



EUROPEAN CENTRAL BANK

EUROSYSTEM

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The ECB and the Eurosystem: Institutional structure and governance

Frankfurt am Main, 1 July 2019

The views expressed are those of the presenter and not necessarily those of the ECB.

Agenda

1 The ECB and the Eurosystem: structure and tasks

2 Mandate

3 Independence and accountability

4 Decision-making

Eurosystem

Monetary policy function for the euro area

ECB

Single Supervisory Mechanism (SSM)

Banking supervision function for participating member states

European System of Central Banks (ESCB)

Institutional link between non-euro area EU member states' central banks and Eurosystem

The Eurosystem

€	European Central Bank
1	Nationale Bank van België/ Banque Nationale de Belgique
2	Deutsche Bundesbank
3	Eesti Pank
4	Central Bank of Ireland
5	Bank of Greece
6	Banco de España
7	Banque de France
8	Banca d'Italia
9	Central Bank of Cyprus
10	Latvijas Banka
11	Lietuvos bankas
12	Banque centrale du Luxembourg
13	Central Bank of Malta
14	De Nederlandsche Bank
15	Oesterreichische Nationalbank
16	Banco de Portugal
17	Banka Slovenije
18	Národná banka Slovenska
19	Suomen Pankki – Finlands Bank



The tasks of the Eurosystem

- Define and implement monetary policy
- Conduct foreign exchange operations and manage FX reserves
- Issuance of banknotes
- Promote smooth operation of payment systems
- Contribute to prudential supervision and financial stability
- Advisory functions
- Collection of statistics
- International cooperation

Division of labour in the Eurosystem:

**Centralized decision-making,
high degree of operational decentralisation**

ECB: decision-making centre

- conducts **euro area-wide analysis** to prepare decisions
- ensures **consistent implementation** of policies
- own **regulatory powers**

NCBs perform many operational tasks:

- conduct **most operations** (monetary policy and foreign exchange)
- provide **payment and securities settlement facilities**
- ensure the **procurement, issue and post-issue handling of euro banknotes**
- collect **statistics**
- conduct **national analysis and research**
- **communicate** at the national level

NCBs also perform non-Eurosystem tasks

Key for subscription of the ECB's capital

Euro area national central banks (NCBs)

Nationale Bank van België/ Banque Nationale de Belgique	2.5280 %
Deutsche Bundesbank	18.3670 %
Eesti Pank	0.1968 %
Banc Ceannais na hÉireann/ Central Bank of Ireland	1.1754 %
Bank of Greece	1.7292 %
Banco de España	8.3391 %
Banque de France	14.2061 %
Banca d' Italia	11.8023 %
Central Bank of Cyprus	0.1503 %
Latvijas Banka	0.2731 %
Lietuvos bankas	0.4059 %
Banque centrale du Luxembourg	0.2270 %
Bank Ċentrali ta' Malta/ Central Bank of Malta	0.0732 %
De Nederlandsche Bank	4.0677 %

2.0325 %	Oesterreichische Nationalbank
1.6367 %	Banco de Portugal
0.3361 %	Banka Slovenije
0.8004 %	Národná banka Slovenska
1.2708 %	Suomen Pankki – Finlands Bank

Non-euro area NCBs

0.8511 %	Българска народна банка (Bulgarian National Bank)
1.6172 %	Česká národní banka
1.4986 %	Danmarks Nationalbank
0.5673 %	Hrvatska narodna banka
1.3348 %	Magyar Nemzeti Bank
5.2068 %	Narodowy Bank Polski
2.4470 %	Banca Națională a României
2.5222 %	Sveriges Riksbank
14.3374 %	Bank of England

Organisational structure of the ECB

Executive Board



Mario Draghi
President
of the ECB



**Luis de Guindos
Jurado**
Vice-President
of the ECB



Benoît Cœuré



Philip Lane



**Sabine
Lautenschläger**



Yves Mersch

- Banknotes (D)
- Communications (DG)
- Corporate Services (DG)
- Counsel to the Executive Board
- Economics (DG)
- ESRB Secretariat
- Human Resources (DG)
- Information Systems (DG)
- Internal Audit (D)
- International & European Relations (DG)
- Legal Services (DG)
- Macro-Prudential Policy and Financial Stability (DG)

- Market Operations (DG)
- Market Infrastructure and Payments (DG)
- Micro-Prudential Supervision I (DG)
- Micro-Prudential Supervision II (DG)
- Micro-Prudential Supervision III (DG)
- Micro-Prudential Supervision IV (DG)
- Monetary Policy (DG)
- Research (DG)
- Risk Management (D)
- Secretariat (DG)
- Secretariat to the Supervisory Board (DG)
- Statistics (DG)

(DG) Directorate General

(D) Directorate

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Price stability – Objective of the Eurosystem

Article 127 of the Treaty on the Functioning of the European Union:

“1. The primary objective of the ESCB [Eurosystem] shall be to maintain price stability.

Without prejudice to the objective of **price stability**, the **ESCB [Eurosystem]** shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in Article 3 of the Treaty on European Union.”

Price stability – definition

Year-on-year increase

of the Harmonised Index of Consumer Prices (HICP)

for the euro area

of below, but close to 2%

over the medium term

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Independence

Article 130 of the Treaty on the Functioning of the European Union:

“When exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and the Statute of the ESCB and of the ECB,...

...neither the **ECB**, nor a **national central bank**,

nor any **member of their decision-making bodies**

shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body.”

Dimensions of independence

- **Functional independence**
- **Institutional independence**
- **Personal independence**
- **Financial independence**
- **Prohibition of monetary financing**

Accountability

- Testimonies before the European Parliament
- Annual Report
- Economic Bulletin
- Weekly financial statement

Transparency

- Press conference after GovC with monetary policy decision
- Accounts of monetary policy meetings
- Publications and website
- Speeches and conferences
- Public access to documents

Corporate governance

- External elements
- Internal elements

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Decision-making bodies of the ECB

Governing Council main decision-making body of the ECB

six members of the Executive Board, plus the governors of the national central banks of the 19 euro area member states

Executive Board

President, Vice-President and four other members

General Council

President, Vice-President of the ECB and the governors of the national central banks (NCBs) of the 28 EU member states

Banking supervision: Supervisory Board, 'no objection'-procedure with GovC

Governing Council

- Six members of the Executive Board + Governors of the NCBs of the 19 euro area member states
- Main decision-making body of the ECB
- Meetings twice a month

Main tasks:

- Formulating monetary policy
- Adopting guidelines and decisions to ensure the performance of the tasks of the Eurosystem



Executive Board

- **President, Vice-President and four other members**
- **Meetings once a week**
- **Operational decision-making body**

Main tasks:

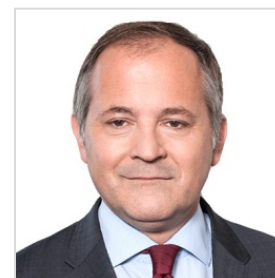
- **Implementation of the monetary policy of the ECB**
- **Preparation of meetings of the Governing Council**
- **Conduct of the day-to-day business of the ECB**



Mario Draghi
President of the ECB



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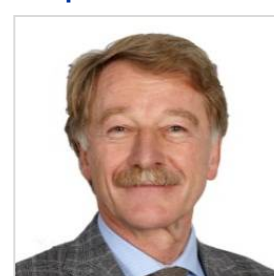
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Sabine Lautenschläger



Yves Mersch

General Council

- **President, Vice-President of the ECB and the governors of the national central banks (NCBs) of the 28 EU member states**
- **Meeting once every 3 months**

Main tasks:

- **Reports on convergence**
- **Contributes to**
 - the advisory functions of the ECB
 - the collection of statistical data
 - the reporting activities of the ECB
 - the laying down of the conditions of employment of the staff of the ECB



ESCB/Eurosystem Committees:

a committee for each main central banking task

(e.g. MPC, MOC, IRC, STC...)

- **Advisory bodies to ECB decision-making bodies**
- **Members are nominated by NCBs, chaired by ECB**
- **Contribute to the System's integration and foster a System identity**

- ECB a central bank with classical functions (notably monetary policy)....

... in a complex environment of a supranational economic and monetary union.

- New responsibilities for the ECB as a result of the evolution of EMU (notably banking supervision)...

... but core institutional features of the Eurosystem remain unchanged:

—————→ price stability mandate, independence

Thank you for your attention!