекивати да буквално свака информација буде објављена. Превелика транспарентност може шкодити интересима централне банке.

Кључне речи: транспарентност, информациона асиметрија, комуникација, централна банка.

INTRODUCTION

Transparency[1] acts as a response to the traditional custom of central banks maintaining strict confidentiality in commercial banking. They maintained strict confidentiality over their affairs, such as government debt and state finances, to stay ahead of rivals and show loyalty to clients (Dincer, Eichengreen, 2014, p. 190). They did not reveal their goals and strategies to the public (Mishkin, 2004, p. 1). Central banks are slowly becoming more transparent to the general public. Transparency became increasingly significant following the 1990s, when the central banks of New Zealand, Great Britain, Sweden, and Canada implemented an inflation targeting approach. This approach has made monetary policy information intensive (Crowe, et al., 2008, p. 764). Predictions for inflation are now being published and transparency is gaining momentum[2]. Today, there is a heightened level of transparency compared to the past[3], which is linked to the increased autonomy of central banks, leading to increased accountability. Central banks must provide explanations for their decisions and actions that they have taken (De Haan, Eijffinger, Rybiński, 2007, p. 2).

The greater transparency of central banks was not just influenced by institutional autonomy and inflation targeting, but also by the wave of globalisation of financial markets, market interconnectivity and liberalisation,

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[1] Transparency originates from Latin *transparentia*, which means transparency, visibility, the ability to see through something, clarity;

[2] In 2002, Geraats stated that transparency had become a crucial aspect of monetary policy, with only central bank independence and low inflation being more important (Geraats, 2002, p. 532);

[3] When it was created, the European Central Bank faced criticism for lacking transparency. Recognising the significance of transparency for the credibility, effectiveness, and achievement of the ECB's monetary policy, transparency has been included in the ECB's annual reports since 2003. The ECB explained that it initially withheld the information from the public in order to maintain its independence and avoid any external influence. Nevertheless, the confidential messages conveyed by ECB President, Jean-Claude Trichier in 2010 and 2011 to Ireland, then to Spain, Italy and Greece, coupled with the withholding of crucial details, caused a stir among EU citizens. The ECB justified this by stating the need to protect the public interest, financial and economic stability. Nevertheless, after the content of the letter sent to Ireland was disclosed, the ECB was forced to unveil the details, exposing various issues, including the implicit threat to banks in Ireland requiring financial assistance due to the financial crisis, as well as the heightened debts of Irish residents etc. (Curtin, 2017, p. 35, 41-42);

resulting in a greater demand for information that can significantly impact the financial market participants' decision-making and expectation formation.

Transparency, independence, and accountability are three points on the same triangle. These concepts are interrelated. Transparency fosters accountability in central banks[4], which forms the foundation of central bank independence. Geraats believes that transparency is a concept that is complementary to the independence of the central bank. Transparency leads to accountability and helps maintain the central bank's legitimacy. Prof. Curtin states that "in between the grandiose concept of ECB independence and the more performative ECB accountability lies transparency" (Curtin, 2017, p. 28).

Central banks are commonly understood to not be established through elections, yet they still wield significant authority. This fact has many ramifications for the central bank's operations and its interactions with the parliament, government, other institutions, and the public. The professional community, along with other members of the public, show interest in overseeing the monetary policy. To ensure the ability to carry out monetary policy effectively and autonomously, its independence needs to be assured. Independence necessitates responsibility.

The central bank is accountable to the parliament for implementing monetary policy, presenting the monetary policy programme for the following year, annual, as well as semi-annual reports etc. It is also important for the public to stay informed about the bank's actions and decisions through various means. Transparency is essential for establishing and maintaining public trust. Transparency is crucial when the central bank implements unconventional measures like quantitative easing (Girardin, Moussa, 2011, p.463; Labudović Stanković, 2023a, p. 766), mass purchase of debt securities, negative interest rates, etc. (Dinzer, Eichengreen, Geraats, 2022, p. 333).

Transparency aims to remove the information imbalance between decision-makers like the central bank and individuals affected by those decisions. One of the market failures is the presence of asymmetric information.

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[4] The ECB's establishment and its insufficiently developed system of accountability, along with its lack of transparency, sparked the controversy among experts. It has been noted that accountability should be separated from "the transparency of the policy-making process itself (as opposed to the outcome of this process)" (Issing, 1999, p. 506). Some authors found it unimaginable that the ECB did not make the minutes of meetings and voting results public, as accountability should be distinct from the transparency of the policy-making process. Reports were published. Buiter criticised that kind of thinking and situation, stating that transparency and accountability are interconnected processes, i.e. that they go hand in hand, which means that the entire process of conducting monetary policy should be transparent so that there is also accountability. Buiter advocated greater transparency of the ECB as it would facilitate improved coordination between monetary and fiscal policy (Buiter, 1999, p. 186);

Their existence causes confusion for individuals lacking necessary information to make logical choices. Therefore, the level of efficiency decreases.

Information essential for decision-making is considered a public good, since sharing it with one individual does not diminish the benefit or quantity of information accessible to others. Moreover, it is necessary for information to be easily accessible in order to be efficient, meaning that only the real costs of transmitting information should be charged (Stiglitz, 2008, p. 83).

Information is crucial for the overall economy, with a particular emphasis on the financial sector, which closely monitors each action and choice made by the central bank. Investors aim to identify any potential risk that could put their investment in jeopardy. All other areas impacted by the central bank's actions and monetary policy rely on the release of crucial information from the central bank.

DEFINING TRANSAPRENCY

There is a lack of consensus on what exactly central bank transparency entails (Crowe, Meade, 2008, p. 766). Geraats defines transparency as the absence of asymmetric information between monetary policy makers and the public (Geraats, 2002, 533). In essence, transparency implies the presence of symmetrical information for all parties involved in making and carrying out decisions and activities. Transparency eliminates the uncertainty that exists due to asymmetric information. Typically, it is beneficial, although it may not be true in all situations. If some information can cause harm, it should not be published if it is against the public interest. There needs to be a balance between what information is made public and what is kept private. For instance, it may not be advisable to release all meeting minutes and transcripts as it hinders meaningful discussions prior to reaching decisions (Buiter, 1999, p. 194). Transparency involves having access to information, but does not necessarily mean the same as the action of making information public (Geraats, 2002, p. 534).

Buiter views transparency as essential in order to clarify both the process of making decisions and the outcomes of those decisions (Buiter, 1999, p. 186). A central bank demonstrates transparency by consistently giving the public enough information to comprehend its policy, to validate whether its actions align with said policy, and to evaluate the central bank's performance (Blinder, Goodhart, Hildebrand, Lipton, Wyplosz, 2001, p. 10). The aforementioned definition clarifies that transparency goes beyond just making information public; it also requires that the information be clear and easily understood, as per the linguistic definition of transparency. Issing emphasises that simply explaining and interpreting decision makers' actions, as well as comprehending public announcements, can generate new asymmetric information (Issing, 1999, p. 507).

Faust and Svensson examine transparency by assessing how easily the public can deduce the central bank's goals and intentions from the so-called "observable factors" (Faust, Svensson, 2001, p. 373). Assuming that one could perfectly understand all decisions, activities and predictions of a central bank is not realistic. Here we are not counting experts (lawyers and economists) or professionals who have specialised knowledge for comprehending monetary regulation (Dimitrijević, Golubović, 2020, p. 8), but it should be noted that the public is made up of both non-experts and professionals, with the latter group being much smaller in number.[5] Still, the truth remains that there is a strong desire from the general public (particularly investors and others in the financial market) to understand the objectives, choices, and operations of the central bank so they can make informed decisions based on its information and forecasts.

While the available literature often mentions the central bank's transparency, it typically focuses more narrowly on the transparency of monetary policy. The concept of central bank transparency extends to all tasks that the central bank is authorised and accountable for, encompassing a wide range of activities. It is a term that has various interpretations (Eijffinger, Geraats, 2006, p. 3). The central bank is in charge of monetary and foreign exchange policy, as well as overseeing the banking sector (although supervision can also be performed by other independent bodies). While it focuses on financial stability, it does not bear sole responsibility for it (Labudović Stanković, 2023b, p. 462; Labudović Stanković, 2023c, p. 82, Fabris, 2006, p. 45). Therefore, one can talk about the transparency of monetary policy, transparency regarding the supervision of banks, and transparency of financial stability[6]. Furthermore, these more specific ideas of transparency can be divided even further (Dincer et al., 2022, p. 332). However, when considered together, they all pertain to the level of transparency of the central bank. Nevertheless, there are distinctions among these concepts in terms of criteria for measuring transparency[7], the effects of transparency, feasibility, etc. (Dincer et al., 2022, p. 332).

The level of transparency in monetary policy, a more specific aspect compared to the central bank's transparency[8], is defined by how much in-

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[5] It should be noted that comprehending monetary regulation necessitates specialised expertise from both lawyers and economists ((Dimitrijević, Golubović, 2020, p. 8);

[6] Maintaining financial stability and the implementation of supervision are highly delicate tasks, so excessive information disclosure could potentially do more harm than good by destabilising the entire financial system;

[7] Geraats (2002) was the pioneer in creating a transparency index that is now considered a benchmark for transparency analysis. Later, the transparency index was improved. Horváth and Vaško (2016) created an index for financial stability transparency (Horváth, Vaško, 2016);

[8] Commercial banks, along with central banks, are required to practice transparency. The third pillar of Basel Accord focuses on the need for banks to be transparent and disclose specific information to the public. Publishing information helps to decrease information imbalance between banks and their creditors. This is how the financial system's instability is decreased (Ugolini, 2017, p. 119). The disclosure of information

formation the central bank discloses about its decision-making process to the public (Eijffinger, et al., 2006, p. 3). The transparency of monetary policy management concerns openness regarding the central bank's objectives (both short-term and long-term), the tactics employed in implementing monetary policy, and past and future decisions (Blinder et. al., 2001, p. 27). Transparency also means providing the public with information about the tools used by the central bank to impact the money supply and the goals that have been established.

Transparency is often perceived as a form of communication[9] with the public. Communication is the basis of transparency (Curtin, 2017, p. 32). It also aids in addressing the issue of the temporal inconsistency of monetary policy (Dincer et al., 2022, p. 334). The central bank communicates with the public in order to make the monetary policy it conducts more efficient and accountable to the public.

De Haan defines central bank communication as the dissemination of information by the central bank to the general public regarding monetary policy goals, tactics, economic outlook, upcoming changes, and past and future decisions (De Haan, 2008, p. 377, 380). He notes the circumstances in which public communication is crucial for a central bank: irrational expectations, lack of policy rules and credibility, and asymmetric information. Successful communication is extremely important. Central banks use various methods to communicate, such as holding press conferences, releasing meeting minutes, publishing monthly newsletters, issuing reports on financial stability, giving speeches, and conducting interviews (De Haan, et al., 2007, p. 5). Communication can involve sharing collaborative opinions or expressing personal views, the latter potentially leading to disagreement with others involved in the decision. However, the focus is not to inform the public about individual opinions, but about the central bank's decision on which a consensus was achieved.

EFFECTS

Greater transparency can lead to lower inflation rates, improved monetary policy efficiency, increased central bank reputation and credibility[10], better ability to manage economic shocks, reduced volatility, decreased

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requirements under the third pillar were updated in 2018, with the implementation delay set for January 1 2023 (Basel Committee on Banking Supervision, *Standards, Pillar 3 disclosure requirements – updated framework*, BIS; December 2018, available at: https://www.bis.org/bcbs/publ/d455.pdf);

[9] The word communication comes from the Latin word *communicatio*, which means communicating, transmission, medium, expression, discussion, touch, contact;

[10] Credibility is perfect when announced and expected rate of monetary growth match each other. Establishing a new monetary policy may require a significant amount of time to build credibility (Živković, Kožetinac, 2009, 432);

economic uncertainty, enhanced central bank responsibility, and the promotion of socially responsible monetary policies (Eijffinger, et al. 2006, p. 5).

The central bank must demonstrate accountability and transparency since it is not subjected to the election process. When central banks did not have the level of independence they currently have, accountability and transparency were not discussed too much (Cukierman, 2007, p. 369). Since the 1980s, independence has been a defining feature influencing the central bank's institutional structure. The Central Bank operates for the benefit of the public, and is accountable to the parliament and the public by communicating with it through various means such as publishing its decisions, reports (on inflation, financial stability, monetary policy, operations and performance results, statistical bulletins, etc.), minutes, as well as informing about planned activities, etc. This is crucial for establishing trust and maintaining a good reputation. Transparency enhances the central bank's accountability, boosts the efficiency of monetary policy, decreases uncertainty, and upholds public trust in the central bank. The central bank's impact on the economy is mainly determined by its capacity to not just control current overnight interest rates, but also shape expectations in the market about their future direction (De Haan, et. al., 2007, p. 2). Transparency in monetary policy enhances the alignment of monetary and fiscal policies.

Transparency increases the central bank's ability to influence public expectations (Cukierman, 2007, p. 388), and when coupled with increased accountability, it leads to overall welfare improvement. Transparency is highly beneficial when asymmetric information is the cause of inefficiency in the economy. Those who possess information are at an advantage and can manipulate the beliefs and behaviours of others, known as the 'incentive effect' in the available literature (Geraats, 2002, p. 534). On the other hand, some argue that transparency may come at a high price in cases where the central bank could address inefficiency by leveraging its informational edge (Crowe, et al., 2008, p. 764). The rising level of transparency results in higher expenses associated with gathering, analysing, and publishing information.

Issing states that central bank communication must achieve two objectives. One is to make the central bank accountable and transparent to the public, while the other aims to increase the efficiency of monetary policy (Issing, 2014, p. 70). Inflation is more likely to be lower (De Haan et al., 2007, p. 5). When the central bank communicates with the public, it can give indications of upcoming decisions by selecting specific words. It must proceed with caution, as failing to act on the suggested decisions could result in public backlash. This can lead to market disturbances, going against what the public expects and damaging the reputation of the central bank. It is crucial for the central bank to avoid creating panic through its press releases by ensuring they do not contain unreliable or inaccurate information, as this would negatively impact welfare and raise levels of uncertainty. Consistency in decision-making and strategies can lead to strong public trust and enable the central bank to effectively handle expectations (Issing, 2005, p. 71).

For transparency to be truly effective, it is not sufficient to just make information available to the public; it must also be communicated in a way that is easily understood by the intended audience[11]. The general population needs to grasp the fundamental principles behind the central bank's present and upcoming choices and strategies. The most crucial aspect of communication is its success (Zvonarević, 1989, p. 248). When the central bank and the public have different interpretations of the information it releases, there can be issues with understanding the information and the potential for conflicts, especially if the central bank's decisions change frequently and lack consistency. The effectiveness of monetary policy relies greatly on the public's comprehension of information, including monetary policy (De Haan, 2008, p. 377). This is why numerous central banks present the situation and forecasts graphically in their reports, with less emphasis on text (Fabris, 2006, p. 94).

Interacting with the public allows the central bank to pacify financial markets and reduce uncertainty. Some central banks release minutes and voting results, whereas the ECB provides explanations in a press conference following the meeting (De Haan et al., 2007, p. 2).

The central bank's implementation of monetary policy adds credibility to the information it shares with the public. The response of the financial market to published information remains uncertain, as it is not guaranteed that the market will always interpret central bank announcements accurately (Fabris, 2006, p. 89-90) and respond accordingly.

Transparency is socially desirable and beneficial, while asymmetric information and lack of transparency represent a market disadvantage. Transparency alone may not lead to an improvement in welfare (Geraats, 2002, p. 534). Increased transparency can assist the economy in making more logical decisions. This could enhance well-being, as long as the central bank's message is comprehensible and its actions and predictions are accurate.

ASPECTS OF CENTRAL BANK'S TRANSPARENCY

Transparency indicates that the data made available to the public pertains to various phases of the decision-making process in monetary policy (Eijffinger, et al., 2006, p. 3). This requires well stated monetary policy objectives, as it allows the central bank to disclose the information regarding the monetary strategy, the mathematical models utilised, and the underlying assumptions and expectations (Dimitrijević, Golubović, 2020, p. 7). The existing theory distinguishes five aspects of transparency in monetary policy:

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[11] We acknowledge that transparency encompasses more than just being transparent - it also includes clarity, comprehensibility, and understanding, as well as visibility;

political, economic, procedural, policy, and *operational transparency*. Each of these aspects involves sharing specific information of suitable quality and aligns with a particular step in the decision-making process. Furthermore, these aspects provide a detailed explanation of how the central bank makes decisions and takes action in implementing monetary policy.

Political transparency involves establishing specific goals for monetary policy and deciding which objective takes precedence when there are conflicting priorities, particularly among multiple objectives. This aspect implies the setting of an inflation target. Political transparency also concerns the relationship between the central bank and the government, i.e. whether their roles and responsibilities are clearly demarcated, which means that it includes the institutional independence of the central bank and the question of who determines the objectives of monetary policy. Regardless of the increasing transparency, the theory considers that it is desirable not to publish all data related to this aspect of transparency (Geraats, 2002, p. 547).

Economic transparency involves releasing crucial economic information from the economic life of the country that is essential for monetary policy. Information regarding money supply, inflation, GDP, unemployment rate, and capacity utilisation holds particular significance (Eijffinger, et al., 2006, p. 8). Economic transparency may also include the monetary policy frameworks and the release of central bank predictions. Practice demonstrates that there can be significant fluctuations in economic transparency. The information that serves as the foundation of this area of transparency is typically accessible to the public, except for confidential information.

Procedural transparency concerns the way the central bank makes decisions. The emphasis is on monetary policy strategy and a clear decision-making procedure. This aspect also involves releasing meeting summaries, the publication of data on voting by central bank bodies; whether transcripts are published, etc.[12] While meeting minutes are seldom made public, a detailed account of decisions along with analyses focusing on forthcoming endeavours and objectives are typically released instead (Eijffinger, et al., 2006, p. 10). When it comes to procedural transparency, it is important to differentiate between decisions made by an individual (such as a governor) and decisions made by a group of people. The second scenario presents a greater challenge, as it requires more effort to attain procedural transparency.

[12] Gersbach and Hahn (2001) point out that publishing individual voting data can be advantageous, yet it may also have drawbacks. Political pressures, voter abstention, and potential challenges to independence could result as counter-effects (Gersbach, Hahn, 2001, p. 23; Buiter, 1999, p. 191);

Policy transparency means decisions are promptly made public after being reached[13]. The press release needs to mention both the decision and the explanation of the decision. Central banks now typically release decisions promptly after the decision is made, a practice which was not done in the past (Geraats, 2002, p. 540). Even though less common, central banks can also communicate their future actions (policy inclination) in their press statements (Eijffinger, et al., 2006, p. 10).

Operational transparency refers to the implementation of the decisions of the central bank in practice, including the discussion of errors[14], instruments and disturbances in the mechanism of monetary transmission. This type of transparency can include the assessment of the results of the central bank's monetary policy.

According to the available literature, the reasons and impacts of the five transparency aspects mentioned earlier may vary, but they can also produce similar effects, leading to their partial substitutability. Hence, the credibility of the central bank in implementing an effective monetary policy is enhanced by political, economic, and operational transparency, with procedural transparency leading to improved decision quality. Policy transparency impacts the overall effectiveness of the interest rate (Eijffinger, et al., 2006, p. 5). Operational transparency is not very common, as it would be embarrassing for the central bank to admit unexpected shocks that were unforeseen (Geraats, 2002, p. 556).

OPTIMAL TRANSPARENCY

While the central bank is required to be transparent as a public institution due to public interests and social responsibility, there are limitations to this transparency. The public should not anticipate that all information will be published verbatim. The central bank must uphold confidentiality in specific situations and guard against political influence. For example, if the central bank obtained information during supervision that could lead to panic and a rush to banks, it would lose the ability to intervene and control the crisis. That's the reason the central bank prefers to keep certain information secret. The central bank cares about stability and achieving its goals, and pressures can threaten its independence.

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[13] The ECB has chosen to promptly inform the public after meetings to avoid any negative impact on the market and prevent fluctuations that could arise from delayed announcements of important decisions (Issing, 2005, p. 73);

[14] Certainly, mistakes are always possible, but the public may react aggressively as a result. Contrary to transparency, Stiglitz points out that secrecy protects those who have made a mistake, i.e. it 'insulates' them from public accusations, and the disclosure of failures and mistakes becomes important news (Stiglitz, 2003, p. 10 p. 115–156);

Mishkin thinks excessive transparency from the central bank can be detrimental and go too far in affecting its interests[15]. Transparency is beneficial for facilitating communication and enabling the central bank to effectively implement monetary policy in order to reach long-term objectives (Mishkin, 2004, p. 25). Transparency does not mean that all information should be made available to the public. Optimal transparency is not evident, as the available literature does not offer a clear explanation of where optimal transparency lies (De Haan, 2008, p. 379). The quality of information might be more significant than the quantity of information released (Van der Cruijsen, Eijffinger, Hoogduin, 2010, p. 1500). The amount of information offered in the original languages vs. English varies, as does the variety of information available on central banks' websites. One may access a far greater quantity of knowledge in their mother tongue (Crowe, et al., 2008, p. 767).

Providing additional information can increase the volatility of the financial market, leading to greater instability (Blinder et al., 2001, p. 15). Surpassing the optimal limit could result in an overwhelming influx of information, potentially causing confusion and uncertainties among the public. The literature suggests that moderate transparency is the best option. This indicates that the optimal level of transparency is somewhere in between total secrecy and total transparency, though it is challenging to pinpoint the exact amount (Van der Cruijsen et al., 2010, p. 1482, 1484). Up to this level, transparency is desirable and useful.

However, an excessive opacity and limited transparency may lead the public to question whether the central bank is acting in the best interest of the public (Fabris, 2006, p. 84). Sometimes the central bank might need to justify why it failed to communicate certain crucial details.

The optimal level of transparency occurs when inflation is at its lowest point. In their research, Dincer and Eichengreen (2007) discovered that there is an inverse correlation between transparency and inflation rates. Conversely, Demertzis and Hughes Hallet argue that while enhanced transparency would

[15] According to the aforementioned point, we make reference to a specific case in American legal procedures in 1975 (Merrill et al. vs. Federal Open Market Committee). David Merrill, a student, sued the Federal Reserve's Federal Open Market Committee (FOMC) for not providing meeting guidance and minutes promptly after meetings, as required by the Freedom of Information Act of 1966. The lawsuit demanded that FOMC guidelines and meeting minutes be released immediately after each meeting, rather than 90 days after adoption, which goes against the Freedom of Information Act. Both the District Court and the Court of Appeal ruled in favor of the plaintiff. The Supreme Court held the same stance except in cases where disclosing the information could damage Government and commercial interests (Goodfriend, 1986, p. 65). After the case was sent back to the District Court, the Court sided with the FOMC and defended their belief that excessive information can have negative effects. While certain information can benefit individuals, it may have negative effects on the overall social well-being (Goodfriend, 1986, p. 67). This instance is also notable for evolving into a disagreement regarding economic theory;

not impact overall inflation and actual production levels, it would decrease inflation fluctuations and the output gap (Demertzis, Hughes Hallet, 2007, p. 780). Central banks may vary in terms of the appropriate level of transparency, indicating that there can be differences among them in this aspect.

CONCLUSION

Transparency refers to the absence of asymmetric information between the central bank and the public when it comes to conducting monetary policy. As the central bank plays crucial roles for the public good and is responsible to the parliament, it is essential for the public to be updated on its activities and predictions, necessitating transparency. Transparency involves not only keeping the public informed about the central bank's activities and predictions, but also ensuring that the information shared is easy to understand and clear.

Transparency yields additional benefits. It improves the efficiency of monetary policy, reduces uncertainty, preserves public trust in the central bank, and enhances the alignment of monetary and fiscal policy. Transparency cannot be unlimited. There must be a so-called optimal level of transparency that is often said to exist when inflation is at a minimum. The level of transparency can vary among different central banks.

ACKNOWLEDGEMENTS: The paper is the result of the author`s scientific research within the Research program of the Faculty of Law University in Kragujevac for 2025, which is funded by the Ministry of Science, Technological Development and Innovation of the Republic of Serbia.

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ТРАНСПАРЕНТНОСТ ЦЕНТРАЛНЕ БАНКЕ

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Резиме

Већа независност централне банке захтева већу одговорност, коју прати и транспарентност. Јавни интерес налаже да користећи различите начине, централна банка упознаје јавност са својим одлукама и активностима. На тај начин се чува поверење јавности, централна банка подиже свој углед, а заинтересовани субјекти добијају шансу да донесу рационалне одлуке. Кроз транспарентност се елиминише информациона асиметрија.

Рад се састоји од шест целина. Након уводног дела, следи део посвећен дефинисању транспарентности. У литератури постоји више дефиниција, с тим што нема универзално прихваћене. Транспарентност се често дефинише као одсуство асиметричних информација између креатора монетарне политике и јавности. Транспарентност не значи само учинити доступним информације, већ и саопштити их на разумљив и јасан начин. Трећи део рада је посвећен ефектима транспарентности. Са растом транспарентности очекује се ефикаснија монетарна политика, нижа стопа инфлације, раст угледа и кредибилитета централне банке и вођење друштвено одговорне монетарне политике.

Аспектима транспарентности посвећен је четврти део рада. У теорији је издвојено пет аспеката транспарентности: политичка, економска, процедурална, оперативна и транспарентност која се односи на објављивање одлука са образложењем одмах након доношења уз најаву будућих активности централне банке. Сваки од ових аспеката подразумева објављивање информација одређене садржине и одговара одређеној фази доношења одлука. Поменути аспекти објашњавају доношење одлука и поступке централне банке у вођењу монетарне политике.

Аутор пажњу посвећује и појму оптималне транспарентности. Иако ју је тешко одредити, извесно је да свака информација не може бити објављена. Сматра се да је оптимална транспарентност постигнута када је инфлација на минимуму. Транспарентност је користан алат централне банке, али само она није довољна да би се постигао задати циљ. Транспарентност се може разликовати од једне до друге централне банке. У последњем делу рада изнети су закључни ставови.