



Central Banking in Iran

Central bank of Iran was founded in 1339 (1960) following the ratification of the Monetary and Banking Law of the country.

According to the 2nd chapter of the said law, the entire activities and process related to banknote printing and coin minting is to be solely carried out by CBI; in addition to that, printing of banknotes- which based on the law ratified on 30th Tir 1333 (21 July 1954) was previously handled by a joint board- is exclusively vested to CBI based on the articles 14 and 18 of the

means of minting and printing fees. These institutions, as governmental banks and the banks responsible for printing and minting of banknotes and coins, gradually took the role of bank of the banks as well. In general, central banks including having the responsibility of economic stability are responsible for improvement of banking system.

The most important objective of central banks is to preserve value of the currency and to control the inflation

Modern central banks have important duties to perform, most important of which is to maintain value of the country's currency and or control of inflation. In general, central banks perform the following tasks which are among their most important duties:

- sole provider and printer of notes in circulation
- banker of the government
- banker of banks
- responsible for management of country's foreign reserves
- lender of last resort
- regulatory authority of the country's monetary policy

Central Banking in the World

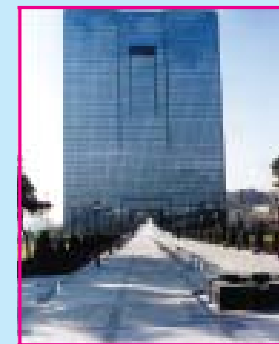
The history of central banking dates back to the second half of the 17th century. The major reasons behind creation and development of central banking are:

- to finance the cost of war
 - to unify banknote printing systems
 - management of metal reserves of the country
 - to improve the payment systems.
- The evolution of central banking system brought about economic advantages; besides it always had political appeal to the leaders of the countries since it raised government income by



Bank Markazi Jomhuri Islami Iran

History of Central Banking in the World and in Iran



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Thus the mission of Bank Markazi Jomhuri Islami Iran is to ensure the economic growth of the country by enforcing monetary policies, and to support the government in implementing various economic stability and development plans.

Preserving the value of national currency and equilibrium in the balance of payments, as well as steady growth of economy by means of implementing monetary policies is the objectives pursued by BMJII.



Congratulations for anniversary of ratification of the Usury Free Banking Shahrivar 10th (1 September)



Central Bank of Iran was founded on 18 Mordad 1339 (9 August 1960) with the capital of Rls 3.6 billion and started working with 388 personnel.

- monetary and credit system
- act as supervising body on banks and credit institutions
 - monitor the volume of credit and guarding the sufficiency of credit in accordance with needs of the society
 - keep the accounts of the ministries, government agencies and agencies affiliated to government
 - keep foreign and gold reserves of the country
 - represent the government in international financial institutions
 - take the charge of entire activities related to issuance of government bonds
 - conclude payment agreements with foreign nations in execution of financial, commercial and transit contracts of the government

Preserving the value of national currency and equilibrium of balance of payments including ensuring steady growth of economy by implementation of monetary policies are the most important objectives that are followed by Bank Markazi Jomhuri Islami Iran.

Mordad 1339 (9 August 1960) with the capital of Rls 3.6 billion and started working with 388 personnel. Based on the Monetary and Banking Law ratified on Tir 1351 (July 1972), CBI as the regulatory body of the monetary system is responsible to:

- preserve the value of national currency abroad and domestically
- print and mint banknotes and coins as legal tender in circulation
- enact the laws and regulations governing foreign and Rial transactions
- supervise gold transactions and enact the related governing regulations
- supervise the outgoing and incoming flows of foreign exchange and national currency
- act as regulating body of the country's

abovementioned chapter. The necessity to establish Central Bank of Iran, with the aim of supervising other banks' activities, regulating monetary policy and



controlling inflation, maintaining price stability and directing the country's deposits towards generative investments, was realized after separation of commercial operations from banknote printing and from monetary policies. Central Bank of Iran was founded on 18