Maintaining financial stability is defined as one of the CNB’s main objectives in Act No. 6/1993 Coll., on the Czech National Bank, as amended:

**Article 2**

(2) In accordance with its primary objective, the Czech National Bank shall:

... 

d) supervise the activities of entities operating on the financial market, analyse the evolution of the financial system, see to the sound operation and development of the financial market in the Czech Republic, and contribute to the stability of its financial system as a whole.

The CNB defines financial stability as a situation where the financial system operates with no serious failures or undesirable impacts on the present and future development of the economy as a whole, while showing a high degree of resilience to shocks.

The CNB’s definition is based on the fact that financial stability may be disturbed both by processes inside the financial sector leading to the emergence of vulnerable spots, and by strong shocks, which may arise from the external environment, domestic macroeconomic developments, large debtors and creditors, economic policies or changes in the institutional environment.

The CNB’s aim with regard to financial stability is above all to contribute to the achievement of a degree of financial sector resilience that significantly reduces the risk of financial instability. The key preconditions for the fulfilment of this aim are price stability and sound development of financial institutions, which are achieved using monetary policy and financial sector supervision instruments. Co-operation with other national, foreign and international authorities and institutions is also very important in the area of financial stability. In order to maintain financial stability, the CNB focuses on prevention and broad communication with the public regarding the potential risks and factors posing a threat to financial stability. This Financial Stability Report is an integral part of such communication.

Communication with the public also involves submitting the Financial Stability Report to the Chamber of Deputies (the lower house) of the Parliament of the Czech Republic pursuant to Act No. 6/1993 Coll., on the Czech National Bank, as amended:

**Article 3a**

The Czech National Bank shall submit a financial stability report to the Chamber of Deputies for information at least once a year.