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Non-Standard Monetary Policy Measures and Their Consequences

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Abstract : The study is a review of the literature concerning the consequences of non-standard monetary policy, which are used by central banks during unconventional periods, threatening instability of the banking sector. In particular, the attention was paid to the effects of non-standard monetary policy tools for financial markets. However, the empirical evidence about their effects and real consequences for the financial markets are still not final. The main aim of the study is to survey the consequences of standard and non-standard monetary policy instruments, implemented during the global financial crisis in the United States, United Kingdom and Euroland, with particular attention to the results for the stabilization of global financial markets. The study analyses the consequences for short and long-term market interest rates, interbank interest rates and LIBOR-OIS spread. The study consists mainly of the empirical review, indicating the impact of the implementation of these tools for the financial markets. The following research methods were used in the study: literature studies, including domestic and foreign literature, cause and effect analysis and statistical analysis.

Keywords : asset purchase facility, consequences of monetary policy instruments, non-standard monetary policy, quantitative easing
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