

Frequently Asked Questions | Central Bank of Samoa, June 2026

What is monetary policy?

Monetary policy is the range of actions the Central Bank can take to influence the availability and cost of money and credit in the economy. Its goal is to support price stability and sustainable economic growth.

What is the Central Bank trying to achieve?

The Central Bank's primary objective is to maintain price stability, which means keeping inflation low and stable. It also works to support a sound financial system and sustainable economic development.

What is inflation?

Inflation is the rate at which the prices of goods and services increase over time. When inflation rises, people's money buys less than it did before.

Why is inflation expected to increase?

The main reason inflation is expected to increase at this time is because of higher global oil prices linked to tensions in the Middle East. Samoa imports fuel and many other goods meaning increases in international prices can flow through to local prices.

How will this decision affect households?

The decision is intended to help keep prices stable while supporting continued economic growth. Households should continue to benefit from a stable banking system and a growing economy.

How will this decision affect businesses?

The CBS approach aims to support sustainable economic activity while keeping inflation under control.

What does "high liquidity" mean?

Liquidity means the amount of cash available in the financial system. High liquidity means banks and financial institutions have significant funds available. CBS monitors this closely because too much liquidity can contribute to inflationary pressures.

What are open market operations?

Open market operations are one of the Central Bank's main monetary policy tools. They involve buying or selling Central Bank securities to help manage the amount of money circulating in the financial system.

Why are foreign reserves important?

Foreign reserves help Samoa pay for imports and provide protection against external shocks, like natural disasters, global economic downturns, or sudden increases in import costs. The current level of reserves remains well above the Bank's minimum target.

What does import cover mean?

Import cover shows approximately how many months of imports that the current level of foreign reserves in the country could purchase, in the event of an unforeseen economic shock.