



Money Market Contact Group

WORK PROGRAMME FOR 2023

This document sets out the work programme for Money Market Contact Group (MMCG) meetings in 2023. The work programme may be adjusted to address unforeseen events and/or specific topics of interest that may unfold from market developments in the course of the year. The MMCG will hold four regular meetings in 2023, out of which two are planned to be physical meetings at the ECB premises and two will be in a remote setting. The dates of the MMCG's meetings are published on the [ECB's website](#).

A. Regular items

At each meeting, the MMCG will **discuss the outlook for euro money markets and spell out the main drivers for major developments in all segments** (secured, unsecured, short-term securities issuance, foreign exchange swaps, and overnight index swaps). The group will also provide **market views on upcoming ECB policy issues** (i.e. changes to interest rates, asset purchase programmes, refinancing operations, eligible collateral, market infrastructure, central bank reserves remuneration etc.) **to the extent that they have a material impact on the euro money market.**

B. Specific items for 2023

- I. **Banks' funding strategies in the face of monetary policy normalisation:** The MMCG aims to discuss the impact on banks' funding strategies, amid the ongoing monetary policy normalisation and decline in central bank reserves, in particular stemming from TLTRO repayments and the (expected) reduction in asset purchase portfolio holdings, and the broader implications for money markets.
- II. **Demand for central bank reserves:** The MMCG will reflect on the drivers of demand for central bank reserves in the environment of declining excess liquidity, the impact of regulatory liquidity requirements and liquidity needs stemming from market infrastructures, as well as on the impact of the distribution of reserves across euro area countries and individual institutions. The MMCG will also discuss the possible implications of these factors for the predictability of the demand for reserves and how any associated risks for market functioning can be mitigated.
- III. **Developments in the ECB framework for steering short-term interest rates:** Acknowledging that changes in the economic and financial environment have implications for the implementation of monetary

policy, the MMCG plans to discuss the prospect of potential changes in the ECB framework for steering short-term interest rates and its implications for the euro money market, following the review that was announced in the December 2022 Governing Council meeting. The MMCG will also reflect on potential lessons that can be learnt from the period of negative rates.

- IV. **General trends in euro area repo markets, including collateral scarcity, banks' intermediation capacity and the impact on money markets and transmission of monetary policy:** The MMCG plans to discuss factors that impact the demand for and supply of government bond securities as well as demand for short-term investments, affecting secured money markets. The discussions will also include broader trends and structural shifts in repo markets, including the impact of regulation, the involvement of non-bank financial institutions, central clearing and sponsored repo, and the relevance of the secured money market for monetary policy transmission.
- V. **Developments in market and payment infrastructures and the impact on euro money markets and banks' liquidity management:** The group intends to discuss a range of topics encompassing the technological progress made in the field of market infrastructures and payments, including i) T2/T2S consolidation; ii) the digital euro project (CBDC), iii) instant payments (incl. TIPS), and iv) digital assets, including issuance via blockchain and FinTech expansion of activities in financial services and assess the implications for money markets. The MMCG will discuss the impact of the aforementioned innovations on bank treasury activities.
- VI. **Eurosystem collateral framework.** The group aims at discussing the harmonised Eurosystem Collateral Management System (ECMS), planned to go live in April 2024, as well as the incorporation of climate change considerations in the collateral framework. Given that a large part of financing of the euro area economy reflects non-marketable debt, the MMCG will also reflect on the role of credit claims as eligible collateral.

Cooperation with other ECB Contact Groups in the domain of market operations: The Operations Managers Group, the Foreign Exchange Contact Group and the Bond Market Contact Group will continue to exchange information with the MMCG and liaise with each other on relevant topics of mutual interest.