Roles and Functions of the Reserve Bank of Australia
Roles and Functions
What Is the Reserve Bank of Australia?

The Reserve Bank of Australia is the nation’s central bank.
Why Does Australia Have a Central Bank?

Australia has a central bank to support economic and financial stability.
Governance

Reserve Bank Act 1959

- Reserve Bank Board
- Payments System Board
What Is the Role of the Reserve Bank Board?
What Is the Role of the Payments System Board?

- Control risk in the financial system
- Promote competition in the market for payment services
- Promote efficiency of the payments system
How Does the Reserve Bank Achieve Its Objectives?

- Monetary policy
- Market operations
- Payment system oversight
- Financial stability
- Banknotes
- Government banking
Monetary Policy – Inflation Target

To achieve an inflation rate of 2–3% on average, over time.
Monetary Policy – Decision Process

1. Current economic and financial conditions
   - Monthly

2. Outlook for the economy
   - Quarterly

3. Financial stability risks
   - Half yearly

4. Policy recommendation

5. Board meeting
   - Cash rate decision

6. Public communication
Monetary Policy – Decision Process

- Rising unemployment, falling inflation
- Falling unemployment, rising inflation

GDP

Time

Potential

Actual
International Market Operations
Financial Stability
Payment System
Payments System – Policies

- ATM fees
- Mobile payments
- Merchant fees
- Fast payments
Banknotes

- Design
- Production
- Distribution
- Counterfeit analysis
Government Banking
Who Are the Reserve Bank of Australia?
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Where Is the Reserve Bank of Australia?
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