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# Role of Central Banks in Managing Financial Stability during Geopolitical Tensions

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**Abstract:** This study examines the role of central banks in maintaining financial stability during periods of geopolitical crises. The first objective is to analyze how central banks use monetary policy tools and interventions, such as interest rate adjustments, liquidity provision, and market operations, to manage financial stability. The second objective is to evaluate the effectiveness of these interventions in reducing financial instability and supporting economic growth. The study is based on secondary data collected from reports, journals, and official publications. To achieve the objectives, econometric techniques such as VAR, IRF, GARCH, and Event Study have been applied. The analysis is conducted using statistical tools like SPSS and EViews. The findings reveal that timely and strategic actions by central banks play a significant role in stabilizing financial markets, controlling inflation, and maintaining investor confidence. However, ongoing challenges such as global uncertainty and rising prices continue to influence the overall effectiveness of these policies. Overall, the study highlights the crucial role of central banks in ensuring financial stability during uncertain and crisis periods.

**Keywords:** Central Banks, Financial Stability, Geopolitical Crises, Monetary Policy, Inflation, Market Volatility

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