Finance and Economics Discussion Series

Federal Reserve Board, Washington, D.C.
ISSN 1936-2854 (Print)
ISSN 2767-3898 (Online)

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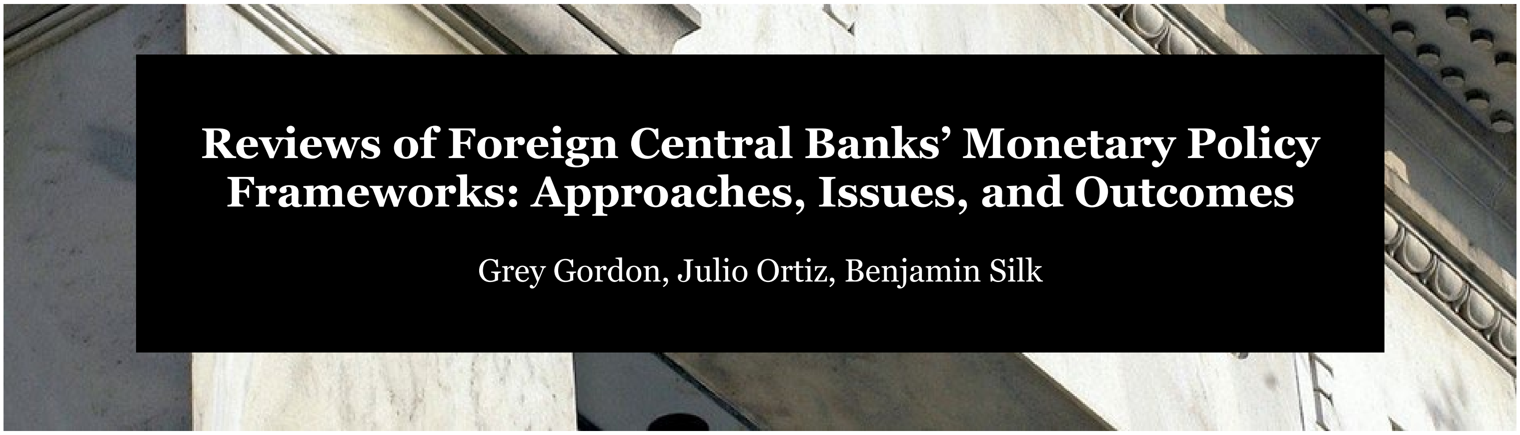
2025-066

Please cite this paper as:
Gordon, Grey, Julio Ortiz, and Benjamin Silk (2025). "Reviews of Foreign Central Banks' Monetary Policy Frameworks: Approaches, Issues, and Outcomes," Finance and Economics Discussion Series 2025-066. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2025.066.



Reviews of Foreign Central Banks' Monetary Policy Frameworks: Approaches, Issues, and Outcomes

Grey Gordon, Julio Ortiz, Benjamin Silk

The analysis in this paper was presented to the Federal Open Market Committee as background for its discussion of the Federal Reserve's 2025 review of its monetary policy strategy, tools, and communications.

Abstract: We examine the experience of conducting reviews of monetary policy frameworks in the major advanced foreign economies since the Federal Open Market Committee's 2019–20 review. We find that periodic reviews are becoming the norm and have often been motivated by similar developments and challenges as those facing the Federal Reserve. In some cases, reviews were opportunities to alter numerical inflation objectives or clarify how policymakers balance fostering price stability and supporting employment and activity. In addition, foreign reviews emphasized the need for policy flexibility in pursuit of mandates. They also affirmed the usefulness of central banks' existing policy toolkits, while noting some concerns and limitations. Some reviews offered recommendations to improve communications.

JEL Classification: E52, E58, F33.

Keywords: Monetary policy review, monetary policy strategies, monetary policy tools, central bank communications, foreign monetary policy.

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1. Introduction and overview

This paper examines the experience of conducting reviews of monetary policy frameworks in the major advanced foreign economies (AFEs) since around the time of the Federal Open Market Committee's (FOMC) 2019–20 review.[1] A monetary policy framework consists of the goals, policy strategy, tools, and communication practices employed by a central bank in support of its monetary policy mandate. Reviews by central banks have considered, at times, some or all of these elements as well as important related issues, including governance, economic analysis, and projections.[2]

First, we look at the conduct and scope of foreign reviews. We find the following:

- Occasional reviews are becoming the norm, being seen as useful for improving the conduct of monetary policy in constantly changing economic environments and for promoting transparency and public understanding.
- Reviews abroad have often been motivated by similar developments and challenges as those underpinning the FOMC's 2019–20 and 2025 reviews.
    - The reviews conducted before the 2021–22 global run-up in inflation typically explored the conduct of policy in low interest rate environments, notably policy strategies and tools to address the effective lower bound (ELB) on policy rates.
    - Reviews conducted since then have tended to focus on the lessons from the pandemic and inflation episodes and the conduct and communication of policy in times of unusual uncertainty.

Then, we discuss the foreign reviews' key outcomes, including the following:

- In some cases, reviews were opportunities to alter numerical inflation objectives or clarify how policymakers balance fostering price stability and supporting employment and activity.
- Foreign reviews underscored the need for policy flexibility in pursuit of mandates. They also affirmed the usefulness of central banks' existing policy toolkits, while also noting some concerns and limitations of these toolkits.
- The reviews offered various recommendations to improve processes and communications, notably:

[1] For a summary of the FOMC's 2019–20 review, see Gourio, and others (2025).

[2] In recent years, several AFE central banks have also reviewed their frameworks for operationalizing monetary policy decisions, including aspects related to liquidity facilities and the longer-run size and composition of their balance sheets. These operational reviews were conducted separately from reviews of monetary policy frameworks, as has been the FOMC's practice, and thus fall outside of the scope of our paper.

- Improving forecasting and economic modeling, including investing in data and economic models.
- Tailoring communications to reach broader audiences.
- Enhancing the communication of uncertainty with alternative scenarios.

2. Conduct of foreign reviews

Occasional reviews are becoming a staple of central banking due to their perceived usefulness

Table 1 summarizes various aspects related to the frequency, scope, and format of the framework reviews conducted by the eight AFE central banks analyzed in this paper: the Bank of Canada (BOC), Bank of England (BOE), Bank of Japan (BOJ), European Central Bank (ECB), Norges Bank, Reserve Bank of Australia (RBA), Reserve Bank of New Zealand (RBNZ), and Sveriges Riksbank.[3] These framework reviews are distinguished from central banks' ongoing analysis of the economy and the conduct of monetary policy by their breadth and public character, with authorities typically communicating the reviews' focus in advance and making their conclusions known upon completion.[4] This public nature is seen as promoting accountability and transparency.

As the table suggests, occasional reviews have become the norm: Of the major AFE central banks, only the Swiss National Bank has not had a review in the past decade or so.[5] The decision to conduct reviews has often been motivated by a desire to learn from turbulent economic times, which explains why the frequency of reviews increased following the Global Financial Crisis (GFC) and pandemic. In addition, authorities have generally found these exercises worthwhile, leading some to make reviews more regular occurrences. By now, framework reviews are conducted at roughly five-year intervals for four AFE central banks (BOC, ECB, RBNZ, and Riksbank), as is the case for the Federal Reserve. The conduct of periodic reviews is also a recommendation of the 2023 RBA review.

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[3] Our examination excludes AFE central banks that do not have independent monetary policies because they are in a monetary union (such as the euro area's national central banks) or have subjugated the conduct of monetary policy to exchange rate objectives (such as Danmarks Nationalbank). We reference foreign reviews by the year in which they were published.

[4] There is no formal definition of what constitutes a framework review. For our purposes, we include the 2024 review of the BOE's forecasting processes and communications, even though its focus is less comprehensive than for other central banks, because of its relevance to the FOMC's ongoing review.

[5] Canadian authorities pioneered the practice of conducting regular in-depth reviews starting in 2001 as part of the periodic renewal of the agreement between the BOC and the government of Canada on the inflation target and the conduct of monetary policy.

Reviews are opportunities to reflect on past experiences and incorporate advances in knowledge

The GFC and the pandemic period were characterized by large and unusual shocks that led to the development of new monetary policy tools and the use of existing tools on previously unmatched scales. Reviews following the GFC drew conclusions from the challenges of conducting monetary policy at or in proximity of the ELB amid apparent declines in equilibrium interest rates. More recently, reviews have sought in part to understand the drivers of the 2021–22 global run-up in inflation and to explore ways to improve forecasting and to conduct and communicate monetary policy in an uncertain world.[6]

Another motivation for conducting reviews has been to ensure that monetary policy is informed by the latest state of knowledge and considers a broad range of perspectives. Reviews generally draw heavily on economic analysis and research, sometimes commissioning analyses on elements of particular interest.[7] Relatedly, nearly all of the recent reviews solicited input from outside experts, and most also reached out to other segments of society as part of their activities. These reviews included outreach to a mix of academics, financial market participants, households, and business leaders through some combination of interviews, focus groups, conferences, and surveys. As we next discuss, external input was also sought in four cases (BOE, RBA, RBNZ, and Riksbank) by tapping outside experts as reviewers.

Review initiators and conductors vary

Framework reviews have been initiated by both governments and central banks and have been carried out by reviewers both internal and external to central banks. As table 1 shows, four of the latest reviews were initiated by central banks themselves (BOE, BOJ, ECB, and Norges Bank), two by governments (RBA and Riksbank), and two jointly by the central bank and its government as part of a scheduled renewal of the monetary policy remit (BOC and RBNZ).[8] The institutional affiliation of reviewers was similarly mixed. Three reviews were authored or

[6] Reviews conducted after the recent global inflation episode offered varied characterizations of neutral interest rates relative to pre-pandemic levels, but none asserted that neutral rates had increased relative to pre-pandemic levels. The BOJ review noted that "estimates of the natural rate of interest have followed a long-term downward trend since the 1990s." The RBA review noted substantial uncertainty regarding the level of neutral rates, adding that there is a "reasonable chance" that low neutral rates could persist. However, some central bankers have communicated a higher neutral rate view in other venues. For example, President Lagarde stated at a press conference that "the conventional wisdom around the table is that [the neutral rate] is probably a little higher than where it was before."

[7] Like the FOMC did during its 2019–20 review, the BOC and BOJ held academic research conferences as part of their latest framework reviews.

[8] The RBNZ formally conducted two separate reviews in recent years, one on the remit (the Remit Review) and one on the conduct of monetary policy (the Review and Assessment of the Formulation and Implementation of Monetary Policy); because these reviews were concurrent and connected, we treat them as a single review. These two reviews are distinct from a coincident reassessment by the government of the monetary policy goals specified in RBNZ legislation (discussed later).

conducted by external experts. Three others were conducted entirely by internal reviewers, while the remaining two featured both internal and external reviewers. External reviewers were typically prominent academics or former central bankers, often drawn from outside of the central banks' jurisdictions. Notably, former Federal Reserve Chair Ben Bernanke was tasked to lead the 2024 BOE review (henceforth referred to as the Bernanke BOE Report).

Reviews have generally had broad scopes

The reviews conducted in the past several years have generally explored a broad range of topics, including some combination of the central bank's recent performance, policy strategy, tools, and communications. One notable exception that we include in our discussion is the 2024 BOE review, which more narrowly focused on "the appropriate approach to forecasting and analysis in support of decision-making and communications in times of high uncertainty from big shocks and structural change."[9]

Recent reviews differ in whether aspects of governance and policy mandates are in scope. At one end of the spectrum, the government-initiated 2023 RBA review went well beyond others by also encompassing elements such as the monetary policy objectives; governance and accountability arrangements; fiscal–monetary interactions; management and institutional culture; and systems.[10] Though not as wide-ranging, the 2022 Riksbank review, which was also government-initiated and external, and the various BOC and RBNZ reviews also included discussions of these central banks' mandates or of their translation into a numerical inflation target. The latest framework reviews for the other five AFE central banks considered herein took the existing governance and monetary policy mandate as given. In particular, for its ongoing review, the ECB is taking the definition of price stability as given, marking a departure from its past reviews (as we discuss later).

3. Review outcomes and recommendations

The output of central bank reviews has taken different forms depending on the presence of external reviewers and institutional arrangements. External reviewers typically conveyed their conclusions through technical reports that contained a set of assessments and recommendations for the authorities' consideration. Central banks that conducted reviews internally released statements and/or reports that conveyed their conclusions and how they would approach policymaking going forward. These central banks also released various materials on the reviews' activities and inputs, such as conference agendas and summaries, comments made by

[9] The BOE has a history of commissioning external reviews on specific topics. The BOE's 2012 and 2015 reviews listed in table 1 were similarly focused on forecasting elements and conducted by parties external to the BOE's Monetary Policy Committee. In 2014, former Federal Reserve Governor Kevin Warsh reviewed the BOE's transparency practices.

[10] The wide-ranging nature of the 2023 RBA review owed in a large part to the fact that it was aimed at informing a modernization of the RBA's legislation and practices. This review excluded the RBA's payments, financial infrastructure, banking, and banknotes functions.

outside analysts, and staff research, either in an incremental manner or at the end of the reviews. The BOC reviews further included the release of a joint statement by the central bank and government outlining their common understanding of the goals and conduct of monetary policy. In what follows, we highlight some notable outcomes and recommendations related to mandates and governance, forecasting, policy strategies, policy tools, and communications.

a. Central bank mandates and governance

Some reviews were opportunities to reaffirm or alter numerical inflation objectives

Of the foreign central banks that determine their numerical inflation objectives, either independently or with the government, several have used reviews to assess the appropriateness of these numerical objectives.[11] Five of these reviews (BOC, BOJ, Norges Bank, RBNZ, and Riksbank) affirmed the banks' interpretations of their price-stability mandates, including the targeted level of inflation, and, in some cases, the price index of reference and monetary policy's medium-term orientation. The Bernanke BOE Report did not cover the interpretation of price stability.

Though the ECB is not discussing its understanding of price stability as part of its ongoing review, changes to this understanding were central outcomes of its previous two reviews.[12] In 2003, it changed its quantitative definition of price stability over the medium term from "below" 2 percent to "below, but close to" 2 percent. In 2021, it simplified its inflation objective to "two per cent . . . over the medium term," noting that a symmetric point objective would be easier to communicate and should contribute to a more solid anchoring of long-term inflation expectations.[13]

Similarly, the 2023 RBA review recommended aiming for the midpoint of the RBA's 2 to 3 percent inflation target range "to maximise the chance that the target is met and best anchor inflation expectations." It also advocated dropping the words "on average, over time" from the specification of the inflation target, deeming this language too vague. Instead, it recommended that the RBA explains how it is using the flexibility of its framework to achieve its goals by clarifying, for instance, when inflation is expected to return to the midpoint of the target range. In December 2023, the RBA and Australian government implemented these recommendations in

[11] The ECB, RBA, and Riksbank determine their own numerical inflation target. The BOC and BOJ have done so in collaboration with their governments, whereas the RBNZ advises its government on the remit.

[12] The ECB refers to its ongoing review as an "assessment" of its monetary policy strategy. This word choice is used to convey that the scope of the current exercise will be limited to economic developments since the pandemic and the implications for monetary policy, and that it will not reassess other elements of the 2021 review, including the choice of the symmetric inflation target.

[13] The 2021 ECB review also recommended the inclusion of owner-occupied housing costs in the inflation measure that it targets. National statistical agencies subsequently considered the ECB proposal to create a euro-area-wide price index inclusive of housing costs but opted not to go ahead because of substantial differences of opinion on conceptual questions.

their joint Statement on the Conduct of Monetary Policy, which records their common understanding of the monetary policy framework.

Reviews generally emphasized the importance of supporting employment and activity, whether maximizing employment was an explicit policy goal or not

Framework reviews have offered opportunities to revisit the inclusion of employment or output objectives in monetary policy mandates or how these elements should be considered in pursuit of inflation targets. While all AFE central banks have price-stability objectives, only the RBA currently sees maximizing employment as a co-equal objective, as is the case with the Federal Reserve's dual mandate. The RBNZ similarly had a dual mandate from 2018 to 2023, which had been a recommendation of its 2018 review, but the government dropped the employment objective in 2023 "to ensure that monetary policy decision makers are focused primarily on the achievement of price stability."[14] The BOC, BOE, ECB, Norges Bank, and Riksbank also seek to maximize employment or output, but this objective is secondary to ensuring price stability.

Two foreign reviews judged that their central bank's employment objective was not well understood by the public. The 2023 RBA review undertook a series of focus groups with members of the public and found that "most were unfamiliar with the employment objective," but noted that these responses might be attributed to "the current economic context in which high inflation is a pressing issue." The 2023 RBNZ review similarly found that its maximum sustainable employment objective at the time appeared "to not be well understood by the public." Both reviews made recommendations to improve public understanding of how employment factors into the conduct of policy (more on this aspect later).

Among foreign central banks for which employment is not a co-equal objective, the medium-term orientation of policy was cited as having allowed foreign central banks to support employment and the broader economy. In the ECB's case, price stability is a statutory "primary" objective, while supporting "the general economic policies in the European Union" is a secondary objective that is understood to include supporting full employment. In its 2021 review, the ECB judged that the medium-term focus on price stability allowed the ECB to take employment into account and that its price-stability and employment objectives had not been in conflict with one another. That said, the 2021 ECB review predated the run-up in inflation. Similarly, the BOC review stated that "the Bank will continue to use the flexibility of the 1 to 3 percent control range to actively seek the maximum sustainable level of employment when conditions warrant."

On measuring the economy's distance from maximum employment or potential output, most central banks noted the difficulties in estimating such concepts, which depend on

[14] While the New Zealand government judged that ending the RBNZ's dual mandate was "unlikely to alter the way monetary policy is formulated in practice," it added that "it could provide benefits in clarifying how the [Monetary Policy Committee] operates."

nonmonetary factors that can change over time. The BOC also noted that a flat Phillips curve makes inflation outcomes less informative about output gaps.

Some reviews discussed how monetary policy relates to other objectives, notably financial stability and climate change mitigation

Some reviews emphasized the reinforcing nature of monetary policy goals and financial stability. At the same time, a few reviews noted that macroprudential policies may be limited in their ability to mitigate financial stability risks under certain circumstances, underscoring the importance of a flexible approach to monetary policy to account for financial stability considerations. In addition, some reviews noted that monetary policy decisions may increase financial stability risks in some situations, pointing to the link between expansionary monetary policy and rising house prices (Riksbank and RBNZ) and the buildup of financial imbalances (Norges Bank). Some central banks further stated that macroprudential tools were best equipped to address financial stability concerns (or financial imbalances).

While most reviews expressed the view that central banks should better understand the potential economic and financial impacts of climate change and mitigation measures, some explicitly noted that monetary policies cannot provide a targeted response to climate risks (RBA, Norges Bank, and BOC). By contrast, the ECB's and the Riksbank's reviews advocated using monetary policy tools (specifically, asset purchases) to support climate-related goals that they see as consistent with their mandates.

The Reserve Bank of Australia's review proposed a separate, expanded monetary policy committee to improve expertise and ensure a diversity of opinions

The 2023 RBA review took a broad look at governance aspects. A key recommendation was to establish a clear division of responsibilities between monetary policy and RBA governance. A new monetary policy board, dedicated to the conduct and implementation of monetary policy, would include the governor, deputy governor, Treasury secretary (the most senior civil servant in the Australian Treasury), and six external reviewers to ensure a diversity of views and expertise. The review noted that while the inclusion of a Treasury representative on the monetary policy board is unusual by international standards, the Australian Treasury secretary acts independently of the government in their role on the monetary policy board and brings a different perspective. The Australian government adopted these proposals in November 2024.

Though the latest BOC and BOE reviews did not focus on governance, they also noted the importance of diverse perspectives in decisionmaking and how their existing practices helped avoid groupthink.

b. Forecasting, policy strategies, and policy tools

Two reviews recommended macroeconomic modeling and forecast improvements

The handful of reviews conducted since the global inflation episode emphasized that forecasting is a difficult task. The BOE and RBA reviews attributed inflation forecasting errors during this episode to exceptionally large shocks and the challenge of modeling them and their effects. These reviews acknowledged that outside forecasters and other central banks similarly did not foresee the rise in inflation. As stated in the Bernanke BOE Report, "[m]odern economies are complex and ever-changing, and they are subject to unpredictable shocks, including non-economic shocks such as pandemics or wars."

Both the BOE and RBA reviews offered recommendations aimed at improving the forecasting process, including developing a better understanding of the supply side of the economy. The Bernanke BOE Report notably recommended enhancing the forecasting models, recognizing that doing so would require significantly more staff time. It argued that the forecasting tools should incorporate richer supply-side elements and allow the possibility that long-term inflation expectations are not always well anchored. Furthermore, it called for highlighting forecasting errors and striving to identify their causes to assess whether such errors warrant changes in modeling approaches.

The RBA review also recommended improvements to its forecasting process. Historically, the RBA had relied on single-equation models maintained by subject-matter experts and only more recently had developed a large-scale model used to provide a perspective of the entire economy. However, both sets of models "include little detail on the economy's supply side, including how inflation passes through supply chains" and therefore performed poorly amid the global run-up in inflation. The RBA review highlighted the need to invest in state-of-the-art models and data, including models that better capture supply developments. The review added that policymakers should work with the staff to integrate these modeling capabilities into its decisionmaking process.

The reviews underscored the need for policy flexibility in pursuit of mandates

Reviews generally underscored the importance of preserving policy flexibility amid frequent cyclical and structural shocks and evolving understanding about the appropriate conduct of monetary policy. The GFC, pandemic, and global run-up in inflation were inherently difficult to predict and characterized by historically elevated levels of uncertainty about the course of the economy and what policies were needed. In light of this uncertainty, the reviews generally affirmed the importance of considering a broad range of indicators and analyses. Nearly all reviews also stressed the importance of flexibility in pursuit of inflation targets over the medium term to allow central banks to support employment (or activity) in the near term, even when doing so is not an explicit mandate.

A few reviews also noted the importance of policy flexibility when using unconventional monetary policy tools. For instance, the BOJ noted that "it can be effective to allow enough flexibility in forward guidance to deal with changes in the outlook for economic activity and prices by, for example, designing the major guidance to be conditioned on forecasts." Retaining flexibility in the use of unconventional tools was also viewed as important given the fast-changing and unpredictable conditions during which these tools are used.

The need to preserve policy flexibility was also mentioned as a reason for favoring flexible inflation targeting over rigid implementations of makeup strategies. In its 2021 review, the BOC "used a combination of model simulations, lab experiments and public consultations" to weigh the pros and cons of these strategies but ultimately concluded that its "inflation-targeting framework is flexible enough to mimic [the benefits of these strategies] without the drawbacks." The ECB's 2021 review similarly concluded that, because of the ELB, some makeup element may be appropriate in pursuit of its symmetric inflation objective "to avoid negative deviations from the inflation target becoming entrenched," conveying that avoiding this risk may "imply a transitory period in which inflation is moderately above target." But President Lagarde also clarified that the ECB is not pursuing an average inflation targeting strategy. The RBA review judged that "there is currently insufficient evidence that alternative frameworks [including makeup strategies] would outperform flexible inflation targeting in practice."

The reviews affirmed the usefulness of central banks' existing policy toolkits, while noting some concerns and limitations

Recent reviews generally underscored the usefulness of existing policy toolkits for achieving price stability and supporting the economy. Interest rate setting was explicitly reaffirmed as the primary tool to set the stance of policy by the BOC, ECB, Norges Bank, RBNZ, and Riksbank. Forward guidance, large-scale asset purchases, and term lending operations were also broadly affirmed as useful tools for mitigating the ELB constraint. The BOJ's assertion to "not exclude at this point any specific measures when considering the future conduct of monetary policy" was characteristic of the view that existing tools should remain a part of foreign central banks' toolkits.

At the same time, the reviews noted various limitations and concerns with existing tools. The BOJ, which used easing policies on the largest scale, found that "the large-scale monetary easing since 2013 did not have as large an upward effect on prices as originally expected, partly because it was not easy to influence expectations." It also noted that large-scale purchases of Japanese government bonds had affected the functioning of this market, created negative spillovers to the corporate bond market, and added volatility in other financial markets. Aside from the RBA exit from yield curve control (YCC, discussed below), other reviews discussed market disruptions from asset purchases only as a concern. For example, the 2021 ECB review noted that its evaluation of the effects of unconventional policies took into account "potential side effects, for example on the financial sector and inequality."

The BOJ, ECB, RBNZ, and Riksbank reviews stated that negative policy rates would remain a part of their toolkits. The BOJ saw "no evidence that [negative interest rate policy] had impeded financial intermediation activities since its implementation in 2016" while stressing that it had taken mitigating measures. It also saw a risk that "the longer a negative interest rate policy is maintained, the stronger its side effects may become."

The RBA review provided a note of caution about the use of YCC, which the RBA implemented from March 2020 to November 2021 by capping the yield for government bonds of roughly three-year residual maturity. The RBA review criticized the deployment of YCC without having thoroughly assessed the policy. The review also stated that the ensuing disorderly exit was seen as having "caused substantial (though mostly temporary) market disruption and that the RBA's credibility, especially with market participants, was damaged as a result." By contrast, the BOJ judged that its exit from YCC was not associated with significant market volatility.

On the sequencing of policy tools, discussions were limited by a lack of experience with balance sheet normalization. The 2022 Riksbank review noted that sequencing issues "do not seem to be settled," and stated that the Riksbank "should devote more attention to scenarios in which QE and the other exceptional measures introduced during the pandemic can be rolled back and provide greater clarity about its plans." The 2021 BOC review gave a "baseline" sequence for policy easing: lower the policy rate to the ELB, use forward guidance, use QE if needed, and, finally, employ "credit easing if further monetary policy stimulus is needed." But it also noted that "the baseline sequence above will not always be appropriate." The BOC review further included a likely scenario for policy tightening: first end net asset purchases, next raise policy rates from the ELB, and then allow maturing assets to roll off the balance sheet.

c. Communication practices

Recent foreign reviews recommended improving communications to the public, including about uncertainty

Most central bank reviews emphasized the importance of clear communication as a way of supporting effective monetary policy, anchoring inflation expectations, and fostering transparency and public trust. To achieve these outcomes, some reviews advocated tailoring communications to specific audiences, which could involve publishing different versions of a product at varying levels of complexity and detail.

For instance, in its 2021 review, the ECB stated that it would make its Economic Bulletin more readable and engaging and would complement its regularly published products with a more visual version of policy communications geared toward the wider public. The 2021 BOC review reached a similar conclusion, noting that it may sometimes pursue a communication strategy that provides different levels of detail for different audiences. The RBA, BOC, and RBNZ acknowledged the benefits of their tailored communications approach for the purposes of reaching different audiences. The BOE had adopted tailored communications in 2017.

A few foreign reviews also discussed how to enhance the communication of uncertainty, concluding that the use of alternative scenarios could improve the central banks' existing communication practices. Most prominently, the Bernanke BOE Report recommended that the BOE eliminate fan charts from its monetary policy report, arguing they have weak conceptual foundations, convey little information relative to what could be communicated in other ways, and receive little attention from the public. The Bernanke BOE Report recommended devoting a section of the monetary policy report to discussing uncertainty and the balance of risks in the forecast. The Riksbank review described the use and presentation of alternative scenarios as a "way to deal with the problem of time inconsistency of policy forecast/commitment especially in times of high uncertainty."

Other reviews also offered varied recommendations relating to communication practices specific to individual central banks. For example, the BOC review judged that the BOC's assessment of employment and the output gap had not been emphasized enough in past communications and that, moving forward, it would systemically report on the role played by labor market outcomes in its assessment of the output gap and forecasts of inflation. The central bank said that it would include more extensive reporting on a broad set of labor market indicators and how they factor into monetary policy decisions. The Bernanke BOE Report recommended that the BOE replace or cut back the detailed quantitative description of economic conditions in favor of a shorter and more qualitative description. The RBA review pointed to more fundamental changes to bring the RBA's communications practices closer to those of its peers, notably recommending the adoption of regular postmeeting press conferences and public speeches and the provision of increased information about policy deliberations. Additionally, the review recommended creating the role of chief communication officer (who would report to the governor).

Table 1: Background on Selected Recent Foreign Central Bank Reviews

	Bank of Canada	Bank of England	Bank of Japan	European Central Bank	Norges Bank	Reserve Bank of Australia	Reserve Bank of New Zealand	Sveriges Riksbank	Federal Reserve
Monetary policy mandate	"Promote the economic and financial well-being of Canadians."	"To maintain price stability; and subject to that, to support the economic policy of His Majesty's Government, including its objectives for growth and employment."	"...achieving price stability, thereby contributing to the sound development of the national economy."	Primary: "Price stability" Secondary: "Support general EU economic policies, supervision, and financial stability."	"To ensure low and stable inflation and to help keep employment as high as possible."	"To contribute to the stability of the currency, full employment, and the economic prosperity and welfare of the Australian people."	"Achieving and maintaining stability in the general level of prices over the medium term."	"To maintain a low and stable rate of inflation..without neglecting the inflation target, the Riksbank shall moreover contribute to a balanced development of output and employment."	"Promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates."
Numerical inflation objective	"Keep total CPI inflation at the 2 per cent midpoint of a target range of 1 to 3 per cent over the medium term."	"...2 per cent as measured by the 12-month increase in the Consumer Prices Index (CPI). The inflation target of 2 per cent is symmetric and applies at all times."	"...2 percent in terms of the year-on-year rate of change in the consumer price index."	"Two per cent inflation over the medium term. The Governing Council's commitment to this target is symmetric."	"The operational target of monetary policy shall be annual consumer price inflation of close to 2 percent over time."	"Keep annual consumer price inflation between 2 and 3 per cent...such that inflation is expected to return to the midpoint of the target."	"Keeping inflation between 1% and 3% over the medium term, with a focus on keeping future inflation near the 2% midpoint."	"Annual rate of increase of 2 per cent for the CPIF…[with] a variation band of 1–3 per cent."	"Inflation at the rate of 2 percent per year, as measured by the annual change in the price index for personal consumption expenditures."
Scope of latest review	"…carefully reassesses whether the existing monetary policy framework is the best contribution that the Bank can make to promoting Canada's economic and financial welfare."	"...develop and strengthen the Bank's support for the Monetary Policy Committee's (MPC's) approach to forecasting and monetary policy making in times of uncertainty. The review will consider the role of the forecast and how procedures and analysis support the MPC's deliberations and decision making."	"...assess effects of unconventional monetary policy measures implemented over the past 25 years in the context of interactions with developments in economic activity and prices"; "...analyze the impact of these measures on financial markets and the financial system."	"It's an assessment of our strategy review...we will assess what has been achieved, where we have been short, where we can improve…we have deliberately excluded any discussion concerning the symmetric 2% medium term...the other item that we will also exclude is the discussion of the dot plots."	Interpretation of monetary policy mandate and assessment of how Norges Bank will orient monetary policy in response to different shocks that could hit the economy.	"The Review will consider the RBA's objectives, mandate, the interaction between monetary, fiscal and macroprudential policy, its governance, culture, operations, and more."	Review remit and assess "the recent formulation and implementation of monetary policy in New Zealand."	"...examining Sweden's monetary policy during the – from a historical perspective – exceptional monetary policy period 2015–2020, characterized by low inflation, a negative repo rate and heavily expanding central bank balance sheets."	"...the Federal Open Market Committee's Statement on Longer-Run Goals and Monetary Policy Strategy...and the Committee's policy communications tools. The Committee's two percent longer-run inflation goal will not be a focus of the review."

Table 1: Background on Selected Recent Foreign Central Bank Reviews (continued)

	Bank of Canada	Bank of England	Bank of Japan	European Central Bank	Norges Bank	Reserve Bank of Australia	Reserve Bank of New Zealand	Sveriges Riksbank	Federal Reserve
Latest review initiator	Government and central bank	Court of Directors of the BOE	Central bank	Central bank	Central bank	Government	Government and central bank	Government	Central bank
Reviewer	Internal and external (joint with government)	External	Internal	Internal	Internal	External	Internal and external	External	Internal
Recurrence	5 years	No	No	"Periodically"	No	5 years (recommended)	5 years	5 years	"Roughly every" 5 years
Latest review end date	December 2021	April 2024	December 2024	Ongoing	May 2024	March 2023	June 2023	March 2022	Ongoing
Prior reviews	2001, 2006, 2011, 2015	2012, 2015	2016, 2021	2003, 2021	2002	N/A	2018	2007, 2011, 2016	2020

Note: The final row lists selected prior reviews since 2000. We reference prior reviews by the year in which they were published. The RBNZ formally conducted two separate reviews in recent years, one on the remit (the Remit Review) and one on the conduct of monetary policy (the Review and Assessment of the Formulation and Implementation of Monetary Policy); because these reviews were concurrent and connected, we treat them as a single review. At the time this analysis was conducted, the latest review by the European Central Bank was ongoing.

Source: Authors' assessments based on communications by the Bank of Canada, Bank of England, Bank of Japan, European Central Bank, Norges Bank, Reserve Bank of Australia, Reserve Bank of New Zealand, and Sveriges Riksbank.

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