



Call for papers

2008 Money and Payments Workshop

Implementing Monetary Policy

Federal Reserve Bank of New York

October 17, 2008

This year's annual Money and Payments Workshop at the Federal Reserve Bank of New York will focus on monetary policy implementation, that is, the process by which central banks affect interest rates and, ultimately, the level of prices and general economic activity. This focus is partly motivated by the Financial Services Regulatory Relief Act of 2006, which grants the Federal Reserve authority to pay interest on reserve balances held by commercial banks beginning in 2011. Paying such interest could change the process by which the Fed implements the FOMC's target interest rate and, potentially, the formulation and implementation of monetary policy more generally. The workshop aims to stimulate serious research in this area and to enhance contact and collaboration between researchers interested in the topic. Questions of interest include, but are not limited to:

- How does a central bank's monetary policy implementation procedure affect equilibrium allocations? What factors determine the optimal implementation procedure?
- How should a central bank set the interest rate it pays on reserve balances? How should it set the interest rate it charges at its discount window?
- What are the fundamental roles of the short-term interbank market? Which of these roles can be performed by standing facilities at the central bank and which cannot?
- How does the monetary policy implementation procedure affect payments policy? Would paying interest on reserves affect the volume of daylight overdrafts? Could funds be allocated efficiently on an intra-day basis without a central bank providing daylight overdrafts?

- Should central banks be concerned about volatility of overnight interest rates? Does such volatility generate social costs? Does it affect other financial markets or the intra-day pattern of payments in a significant way?

The one-day workshop will be held at the Federal Reserve Bank of New York on October 17, 2008. Please send submissions (in pdf format) to either of the following e-mail addresses no later than August 1, 2008:

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Authors of accepted papers will be notified by September 15, 2008.