



Munich Personal RePEc Archive

Rethinking Communication in Monetary Policy: Towards a Strategic leaning for the BCC

KIBADHI, Plante M and PINSHI, Christian P.

May 2020

Online at <https://mpra.ub.uni-muenchen.de/101665/>
MPRA Paper No. 101665, posted 15 Jul 2020 09:13 UTC

Rethinking Communication in Monetary Policy: Towards a Strategic leaning for the BCC

Plante M. Kibadhi¹ et Christian P. Pinshi²

Abstract

The ability of a central bank to influence the economy depends on its ability to manage the expectations of the general public and the financial system regarding the future development of macroeconomic indicators. The communication strategy (in this time of crisis and uncertainty) increases transparency, improves public understanding and support for the monetary policy and democratic accountability of the Central Bank of Congo (BCC), serving to convergence towards the balance of expectations. This paper agrees that a strategic direction of communication, focused on coherent messages, can help break down pessimistic expectations, maintain confidence, reduce the cost of the crisis and stabilize the economy. In conclusion, the article suggests a dozen recommendations, to be able to strengthen and redirect the BCC's communication strategy and contribute to the effectiveness of monetary policy.

Keywords : Communication, Monetary policy

JEL Code : E58

¹ Advisor, Central Bank of Congo, plante@bcc.cd, Kibaplante@gmail.com

² Researcher, University of Kinshasa, Christian.pinshi@unikin.ac.cd

1. Introduction

The past twenty years have seen a dramatic increase in the speed, range and volume of communications. The rapidity with which new media communication technologies are evolving, raises serious questions about the capacity of our current means of information (Buda, 1997). Nowadays, no important institution, whether public or private, be it a central bank or a sports club, can survive without a press office and / or a communication service (Issing, 2005). Central banks are moving towards communication as a strategic instrument and are important for influencing the economy and managing the expectations of economic agents regarding their future decisions. In the area of monetary policy, communication with the population is no longer a debate but rather an obligation. It is increasingly seen as a strategic tool in its own right. Of course, it can never be a substitute for quality policies, but if economic measures are not understood and accepted by the people they affect, they are more likely to fail or even collapse. This principle also applies to other structural and economic policies and even to the financial system. With the proliferation of social networks, there have never been so many citizens who give their opinion on the choices of macroeconomic policies and measures, and everywhere in the world, they expect decision-makers to be more transparent and take their decisions. responsibilities. As a result, pressure is mounting for the authorities to better explain their actions to a wider audience and prove that they deserve their support. In other words, they must redouble their efforts to make themselves heard, to be understood and to build confidence, which is a key element in managing expectations and macroeconomic stability (Rice and Stankova, 2019).

The design of an optimal monetary policy (simultaneity of sustainable economic growth and price stability)³ essentially depends on the way in which households, businesses and deposit-taking institutions (banking system) form their expectations regarding the future (Mishkin, 2008). This consideration of the central role of expectations in macroeconomic results has led to the discovery of the problem of temporal inconsistency, which undermines confidence in the event of failure to achieve the objective. To inhibit this problem of temporal inconsistency, great transparency is required (Szyzsko and Próchniak, 2018), combined with legal and real independence from central banks. This shows the importance of responsibility and communication. Central banks communicate with many different groups of economic actors, we target two of these groups essential to the conduct of monetary policy, namely actors of other deposit-taking institutions (banks, microfinance institutions, cooperatives, ...) On the one hand, and the general public on the other. In this context, developing a communication strategy on monetary policy that simply clarifies things about macroeconomic stability, in other words that meets the expectations of economic operators and the general public can have powerful effects. Ben Bernanke (2013), Governor of the Federal Reserve, supports this thesis according to which, public expectations regarding future monetary policy actions are important today, because these expectations have important effects on financial conditions, which in turn affect output, employment and inflation over time. The aim of more intensive communication from a central bank will be to ensure greater transparency. This allows central banks to be more accountable to the public, explaining their monetary policy and decisions in an understandable way. This strengthens public confidence in its ability to fulfill its mission of ensuring price stability. This trust is the most valuable asset of a central bank. Communication has become an increasingly important aspect (Blinder and al. 2008) in the design and conduct of monetary policy.

³ For more details on the favorability of price stability for sustainable growth, see Ilunga and Pinshi (2018).

Experience has shown that clear, quality communication is a very powerful instrument for central banks as it influences expectations and stabilizes prices (Bulíř and al. 2013). The communication from the BCC has undergone several developments, in particular with the distribution on the internet of the annual report, the publication of the report on monetary policy, the conjuncture notes, the publication on the post-meeting statements of the monetary policy committee (CPM), press conferences, etc. This development from the point of view of communication of the BCC expresses the character and the desire to make transparent the conduct of its monetary policy and to strengthen confidence within the general public and deposit-taking institutions, also, it also facilitates researchers and students to do their research with as much information as possible.

Despite this feat of communication progress, the BCC still has a hard time forming a strategic communication framework and should run faster than Achilles to reach the turtle. Compared to other central banks (Fed, ECB, BOJ, Bank of Canada, etc.), in terms of communication, the BCC should make a lot of effort to harmonize and develop a marriage of trust with the public, because in an area of Kinshasa, 1 in 1000 people knows the final objective of the BCC. According to analytical perceptions, this situation does not promote the effectiveness of monetary policy and does not ensure confidence. This lack of communication framework is associated with some failures of communication from the BCC (Pinshi, 2020), in particular, the delay accumulated over the years on the publication of the annual report, (it should be noted that an annual report which is always published with a delay of at least one year mowing analyzes and perceptions in terms of responsibility and commitment); an extreme deficit in the series of publications and research works available on the site (working paper, bulletin, review of monetary policy and financial stability, etc.); the non-adaptation of the site, relative to that of other central banks, such as the Fed, the Bank of France, the Bank of Canada and / or the Bank of England etc. ; the lack of statistical databases available on the site, long series and / or downloadable in Excel format and all other information containing all the reports, statements and speeches of the governors.

In view of this strategic ineffectiveness of communication, this paper aims to promote the importance of communication for the BCC in the definition of its monetary policy and also to propose a new strategic angle through communication. The latter could curb inflationary and exchange rate expectations that hit the economy, on the one hand, macroeconomic and monetary instability, and on the other hand, the crisis of confidence, and finally reduce the cost of the COVID-19 uncertainty crisis.

This article proceeds as follows: we briefly provide a literature review of central bank communication in section 2. Section 3 outlines the operational importance of communication. Section 4 analyzes the communication strategy and its effect on deposit-taking institutions and the general public. Section 5 talks about communication as a crisis mitigation tool. Section 6 concludes.

2. Literature review

The effectiveness of monetary policy could be strengthened through a good communication strategy. Indeed, Woodford (2005) argues that an effective communication strategy is crucial for any central bank to successfully solve the typical problems it faces. With a good strategy, monetary policy becomes more predictable and inspires more confidence. For this reason, the more effective the central bank uses communication by providing maximum information related to the measures, the more effective the impact on the economy. The debate over the communication strategy has given rise to a huge new scientific literature on central bank communication. Bernanke and al.

(1999) stressed the importance of communication for an effective central bank strategy. Central bank communications have undergone a major revolution, Davis and Wynne (2016) analyzed the impact of communications for central banks via the post-meeting statement of the Fed's monetary policy committee. Their results showed that statements by the Fed following a decision are of direct importance in mitigating shocks. Ehrmann and Fratzscher (2007) sought to quantify how central banks communicate. They examined the communications through speeches by members of the Monetary Policy Committee and post-meeting press conferences. They documented how certain features of these communications, such as the extent to which committee members agreed on the economic outlook in their speeches or provided similar prospects for monetary policy.

Several researchers have analyzed the importance of communication in managing expectations and the strategic efficiency of central banks (Issing, 2005; Başkaya and al. 2008; Yellen, 2011 etc.). As communication is capable of guiding expectations, monetary policy becomes more predictable and, therefore, communication becomes an important tool for central banks that affect the economy through agents' expectations (Gürkaynak and al. 2005; Montes and Nicolay, 2014). Jansen and De Haan (2007) highlighted a negative relationship between the ECB's communication on the risks to price stability (measured on the basis of the frequency of speeches and the strength of the governor's keyword "vigilance") and changes in equilibrium inflation in the Euro zone. The work of Kahveci and Odabaş (2016) proposed a semantic examination of the monetary policy statements of the American Federal Reserve, the European Central Bank and the Central Bank of the Republic of Turkey in order to observe the change in tone of the statements monetary policy with moves towards greater transparency. They examined the monetary policy statements of these three central banks in the years before the international financial crisis and compared the specifics of the language used before and after the crisis. Their results showed that the optimistic tone of the Fed decreased during the period studied while the tone of certainty increased. As for the ECB and the Central Bank of the Republic of Turkey, there is no significant difference in tone in certainty, optimism and realism over time. However, for the statements of the last two years of the Central Bank of the Republic of Turkey, there is a significant increase in optimistic tone. Ullrich's study (2008) analyzed the informative content of the ECB Governor's monthly introductory statements explaining key rate decisions regarding inflation expectations from money market experts for the euro area. Estimates are made to determine the influence of ECB communication on the formation of expectations as well as the influence of other macroeconomic variables. The results suggest that the indicator developed to measure the informational content of the ECB's rhetoric contributes to the explanation of the formation of inflation expectations. In addition, the results indicate that a communication showing monetary tightening increases inflation expectations for six months. This is due to the content on inflation risk obtained in a press release.

Shapiro and Wilson (2019) used text-mining techniques to analyze transcripts of FED Monetary Policy Committee (FOMC) meetings, minutes of their meetings, and speeches by FOMC members. They extracted a measure of sentiment from monetary policy from the group of documents reviewed and showed that the negative feelings of the FOMC were inversely related to economic growth. Likewise, Luangaram and Sethapramote (2016) also analyzed the relationship between the communication of the Bank of Japan and macroeconomic performance in Japan. They extracted useful textual indicators from the Bank's monetary policy documents using text-mining techniques. They found that the inclusion of central bank communication indicators in their model increased the response of production to a change in the policy rate. Omotosho and Tumala (2019) also used text mining techniques to analyze the communications strategy of the Central Bank of Nigeria. In their study, they use the monetary policy releases published after each meeting of the monetary policy committee as an important communication tool and build a corpus based on 87 policy

releases with a total of 123,353 words. They then examined the readability, feelings and subjects of articles published by researchers and agents of the Central Bank of Nigeria on monetary policy. They found that the word and sentence structures of monetary policy releases have become more complex, reducing its readability. Regarding feelings of monetary policy, they showed an average net score of -10.5%, reflecting the level of political uncertainty faced by the monetary policy committee. In addition, the results of their work indicate that the subjects guiding the linguistic content of press releases have been influenced by the Bank's objectives as well as by the nature of the shocks that hit the economy.

Filardo and Guinigundo (2008) have explored the nature of communication development in Asia-Pacific central banks and report the results of their qualitative self-assessment survey of communication practices in the region. The investigation revealed a fairly sophisticated set of communication strategies in the region. This reflects the increased conscious efforts on the policy committee to communicate clearly the relevant information to capture the financial markets, the media and the general public. As a result, they found that greater transparency and communication not only enabled the financial markets and the public to better anticipate the direction of monetary policy, but also made it easier to explain the direction of policy and its justification, for the monetary authorities. They also demonstrated that the move towards greater transparency has effectively led to less disagreement over the outlook for inflation. Nevertheless, they thought about a broad improvement of the communication strategies of the central banks of the region. They concluded that increasing the level of economic literacy of the population as a whole would certainly help central banks to communicate better with the public.

Binette and Tchegotarev (2019) studied the Bank of Canada's communication strategy by calculating the readability of the report on monetary policy. Their results showed that published monetary policy reports were slightly more complicated to understand for the average Canadian. They also showed that important macroeconomic events in Canada were associated with increased levels of lexical innovation in policy reporting. Similarly, Coenen and al. (2017) studied the readability of ECB monetary policy statements and showed that the Governor's statements on the ECB's monetary policy have become easier to understand over time. Cieslak and Schrimpf (2018) quantified the importance of non-monetary information in communication with the central bank. They found that non-monetary information prevailed in around 40% of Fed and ECB political decision announcements, and this fraction is even higher for communications that provide context for political decisions such as press conferences. They argued that non-monetary information is an important part of the reaction of the financial markets during the financial crisis and the beginning of the recovery, while monetary shocks have grown in importance since 2013.

Using a dataset of Google Analytics on ECB website traffic and applying high frequency identification, Jung and Kühl (2020) empirically examined the influence of ECB communication on public demand for information on monetary policy. They found that the monetary policy shocks from the ECB boosted demand for information and that public response varied according to the size of the shocks. They found that the demand for information is trending upwards and responding positively to economic uncertainty. They also confirmed that ECB press conferences play an exceptional role as a central communication event.

Eusepi and Preston (2010) studied the role of central bank communication in stabilizing agents' expectations. It has been found that the Taylor rule is not sufficient in itself to achieve macroeconomic stability without an effective communication strategy on monetary policy. In other words, Taylor's principle only succeeds in anchoring expectations of the banking system and the

general public when the central bank's communication strategy involves presenting the precise details of monetary policy. Unlike Eusepi and Preston (2010), Amato and Shin (2003), Hellwig (2002) and Walsh (2007), show that full transparency on central bank forecasts is not always desirable because private agents can overreact to loud public signals and overreacting to more specific private information.

Studies on the analysis of central bank communication in the Democratic Republic of the Congo (DRC) are still relatively scarce and meager. Pinshi (2020) analyzed on a factual basis the implications of central bank communication for the effectiveness of monetary policy in the DRC and the management of expectations. He proposed strengthening communication for the BCC, supporting the use of national languages, such as Lingala, in press conferences and speeches, and using as much television programming as possible on policy measures for economic stabilization.

Ultimately, the literature now seems to agree that effective communication with the central bank is important in shaping expectations, ensuring macroeconomic stability, improving the predictability of future monetary policy decisions and strengthening political dialogue with the public.

3. Why / What / How to communicate?

Central banks enjoy substantial autonomy in carrying out their mission, it is democratically legitimate for the public to understand the actions of the central bank, especially since in recent decades political expectations have been high. The development and new technology of the financial system has made the functioning of the transmission mechanisms more difficult and the degree of pass-through of the interest rate is very low to regulate the economy. A communication strategy could cover this ineffectiveness and anchor trust.

Central bank communication is defined as the supply of information by the central bank to the general public on issues such as monetary policy objectives, monetary policy strategy, economic prospects and prospects for future political decisions (Filardo and Guinigundo, 2008). On this, it is important to answer the three questions: Why communicate? / What to communicate? / How to communicate?

Why Communicate? The remarkable growth in the emphasis placed on central bank communication in the literature on monetary policy and the practice of central banks has now made communication a key and powerful tool. Currently, the ability of central banks to influence the real economy depends to a large extent on their competence vis-à-vis the expectations of financial institutions, businesses and the general public. A comprehensive set of current and future policies for the general public is essential for the effectiveness of monetary policy. In this respect, monetary policy is considered to be gradually becoming the art of managing expectations (Al-Mashat and al., 2018). The reason for communicating for central banks is motivated by an increase in the transparency of monetary policy actions. Greater transparency is useful in improving public understanding and support for monetary policy and the democratic accountability of the central bank. It (communication) can improve the effectiveness of policy by encouraging behavior in wages and prices and in the financial system that should help the central bank achieve its objectives of stabilizing prices and smoothing economic fluctuations. It can also improve the predictability of central bank actions and increase the independence of central banks, so that the central bank will provide economic actors with their own view of the fundamental factors that guide monetary policy, leading to the creation of a cycle virtuous. Communication boosts credibility, through increasing self-discipline and improves medium-term monetary policy expectations (Tomuleasa, 2015).

What to communicate? What specific types of central bank communication are most important? It is possible to distinguish at least four broad categories of issues, on which a central bank may consider revealing more or less to the public. The first, objectives and strategies; the second, the reasons for a particular political decision; the third is the overall economic outlook, the assessment of future indicators and economic activity; the fourth, projections and future monetary policy decisions (Blinder and al. 2008). This is the information that central banks must provide in terms of a good communications strategy. The strategic importance of the content of each of these messages comes from the central bank's ability to manipulate the actions of economic agents. This type of communication increases the general commitment of the central bank to transparency and accountability. In addition, it should be noted that many central banks are actively seeking opportunities to become even more open, such as the publication of more articulated statements that accompany political decisions and the publication of monitoring reports to provide more analytical information.

However, the difficulties associated with accurately calibrating the amounts and types of information to be disclosed on different aspects of the monetary policy making process. Part of the difficulty comes from different audiences with different abilities and levels of interest. Thus, in addition to the costs of collecting, collating, editing and disseminating information, central banks must spend resources to continuously assess and monitor the information needs of different audiences, especially as these needs evolve. with time.

In addition, the main challenges will come from the public's understanding of the objectives of the central bank and its interpretation of the economy, current and future (Carpenter, 2004), this will require a capacity for population literacy, or that would seem difficult for the public in underdeveloped countries to understand the economic stakes and the decisions taken by the central bank⁴. Pinshi (2020), proposes a solution to this situation by suggesting to the central banks, more specifically for the case of the BCC, to publish statements and summaries on the development of current and future monetary policy in the national language, which is the language easy for the general public. This could be done in many developing and underdeveloped countries, especially for African economies.

How to communicate? Central banks also face the challenge of choosing the best means and modalities by which information should be transmitted. Indeed, each central bank is confronted with the reality of its economy, although having similar objectives, they can use various communication tools, which vary from one bank to another.

The two main ways in which central banks communicate are actions and words (written and spoken). Unstable periods were marked by more action than words. However, as the credibility of central banks grows, words become more and more important. Indeed, the past two decades have shown how words and deeds can reinforce each other to establish the credibility of central banks in terms of price stability (Blinder and al., 2008). In addition, post-meeting statements, press conferences, notes on projections, reports and other communications are one of the main means by which the central bank communicates its actions, its assessment of the economy and its thinking on future policy. Messages can be sent by the committee or by an individual member of the committee, such as the Governor.

⁴ The underdeveloped countries are characterized by a very low level of literacy among their populations. This can be a bias for a good communication strategy.

4. Strategy for good communication on depository corporations and the general public

A good communication strategy depends on the presentation of written and spoken words, it is crucial for anticipation management by providing meaningful and necessary information, but also by reducing the term of errors and preventing misinformation. Central banks have choices of instruments such as press conferences, provision of meeting minutes and votes, periodic publication of monetary policy reports, choice of spokesperson for political matters, speeches, press interviews, publication of models and forecasts, provision of information on the website, use of social media and so on.

Central banks must have clear communication objectives in order to avoid information overload that could lead to deterioration of rational decision-making by the general public. While the final objective relates to the effective management of expectations (forming adequate anticipations of the public in relation to the decisions taken by decision-makers), the intermediate objectives of central bank communication should necessarily include transparency, accountability, clarity and credibility (Chart 1.). These objectives will enable the general public to gain a better understanding of central bank policies and will increase the effectiveness of monetary policy through greater confidence in the central bank. Among the intermediate objectives, Naghdaliyev (2011) argues that credibility is the most important, noting that the ability of a central bank to properly shape expectations depends on its credibility. Thus, the crucial link between central bank communication and the credibility of the central bank is one of the reasons why communication has become an important aspect of monetary policy. With higher credibility and anchored inflation expectations, central banks can not only maintain inflation, but also promote economic growth (Mishkin, 2004). On the sidelines, for increased credibility, operational independence should be preserved - that is, the freedom for a central bank to conduct and implement monetary policy, which is the case for the BCC, which enjoys great operational independence.

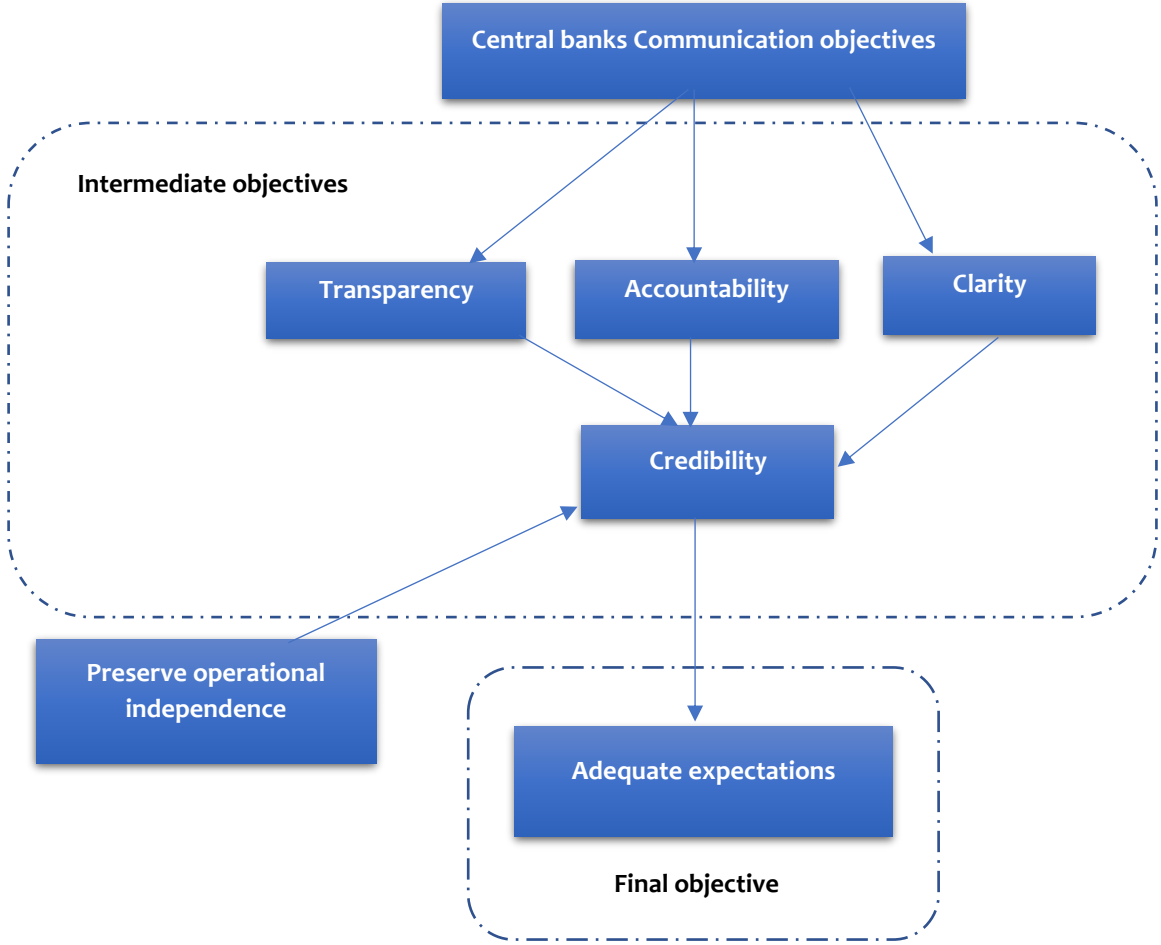
The BCC not only issues a press release with the political decision, but also holds a press conference on the day of the Monetary Policy Committee (CPM) meetings, including a question and answer session a few times. The press conference avoids the considerable delay in writing the minutes and could be televised live or rebroadcast. Another possibility for communication is inherent in its legal requirements for annual reports in real time. Among the instruments which should convey the most important reporting information are regular publications such as the report on monetary policy, which contains both the assessment of economic developments, information on the analytical framework used and in annexes we include some follow-up to the meetings of the CPM. The dynamism of these communications tools can improve the effectiveness of monetary policy and restore the confidence and credibility of the BCC.

Inflation in the DRC is much more influenced by expectations linked to exchange rate (Pinshi and Sungani, 218) and inflation fluctuations. This is the result of a lack of confidence and / or of the agents' ignorance of the monetary authority's responses to stabilization. It is important for the public to understand the actions of the central bank to promote the effectiveness of monetary policy. For not only are policy expectations important, but also good communication would provide the public with information on current and future monetary policy, economic prospects and the objectives of the central bank. This would contribute to the formation of agents' expectations regarding the conduct of monetary policy in the future and inflation in the coming periods. In this sense, communication acts in a useful way, guiding the anticipations of agents and playing an important role in decision-making. Thus, monetary policy becomes more predictable

and, therefore, communication becomes an important operational and strategic framework for the central bank. With confidence restored, agents will no longer have to anticipate a monetary depreciation, which in turn would allow inflation to be brought under control. In addition, through this communication tool the bank could affect the economy. However, this communication action requires real independence from the BCC to anchor credibility in a lasting manner.

It has been shown that not taking communication into account can lead to bias, which is prejudicial to disrupting the responses expected when central banks implement their monetary policy (Bennani, 2014).

Chart 1. Central banks Communication objectives



Source: Naghdaliyev (2011)

Impact on depository corporations. The essence of a useful monetary policy is to manage expectations effectively. This applies to both the objectives and the instruments (Al-Mashat and al., 2018). The main long-term objective of monetary policy is to create a sustainable environment of low inflation, and communication is conducive to the success and achievement of this objective.

There is a close two-way relationship between central banks and deposit-taking institutions (Mishkin, 2010; Soubeyran, 2010). Extensive research has focused on the flow of information from central banks to depository corporations and has shown that central bank communication has strong effects on the financial system (Blinder and al., 2008). Hence, the deposit-taking institutions react strongly to the communication of the central bank's assessment of the current economic

situation and the economic outlook. At the same time, causality is moving in the other direction. Depository corporations send signals to the central bank, which is a central part of decision-making.

Impact on the general public. It should be remembered that central banks have a lot to learn from the people. Changes in exchange rate and agent inflation expectations should be a monitoring indicator for central banks, as they affect people's decision-making and therefore shape economic outcomes (Duca and al., 2017). For a better communication strategy, central banks should place paramount importance on ensuring that the general public understands the central bank's mandate (ultimate objective) and has confidence in its commitment and its ability to fulfill its mandate.

Understanding the mandate for the general public reduces uncertainty about future price and exchange rate developments. In addition, confidence would ensure that expectations of households and consumers do not stray too far from the objective set by the BCC. It would therefore be important for the BCC to better publicize its mandate to build public confidence in the central bank. The task and the challenges of the BCC would be to communicate using several national languages. In any case, it is imperative to think about it for an easy anchoring of the general public's expectations around the objectives of the BCC.

In addition, it would be important to develop educational materials on monetary policy (videos, questions and answers, short notes on the ABCs, etc.) and have them available on the BCC website, as is the case for the majority of central banks. In addition, we should be more present on social networks (Twitter, WhatsApp ...), because it is an important channel through which central banks can directly reach a relatively larger audience, without intermediaries, and interact with the public, by example via question and answer sessions on Twitter (De Guindos, 2019).

The BCC should strive to produce and make regular publications (research, policy) more accessible to the general public. The BCC's website should be revitalized and the necessary data made available to the public for their analysis and appreciation of the effectiveness of monetary policy.

5. Communication during COVID-19: Strategy to reduce the cost of the crisis

The coronavirus epidemic has confronted countries with immeasurable macroeconomic upheavals, sinking the Congolese economy. The BCC has undertaken some accommodative measures, but it does not seem easy to stabilize the economy. In addition, the exchange rate depreciates more, correlating with a general rise in prices. This instability is exacerbated by the uncertainty of COVID-19, which affects expectations of the exchange rate and inflation. As we have mentioned, inflation is an increasing function of exchange rate and inflation expectations. This extraordinary pandemic circumstance forced us to confine ourselves, severely limiting movements and displacements.

Communication could play a major role in economic and social resilience (Pogorel and Preta, 2020). It is a necessary tool to mitigate the uncertain effects of this crisis by strengthening the confidence of the general public and the financial system. One of the factors that worsened the international financial crisis of 2008 was the fact that central bank communication was not as effective as desired and caused central banks to see that communication was just as important as the content of politicians. Communication has thus become more than a simple means of transparency or accountability (Naghdaliyev, 2011). President Roosevelt used communication during the Great Depression of 1929 to break the vicious circle in which pessimism amplified the crisis. He communicated with the public, intervening regularly with the radio station detailing the decisions made and explaining each of the chosen directions. This direct communication policy responded

to the concerns of the American people regarding the state of the economy and then provided a prospective orientation to economic policy, capable of emerging from the depression and restoring macroeconomic stability (Barthélemy and Bignon, 2020).

The importance of central bank communication as an instrument of monetary policy is vital not only to make a central bank more transparent, but also and above all to guide expectations (Weidmann, 2018). In fact, sometimes communication could become a policy in its own right, rather than an instrument of monetary policy, because closer relations with the general public and increased transparency should not only be the end goal of communication, but that the time has come for central banks to think about institutionalizing communication. The BCC's forward-looking directions would mean that the introduction and implementation of political measures to combat the crisis should be accompanied by communications. It is clear that a strategic communication articulation, focused on coherent messages, can help manage pessimistic expectations, maintain confidence, ultimately reduce the cost of the crisis and stabilize the economy.

The adoption of a new communication instrument, coordinating policy actions and aimed at reaching the whole country in terms of the dedication of monetary policy makers to stabilize the economy, in particular, money and prices. In addition, CPM reports should not only be in French but also in national languages, namely Lingala, Kikongo, Swahili and Tshiluba. With that, the Governor's speeches about monetary policy decisions would capture a large part of the population. Especially since operators and economic players have a good command of these languages and especially Lingala and Swahili, it would make it easier for the central bank to manage expectations.

What can the BCC do during this time of uncertainty for the coronavirus? It should deploy written and televised speeches and statements to explain to the public its dedication and its ability to smooth down depreciation and curb inflation. This serial frequency of communications would influence agents' expectations and could boost confidence. The latter in turn would provide stability. The communication tool is strategic in this time of crisis and uncertainty. Its purpose is to germinate the confidence of agents in political decisions in stabilization and to break the pessimism of the general public. However, as mentioned above, for this approach to be effective and guarantee its accountability, the real independence of the central bank would have to be respected.

6. Conclusion and recommendations

This paper reveals the close link between communication and monetary policy, and especially in exceptional circumstances, such as the crisis linked to the current uncertainty of COVID-19. The communication policy of central banks is a crucial aspect of the decision-making and implementation process. The communication strategy tends towards a metamorphosis process, which can be justified by the fact that a greater opening of monetary authorities to the general public, could lead to a strengthening of the management of expectations and the effectiveness of monetary policy.

The BCC has not yet implemented an adoption of new communication practices, however during this health and economic crisis, and especially since the conventional tactics of its monetary policy have had no effect on stability, a new Monetary policy communication strategy should take on additional importance to mitigate other detrimental effects on macroeconomic and monetary stability.

To reorient and develop a communication strategy, this paper recommends the following 12 recommendations :

1. Create a communication department or service within the bank;
2. Conduct a survey on BCC communication and public opinion in the DRC to improve the communication strategy and have enough data on the expectations of the general public;
3. Build a database containing all of the Governor's speeches and declarations, as well as press conferences;
4. Use media and social networks, such as Twitter, to monitor the economy and forecast more accurately;
5. Expand the use of languages for the public, with Lingala and other national languages. The transmission of information in easy Lingala and / or other languages would be beneficial for more effective communication, reaching the general public;
6. Develop a Mailing and e-mailing system to strengthen communication;
7. Rebuild the website with an adaptation or imitation of the major international central banks;
8. Recruit more researchers dealing with issues of monetary policy and the financial system and create the Central Bank Research Prize to reward research in economics and the financial system carried out within the organization;
9. Availability of the databases (in long series) on the bank's website in Excel and / or pdf format;
10. Reduce the delay in the publication of the Annual Report and make the report on monetary policy more available;
11. Consider, if necessary, a contract with a television channel for the dissemination of decisions and declarations related to monetary policy aimed at stabilizing the economy;
12. Strengthen scientific publications and articles, and cover delays related to the publication of annual reports and monetary policy, strengthen scientific publications and articles, make available various statistical databases on the site.

References

- Al-Mashat, R., Clinton, K., Laxton, D., and Wang, H. 2018. Managing expectations. Adrian, Tobias, Douglas Laxton, and Maurice Obstfeld, eds. *Advancing the Frontiers of Monetary Policy*. Washington, DC: International Monetary Fund.
- Amato, J. D., and Shin, H. S. 2003. Public and Private Information in Monetary Policy Models. *BIS Working Paper* n0.138, September.
- Barthélemy J. and Bignon, V. 2020. Qu'aurait fait Roosevelt face à la crise économique du Covid19 ? Banque de France, *Bloc-note Éco billet* n°161.
- Başkaya, S., Kara, H., and Mutluer, D. 2008. Expectations, Communication and Monetary Policy in Turkey. March.
- Bennani, H. 2014. Does one word fit all ? The asymmetric effects of central banks' communication policy. *MPRA Paper* no. 57150, July.
- Bernanke, B., Laubach, T., Mishkin, F., and Posen, A. 1999. *Inflation Targeting : Lessons from the International Experience*. Princeton University Press. New Jersey.
- Bernanke, B. S. 2013. Communication and monetary policy. At the National Economists Club Annual Dinner, Herbert Stein Memorial Lecture, Washington, D.C. November.
- Binette, A. and Tchegotarev, D. 2019. Canada's Monetary Policy Report : If Text could Speak, what would it Say ? *Bank of Canada Staff Analytical Note/Note analytique du personnel* 2019-5.
- Blinder, A., Ehrmann, M., Fratzscher, M., De Haan, J., and Jansen, D. 2008. What we know and what we would like to know about central bank communication. VoxEU.org, May.
- 2008. Central Bank Communication and Monetary Policy: A Survey of Theory and Evidence. *Working Paper series no 898 46*, May.
- Buda, R. 1997. L'avenir de l'information économique. *MPRA Paper*, no. 34879.
- Bulíř, A., Cihák, M., and Jansen, D. 2013. Measuring the clarity of central-bank communication. VoxEU.org, April.
- Carpenter, S. 2004. Transparency and monetary policy: what does the academic literature tell policymakers? *Finance and Economic Discussion Paper*, no 2004-35, April.
- Cieslak, A., and Schrimpf, A. 2018 Non-Monetary News in Central Bank Communication. *BIS Working Papers* no 761, December.
- Coenen, G., Ehrmann, M., Gaballo, G., Hoffmann, P., Nakov, A., Nardelli, S., Persson, E., and Strasser, G. 2017. Communication of Monetary Policy in Unconventional Times. *ECB Working Paper. No. 2080*. June.
- Filardo, A., and Guinigundo, D. 2008. Transparency and Communication in Monetary Policy : A Survey of Asian Central Banks. *Bangko Sentral ng Pilipinas - Bank for International Settlements (BSP-BIS) Research Conference on Transparency and Communication in Monetary Policy*. January.

Gürkaynak, R. S., Sack, B., and Swanson, E. T. 2005. Do Actions Speak Louder Than Words? The Response of Asset Prices to Monetary Policy Actions and Statements. *International Journal of Central Banking*, May.

Issing, O. 2005. Communication, Transparency, Accountability : Monetary Policy in the Twenty-First Century. *Federal Reserve Bank of St. Louis Review*, April.

Davis, J., and Wynne, M. 2016. Central Bank Communications : A Case Study. Federal Reserve Bank of Dallas, *working paper* no. 283, September.

De Guindos L. 2019. Communication, expectations and monetary policy. *policy panel of the Annual Congress of the European Economic Association*, Manchester, August.

Duca, I., Kenny, G., and Reuter, A. 2017. Inflation Expectation, Consumption and the Lower Bound: Micro Evidence from a Large Euro Area Survey. *ECB Working Paper* no. 2196.

Ehrmann, M., and Fratzscher, M. 2007. Communication by Central Bank Committee Members: Different Strategies, Same Effectiveness? *Journal of money credit and banking* Vol. 39, February.

Eusepi, S., and Preston, B. 2010. Central Bank Communication and Expectations Stabilization. *American Economic Journal : Macroeconomics*. Vol.2, July.

Hellwig, C. 2002. Public Announcements, Adjustment Delays and the Business Cycle. unpublished, University of California, Los Angeles, November.

Ilunga, S. K., and Pinshi, C. P. 2018. Quel rôle pour les banques centrales dans la promotion de la croissance économique ? *MPRA Paper* no. 99706.

Jansen, D., and De Haan, J. 2007. The importance of being vigilant : Has ECB communication influenced Euro area inflation expectations? *CESifo Working Paper* no. 2134, <https://www.researchgate.net/publication/5002638>, January.

Jung, A., and Kühl, P. 2020. An analysis of ECB communications with Google Analytics. *Researchgate*, <https://www.researchgate.net/publication/339069840>. January.

Kahveci, E., and Odabaş, A. 2016. Central banks' communication strategy and content analysis of monetary policy statements : The case of Fed, ECB and CBRT. 12th International Strategic Management Conference, ISMC, 28-30, Antalya, Turkey. October.

Luangaram, P., and Sethapramote, Y. 2016). Central Bank Communication and Monetary Policy Effectiveness : Evidence from Thailand. *PIER Discussion Papers* 20, Puey Ungphakorn Institute for Economic Research, February.

Mishkin, F. S. 2004. Can Central Bank Transparency Go Too Far? *NBER Working Paper*, 10829, October.

————— 2008. Central Bank Commitment and Communication. At the Princeton University Center for Economic Policy Studies Dinner, New York. April.

————— 2010. *Monnaie, Banque et marchés financiers*. 9th ed. Pearson, Paris.

- Montes, G., et Nicolay, R. 2014. Central bank communication and inflation expectations in Brazil. *Researchgate*, <https://www.researchgate.net/publication/324363526> , May.
- Naghdaliyev, N. S. 2011. Central Banks' Communication in the Post-Crisis Period. *The Harriman Institute, Columbia University*. May.
- Omotosho, B. S., and Tumala, M. M. 2019. A Text Mining Analysis of Central Bank Monetary Policy Communication in Nigeria. *MPRA Paper* no. 98850, February.
- Pinshi, C. P. 2020. Monetary policy in DR. Congo : Learning about communication and expectations. *MPRA Paper* no. 100262, May.
- Pinshi, C., P., and Sungani, E. 2018. The relevance of pass-through effect : should we revisit monetary policy regime? *International Journal of Economics, Business and Management Research*, February.
- Pogorel, G., and Preta, A. 2020. La convergence « médias et télécoms » à l'épreuve de la COVID-19 : L'Europe dans une perspective transatlantique et internationale. *Policy paper. Question d'Europe* n°559, May.
- Rice, G., and Stankova, O. 2019. La communication comme outil stratégique. *Blogs IMF*, June.
- Shapiro, A. H., and Wilson, D. 2019. Taking the Fed at its Word : Direct Estimation of Central Bank Objectives using Text Analytics. *Federal Reserve Bank of San Francisco Working Paper* 2019-02, November.
- Soubeyran J.C. 2010. Monnaie, banques, finance. 1st ed. Presses Universitaires de France (Puf), Paris.
- Szyszko, M., and Próchniak, M. 2018. Is central banks' effectiveness related to their transparency ? A case of European economies. *Folia Oeconomica Stetinensia*, Vol. 18, Doi : 10.2478/fofi-2018-0023. November.
- Tomuleasa, I. 2015. Central bank communication and its role in ensuring financial stability. *Procedia Economics and Finance*, Vol.20.
- Ullrich, K., 2008. Inflation expectations of Experts and ECB Communication. *North American Journal of Economics and Finance*, Vol. 19, Issue 1, March.
- Walsh, C. E. 2007. Optimal economic transparency. *International Journal of Central Banking*, January.
- Weidmann, J. 2018. Central bank communication as an instrument of monetary policy. *Centre for European Economic Research*, Mannheim, May.
- Woodford, M. 2005. Central-bank communication and policy effectiveness. Presentation at the Federal Reserve Bank of Kansas City, *Jackson Hole Symposium*, August.
- Yellen, J. 2011. Unconventional Monetary Policy and Central Bank Communications Board of Governors of the Federal Reserve System, at thenThe U.S. Monetary Policy Forum New York, February.