

Bank for International Settlements- Banker To All Central Banks



Introduction

The Bank for International Settlements (BIS) is an international organization which was formed in 1930 with the objective of serving the Central Banks of various nations, aiding them to develop an environment of monetary and financial stability via concerted efforts to bring about International co-operation. The Bank for International Settlements popularly termed as “Bank for Central Banks” has its headquarters in Basel, Switzerland, came into being consequent of the provisions of Hague Agreement of 1930. Being one of the oldest international financial entities it has around 60 member Central Banks, representing various nations from around the world.

Functions

- Facilitation of discussion and collaboration among Central Banks around the world,
- Facilitation of Dialogue with other respective authorities who are responsible for promoting financial stability,
- Leading Counterparty for various financial transactions specifically involving various Central Banks around the world,
- To function as agent or guardian with regard to international financial operations.

Though a banker to Central Banks around the world, Bank for International Settlement makes most of their work free of any fee, which

includes analysis of monetary and financial stability issues as well as International Banking and financial statistics. BIS as a bank are not into any banking activities such as acceptance of deposits or rendering of any financial services to private or corporate enterprises.

Major Departments

It has three departments that govern the seamless functioning of the same:

- Monetary and Economic department that facilitates research and analysis with special regard to financial stability,
- Banking Department which provides a multitude of financial services to Central Banks including management of foreign exchange as well as gold reserves,
- General Secretariat which provides the entire Bank with the required organizational support in terms of human resource, technical support as well as services.

Regional Offices

BIS also have two regional offices:

- The Representative Office for Asia and Pacific in Hong Kong,
- The Representative Office for the Americas in Mexico City.

Governing Authorities

All the above mentioned functions and objectives are performed via efficient governance and management at three principal levels such as:

- General Meeting of the member Central Banks to BIS
- Board of Directors
- BIS Management

Conclusion

Bank for International Settlement has become quite renowned for its adherence to the principal of monetary and financial stability especially

through the much renowned Basel Process which is based on three key features of Co-Location that ensures co-operative associations between various governance structures as well as committees of Bank for International Settlements, Flexibility and openness in the exchange of information that realizes the motive of financial stability, and support from BIS via its own Financial stability Institute(FSI) in the field of Economics, Banking as well as regulatory frameworks.

It also hosts the much celebrated Secretariat of the Basel Committee on Banking Supervision and played quite a pivotal role in the launching of Basel Capital Accord of 1988, Basel II as well as Basel III norms. Being the stalwart among various International Financial Institutions BIS has carved out a niche for itself among them especially with regard to the objective of ensuring financial and economic permanence.

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