

Sustainable Monetary Policy of Major Central Banks

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Abstract

Sustainable monetary policy is a monetary policy that integrates sustainable development goals with traditional monetary policy objectives, including maintaining financial and price stability. It also aims to increase social welfare and promote environmental sustainability. The paper explores links between monetary policy and sustainable development. That's why the main aim of the article is the identification and exegesis of the sustainable monetary policy implemented by major central banks in the world, like the Federal Reserve System, Bank of England, European Central Bank and Bank of Japan. Research verifies the hypothesis stating that major central banks transform their policies toward more sustainable aims and tools. The following research methods were used: in-dept literature studies, controlled comparative case study, documentary method and synthesis method. The conducted empirical research indicates that major central banks have different approaches to redirecting their monetary policy toward sustainable development. Some of them, like the FED remain sceptical about green monetary policy instruments, while others (like the ECB, Bank of England or Bank of Japan) – incorporate them into monetary policy. The research also allowed to identify instruments and initiatives undertaken by them, however it also proved that at the moment it is difficult to assess whether they are effective and achieve the desired objectives.

Keywords: Sustainable monetary policy, green monetary policy, ESG, sustainable development, central bank