



Barriers to Central Bank Independence in Afghanistan: Policymakers' Perspectives

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ABSTRACT

This qualitative investigation critically examined the multifaceted barriers undermining central bank independence in Afghanistan through comprehensive semi-structured interviews with fifteen pivotal policymakers, banking executives, and academic experts. Employing rigorous thematic analysis, six interrelated dimensions emerged: political and executive interference, deficient legal and institutional frameworks, financial and operational constraints, entrenched cultural and institutional challenges, legitimacy and transparency deficits, and the pervasive influence of external actors. The findings elucidate how persistent political encroachments, ambiguous statutory mandates, fiscal dependency on the government, scarcity of specialized human capital, insufficient societal comprehension, and conditionality's imposed by international financial institutions collectively compromise the operational autonomy and policy efficacy of Afghanistan's central bank. This study situates these findings within the broader corpus of central banking literature in developing economies, highlighting the fragility and largely symbolic nature of institutional independence under prevailing contextual complexities. The research underscores the imperative for comprehensive legal reforms, financial autonomy, institutional capacity building, cultural transformation, and strategic engagement with international bodies to actualize a resilient and credible monetary authority. These insights offer substantial theoretical and policy implications for advancing monetary governance and economic stabilization in fragile state contexts.

Keywords: Central Bank Independence, Institutional Autonomy, Political Economy, Monetary Governance, Afghanistan.

INTRODUCTION

One of the fundamental pillars of sound economic governance is the existence of independent, accountable, and politically insulated financial institutions. Among these, the central bank plays a crucial and irreplaceable role in monetary policy formulation, price stability, liquidity management, and safeguarding the overall health of the financial system. Contemporary macroeconomic theory and empirical evidence increasingly highlight that central bank independence encompassing both institutional and operational autonomy—is a

key determinant of the effectiveness of monetary policies, the containment of structural inflation, and the enhancement of public trust in the monetary system (Mohammadif et al., 2023; Konaedi & Darwanto, 2020). Empirical research further indicates that in developing countries, stronger central bank independence is associated with improved institutional quality, lower inflation volatility, and more successful stabilization policies (Konaedi & Darwanto, 2020). Nevertheless, achieving genuine central bank independence in such contexts frequently encounters significant obstacles, including political interference, lack of transparency, weak legal frameworks, and unstable economic environments—challenges that are particularly pronounced in Afghanistan due to ongoing political turmoil, fragile institutional foundations, and the absence of a long-standing culture of independent monetary governance (Choudhry, 2021; Garriga & Rodriguez, 2023). Therefore, a nuanced understanding of the institutional, political, and economic barriers from the perspective of policymakers is essential for crafting effective reform strategies and policy frameworks to enhance central bank autonomy in Afghanistan.

Although relatively modern banking legislation has been enacted and an independent central bank formally established in Afghanistan since 2004, its institutional and operational independence has remained largely nominal. Multiple indicators—including frequent changes in leadership, fiscal reliance on the government, political meddling in exchange rate policies, and a lack of transparency in key appointments—underscore the fragility of Afghanistan’s monetary governance framework. This fragility, compounded by ongoing political instability and chronic crises of institutional legitimacy, has eroded public trust, increased economic uncertainty, and heightened inflation expectations. Under these circumstances, a thorough investigation into the barriers to genuine central bank independence—beyond quantitative indicators and formal indices—is an urgent and necessary research endeavor. While some previous studies have focused predominantly on quantitative measures of independence, Afghanistan’s academic landscape lacks systematic qualitative research that captures the perspectives and lived experiences of policymakers, financial administrators, economists, and banking elites concerning the structural, political, and institutional challenges facing central bank autonomy. Addressing this research gap is critical to informing contextually relevant, culturally grounded policy solutions and supporting sustainable institutional reform.

Accordingly, this study aims to qualitatively explore Afghan economic policymakers’ and financial elites’ interpretations and perceptions of the structural, institutional, and political barriers to central bank independence—barriers that extend beyond legal formalities and are deeply rooted in systemic political interference, weak governance frameworks, and the absence of a culture of accountability in the policymaking arena. The central research question guiding this study is: How do Afghan policymakers and financial elites perceive and explain the obstacles to the institutional and operational independence of the central bank, and how can these barriers be understood across structural, political, institutional, and cultural dimensions? The core hypothesis asserts that the independence of Afghanistan’s central bank is primarily undermined by three key constraints: weak legal and institutional frameworks, persistent political interference, and insufficient institutional capacity to manage operations independently. These challenges

necessitate targeted legal and structural reforms at both the legal and institutional levels to ensure the operational autonomy of the central bank.

LITERATURE REVIEW

Empirical Evidence

➤ *The Concept of Central Bank Independence*

Central Bank Independence is recognized as a vital pillar of monetary policy formulation in macroeconomic literature, referring to the institution's ability to make monetary decisions free from political interference. This independence is essential to ensure the effectiveness and efficiency of monetary policies, maintain price stability, control inflation, and prevent short-term political pressures that may jeopardize economic stability. Specifically, central bank independence allows monetary decisions to be based on long-term technical and economic considerations rather than transient political demands or pressures that could lead to unstable and inflationary monetary policies (Vermuelen, 2024; Hoffer & Jahnke, 2023; Garriga & Rodriguez, 2023). Within this framework, central bank independence is regarded as a fundamental prerequisite for the successful implementation of effective monetary policies and the reduction of inflation expectations in modern economies.

Central bank independence is generally analyzed in two main dimensions: institutional and operational. Institutional independence pertains to the legal and regulatory structures that protect the central bank from direct government and political influence. This dimension includes legal provisions such as the appointment procedures of central bank governors, their terms of office, restrictions, and defined objectives that aim to reduce political intervention (Romelli, 2024; Vasicek et al., 2023). Conversely, operational independence reflects the bank's ability to implement monetary policy independently and free from political pressures. This dimension heavily depends on governance quality, transparency in decision-making processes, and accountability mechanisms, which are often challenged in developing countries due to weak institutional frameworks and political pressures (Al-Mamoun et al., 2024; Fayed & Ezzat, 2020). Indeed, while institutional independence lays the foundation for operational independence, without the latter, central bank independence remains largely nominal and has little real impact on monetary policymaking.

Economic theories offer diverse and sometimes conflicting views regarding central bank independence. From the perspectives of neoclassical and rational choice schools, central bank independence plays a key role in reducing inflation and enhancing policy credibility by delegating monetary management to conservative managers who are less inclined to stimulate inflation (Elgin et al., 2021). These theories present independence as a solution to the time inconsistency problem, where governments tend to implement short-term expansionary policies driven by political motives that ultimately cause long-term inflation (Paramo, 2024). Thus, central bank independence is viewed as a tool for ensuring monetary discipline and controlling inflation expectations. Conversely, some argue that excessive independence may disrupt the coordination between monetary and fiscal policies, potentially causing macroeconomic inefficiencies. Institutional approaches emphasize the importance of institutional quality, transparency, accountability, and governance culture, arguing that the mere existence of a legal framework is insufficient and that these institutional factors are essential for realizing genuine independence (Zahaf & Chibi, 2023; Vasilieva et al., 2023).

In countries with fragile or developing institutional and political structures, achieving central bank independence faces numerous obstacles. Key challenges include extensive political interventions, financial dependence on the government, weak rule of law, political and economic instability, and lack of transparency and accountability in decision-making processes (Al-Mamoun et al., 2024; Garriga & Rodriguez, 2023). These factors often mean that even when legal independence exists formally, operational independence is severely constrained, making the central bank effectively subject to political pressures. This situation is particularly common in economies with weak institutional traditions

and an absence of an independent governance culture, resulting in reduced monetary policy efficiency, increased inflation risk, and economic volatility (Setiadi, 2024; Andres et al., 2022). Therefore, institutional reforms, strengthening financial independence, enhancing transparency, and improving accountability are crucial prerequisites for attaining genuine central bank independence in such countries.

Given Afghanistan's unique economic and political circumstances, the independence of its central bank faces significant obstacles, similar to those encountered in other developing countries with comparable characteristics. Despite the explicit inclusion of central bank independence in the country's legal framework, this autonomy is severely constrained in practice due to various factors, including extensive political interference, the central bank's financial dependence on the government, and substantial weaknesses in institutional structures. In such an environment, the central bank is unable to make independent monetary decisions based on long-term technical and economic considerations, instead succumbing to political pressures and short-term governmental needs. Moreover, political and economic instability, a lack of transparency in decision-making processes, and weak rule of law further undermine the central bank's capacity to implement effective and efficient monetary policies, exacerbating inflation, increasing economic volatility, and diminishing the credibility of monetary policy. In this context, a deeper examination and analysis of the central bank's independence in Afghanistan, particularly in light of the existing institutional and political challenges, could provide valuable insights into the limitations and potential solutions for strengthening the operational independence of the central bank. This, in turn, could contribute to stabilizing the economy and alleviating inflationary pressures.

Various indices have been developed to measure central bank independence, including those by Biddle and Parkin (1998), Grilli, Masciandaro, and Tabellini (1991), Cukierman, Webb, and Neyapti (1992), Eijffinger and Schaling (1993), Dingley and Fischer (1994), and Dincer (2009). Each index, focusing on specific conceptual and operational dimensions, enables a more precise understanding of central bank independence. These indices systematically assess multiple dimensions such as political independence, economic autonomy, goal and instrument independence, transparency, and accountability. For instance, Grilli et al. distinguish between political and economic independence, while Cukierman et al. developed a comprehensive index based on sixteen legal subcomponents emphasizing appointment mechanisms, institutional duties, and government financing constraints. Dingley and Fischer differentiate between goal independence and instrument independence, which has gained increasing importance in modern monetary policy modeling. Additionally, Dincer's index integrates legal, governance, and inflation-targeting dimensions, highlighting the synergy between independence, transparency, and accountability in enhancing policy effectiveness.

Beyond legal frameworks and quantitative indices, recent studies highlight the institutional, cultural, and political dimensions essential for achieving true central bank independence. Central bank independence extends beyond legal provisions and regulations, requiring strong institutions, a culture of independent governance, transparency, and accountability in the bank's operations. The absence of these components can leave the central bank vulnerable to covert or overt political pressures, undermining its operational independence (Setiadi, 2024; Fang, 2024). Therefore, fostering an institutional culture that respects central bank independence, developing transparency and accountability mechanisms, and improving governance quality alongside legal reforms are fundamental prerequisites for sustainable and effective independence.

In summary, central bank independence is a multidimensional, complex, and crucial concept in macroeconomics, whose realization demands strengthening robust legal frameworks, enhancing institutional quality, increasing transparency and accountability, and cultivating an independent governance culture. This independence is a key factor in ensuring price stability, controlling inflation, and elevating the credibility of monetary policies. Nonetheless, developing countries face significant

institutional and political challenges on the path to genuine central bank independence, necessitating policymakers' and researchers' focused attention to restore this vital institution to its rightful position and leverage its potential for sustainable economic development.

➤ *Factors Affecting Central Bank Independence*

The primary and most fundamental determinant of central bank independence is its legal framework. The legal structure of the central bank defines the extent to which the institution can formulate and implement monetary policies free from government intervention. Legal independence is achieved when the central bank's charter clearly and restrictively outlines the appointment and dismissal procedures of the governor and board members, their terms of office, the scope of authority, ultimate objectives, and the relationship with other governmental bodies. For example, in many countries where legal independence is guaranteed, the primary responsibility of monetary policy is focused on controlling inflation, and governments are precluded from altering objectives or interfering directly in decisions (Abdekiar, 2024; Romeli, 2024).

Beyond written laws, the quality of governance institutions—encompassing rule of law, transparency, government efficiency, and corruption control—plays a crucial role in the practical realization of central bank independence. Even countries with robust legal frameworks may experience violations of central bank autonomy due to weak judicial and supervisory institutions. Strong institutional quality enables the central bank to make decisions based on expert analysis rather than under pressure from interest groups or the government (Vasilieva et al., 2023; Fayed & Ezzat, 2020).

The prevailing political system and the concentration of power also significantly influence central bank independence. In democratic systems that uphold the separation of powers, direct interference by executive authorities in monetary policy is generally limited. Conversely, in authoritarian regimes or systems with power concentrated in the executive branch, central bank autonomy is frequently compromised (Setiadi, 2024; Redwood, 2022). Studies by Garriga and Rodriguez (2023) further highlight a positive correlation between the level of democracy and central bank independence. Political stability also affects policymaker behavior; in unstable political environments, governments often exploit the central bank to finance short-term support or implement expansionary policies (Acklin et al., 2022; Ghanas & Sawyer, 2023).

A critical factor affecting central bank independence is the government's fiscal position and its financial reliance on the central bank. Countries facing chronic budget deficits, high public debt, or declining foreign exchange revenues tend to view the central bank as a tool for indirect financing. These pressures divert the bank from long-term goals like inflation control and align it with the government's fiscal needs (Hofer & Jahnke, 2023; Bhat, 2023). Moreover, developing countries' experiences during recessions or economic crises demonstrate that financial vulnerability significantly undermines central bank autonomy (Towson & Bashar, 2024).

To maintain and strengthen its independence, the central bank requires high levels of transparency and accountability toward elected institutions and the public. In the absence of transparency, autonomy may be challenged by distrust or accusations of unaccountability. The institution must enhance the legitimacy of its decisions through regular reporting, forward-looking communication, and effective engagement with media and civil society (Dadchangu, 2020; Romeli et al., 2022).

In addition to domestic factors, international conditions and external pressures can also impact central bank independence. International organizations such as the International Monetary Fund (IMF) or the World Bank often condition financial aid or stabilization programs on central bank autonomy. Furthermore, the globalization of financial markets and capital liberalization compel central banks to coordinate with global monetary policies and maintain international credibility. Thus, for developing countries, central bank independence is not only a domestic necessity but also an essential instrument for effective participation in the global monetary system (Reinsberg et al., 2020).

In summary, central bank independence—one of the key pillars of macroeconomic stability—depends on a combination of a robust legal framework, high-quality governance, a conducive political environment, fiscal stability, effective transparency and accountability, and a clear understanding of international requirements. The absence of any of these factors reduces independence to a mere slogan, turning the central bank into a tool for short-term political and fiscal agendas. This is especially true in developing countries like Afghanistan, where achieving central bank independence is not only an economic imperative but a vital prerequisite for low inflation, financial stability, and sustainable development.

Central bank independence, as a pivotal institution within the framework of modern economic governance, plays a critical role in controlling inflation, stabilizing macroeconomic variables, and enhancing public confidence in monetary policymakers. This concept has been widely recognized in macroeconomic literature, especially since the 1990s, as one of the foremost prerequisites for long-term economic stability. However, comparative evidence reveals that in many countries, particularly transitional economies, central bank independence remains largely legalistic and lacks practical and functional manifestation within power structures. The gap between legal and operational independence has become the focal point of recent studies in institutional political economy.

The seminal analysis by Cukierman et al. (1992) represents the first comprehensive attempt to distinguish this differentiation. Through quantitative indices to evaluate independence, they concluded that legal provisions alone do not guarantee operational independence. According to their perspective, true independence is shaped not merely by legal texts but by institutional capacity to resist political pressures, the transparency of decision-making processes, and political elites' commitment to rational economic governance. Building on this view, Acemoglu et al. (2003) employed the theory of inclusive institutions to argue that effective central bank independence is feasible only within high-quality political institutions — encompassing separation of powers, checks and balances, and rule of law. In other words, economic institutions, including central banks, do not emerge in a political vacuum, and their performance quality directly depends on the prevailing political institutional quality.

This nexus between central bank independence and institutional context has been further developed in subsequent research. Crawford and Meade (2007) emphasized that institutional independence is legitimate and sustainable only when coupled with accountability and transparency mechanisms. They warn that independence without accountability leads to institutional irresponsibility, while insufficient transparency paves the way for informal interventions and political influence. Consequently, they advocate for new central bank governance models that balance decision-making autonomy with institutional accountability to society and other governing bodies.

In the context of developing economies, achieving genuine independence faces significant structural challenges. These include financial dependence on the government, limited technical and human capacities, and lack of supporting legal infrastructure. Lawrence et al. (2009) demonstrated in an empirical study that absence of financial autonomy exposes central banks to governmental budgetary dominance, transforming them into instruments for budget deficit financing. Moreover, technical weaknesses and shortage of specialized human resources reduce the self-reliance of these institutions, relegating independence to a symbolic concept. Concurrently, political variables substantially undermine central bank independence. Boda and Hicks (2015), analyzing multi-decade data, found that political instability, party polarization, and the rise of populist governments systematically weaken monetary institutions. Their study also underscores that in regimes lacking independent media and effective oversight bodies, central banks are vulnerable to political interventions, with policies subordinated to short-term government interests.

Extending this discourse, Mashandaro and Romelli (2018) highlighted the dynamic nature of institutional independence through a four-decade review of central bank laws. They introduced a dynamic governance model portraying independence not as a static equilibrium but as an adaptive

process responsive to political, economic, and social changes. According to them, sustaining central bank independence requires continuous legal revisions, fostering a rational policy culture, and maintaining robust institutional checks and balances. This approach distinctly contrasts with classical views that treated independence as a fixed state.

Contemporary literature reexamines central bank independence as a vital institutional mechanism for economic stability. Binder (2021), focusing on diverse political settings, shows that even in countries with strong legal frameworks, covert and overt political pressures can seriously threaten operational independence. Similarly, Jordan and Luther (2020), analyzing structural shifts within the U.S. Federal Reserve, conclude that regime changes have blurred traditional boundaries between monetary and fiscal policies, making central bank independence contingent upon the broader political-economic context.

In sum, central bank independence is a multifaceted and dynamic institutional concept, whose realization extends beyond legal frameworks to encompass institutional quality, transparency, accountability, and separation of powers. Prior studies demonstrate that in developing economies—especially Afghanistan—central bank independence largely remains a legal formality confronted by structural and political challenges such as financial dependence on the government, weak technical and human capacities, and pervasive political pressures. This study adopts a qualitative approach, focusing on policymakers' perceptions to analyze the gap between legal and operational independence within Afghanistan's fragile institutional context. By contextualizing institutional political economy frameworks locally, it elucidates internal barriers to achieving genuine independence and offers in-depth insights from policymakers' experiences to inform practical, indigenous strategies for strengthening central bank independence amid Afghanistan's complex political and institutional environment.

METHODOLOGY

This study employs a qualitative research design based on the Grounded Theory approach, aimed at uncovering and elucidating the cognitive processes and perceptions of policymakers regarding the obstacles to achieving central bank independence in Afghanistan. Grounded Theory is particularly well-suited for exploring under-researched areas and dynamic institutional contexts, as it facilitates the emergence of novel concepts and patterns. This approach was chosen to develop a practical and contextually relevant theory aligned with Afghanistan's unique political and economic conditions. It allows for the analysis of interactive processes and meaning reconstruction within the institutional environment, making it an appropriate method to address the research questions concerning central bank independence.

The study population comprises key policymakers, senior officials of the central bank, prominent economists, and banking executives who play direct and influential roles in shaping and implementing monetary and economic policies. These participants provide essential experiential knowledge and expert insights necessary for analyzing the barriers to effective central bank independence. Purposeful sampling was employed to identify individuals with the highest level of relevant awareness and experience, followed by snowball sampling to form a network of informed and influential participants. This strategy enhanced data richness and extended the scope of the research findings.

Data were primarily collected through semi-structured interviews, which provided the flexibility to adhere to a set of key questions while allowing the exploration of emerging topics and hidden dimensions of the challenges faced by central bank independence.

Data analysis followed a systematic thematic coding process comprising three stages: open coding, axial coding, and selective coding. During open coding, data were broken down into discrete conceptual units to identify initial concepts. Axial coding involved examining relationships between these concepts to construct meaningful categories. Finally, selective coding synthesized these categories into a core

theoretical framework that captures the institutional patterns, political-economic pressures, and cultural factors influencing central bank independence. This rigorous analysis enabled the development of a coherent, indigenous, and generalizable theory.

To ensure the validity and reliability of the study, several established qualitative techniques were applied. Member checking was conducted to verify the accuracy of interpretations and gain direct feedback from respondents. Data triangulation involved sourcing information from diverse participant groups and multiple data types to enhance credibility. Furthermore, thorough documentation and continuous review by the researcher and academic advisors contributed to the trustworthiness of the findings. This combination of strategies guarantees that the results possess a high degree of scientific rigor and reliability, suitable for informing high-level economic policymaking.

RESULTS

➤ *Demographic Information*

To ensure epistemological diversity, empirical richness, and analytical depth in the qualitative data, the study's sampling design aimed to select a balanced, purposeful, and institutionally diverse group of participants. In total, 15 distinguished experts were interviewed using semi-structured interviews. These participants included two current or former senior officials of the Central Bank of Afghanistan with direct experience in monetary policy formulation and banking supervision; four CEOs or senior deputies of commercial banks active in the country's financial market; two high-level economic policymakers and government advisors involved in designing macroeconomic programs; and seven university professors and researchers specialized in monetary economics, central bank independence, and institutional governance.

Given the diverse and comprehensive composition of the participants, data saturation in this study was achieved after conducting interviews with 15 experts. In qualitative research, conceptual saturation refers to reaching a point where no new meaningful or distinct information emerges from the data, and additional data primarily results in repetition or further emphasis on previously identified concepts. In this study, after analyzing the data collected from the 15 participants, no new or meaningful insights were added to the research findings, and the concepts and viewpoints began to repeat significantly. In other words, the selection of 15 experts was sufficient for a thorough and comprehensive analysis of the research topic (Central Bank Independence and Institutional Governance), and data saturation was reached. Therefore, the inclusion of 15 participants effectively facilitated conceptual saturation in this study and ensured the diversity of experience and the richness of the data.

This composition was deliberately chosen to reflect a broad spectrum of managerial experience, specialized perspectives, and varying degrees of engagement with the country's monetary and financial mechanisms. Such a sampling strategy not only facilitates examining multiple facets of central bank independence from internal organizational, external institutional, and policy-making viewpoints but also enables the study to analyze the complexities of power structures, economic decision-making processes, and institutional barriers in a realistic and multilayered context. Moreover, by integrating technical, operational, and analytical insights, this design supports the development of a comprehensive, data-driven theory grounded in a grounded theory approach.

➤ **FINDING**

Table 1 provides the synthesized results derived from the qualitative analysis of policymakers' perceptions concerning the structural and institutional barriers impeding the realization of central bank independence in Afghanistan.

Table 1: Key Themes Identified from the Qualitative Analysis of Policymakers' Perceptions on Central Bank Independence Barriers in Afghanistan.

Main Theme	Sub-Theme	Illustrative Conceptual Codes
Political and Executive Interference	Government pressure on monetary policies	✓ Interventions in setting interest rates
		✓ directives for bank disbursements
	Political appointments in the central bank	✓ enforcement of expansionary policies
Weak Legal and Regulatory Structure	Instrumental use of the central bank	✓ Appointments based on political loyalty
		✓ lack of meritocracy
	Ambiguity in the central bank law	✓ Using bank resources to cover budget deficits
		✓ paying military salaries
		✓ Absence of explicit independence
Financial and Institutional Constraints	Easy dismissal of central bank officials	✓ lack of enforceable guarantees
		✓ No fixed term of office; dependency on the head of state
	Fiscal dependence on the government	✓ Budget supplied by the treasury
Cultural and Institutional Challenges	Weakness in specialized human resources	✓ absence of independent resources
		✓ Shortage of independent monetary experts
	Misunderstanding of the central bank's role	✓ brain drain
Culture of political interference		✓ Public perceives the bank as an executive arm of government
Legitimacy Crisis and Lack of Transparency	Lack of transparency in the central bank	✓ Normalization of government intervention in monetary affairs
		Public distrust in financial institutions
External Pressures and International Influence	Dependency on foreign aid	✓ Distrust in banks and governmental institutions
		Conflict of interest with international financial bodies

Source: Researcher's field data

The qualitative data analysis derived from interviews with economic experts, policymakers, and banking officials reveals that the Central Bank of Afghanistan's independence faces multifaceted obstacles across structural, institutional, cultural, and international dimensions. These barriers can be articulated and analyzed under six interrelated themes that collectively create a complex and restrictive environment impeding the operational and policy autonomy of the Central Bank.

First, political and executive interventions stand out as one of the primary impediments to the realization of Central Bank independence. The findings indicate that the government, particularly during financial crises, utilizes both legal and informal powers to exert pressure on the Central Bank. Such interventions not only influence policy decisions but also undermine the managerial independence of the monetary institution. From the perspective of economic governance theories, this phenomenon corresponds with the lack of separation between policymaking and supervisory entities within the political system.

Second, the weakness of the legal and regulatory framework has left the Central Bank without robust legal backing to defend its independence. Existing laws are neither clear nor binding and lack adequate enforcement guarantees to protect monetary policy autonomy. Specifically, the absence of fixed terms for Central Bank governors, vague policy-making authority, and legal silence regarding informal interventions have fostered an unstable and ambiguous environment that obstructs the establishment of an independent monetary institution.

Third, financial and institutional constraints play a pivotal role in weakening the Central Bank's independence. Budgetary dependence on the government, absence of independent revenue streams, and shortage of specialized human resources have rendered the Central Bank operationally incapable of implementing autonomous programs. This financial reliance creates a hierarchical relationship with government bodies that conflicts with the principle of institutional independence, aligning the Central Bank structurally with executive agencies.

The fourth obstacle involves cultural challenges and the weak institutionalization of the value of independence. Within Afghanistan's political culture, government intervention across institutions is generally accepted, and the separation of powers or autonomy of specialized agencies is not firmly institutionalized. Public perception also regards the Central Bank as part of the executive structure. This mindset has led even internal managers of the Central Bank to show limited resistance to political pressures, often perceiving independence merely as an administrative slogan.

Fifth, the crisis of transparency and public legitimacy significantly undermines the Central Bank's position and independence. The absence of accountability mechanisms, refusal to disclose performance reports, and lack of engagement with media and civil society have deprived the institution of the public support necessary to resist political pressures. Without this social legitimacy, the Central Bank not only lacks the symbolic capital to withstand government influence but also cannot effectively fulfill its role as a specialized authority in the public domain.

Finally, dependence on international institutions and external pressures constitutes the sixth factor affecting internal policy independence. In many instances, the Central Bank's policies and programs have been influenced by the conditions or recommendations of organizations such as the International Monetary Fund or the World Bank. Although cooperation with international institutions may offer opportunities, in Afghanistan's fragile economic context, these dependencies have manifested as barriers to independent decision-making and the formulation of indigenous policies.

Overall, the findings of this study demonstrate that the independence of the Central Bank of Afghanistan is challenged by layered and intertwined obstacles that go beyond legal and regulatory issues to encompass institutional, cultural, and international factors. Recurrent political interference, weak legal frameworks, financial dependency, lack of specialized personnel, misconceptions among society and elites about the concept of independence, institutional opacity, and external financial influences have all contributed to undermining the operational autonomy of the Central Bank. Therefore, achieving genuine independence requires more than legal reform; it demands a systemic approach based on power structure reform, institutional empowerment, cultural institutionalization of power separation, and enhanced transparency a path that ultimately can rebuild public trust and pave the way for sustained monetary and economic stability.

DISCUSSION AND CONCLUSION

This study employed thematic analysis and semi-structured interviews with experts, banking executives, university professors, and economic policymakers to examine and analyze the status of the Central Bank of Afghanistan's independence across structural, institutional, cultural, and international dimensions. The findings indicate that the Central Bank's independence faces serious and multilayered challenges, categorized into six main themes: political and executive interventions, weak legal and regulatory frameworks, financial and institutional constraints, cultural challenges and

institutionalization, legitimacy and transparency crises, and external pressures and international dependency. These themes reveal that the independence of the Central Bank in Afghanistan is largely symbolic, lacking the necessary institutional, legal, and cultural foundations for its substantive realization. The results align with numerous reputable international studies; for example, Cookerman et al. (1992) emphasize that in developing countries, Central Bank independence is often influenced by political structures and weak legal frameworks. Thus, it can be concluded that the Central Bank of Afghanistan currently exhibits a fragile structural and limited functional independence, necessitating deep and fundamental reforms.

Based on these findings, this study proposes several key policy implications for enhancing the Central Bank's independence. First, comprehensive and transparent legal reforms should be prioritized, particularly laws that stabilize the tenure of the bank's officials, grant the bank autonomous executive tools, and prevent illegal interventions. Second, the Central Bank must be freed from financial dependence on the government and have access to sustainable budgetary resources; simultaneously, establishing specialized teams and enhancing technical and analytical capacities within the institution is essential. Third, institutionalizing a culture of independence through education, awareness-raising, and empowering political elites, the media, and the general public is a fundamental step toward reforming the public atmosphere and improving societal understanding of the Central Bank's role. Fourth, increasing transparency and accountability by designing and implementing regular oversight and reporting mechanisms can enhance public trust and strengthen institutional legitimacy. Fifth, interaction with international institutions should adopt an active, independent approach based on national interests, so that while benefiting from international experience and support, policy independence is preserved.

Despite the analytical contributions of this research, several limitations must be considered. The study is based on interviews with 15 key participants who, although selected with relative diversity, may not fully represent all perspectives of monetary policy stakeholders in Afghanistan. Additionally, qualitative analysis inherently involves interpretive elements that could introduce biases in coding and inference. Therefore, it is recommended that future research adopt mixed methods to combine the depth of qualitative analysis with the generalizability of quantitative data. Moreover, expanding the geographical and institutional scope of samples and conducting comparative studies with countries in similar conditions can facilitate the production of localized and practical knowledge on Central Bank independence. Overall, by focusing on the unique political and economic context of Afghanistan, this study provides a comprehensive picture of the challenges, contexts, and reform opportunities on the path to realizing genuine Central Bank independence—a picture that offers valuable guidance for policymakers and related institutions.

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