Policy functions, dynamic regressors and a consistent bank rate

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Abstract

In this paper, I describe policy functions, dynamic regressors
and a consistent bank rate.
The paper ends with "The End"

Introduction

A **consistent bank rate** is easy to accomplish and understand through **policy functions** and **dynamic regressors**.

In this paper, I describe policy functions, dynamic regressors and a consistent bank rate.

Policy functions, dynamic regressors and a consistent bank rate

A bank is said to have a **consistent bank rate** b if and only if there exist $n \geq 1$ **policy function(s)** $\phi_i(b,t)$ and n corresponding **dynamic regressor(s)** $a_i(b,t)$ such that

$$b\left(\phi_1(b,t), \phi_2(b,t), \ldots, \phi_{n-1}(b,t), \phi_n(b,t)\right) = \sum_{i=1}^{n} a_i(b,t)\phi_i(b,t)$$

where
b is the **consistent bank rate**
$\phi_i(b,t)$ is the i^{th} **policy function**
$a_i(b,t)$ is the i^{th} **dynamic regressor**
for $i \in \{1, 2, \ldots, n-1, n\}$

The End