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## **CENTRAL BANKING SYSTEM IN THE EUROPEAN UNION**

Both the Treaty on European Union and the Treaty on the Functioning of the European Union include provisions concerning the common monetary policy and European central banking.

The establishment of monetary union and the creation of the ESCB has double meaning. On one hand they mean the transfer of monetary power from individual Member States to the level of the European Union, on the other hand - the implementation of EU law concerning this sphere to the constitutional orders of Member States. The constitutional order of Member States is influenced by the legal principles of the ESCB, such as the principle of independence (functional, personal, financial and institutional), the principle of responsibility for monetary policy, the principle of transparency and the principle of acting in accordance with market mechanisms.

When it comes to the organization of the system of central banking in the European Union, the attention should be paid to the role of the European Central Bank. The European Central Bank formulates monetary policy in countries whose currency is euro. It also specifies the instruments of its implementation, such as open market operations, the accumulation of mandatory reserves and credit operations.

The work of the European Central Bank is managed by the following authorities: the Management Board, the Governing Council and the General Council.