

Jean-Pierre Roth: Central bank communication policies and the challenges posed by the financial crisis

Summary of a speech by Mr Jean-Pierre Roth, Chairman of the Governing Board of the Swiss National Bank and Chairman of the Board of Directors of the Bank for International Settlements, at the presentation of the “BZ-Preis für Lokaljournalismus”, Berne, 27 November 2008.

The complete speech can be found in French on the Swiss National Bank's website (www.snb.ch).

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The financial crisis has prompted a rekindling of press interest in central bank operations, following a long period in which monetary authorities scarcely attracted any media attention. Our communication policy has thus been faced with new challenges in recent months.

Today, central banks operate with the market, rather than “against the market”, as in the past. Financial market participants are therefore able to foresee central bank actions. Since the early 2000s, our communication policy has focused on transparency, and our experience with this has been positive. Thus, transparency increases the effectiveness of monetary policy.

Yet, in the recent financial turbulence, transparency in monetary policy operations also turned out to be a double-edged sword, as communication problems arose. Indeed, there is a risk that operations to provide extraordinary liquidity assistance will impair the reputation of the recipient organisations, and thereby destabilise the market. There are a number of possible solutions with which a balance can be achieved between transparency and stability.