

EconWorld2016@London

Does Price Stability entail Financial Stability? / Fiyat İstikrar Finansal İstikrar Sağlar mı?

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ABSTRACT

Does innovation increase or decrease with more competition when innovation follows a Over the past decade, many of countries have set explicit targets for inflation. But, monetary policy directed at maintaining stability of the price level would lessen the importance of financial stability. The global financial crisis has installed new responsibility on central bank's role in promoting financial stability. Critics argue that a narrow focus on price stability detracts monetary authority's responsibility to protect the stability of the financial system. Monetary policy action affect financial conditions. From that point of view central banks need to ensure that two policies are mutually supportive. This study assesses the efficiency of the new policy strategy implemented by the CBRT after the global financial crisis.

KEYWORDS Monetary policy; financial stability; macroprudential policies

JEL E52, G01, G28