

## EUROPEAN CENTRAL BANK – ECB

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### *Abstract*

*The European Central Bank and the national central banks together constitute the Eurosystem, the central banking system of the euro area. The main objective of the Eurosystem is to maintain price stability: safeguarding the value of the euro. Since 1 January 1999 the European Central Bank (ECB) has been responsible for conducting monetary policy for the euro area and manages the euro circulation.*

We at the European Central Bank are committed to performing all central bank tasks entrusted to us effectively. In so doing, we strive for the highest level of integrity, competence, efficiency and transparency. The ECB is independent from the political authority, both national and supranational and the Statute can be found [here](#)

### *1. Organisation*

Since 1 January 1999 the European Central Bank (ECB) has been responsible for conducting monetary policy for the euro area - the world's largest economy after the **United States**. The euro area came into being when responsibility for monetary policy was transferred from the national central banks of 11 EU Member States to the ECB in January 1999. Greece joined in 2001, Slovenia in 2007, Cyprus and Malta in 2008, Slovakia in 2009 and Estonia in 2011. The creation of the euro area and of a new supranational institution, the ECB, was a milestone in the long and complex process of European integration. To join the euro area, the 17 countries had to fulfil the **convergence criteria**, as will other EU Member States prior to

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adopting the **euro**. The criteria set out the economic and legal preconditions for countries to participate successfully in Economic and Monetary Union.

### *1.1 European Central Bank*

The legal basis for the single monetary policy is the Treaty establishing the European Community and the Statute of the European System of Central Banks and of the European Central Bank. The Statute established both the ECB and the European System of Central Banks (ESCB) as from 1 June 1998. The ECB was established as the core of the Eurosystem and the ESCB. The ECB and the national central banks together perform the tasks they have been entrusted with. The ECB has legal personality under public international law.

### *1.2 European System of Central Banks*

The ESCB comprises the ECB and the national central banks (NCBs) of all EU Member States whether they have adopted the euro or not.

### *1.3 Eurosystem*

The Eurosystem comprises the ECB and the NCBs of those countries that have adopted the euro. The Eurosystem and the ESCB will co-exist as long as there are EU Member States outside the euro area.

### *1.4 Euro area*

The euro area consists of the EU countries that have adopted the euro.

## *2. The Governing Council*

Governing Council (Jul. 2012)



The Governing Council meets once a fortnight

The Governing Council is the main decision-making body of the ECB. It consists of

- the six members of the Executive Board, plus
- the governors of the national central banks of the 17 euro area countries.

### *2.1 Responsibilities*

- to adopt the guidelines and take the decisions necessary to ensure the performance of the tasks entrusted to the Eurosystem;
- to formulate monetary policy for the euro area. This includes decisions relating to monetary objectives, key interest rates, the supply of reserves in the Eurosystem, and the establishment of guidelines for the implementation of those decisions.

### *2.2 Meetings and decisions*

The Governing Council usually meets twice a month at the Eurotower in Frankfurt am Main, Germany.

At its first meeting each month, the Governing Council assesses economic and monetary developments and takes its monthly monetary policy decision. At its second meeting, the Council discusses mainly issues related to other tasks and responsibilities of the ECB and the Eurosystem.

While the minutes of the meetings are not published, the monetary policy decision is explained in detail at a press conference held shortly after the first meeting each month. The President, assisted by the Vice-President, chairs the press conference.

For further information, visit the **ECB website**