

EUROPEAN PARLIAMENT

DG INTERNAL POLICIES OF THE UNION

Policy Department Economic and Scientific Policy

**APPOINTMENT PROCEDURES IN
MONETARY POLICY-MAKING BODIES
(EU and selected third countries)**

Briefing Note

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Author:

BAHR, Christine
Policy Department Economy and Science
DG Internal Policies
European Parliament
Rue Wiertz 60 - ATR 00L042
B-1047 Brussels
Tel: +32 (0)2 284 07 22
Fax: +32(0)2 284 69 29
E-mail: Christine.bahr@europarl.europa.eu

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Executive Summary

This note looks at appointment procedures in monetary policy making bodies in the various central banks in EU Member States as well as in some third countries. The first section describes procedures in Euro zone Member States; the second section introduces procedures in the remaining EU Member States, while the third section looks at selected third countries. Within each section, the countries are presented in alphabetical order; a quick reference table summarising the procedures is attached as an annex to this note.

State central banking acts form the prime legal basis for appointments to monetary-policy-making bodies. The majority of central banks described in this note are organised in such a way that - while the parliaments may have some involvement or other in the form of hearings, appointments to supervisory bodies etc - the Executive has the power to appoint monetary-policy makers:

Examples: Austria, Belgium, Greece, Italy, Luxembourg, Netherland, Cyprus, Czech Republic, France, Hungary, United Kingdom, Canada, New Zealand

In some countries, the central banking acts allow parliaments to effectively appoint or veto appointments to monetary-policy making bodies proposed by the Executive. However, parliament will seldom have the power to affect the appointment of the full governing body:

Examples: Slovenia, Latvia, Lithuania, Poland, Slovakia, United States, Japan

It is also interesting to note the layered structure of some appointment processes, i.e. procedures in which members of the monetary policy-making body are appointed with a different degree of involvement of other governing bodies of the same bank or system. In such cases, it is important to also look at the appointment into these secondary bodies in order to determine influences:

Examples: Denmark, Finland

Sometimes parliaments may not have the power to appoint or veto appointments to monetary-policy making bodies, but can effectively grant appointments into governing bodies playing a role in the procedures for the policy-making bodies:

Examples: Sweden, Estonia

It is also of interest to observe the qualifications needed in individual countries to be appointed into a monetary-policy making position, although this was not the prime objective of this note. Furthermore, the duration of terms in office is of interest.

Introduction

This note briefly introduces appointment procedures to monetary policy-making bodies in the various central banks in EU Member States and some third countries.

Little academic literature is available on the economic theory background to the question of central bank appointments. Economists agree that central bank independence is a positive feature of economies and modern central banks, in democratic societies, generally feature operational independence. But, central banks share a common characteristic: politicians appoint monetary policy-makers and thus appointments remain a potential avenue of influence on monetary policy.¹

Central bank independence and the appointment of independent decision-makers is not something that should be taken for granted. As other parts of economic policy usually fall within the responsibility of a government and/or parliament, every now and then, the special status of monetary policy in the political life of democratic societies is brought into question. However, one should keep in mind that central banking acts are passed in democratic procedures involving parliaments in their role as legislator and, therefore, the differing degree of involvement of parliamentarians and other politicians in appointment processes is democratically justified.

A short point on methodology

The legal bases for appointments to central bank positions are generally laid down in individual countries' central banking acts. In the case of the ECB Board members the relevant legal base is the Treaty on European Union. These documents therefore represent the prime source for the information contained in this note.

In general, footnotes pointing out exact legal bases within the central banking acts have not been put into this document. Further valuable information can be found on central banks' websites.

Information on the concrete involvements of parliaments in any appointment either in a statutory or in an own-initiative role is harder to come by as sometimes only sketchy information is available on parliaments' websites. Efforts were made to collect and verify information with the help of research services in other parliaments or representatives of national parliaments to the EP.

¹ Kelly H. Chang: *Appointing Central Bankers, The Politics of Monetary Policy in the United States and the European Monetary Union*, Cambridge University Press, 1st edition 2003, p.1.

Appointment procedures in EU Member States

Appointments in the Euro zone

For the Euro zone this note examines the appointment procedure for members of the ECB Board and for the governors of the national central banks (NCB) as this latter group takes part in monetary policy-making. In fact, it is a prerequisite for joining the Euro zone that independence of the governor in the exercise of his/her functions in the ECB Governing Council be guaranteed, and the central banking acts of Euro zone Member States reflect this.

In as far as is it necessary for the understanding of the wider context, the nomination procedures to the governing bodies of the national central banks and how the NCB governor fits into the structure of their respective NCB is also briefly described.

Slovenia is technically not yet a member of the Euro zone until 1 January 2007. However, it will be looked at in this section as all necessary arrangements for membership are in place.

The monetary policy-making body for the Euro zone is the ECB Governing Council currently consisting of 18 members, i.e. the 6 members of the ECB Board and the 12 governors of the national central banks participating in the euro today.² Therefore, contrary to the set-up in the Federal Reserve's FOMC, the Board of the ECB does not hold a majority in the monetary policy-making body.

ECB Executive Board

Membership (6 members)

- President
- Vice-President
- 4 Members of the Board

Appointment

The President, Vice-President and the other Members of the ECB Board are appointed for a non-renewable 8-year term in office. They must be nationals of a Member State without derogation. According to the Treaty on European Union, they shall be appointed from among persons of recognised standing and professional experience in monetary and banking matters by common accord of the governments of the Euro zone Member States at the level of Heads of State or Government on the recommendation of the Council, after it has consulted the European Parliament and the Governing Council of the ECB.³

² Once the number of NCB governors on the Council reaches 15 or more a rotation system will kick in the description of which is not subject of this note.

³ TEU Art. 112(2)b) in conjunction with Art. 122(4).

Parliament's involvement

In accordance with the Treaty on European Union, the European Parliament is consulted for the appointment of members of the ECB Executive Board. In practice, Parliament's Committee on Economic and Monetary Affairs summons the candidate to a hearing and usually asked him/her to provide the Committee with written answers to a questionnaire before the hearing. Immediately after the hearing, the Committee will vote on whether to approve the candidate or not. Parliament then — taking into account the Economic and Monetary Affairs Committee's report – votes on the issue in Plenary.

Although Parliament must be consulted, Parliament's vote is not binding for the Council. So far, the response of Council to a negative vote in the Parliament has never been tested, as all candidates in the consultation procedure were approved. Council is only obliged to take note of Parliament's opinion. However, the absence of consultation would make an appointment illegal and could lead to annulment.

Austria

Austrian National Bank – Oesterreichische Nationalbank

Governing body: Governing Board

Membership (4 members)

- Governor
- Vice-Governor
- 2 further members

Appointment

All members of the Governing Board are appointed by the Federal President on a proposal from the Federal Government. Their term in office is five years and they may be reappointed. Members of the Governing Board may only perform their function as their chief occupation and may only be persons who hold Austrian citizenship and have the right to vote in elections to the national parliament.

Belgium

National Bank of Belgium – Nationale Bank van België/Banque Nationale de Belgique/Belgische Nationalbank

Governing bodies: Board of Directors, Council of Regency

Board of Directors

Membership

- Governor
- 5 to 7 Directors

The Board of Directors includes an equal number of French and Dutch speakers, with the possible exception of the Governor.

Council of Regency

Membership

- Governor
- all Directors
- 10 Regents

The Council of Regency includes an equal number of French- and Dutch-speaking Regents.

Appointment

Governor

The Governor is appointed by the King, i.e. by the government, for a renewable term of office of five years.

Board of Directors

The Directors are appointed by the King, on the proposal of the Council of Regency, for a renewable term of six years. The King confers the title of Vice-Governor on one of the Directors.

Council of Regency

The Regents are elected by the general meeting of the National Bank for a renewable term of three years.

Two Regents are chosen on the proposal of the most representative labour organisations. Three Regents are chosen on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders. Five Regents are chosen on the proposal of the Minister of Finance.

The Regents may not hold office as managing director, director or manager in a credit institution.

Finland

Bank of Finland - Suomen Pankki/Finlands Bank

Governing bodies: Board, Parliamentary Supervisory Council.⁴

Membership in the Board (currently 4 Members):

- The Governor and a Deputy Governor;
- 2 additional members of the board;

The Act provides for the possibility of having up to 4 members of the Board in addition to the Governor and his Deputy. However, this potential is currently not being used. (The minimum number of board members is 3 in total.)

⁴ Act on the Bank of Finland No 214/1998

Appointment

The appointment procedure is the same for the Governor and all other members of the board. The Governor is appointed for a 7-year term; all other members for five years (renewable three times). Although the Bank of Finland is exempt from the legislation governing high-rank nominations in public positions, which requires that each candidate must submit a personal application, this rule is also traditionally applied to the Bank.

The Parliamentary Supervisory Council (PSC) plays the central role in the appointment procedure, as it is legally a body of the Bank. Although it is solely made up of Members of Parliament, it is not an ordinary committee of the Finnish Parliament. The PSC, in coordination with the Ministry of Finance, initiates the appointment procedure by forwarding a proposal to the President of the Republic of Finland. The President, however, has full powers to either adopt or reject the proposal.

This constellation can sometimes produce a rather complex setting of preferences. For most of the history of nominations to the Board, the institutions involved in the appointment procedure have been able to coordinate *ex ante* and thus prevent any overt disagreements. However in recent years the incumbent President Tarja Halonen has on two occasions rejected the proposal made by the Parliamentary Supervisory Council for appointments of ordinary members of the board.

Parliament's involvement

The role played by the Parliament of Finland seems extraordinarily far-reaching at first sight. The Parliament of Finland exercises its supervisory role towards the Bank of Finland over the PSC, which is an institution of the Bank of Finland. All nine members of the PSC are Members of Parliament. They serve on the PSC for the duration of one entire parliamentary term. The PSC meets approx. nine times a year and the entire Board of the Bank of Finland has the right to be present and be heard at these meetings.

Closer scrutiny reveals that the involvement of the Parliament is little more than a formal reflection of the governing principle that the Bank is an institution of the Finnish people, who are duly represented by their elected members.

It is prohibited for the PSC to exert any operational influence on monetary policy decisions.⁵ Its powers are mainly in the administrative sphere, most importantly including the adoption of the annual accounts, the allocation of profits and auditing.

⁵ It should be noted that the powers of the PSC used to be larger in earlier times when the operational independence of central banks was not as appreciated and recognized as it is today. Currently, however, the PSC is entirely exempt from the operational decision taken by the bank.

France

Banque de France

Governing body: Monetary Policy Council

Membership (7 members)

- Governor
- 2 Deputy Governors
- 4 other members

Appointment

Governor and 2 Deputy Governors

The Governor and the two Deputy Governors are appointed by an order made in the Council of Ministers for a 6-year term of office, which may be renewed once. The age limit for holding these offices is 65 years.

4 other members

The four other members are appointed by an order made in the Council of Ministers for a six-year term of office. They are chosen from a list comprising three times as many names as the number of members to be appointed. This list is drawn up by mutual consent, or failing that, in equal parts, by the President of the Senate, the President of the National Assembly and the President of the Economic and Social Council. The names on the list shall be chosen from among persons of recognised standing and professional experience in monetary, financial and economic matters.

Before being forwarded to the Government, the lists drawn up for the renewal of the terms of office of the four other members shall be submitted to the Monetary Policy Council for its comments.

The terms of office of the four other members may not be renewed.

Germany

Deutsche Bundesbank

Governing body: Executive Board

Membership (8 members)

- President
- Vice-President
- 6 other members

Appointment

President and Vice-President

The President and Vice-President are appointed by the President of the Federal Republic of Germany after being nominated by the Federal Government.

6 other members

Two of these members are appointed by the President on the nomination of the Federal Government; the four remaining members are nominated by the Bundesrat (the upper house of Parliament representing the Länder) in agreement with the Federal Government. The Federal Government and the Bundesrat must consult the Executive Board with regard to their nominations.

All members of the Executive Board are appointed for eight years or in exceptional cases for a shorter term of office, but not less than five years. Members must have relevant professional experience.

It is interesting to note that the draft of the now revised Bundesbank Act foresaw a different procedure, namely that the President and Vice-President would be nominated by the Federal Government and four other members⁶ would then be nominated by the President of the Bundesbank in agreement with the Federal Government. The choice of nominating bodies that was finally agreed upon in the Act is comparable to the previous procedure where the Bundesbank still had monetary policy making powers for Germany and is viewed as reinforcing the Bank's independence.

Before monetary policy powers were passed on to the ECB, the monetary policy-making body in the Bundesbank was the Central Bank Council (Zentralbankrat) - consisting of the Board of the Bundesbank and nine Presidents of regional banks, the so-called Landesbanks. The Board included the President, the Vice-President and six other members. These eight person were nominated by the Federal Government. The 9 Presidents of the Landesbanks were nominated by the Bundesrat.

Greece

Bank of Greece – Τράπεζα της Ελλάδος

Governing bodies: Monetary Policy Council, General Council

Monetary Policy Council

Membership (6 members)

- Governor
- 2 Deputy Governors
- 3 other members

⁶ The original draft proposed a 6 member strong Executive Board.

Appointment

Governor and Deputy Governors

The Governor and the two Deputy Governors are appointed for a 6-year term by Presidential Decree on a government proposal following itself a submission of the General Council of the Bank of Greece. According to the Statute of the Bank of Greece, their time must be wholly devoted to the affairs of the Bank with two exceptions:

- for members of the board of directors of legal entities in public law, public enterprises or state advisory bodies
- for university professors of Law and Economics who may retain the right to exercise university duties while being Governor or Deputy Governor of the Bank.

3 other members

The three remaining members of the Monetary Policy Council are appointed by Presidential Decree issued on the recommendation of the government following an opinion given by the Governor of the Bank of Greece. They are appointed from among persons of recognised standing and professional experience in monetary or banking matters and shall perform their duties on a full-time basis. The term of office of these members is six years. Reappointment is permitted.

General Council

Membership (12 members)

- Governor
- 2 Deputy Governors
- 3 other members of the Monetary Policy Council
- 6 Councillors

Appointment

The Governor, Deputy Governors and other members of the Monetary Policy Council are *ex officio* members of the General Council.

Councillors

The six Councillors are elected by the General Meeting of shareholders of the Bank for a 3-year term with the possibility of reappointment. At least three Councillors have to be elected amongst those specifically engaged in the fields of industry, commerce and agriculture.

Ireland

Central Bank and Financial Services Authority of Ireland

Governing body: Board of Directors, Monetary Committee of the Board

Board of Directors

Membership (12 members)

- Governor
- Director General of the Bank
- Secretary-General of the Department of Finance
- Chairperson of the Regulatory Authority
- Chief Executive of the Regulatory Authority
- 7 other Directors

Monetary Committee of the Board

Membership

- Those members of the Board of Directors who are not members of the Regulatory Authority

Appointment

Governor

The Governor is appointed by the President of the Irish Republic on the advice of the government for a term in office of seven years. A person holding office as Governor can be appointed for a further term of seven years.

Italy

Bank of Italy – Banca d'Italia

Governing body: Board of Directors

Membership (14 members)

- Governor
- 13 directors

Appointment

Governor

The Governor is appointed by the Board of Directors. For such an appointment, the Board is chaired by the senior director. The decision must be taken with at least two thirds of the Board members present and with the affirmative vote of at least two thirds of the members present.

The appointment must be approved by a decree of the President of the Republic acting on a proposal from the Prime Minister in agreement with the Finance Minister after consultation with the Council of Ministers.

Directors

The Directors are elected by the General Meetings of shareholders at the main branches of the Bank with one director elected for each main branch. The Florence and Leghorn branches elect a single representative. The term of office is five years and re-election is possible.

Members of the Board of Directors must be Italian citizens.

Parliament' involvement

The Italian Parliament is not involved in the appointment of members of the Board of Directors. However, discussions are currently underway in Italy on the reform of central banking. A role for Parliament in the appointment procedure is one of the issues under discussion.

Luxembourg

Central Bank of Luxembourg – Banque centrale du Luxembourg

Governing body: Board of Directors, Central Bank Council

The Director-General is a member of both governing bodies and the President of the Central Bank of Luxembourg. As such, he sits on the ECB Governing Council. The Board of Directors is the superior executive authority.

Board of Directors

Membership (3 members)

- Director-General
- 2 Directors

Appointment

The Director-General and the two Directors are appointed by the Grand Duke on the proposal of the government for a period of six years. Appointments are renewable.

Central Bank Council

Membership (9 members)

- Director-General
- 2 Directors of the Board of Directors
- 6 other members

Appointment

Directors

These persons join the Central Bank Council *ex officio* as they are members of the Board of Directors.

6 other members

The 6 members are appointed by the government for a period of six years. Reappointment is permitted.

The Netherlands

De Nederlandsche Bank

Governing body: Governing Board, Supervisory Board⁷

Governing Board

Membership (min. 4/max. 6 members)

- President
- 3 to 5 Executive Directors

Appointment

The President and the Executive Directors are appointed by Royal Decree, i.e. by the government, for terms of seven years. Reappointment is possible. For each appointment a shortlist containing three names is drawn up at a joint meeting of the Governing Board and the Supervisory Board.

Supervisory Board

Membership (min. 9/max. 12 members)

- one member appointed by the government
- 8-11 other members

Appointment

Government-appointed member

One member is appointed by the government for a renewable term of four years. This member can upon request from the Minister or on his/her own initiative obtain data and information from the Governing Board about the manner in which the Bank performs its task. This member may communicate his findings to the government.

Chairman and other members

The Chairman and the other members of the Supervisory Board are appointed by the general meeting of shareholders of the Bank for renewable terms of four years. For the purpose of each appointment, a list of three names is drawn up by the Supervisory Board.

⁷ Furthermore, there is a Bank Council where the President of the Bank has to discuss the policy of the Bank with the members of that Council who, with the exception of two members, are selected to represent the various sections of society. This body is not described further here as it has no role to play in the appointment of the other bodies.

Portugal

Bank of Portugal – Banco de Portugal

Governing body: Board of Directors

Membership (min. 5/max. 8 members)

- Governor
- 1 or 2 Vice-Governors
- 3 to 5 Directors

Appointment

All members of the Board of Directors, including the Governor, are appointed by the Cabinet on the proposal of the Minister of Finance. Their term of office is five years. The term ends on the date of the approval of the accounts for the last fiscal year started within the 5-year term.

Slovenia

Bank of Slovenia – Banka Slovenije⁸

Governing body: Governing Board

The representative of the National Assembly's committee in charge of finance and monetary policy as well as the minister of finance may participate in meetings of the Governing Board.

Membership (5 members)

- Governor
- 4 Vice-Governors

Appointment

The Governor and Vice-Governors are appointed by the National Assembly on the proposal of the President of the Republic. The following procedure applies:

The Governor notifies the President of the Republic and the National Assembly of the expiry of the term of office of any member of the Governing Board not later than six months prior to such expiry. Within 30 days of receipt of this notification, the President of the Republic publishes a call for nomination of potential candidates for a member of the Governing Board in the Official Gazette of the Republic of Slovenia. Nominations must be delivered not less than 30 days following publication. Nominations must be substantiated and include a written statement of acceptance of the candidature by the candidate. The President of the Republic then proposes a candidate for a member of the Governing Board by selecting one of the nominees or proposing another candidate.

The proposal must be substantiated and include a written statement of acceptance of candidature by the candidate. The National Assembly takes a vote on the candidate

⁸ The situation described includes changes made to the central banking act in March 2006 in preparation for Euro zone membership.

within 30 days of submission of the proposal. The proposed candidate is appointed if voted for by the majority of all Members of Parliament. If the candidate fails to receive the necessary majority, the President of the National Assembly immediately notifies the President of the Republic accordingly and the latter notifies the President of the National Assembly of his decision as regards a further election procedure within 14 days.

Spain

Bank of Spain – Banco de España

Governing body: Governing Council

Membership (10 members)

- Governor
- Deputy Governor
- 6 Council Members
- the Director-General of the Treasury and Financial Policy
- the Vice-President of the National Securities Market Commission

The Director-General of the Treasury and Financial Policy and the Vice-President of the National Securities Market Commission cannot vote on monetary policy matters.

Appointment

Governor

The Governor is appointed by the King on a proposal by the Prime Minister. Candidates must be Spanish and have recognised competence in monetary and banking matters.

Prior to the appointment of the Governor, the Economy and Finance Minister appears before the relevant parliamentary committee to report on the candidate.

Deputy Governor

The Deputy Governor is appointed by the government following a proposal by the Governor and must fulfil the same conditions as the Governor.

The terms of office of the Governor and the Deputy Governor are simultaneous and for a period of six years. They cannot be reappointed to the same position.

6 Council Members

The six elected Council Members are appointed by the government following a proposal by the Economy and Finance Minister after consultation with the Governor of the Bank. They must be Spanish citizens and have recognised competence in the area of economy or law.

Elected Council Members serve for six years and may be reappointed once.

Appointment Procedures in the EU Member State outside the Euro zone.

Hereafter is a short overview of appointment procedures in the EU Member States currently outside the Euro zone, including the arrangements for appointments to the Bank of England's Monetary Policy Committee in more detail.

Cyprus

Central Bank of Cyprus – Κεντρική Τράπεζα της Κύπρου

Monetary policy making body: Monetary Policy Committee

Membership (7 members)

- Governor
- Deputy Governor
- 5 other members

Appointment

Governor and Deputy Governor

The Governor and the Deputy Governor are appointed by the President and the Vice-President of the Republic. They are appointed for a renewable term of office of five years.

5 other members

Two of these members are appointed by the Governor, the remaining three by the Council of Ministers on a recommendation from the Minister after consultations between the Minister and the Governor. Their term of office is five years and may be renewed once.

Czech Republic

Czech National Bank – Česká Národní Banka

Monetary policy making body: Bank's Council (Bankovní rada)

Membership (7 members)

- Governor
- 2 Deputy Governors
- 4 other members

Appointment

All members of the Bank's Council, including the Governor, are appointed by the President of the Republic. For the Governor's appointment, discussions are held with the government but this is no legal requirement for the appointment, the President is free to act alone. All members are appointed for a period of six years. Reappointment is only possible once. Members have to be - among other things - Czech citizens, they must hold a university degree and have experience and professional standing in monetary policy matters and in the area of financial markets.

Denmark

Bank of Denmark – Danmarks Nationalbank

Monetary policy making body: Board of Governors

Board of Governors

Membership (3 members)

- 3 Governors

Appointment

One of the Governors is nominated by the Crown, i.e. the government presents the name of the person to be appointed to the Queen. The other two Governors are appointed by the Board of Directors upon recommendation of the Committee of Directors. Therefore, a look at the appointment of the latter two bodies is also worthwhile.

The Governors must be Danish citizens and live in Copenhagen or adjacent areas. They must enjoy the reputation and confidence prerequisite to their position. Governors are forced to resign when they are 70 years old.

Board of Directors

Membership (25 members)

- 8 members of the Folketing, the Danish Parliament
- 2 members, one of which must be an economist, the other a lawyer
- 15 members with a thorough knowledge of trade

Appointment

8 Members of the Folketing

The eight members representing the Folketing are selected in accordance with Art. 36 of the Folketing's Rules of Procedure (see below), this selection is itself based on the Danish Constitution.

36 (1) In cases in which the Folketing appoints Members to sit on *committees and commissions or gives Members assignments*, it is done according to the system of proportional representation (Section 52 in the Constitutional Act). The following principles apply: The Members are divided into coalitions each of which comprises those of the parliamentary groups and of the Members who have indicated to the Speaker that they will vote together in one or several cases which they have mentioned, either for a certain time or for the time being. Subsequently, the number of Members of each coalition is entered on a separate list, and the number listed is divided by 1, 2, 3 etc., until the number of votes on each list has been divided by a figure which represents the maximum number of seats which the group is supposed to obtain. The highest of the quotients thus acquired gives the group that holds it the right to make the first appointment. The second highest gives the right to make the second appointment etc. until the full number of appointments has been reached. If the quotients are equal, lots are drawn to decide the order of appointments. Each coalition informs the Speaker via the Legal Services Office which parliamentary groups and Members make up the coalition and whom the coalition has appointed to sit on the committees in question. On behalf of the Speaker, the Legal Services Office checks that the coalition has nominated the number to which it is entitled according to the system of proportional representation. Subsequently, the Speaker reads out the names of the persons who have been elected and sees that their names are entered in the Folketing Hansard without having been read out.

...

(3) If a vacancy should occur on a committee or on a board before the expiry of the ordinary term of office, this vacancy is filled by the parliamentary group which appointed the former holder of the office. If the Member in question – upon the expiry of the office – is no longer a Member of the parliamentary group which appointed him/her, but is affiliated to a new group, the vacancy is filled by the latter.

(4) If a vacancy cannot be filled in accordance with Subsection 3, the appointment is made by the coalition which may claim to do so according to the system of proportional representation.

2 members (economist and lawyer)

These members must not be Folketing Members. They are appointed by the Minister of Trade, Industry and Shipping.

15 members with a thorough knowledge of trade

These members also must not be Folketing Members. They are elected by the full Board of Directors in such a way that three of them retire every year. Members must be elected with a view to achieving full representation not only of trade and workers but also Danish regional areas.

Except for having to live in Copenhagen or the surroundings, the same disqualifications apply to all members of the Board of Directors as those applying to Governors.

Committee of Directors

Membership (7 members)

- the 2 members of the second category in the Board of Directors
- 5 other members from among the Board of Directors

Appointment

The economist and lawyer members of the Board of Directors are automatically members of the Committee of Directors. The five other members are elected on a yearly basis by the Board of Directors. For such elections, proportional representation may apply if demanded by at least three members of the Board.

Estonia

Bank of Estonia – Eesti Pank

Monetary policy-making body: Governor of the Bank of Estonia

Monetary Policy is formulated by the Governor on his/her own who is appointed for a period of five years by the President of Estonia upon recommendation of Eesti Pank's Supervisory Board. The Governor must be an Estonian citizen and hold a university degree in either economics or law.

Appointment of the Supervisory Board

The Supervisory Board consists of its Chairman and eight other members.

The Chairman must be an Estonian citizen and hold a university degree in economics or law. The Governor of the Bank cannot be the chairman of the Supervisory Board.

The Chairman is appointed by the Riigikogu, the Estonian Parliament, upon recommendation by the President of the Republic. Seven other members are appointed by the Riigikogu upon the proposal of the Chairman of the Supervisory Board. These members must also be Estonian and hold a university degree, though the law does not specify in what area. The Governor is automatically a member of the Supervisory Board.

Hungary

National Bank of Hungary – Magyar Nemzeti Bank

Monetary policy making body: Monetary Council

Membership (min.9/max. 11 members)

- Governor
- 1 Deputy Governor
- 7 to 9 other members

Only Hungarian citizens with outstanding theoretical or practical professional knowledge of issues related to monetary, financial and banking activities may be appointed as members of the Monetary Council.

Appointment

Governor

The Governor is appointed by the President of the Republic for a term of six years upon a proposal of the Prime Minister.

Deputy Governor

The Governor appoints one of the at least three and at most five Deputy Governors of the Bank to serve on the Monetary Council. The Deputy Governors are appointed by the President of the Republic, on a proposal by the Governor, which the Prime Minister - if he agrees - submits to the President. Deputy Governors serve for six years.

Other Members

The Governor proposes four of the other members. Should the Prime Minister agree with these proposals, he submits them to the President of the Republic for appointment. The Prime Minister has the right to propose candidates for the remaining members. He must ask for the opinion of the Governor before submitting proposals to the President. The person having made the proposal for a member has the right to make the proposal for the replacement of a member upon expiration of a term of office or following dismissal.

No member of the Monetary Council, including the Governor and Deputy Governor, may be nominated as a member again within 3 years following the termination of their appointment.

Latvia

Bank of Latvia – Latvijas Banka

Monetary policy making body: Council of the Bank of Latvia

Membership (8 members)

- Governor
- Deputy Governor
- 6 members of the Council

Appointment

Governor

The Governor is appointed by secret ballot in the Saeima, the Latvian Parliament, on the recommendation of at least 10 Members of the Saeima.

Deputy Governor and 6 members of the Council

These persons are appointed in a secret ballot in the Saeima on the recommendation of the Governor of the Bank of Latvia.

For all categories of membership the term in office is six years.

Lithuania

Bank of Lithuania – Lietuvos Bankas

Monetary policy making body: Board of the Bank

Membership (5 members)

- Chairperson
- 2 Deputy Chairpersons
- 2 members

Appointment

Chairperson

The Chairperson of the Board of the Bank of Lithuania is appointed for a term of five years by the Seimas, the Lithuanian Parliament, upon nomination by the President of the Republic.

Deputy Chairpersons and other members

These persons are appointed for 9-year terms by the President of the Republic upon nomination by the Chairperson of the Board of the Bank.

Malta

Central Bank of Malta – Bank Ċentrali ta' Malta

Monetary policy making body: Governor, Monetary Policy Advisory Council

Monetary Policy lies within the sole authority and responsibility of the Governor or, in his absence, the Deputy Governor. The Governor is assisted in his deliberations by the Monetary Policy Advisory Council.

Monetary Policy Advisory Council

Membership (8 members)

- Governor
- Deputy Governor
- the 3 Directors of the Bank
- 3 other members

Appointment

Governor and Deputy Governor

The Governor and Deputy Governor are appointed by the President of Malta acting on advice from the Prime Minister. They are appointed for a term of five years and are eligible for reappointment. They must be persons of recognised standing and experience in economic, financial or banking matters.

3 Directors of the Bank

The Directors are appointed by the Prime Minister. As for the Governor and Deputy Governor, they must be persons of recognised standing and experience in economic, financial or banking matters and are appointed for renewable terms of five years.

The three Directors and the Governor and Deputy Governor form the Board of the Bank.

3 other members of the Monetary Policy Advisory Council

These three members are appointed by the Governor after consultation with the Board of the Bank. They can be selected from among senior officials of the Bank or among suitably qualified individuals outside the Bank. In any case, the Governor must be satisfied that they have knowledge or experience which is likely to be relevant to the Council's function.

Poland

National Bank of Poland – Narodowy Bank Polski

Monetary policy making body: Monetary Policy Council

Membership (10 members)

- President as the Chairperson of the Monetary Policy Council
- 9 other members

Appointment

President

The President is appointed by the Sejm, the lower chamber of the Polish Parliament, at the request of the President of the Republic for a term of six years. Reappointment is possible however the same person cannot serve as President for more than two consecutive terms.

9 further members

The nine members are appointed in equal numbers by the President of the Republic, the Sejm and the Senate (the upper chamber of the Polish Parliament). Their term in office is six years. They must be specialists in the field of finance. Reappointment is not permitted, except in cases where a member replaced another member for the remainder of that member's mandate.

Slovakia

Slovak National Bank – Národná banka Slovenska

Monetary policy making body: Bank's Council

Membership (11 members)

- Governor
- 2 Deputy Governors
- 8 other members, of which a maximum of three do not have to have employee status with the National Bank

Appointment

Governor and Deputy Governors

The Governor and Deputy Governor are appointed by the President of the Republic on the recommendation of the government and after confirmation by the Parliament.

8 other members

The eight remaining members are appointed by the government on the recommendation of the Governor of the National Bank.

For all categories of membership the term in office is five years. Re-appointment is possible but for a maximum of two consecutive terms.

The case of Vladimir Tvaroška

Slovak President Ivan Gašparovič has rejected the nomination of Vladimir Tvaroska as the Slovak central bank's vice governor, saying the nominee failed to meet the required criteria for the job...

"If the President of Slovakia appointed Vladimir Tvaroška as the vice-governor of the National Bank of Slovakia without him complying with the required minimum five year experience as a manager, researcher or teacher in the sector of monetary policy, then the President would breach (Slovak) laws," Gašparovič 's office said in a statement...

While the president is obliged to endorse government nominees for ministerial posts, there is no obligation for him to accept finance ministry nominations for top jobs at the country's central bank.

Markets had largely viewed Tvaroška's appointment as a formality but Gašparovič 's decision less than two weeks before the country's June 17 general election is seen as unsettling.

"The five-year management experience requirement isn't that clearly defined by law and therefore it's hard to believe that this is the only reason for Tvaroška's rejection," said Dalibor Cernicka, a money market trader at MMB Bratislava brokerage.

The blocking of Tvaroška's appointment has raised concerns about the central bank's ability to carry out its work when only eight members of the bank's 11-person policy board have so far been appointed.

"If three board members are missing because they are traveling or are ill, then the board can't make any decisions," Cernicka said.

In previous months the current eight members of the policy board were unable to make binding monetary decisions precisely because some members were unable to attend the policy meetings.

A minimum of six board members are required to be present at the board's monthly rate-setting meetings to make monetary policy decisions...

According to some market participants, the bank was forced to make its latest rate increase a 50 basis point move in order to catch up with two failed attempts to increase rates 25 basis points earlier this year.

Tvaroška, an ally of Finance Minister Ivan Mikloš, is a co-author of some of the country's recent economic reforms, centred on a flat 19% tax on income, profits and consumption as well as a partial privatization of the state-run pension system...

The belt-tightening reforms, spearheaded by SDKU and Mikloš, have been criticized by some opposition politicians, including President Ivan Gašparovič...

Source: Dow Jones International News, 6 June 2006.

Sweden

Sveriges Riksbank

Monetary policy making body: Executive Board

Membership (6 members)

- Governor as the Chairperson of the Board
- 5 further members

Appointment

After each election to the Riksdag, the Swedish Parliament, the Riksdag appoints 11 members to serve on the General Council of the Riksbank. Therefore, the General Council reflects the composition of the Riksdag. All six members of the Executive Board are appointed by the General Council for a term of six years. A rolling schedule is in place so that one member is appointed per year.

The Chairman and Vice-Chairman of the General Council may attend meetings of the Executive Board and give an opinion there; However, they may not make proposals or participate in decision-making.

United Kingdom

Bank of England

Monetary policy making body: Monetary Policy Committee

The body responsible for monetary policy at the Bank of England is the Monetary Policy Committee (MPC) which came into existence in 1997 when the Bank of England was given operational independence. The rules governing the Monetary Policy Committee are contained in the *Bank of England Act 1998*.

Membership (9 Members):

- The Governor and the two Deputy Governors of the Bank of England;
- 2 so-called "internal" members appointed by the Governor of the Bank of England after consultation with the Chancellor of the Exchequer;
- 4 so-called "external" members appointed by the Chancellor.

Appointment

Governor and Deputy Governors

The Governor and the two Deputy Governors are appointed into the Court of Directors⁹ of the Bank of England by the Crown, i.e. the Queen appoints them on receiving the names from the Chancellor of the Exchequer. Their appointment extends for five years and they must work exclusively for the Bank. Ministers or government officials are disqualified from being appointed Governor, Deputy Governor or indeed Director of the Bank of England.

Internal members

Two members are appointed from within the Bank of England by the Governor of the Bank after having consulted the Chancellor of the Exchequer. Of these two members, one shall be a person who has executive responsibility within the Bank of England for monetary analysis; the other shall be a person who has executive responsibility in the Bank for monetary policy operations. Their period in office is three years. Members of the Court of Directors of the Bank, Ministers and Government officials may not be appointed to these positions.

External members

The four external members are appointed solely by the Chancellor. The *Bank of England Act 1998* stipulates that the Chancellor must be satisfied when appointing somebody in this category that the person has knowledge or experience which is likely to be relevant to the MPC's functions. Their term in office is three years. As with the previous two categories of membership, ministers or persons serving in a government department are disqualified.

For all three categories of members, there is no limit on reappointment, nor is there a requirement for the candidate to be a British citizen or be resident in the UK. One of the current members of the MPC, Prof. David Blanchflower, is a resident in the US, while a former member, Prof. Willem Buiter, is a Dutch citizen.

⁹ The Court of Directors manages the Bank of England's affairs other than the formulation of monetary policy.

Parliament's involvement

In 1997, the House of Commons Treasury Committee proposed that there should be a confirmation of the appointment of the Governor, Deputy Governors and the external members of the MPC by the Treasury Committee. In the subsequent *Bank of England 1998 Act*, the UK Parliament was not given a statutory role in the appointment of members of the MPC. Nevertheless, the Treasury Committee started and continues the practice of hearings and reporting on those hearings, which are not binding on the Chancellor.

The Committee decided to restrict questioning in the hearings to the twin criteria of demonstrable professional competence of the MPC member and his/her independence from the Government. The appointees are furthermore sent preliminary questionnaires requesting information about the career of the person in question and his/her views on relevant economic issues.

The Treasury Committee is of the opinion that their hearings and reports represent an important mechanism for securing greater transparency for the process of appointments to the MPC as well as a means by which the Committee can fulfil its duty to secure proper accountability for the work of the MPC.¹⁰

¹⁰ House of Commons Treasury Committee: The Monetary Policy Committee of the Bank of England: appointment hearings, First report of Session 2005-06.

Appointment Procedures in Selected Third Countries

Australia

Reserve Bank of Australia

Monetary policy making body: Reserve Bank Board

Membership (9 members)

- Governor
- Deputy Governor
- Secretary to the Department of the Treasury
- 6 other members

Appointment

Governor and Deputy Governors

The Governor and Deputy Governor are appointed by the Treasurer (the Minister of Finance) for a period determined by the Treasurer. This period may not exceed seven years. Reappointment is permitted.

Secretary to the Department of the Treasury

The Secretary to the Department of the Treasury (a government official) is *ex-officio* a member of the Board.

6 other members

The six other members of the Board are appointed by the Treasurer.

Of the six other members, at least five must not be officials i.e. staff members of the Reserve Bank or public servants. An official serving on the Board holds that office for as long as it pleases the Treasurer.

The term of appointment for the remaining five members is also at the Treasurer's discretion. However, this period must not exceed five years and the term of office must be specified in the appointment instrument.

Canada

Bank of Canada - Banque du Canada

Monetary policy making body: Executive Committee

Executive Committee

Membership (min. 4/max. 6 members)

- Governor
- Deputy Governor
- 2 to 4 Directors

The Deputy Minister of Finance is also a member of the Executive Committee but does not have a right to vote.

Appointment

Governor and Deputy Governors

The Governor and Deputy Governor must both be Canadian citizens, and are appointed by the Bank's Directors with the approval of the Cabinet. They must be persons with proven financial experience. The terms in office are seven years. Reappointment is permitted.

2 to 4 Directors

The Board of Directors selects two to four members from the Board to serve on the Executive Committee.

Board of Directors

Membership (14 members)

- Governor
- Deputy Governor
- 12 Directors

The Deputy Minister of Finance is also a member of the Board but does not have a right to vote.

Appointment of Directors

The Minister, with the approval of the Cabinet, appoints Directors. Their term of office begins on the day of appointment and ends immediately before 1 March three years after expiration of the term of office of the directors' predecessor. Directors can be reappointed. They must be selected from various occupations and be Canadian citizens ordinarily resident in Canada.

Japan

Bank of Japan

Monetary policy making body: Policy Board

Membership (9 members)

- Governor
- 2 Deputy Governors
- 6 deliberative members

Appointment

Governor and Deputy Governors

The Governor and Deputy Governor are appointed by the government subject to the consent of both Houses of the Japanese Parliament (Diet), the House of Representatives and the House of Councillors. The term of office is five years and reappointment is permitted.

Deliberative Members

The deliberative members are appointed by the government from among persons with academic expertise or experience including experts on the economy and finance. The appointments are also subject to the consent of both Houses of the Diet. The term of office is five years and reappointment is permitted.

New Zealand

Reserve Bank of New Zealand

Monetary policy making body: Governor, Board of Directors

Monetary Policy lies within the sole authority and responsibility of the Governor. Thus, the Reserve Bank of New Zealand does not use committees to make formal decisions. The Governor remains free to take any decision and is therefore clearly identified as the person solely responsible and accountable for monetary-policy decisions.

The primary role of the Board is to monitor the performance of the Bank and the Governor and then to report to and advise the Minister of Finance. If the Board believes the Governor's performance to be inadequate, it can recommend the Governor's dismissal to the Finance Minister.

Board of Directors

Membership

- Governor
- non-executive Board members

Appointment

Governor

The Governor is appointed by the Minister of Finance on the recommendation of the Board of Directors of the Bank for a term of five years. Reappointment is possible.

Since the Governor has an exposed position as the person responsible for monetary policy, safeguards are in place with regard to the removal of the Governor by the Minister of Finance. The Governor can only be dismissed if the Minister has grounds for believing that the Governor's performance has been inadequate in achieving price stability or that the Bank has not adequately carried out its functions set by law and the Policy Target Agreement. Another reason for dismissal could be that the Minister and the Governor fail to negotiate a Policy Target Agreement.

The Policy Target Agreements specify objectives for carrying out monetary policy and are therefore important to measure a Governor's performance. A new agreement must be negotiated each time a Governor is appointed or re-appointed, i.e. normally every five years.

The safeguards are therefore designed in such a way that the Governor cannot be dismissed for taking measures that may irritate the government or if the timing of measures are politically inconvenient.

Non-executive members

The non-executive Board Members are appointed by the government for a term of five years.

Switzerland

Swiss National Bank

Monetary policy making body: Governing Board

Governing Board

Membership (3 members)

- 3 members (each member has a deputy assigned to them)

Appointment

The members of the Governing Board and their deputies are appointed by the Federal Council (the Swiss government) upon recommendation of the Bank Council. They are elected for a term of six years. Reappointment is permitted. The Federal Council also designates who of the three members is to serve as Chairperson and Vice-Chairperson of the Board.

Only Swiss citizens resident in Switzerland with an impeccable reputation and a recognised knowledge of monetary, banking and financial issues qualify for appointment.

Bank Council

Membership

- 11 members

Appointment

The Bank Council's main function is the general supervision of the progress and conduct of the Bank's business. Its quarterly meetings provide the Governing Board with the opportunity of elaborating and justifying its policy in detail and engaging in a valuable exchange of views. The 11 members represent the various sectors of the economy and the different regions. Six members are elected by the General Meeting and five, including the President and Vice-President, by the Federal Government.

United States of America

Federal Reserve Bank System

Monetary policy making body: Federal Open Market Committee

The most important monetary policy-making body (though not the only one having power over monetary instruments) in the US Federal Reserve System is the Federal Open Market Committee (FOMC). The rules governing the FOMC are contained in the *Federal Reserve Act 1998*

Membership (12 members)

- 7 members of the Board of Governors of the Federal Reserve System
- 5 Reserve Bank presidents
The president of the Federal Reserve Bank of New York serves on a continuous basis.
4 presidents serve one-year terms on a rotating basis beginning 1 January each year. Rotation is such that each year one member is elected to the FOMC by the boards of directors of the Reserve Banks in each of the following groups:
 - (1) Boston, Philadelphia, Richmond
 - (2) Cleveland, Chicago
 - (3) Atlanta, St. Louis, Dallas
 - (4) Minneapolis, Kansas City, San Francisco

Traditionally, the Chairman of the Board of Governors is elected Chairman of the FOMC, and the President of the Reserve Bank of New York is elected Vice-Chairman of the FOMC. It should be noted that the "one member – one vote" principle applies to the FOMC giving the Board of Governors a majority over the Reserve Bank Presidents.

Appointment

The Board of Governors

The seven Governors on the Federal Reserve Board are appointed by the President of the United States and confirmed by the Senate after a hearing of the candidate in the Senate's Committee on Banking, Housing and Urban Affairs. Independence derives from the fact that a) the appointments are staggered to reduce the chance that a single President could fill the Board with appointees and b) the terms of office of governors are 14 years which is much longer than any elected representative's terms. There is no limit to reappointment.

The presidents of the Federal Reserve Banks

Each Reserve Bank President is appointed to a five-year term by their Reserve Bank's board of directors, subject to final approval by the Board of Governors of the Federal Reserve System. This procedure adds to independence because the Directors of each Reserve Bank are not chosen by politicians but are selected to provide a cross-section of interests within the region, including those of depository institutions, non-financial businesses, labour, and the public.

The direct involvement of the Board of Directors of the individual Reserve Banks in appointing Reserve Bank Presidents who ultimately serve on a rotating basis on the FOMC merits a closer look at the appointment procedure of these directors.

The Reserve Bank Boards of Directors consist of three classes of Directors (A, B and C) while each class is represented by three directors on the board. Directors are serving three-year terms limited to two successive terms. Directorships are not full-time jobs.

➤ *Class A Directors*

These directors represent the commercial member banks in the district of the Reserve Bank in question. Most of them are indeed bankers.

➤ *Class B Directors*

The three class B Directors of a Reserve Bank shall according to the Federal Reserve Act represent the public and are to be elected with due but not exclusive consideration to the interest of agriculture, commerce, industry, services, labour and consumers. They cannot be bank officers, Directors or employees.

Election of class A and B Directors

Class A and B Directors are elected by the stockholding member banks in the district. For this purpose, the member banks are grouped by capital into small, medium and large banks. Each group of banks then elects one class A and one class B Director in the following manner:

Each member bank can nominate one candidate. All candidates are then listed by the chairman of the Board of Directors indicating by whom they were nominated. The list is circulated to the member banks and the person duly authorised by the member bank marks in a preferential ballot their first, second and other choices for class A and B Director. Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate has a majority in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. The candidate then having a majority and the highest number of combined votes shall be declared elected. If no candidate has a majority of electors voting and the highest number of votes when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in the same manner, and the candidate then having the highest number of votes shall be declared elected.

➤ *Class C Directors*

Class C Directors are appointed by the Board of Governors of the Federal Reserve System and represent the public with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labour and consumers. One of the Class C Directors has to be designated by the Board of Directors as Chairman of the Board of Directors and so-called "Federal Reserve Agent". This person must be of tested banking experience. Class C Directors cannot be bank officers, Directors or employees nor can they hold stock in a bank. Furthermore, they must have resided in their district for at least two years prior to their appointment.

Conclusion

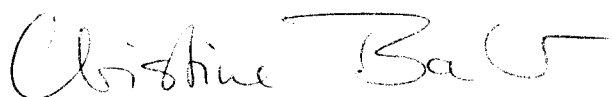
This note has presented a number of quite different procedures for the appointment of monetary policy-makers. It has highlighted the diversity in procedures and the fact that the law in individual countries allows for differing levels of involvement of the executive and the legislative branch of power in the nomination of central bankers.

The level of parliamentary involvement differs substantially between individual countries and ranges from total non-involvement to absolute power over the appointment of monetary policy-makers. The question then is how far parliaments (when they have appointing power) would indeed vote against a government proposal in a national set-up, as national governments usually base themselves upon a majority in parliament.

Another interesting finding of this note is the fact that many appointing procedures appear to be layered in so far as governing bodies within a central bank play a role in the appointment of the same bank's monetary policy-maker(s). Here it is important to also examine the procedures for appointing members of these secondary governing bodies.

It is also of interest to observe the qualifications needed in individual countries to be appointed into a monetary-policy making position, although this was not the prime objective of this note. Differences here can be subtle and striking. For example, a member of the Swiss National Bank's Governing Board must have an "impeccable reputation and a recognised knowledge of **monetary, banking and financial** issues" while with regard to an external member of the Bank of England's Monetary Policy Committee the UK Chancellor must be satisfied "that the person has knowledge or experience which is **likely to be relevant** to the MPC's functions". In Poland, a member of the Monetary Policy Council must be "a specialist **in the field of finance**" while the Governor of the Bank of Estonia must "hold a university degree in either economics or law".¹¹

Last, but not least, the terms of office of monetary policy-makers make interesting reading ranging from 14 years in the United States to yearly appointments to some secondary governing bodies or appointments at the executive's pleasure and the reader is free to draw their own conclusions with regard to central bank independence.



Christine Bahr

¹¹ Highlighting added by the author.

Annex: Quick Reference Table

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Euro zone	European Central Bank	ECB Executive Board: President, Vice-President, 4 further members	appointment for a non-renewable 8-year term in office by common accord of the governments of the Euro zone Member States at the level of Heads of State or Government on the recommendation of the Council, after consultation of the European Parliament and the Governing Council of the ECB	consultation
		ECB Governing Council: 6 member of the Executive Board, Governors of national central banks in the Euro zone	NCB Governors appointed according to national procedures	
Austria	Austrian National Bank	Governing Board: Governor, Vice-Governor, 2 further members	appointment by the Federal President on a proposal from the Federal Government for 5 years; reappointment possible	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Belgium	National Bank of Belgium	Board of Directors: Governor, 5-7 Directors;	Governor: appointment by the King on the proposal of the government; renewable term of 5 years; Directors: appointment by the King, on the proposal of the Council of Regency, renewable term of 6 years; King confers the title of vice-governor on one of the directors	
		Council of Regency: Governor, all directors, 10 regents	Election by the general meeting of the Bank, renewable term of 3 years; 2 regents chosen on proposal of the most representative labour organisations; 3 regents chosen on proposal of the most representative organisations from industry and commerce, agriculture and SME and traders; 5 regents chosen on proposal of the Minister of Finance.	
Finland	Bank of Finland	Board: Governor, Deputy Governor, 2 other members Parliamentary Supervisory Council: 9 Members of Parliament	Parliamentary Supervisory Council in coordination with the Ministry of Finance makes suggestion for membership to the President of the Republic who has full powers to either adopt or reject the proposal. Governor: 7-year term, all other members: 5-year terms (renewable 3 times)	initiative on appointment

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
France	Banque de France	Monetary Policy Council: Governor, 2 Deputy Governors, 4 other members	Governor, 2 Deputy Governors: appointment by Council of Ministers for 6 years, renewable once; 4 other members: appointment by Council of Ministers for a non-renewable 6-year term, chosen from a list with 3 times as many names as the members to be appointed, list drawn up by mutual consent, or failing that, in equal parts, by the President of the Senate, the President of the National Assembly and the President of the Economic and Social Council.	Involvement of President of National Assembly in drawing-up of candidate list
Germany	Deutsche Bundesbank	Executive Board: President, Vice-President, 6 other members	President, Vice-President: appointment by President of the Republic following nomination by the federal government; 6 other members: 2 of them appointed by the President on the nomination of the federal government, 4 nominated by the Bundesrat in agreement with the federal government, consultation of Executive Board; all members of Executive Board appointed for 8 years (exceptionally for a shorter term)	Bundesrat nominates 4 members

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Greece	Bank of Greece	Monetary Policy Council: Governor, 2 Deputy Governors, 3 other members	Governor, 2 Deputy Governors: appointment for 6 years by a presidential decree on proposal of the government following a proposal of the General Council; 3 other members: appointment by presidential decree on recommendation of the government following an opinion by the Governor, term of 6 years, reappointment permitted 6 Councillors: election by General Meeting of shareholders of the Bank, 3-year term, reappointment possible	
Ireland	Central Bank and Financial Services Authority of Ireland	General Council: Governor, 2 Deputy Governor, 3 further members of the Monetary Policy Council, 6 Councillors	Governor: appointment by the President of the Republic on the advice of the government for 7 years, renewable once	
Italy	Bank of Italy	Board of Directors: Governor, 13 Directors	Governor: appointment by the Board of Directors approved by a decree of the President of the Republic on proposal of Prime Minister in agreement with Finance Minister after consulting Council of Ministers; Directors: election by General Meetings of shareholders at main branches of the Bank	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Luxembourg	Central Bank of Luxembourg	Board of Directors: Director-General (President), 2 Directors Central Bank Council: Director-General, 2 Directors of the Board, 6 other members	Director-General, 2 Directors: appointment by Grand Duke on proposal of the government for 6 years, reappointment possible 6 members: appointment by the government for 6 years, reappointment permitted.	
Netherlands	De Nederlandsche Bank	Governing Board: President, 3-5 Executive Directors	appointment by Royal Decree for 7 years, reappointment possible, shortlist for each appointment with three names to be drawn up at a joint meeting of Governing Board and Supervisory Board	
Portugal	Bank of Portugal	Supervisory Board: Government-appointed member, 8-11 other members Board of Directors: Governor, 1-2 Vice-Governors, 3-5 Directors	1 member appointed by the government for a renewable term of 4 years; Chairman, other members: appointment by the general meeting of shareholders of the Bank for renewable terms of 4 years, list of three names to be drawn up by Supervisory Board for each appointment appointment by the Cabinet on the proposal of the Minister of Finance for 5 years	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Slovenia	Bank of Slovenia	Governing Board: Governor, 4 Vice-Governors	appointment by the National Assembly on the proposal of the President of the Republic	National Assembly appoints Governing Board
Spain	Bank of Spain	Governing Council: Governor, Deputy Governor, 6 Council Members, Director-General of the Treasury and Financial Policy, Vice-President of the National Securities Market Commission	Governor: appointment by the King on proposal by the Prime Minister; Deputy Governor: appointment by the government following a proposal by the Governor; terms of office of Governor and Deputy Governor simultaneous 6 years, reappointment not permitted to the same position; 6 elected Council Members: appointment by government following proposal by the Economy and Finance Minister after consultation with the Governor for 6 years, reappointment possible once	Prior to the appointment of the Governor, the Economy and Finance Minister appears before the relevant parliamentary committee
Cyprus	Central Bank of Cyprus	Monetary Policy Committee: Governor, Deputy Governor, 5 other members	Governor, Deputy Governor: appointment by the President and the Vice-President of the Republic, renewable term of 5 years; 5 other members: 2 appointed by the Governor, 3 by the Council of Ministers on a recommendation from the Minister after consultations between the Minister and the Governor, term of office 5 years, renewable once	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Czech Republic	Czech National Bank	Council: Governor, 2 Deputy Governors, 4 other members	appointment by the President of the Republic for 6 years, reappointment possible once	
Denmark	National Bank of Denmark	Board of Governors: 3 Governors; Board of Directors: 8 Member of Folketing, 1 economist, 1 lawyer, 15 other members with a thorough knowledge of trade	1 Governor nominated by the Crown, i.e. the government; 2 Governors appointed by the Board of Directors on the recommendation of the Committee of Directors 8 Folketing Members: selection according to Art. 36 of Folketing's Rules of Procedure; economist and lawyer: appointment by the Minister, 15 other members: election by Board of Directors with due regard to a comprehensive representation of trade, the workers occupied in trade, and representation of the geographical divisions of Denmark	Folketing Members in Board of Directors
		Committee of Directors: economist and lawyer members of the Board of Directors, • 5 other members from among the Board of Directors	5 other members: election for 1 year by the Board of Directors	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Estonia	Bank of Estonia	Governor	<p>appointment by the President of Estonia on the recommendation of Eesti Pank's Supervisory Board for a period of 5 years</p> <p>Chairman: appointment by the Riigikogu on the recommendation of the President of the Republic; 7 other members: appointment by the Riigikogu on the proposal of the Chairman of the Board</p>	Riigikogu appoints Supervisory Board
Hungary	National Bank of Hungary	<p>Supervisory Board: Chairperson, 8 other members</p> <p>Monetary Council: Governor, Deputy Governor, 7-9 other members</p>	<p>Governor: appointment by the President of the Republic for 6 years at the proposal of the Prime Minister; Deputy Governor: Governor appoints one of the Deputy Governors of the Bank to serve on Monetary Council, Deputy Governors appointed for 6 years by the President of the Republic on a proposal of the Governor submitted by Prime Minister to the President, should the Prime Minister agree with the proposal; other members: Governor proposes 4 other members, should the Prime Minister agree with these proposals, he submits them to the President for appointment, remaining members proposed by the Prime Minister who can submit the proposals to the President after having asked the opinion of the Governor</p>	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Latvia	Bank of Latvia	Council of the Bank of Latvia: Governor, Deputy Governor, 6 members	Governor: appointment for 6 years by secret ballot in the Saeima on the recommendation of at least 10 Members of the Saeima; Deputy Governors, other members: appointment for 6 years in a secret ballot in the Saeima on the the recommendation of the Governor	Saeima appoints Governor all other Council members
Lithuania	Bank of Lithuania	Board of the Bank: Chairperson, 2 Deputy Chairpersons, 2 members	Chairperson: appointment for 5 years by the Seimas on nomination by the President of the Republic; Deputy Chairpersons, other members: appointment for 9 years by the President of the Republic on nomination by the Chairperson of the Board	Seimas appoints Chairperson of the Board
Malta	Central Bank of Malta	Governor Monetary Policy Advisory Council: Governor, Deputy Governor, 3 Directors, 3 other members	appointment for 5 years by the President of Malta acting on advice by the Prime Minister, reappointment possible Deputy Governor: appointment for 5 years by the President of Malta on advice by the Prime Minister, reappointment possible; Directors: appointment by the Prime Minister for renewable terms of 5 years; 3 other members: appointment by the Governor after consultation of the Board	

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Poland	National Bank of Poland	Monetary Policy Council: President, 9 further members	President: appointment by the Sejm at the request of the President of the Republic for 6 years, reappointment is possible for a max. of 2 consecutive terms; 9 members: appointment for 6 years in equal numbers by the President of the Republic, the Sejm and the Senate, reappointment not permitted	Sejm appoints President and 3 members of Monetary Policy Council; Senate appoints 3 members of Monetary Policy Council
Slovakia	National Bank of Slovakia	Council: Governor, 2 Deputy Governors, 8 other members	Governor, Deputy Governors: appointment for 5 years by the President of the Republic on recommendation of the government after confirmation Parliament, reappointment for a max. of 2 consecutive terms; 8 members: appointment for 5 years by the government on recommendation of the Governor, reappointment for a max. of 2 consecutive terms	confirmation of Governor and Deputy Governor
Sweden	Sveriges Riksbank	Executive Board: Governor, 5 members	Riksdag appoints 11 members to serve on the General Council of the Bank; all members of the Executive Board are appointed by the General Council for 6 years	appointment of members of General Council
United Kingdom	Bank of England	Monetary Policy Council: Governor, 2 Deputy Governors, 2 internal members, 4 external members	Governor, 2 Deputy Governors: appointment by the Crown on receiving the names from the Chancellor of the Exchequer; internal members: appointment from within the Bank of England by the Governor after having consulted the Chancellor; external members: appointment by the Chancellor.	non-statutory hearings of MPC members

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
Australia	Reserve Bank of Australia	Reserve Bank Board: Governor, Deputy Governor, Secretary to the Department of the Treasury, 6 other members	Governor, Deputy Governor: appointment by the Treasurer for a period determined by the Treasurer not exceeding 7 years, reappointment permitted; Secretary to the Department of the Treasury: ex-officio; 6 other members: appointment by the Treasurer	
Canada	Bank of Canada	Executive Committee: Governor, Deputy Governor, 2-4 Directors	Governor, Deputy Governor: appointment for 7 years by the Bank's Directors with the approval of the Cabinet, reappointment permitted; Directors: Board of Directors selects 2 to 4 from among them	
		Board of Directors: Governor, Deputy Governor, 12 Directors	Directors: selected from various occupations, appointment for 3 years by the Minister with the approval of the Cabinet appoints Directors, reappointment possible	
Japan	Bank of Japan	Policy Board: Governor, 2 Deputy Governors, 6 deliberative members	Governor, Deputy Governor: appointment for 5 years by the government subject to the consent of both Houses of the Parliament, reappointment permitted; deliberative members: appointment for 5 years by the government from among persons with academic expertise or experience subject to the consent of both Houses of Parliament, reappointment permitted	confirmation of all Policy Board members in both Houses of Parliament

	Central Bank	Governing/Policy-making body	Appointment Procedure	Role of Parliament
aland	Reserve Bank of New Zealand	Governor	appointment by the Minister of Finance on the recommendation of the Board of Directors of the Bank for a term of 5 years, reappointment possible	
		Board of Directors: Governor, non-executive Board members	non-executive Board Members appointed by the government for a term of 5 years	
land	Swiss National Bank	Governing Board: 3 members	appointment for 6 years by the Federal Council upon recommendation of the Bank Council, reappointment permitted	
		Bank Council:		appointment of members to the Bank Council
	Federal Reserve System	Federal Open Market Committee: 7 members of the Board of Governors, 5 Reserve Bank Presidents	Governors: appointment for 14 years by the President of the United States, confirmation by the Senate; Reserve Bank Presidents: appointment for 5 years by their Reserve Bank's board of directors, subject to approval by the Board of Governors, appointment into FOMC on a rotation basis (except for New York Federal Reserve President)	confirmation of members of the Board of Governors

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