## **Contents**

eface	İX
Acknowledgments	Хİ
About the Author	xiii
PART ONE	
An Introduction to Central Banking	
CHAPTER 1 A Brief Look at Central Banking History	3
CHAPTER 2 A Brief Overview of the International Monetary System	17
CHAPTER 3 Modern Central Banking Roles and Functions: What Exactly Is a Central Bank?	37
CHAPTER 4 A Brief Review of Modern Central Banking Mandates: What Are the Goals That Modern Central Banks Try to Achieve?	59
PART TWO	
Monetary Stability	
CHAPTER 5 Theoretical Foundations of the Practice of Modern Monetary Policy	77
CHAPTER 6 Monetary Policy Regimes: What Monetary Policy Rules a Central Bank Can Use to Achieve Monetary Stability	93
CHAPTER 7 Monetary Policy Implementation: Financial Market Operations	117

VIII CONTENTS

CHAPTER 8 The Monetary Policy Transmission Mechanism: How Changes in Interest Rates Affect Households, Firms, Financial Institutions, Economic Activity, and Inflation	143
CHAPTER 9 The Exchange Rate and Central Banking	161
PART THREE	
Financial Stability	
CHAPTER 10 Financial Stability: Definition, Analytical Framework, and Theoretical Foundation	189
CHAPTER 11 Financial Stability: Monitoring and Identifying Risks	209
CHAPTER 12 Financial Stability: Intervention Tools	229
PART FOUR	
Sustaining Monetary and Financial Stability for the Next Era	
CHAPTER 13 Future Challenges for Central Banking	255
CHAPTER 14 Future Central Banking Strategy and Its Execution	275
Notes	287
Index	307