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**COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS****MONETARY DIALOGUE WITH CHRISTINE LAGARDE,  
PRESIDENT OF THE EUROPEAN CENTRAL BANK  
(pursuant to Article 284(3) TFEU)****BRUSSELS  
THURSDAY, 26 FEBRUARY 2026**

1-0002-0000

**PRÉSIDENCE : AURORE LALUCQ***Présidente de la Commission des affaires économiques et monétaires*

1-0003-0000

*(Le dialogue monétaire débute à 09h35)*

1-0004-0000

**Présidente.** – Bonjour tout le monde, je suis ravie d'accueillir aujourd'hui, pour la première fois en 2026, en commission des affaires économiques et monétaires, la présidente de la Banque centrale européenne, M<sup>me</sup> Christine Lagarde.

Nous avons le plaisir de nous revoir après votre présence en plénière début février, à l'occasion du débat et de l'adoption du rapport annuel d'initiative du Parlement européen sur les activités de la Banque centrale européenne – un rapport qui a donné lieu, d'ailleurs, au vote d'amendements très largement en faveur et en soutien de l'euro numérique.

Les dialogues monétaires comme celui d'aujourd'hui sont essentiels, comme vous le savez, pour l'exercice du contrôle démocratique du Parlement européen sur la Banque centrale européenne, et je suis ravie de la bonne coopération que nous avons jusqu'à présent, et qui ne cesse de s'améliorer, avec la Banque centrale européenne.

Let's turn to English now, with some elements on the content of today's monetary dialogue, during which we will mainly discuss two topics. First, the quarterly assessment of the ECB's monetary policy stance. Second, the inflation gap divergences between actual and perceived inflation, and possible policy implications.

First, on monetary policy, since our last monetary dialogue in December last year, headline inflation in the euro area has hedged down to 1.7 % below the ECB's inflation target of 2 %. In this context, on 5 February, the ECB Governing Council decided to keep the three key interest rates unchanged at 2 % for the fifth consecutive time. Second, on the inflation gap, keeping inflation low, stable and predictable is key for macroeconomic and financial stability. However, the latest ECB Consumer Expectations survey shows that there is a considerable gap, an important gap, between actual inflation and perceived inflation. The median rate of inflation as perceived by citizens is at 3.2 %, more than one percentage point higher than actual inflation. As it may have significant economic implications, a clearer understanding of this matter is very important for the conduct of monetary policy.

As usual, all briefing papers prepared by Parliament's panel of experts on these two topics in view of this monetary dialogue are available on the ECON Committee website. Regarding the choreography and the procedure, Christine Lagarde will have ten minutes for an opening statement and then there will be, of course, the Q&A session with the ECON members – one minute and a half for the question, three minutes for the answer, for the first run, and then a second run and, if we have the time, catch-the-eyes.

President Lagarde, the floor is yours.

1-0005-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you very much, President Lalucq, and good morning to all of you. Thank you for being in attendance for this session. Let me also indicate how much of a pleasure and a privilege it is to come before you and to participate in this dialogue that you have just praised. I would also like to thank you for the support that you have given to our annual report and to the amendments that were proposed. Thank you for the very significant support. It means a lot to us, and it comforts us in the determination that we have.

Because we have done this a couple of days ago at the ECB, I would like to reiterate the solemn reminder that this week marks four years since Russia launched its unjustified aggression against Ukraine. Our thoughts are with the Ukrainian people, who continue to endure immense suffering, and we stand in full solidarity with all those affected by this war. At the ECB two days ago, we had a special celebration in respect of what is happening and the suffering that is being imposed on the civil population, in particular.

Turning back to the topics of the day, the euro area has faced an exceptionally challenging environment over recent years, with high inflation affecting both households and firms. We can now see, however, that our efforts to bring inflation down have been effective. Inflation has fallen markedly from its peak at 10.6 % in October 2022. It fluctuated in a narrow range, around 2 % in the second half of last year, and stood on the last reading at 1.7 % in January. The ECB's decisive monetary policy response played a crucial role in bringing inflation back to target.

However, even though inflation has declined, surveys show that many citizens still perceive prices to be rising faster than the official data suggest. This gap between measured and perceived inflation that you have alluded to, President, is not merely a statistical curiosity. It is a historical and global regularity, and it has implications for economic decisions and for trust in the institutions – trust that helps anchor inflation expectations. So today's discussion that you have selected as a topic is very timely and relevant.

But before turning to inflation perceptions, I would like to start by outlining our assessment of the euro area economy and our monetary policy stance. Our economy is estimated to have grown by 0.3 % in the fourth quarter of last year and by 1.5 % for 2025 as a whole. I think you have received, and it's being circulated at the moment, a recto-verso one-pager, which indicates a number of the comments that I will make on the state of our economy.

Growth in the fourth quarter was primarily driven by domestic demand, with services activity – especially in the information and communication sector – playing a key role. Manufacturing has been weaker but overall still resilient to the impact of higher tariffs and geopolitical uncertainty, while the construction sector is gradually gaining momentum. What is interesting is that external activities, export-import, are actually having a negative impact on our growth, so it's predominantly domestic investment and consumption.

In the period ahead, activity is expected to be supported by rising labour income amid a resilient labour market as well as investment in defence, in infrastructure and in digital technologies both from the public and the private sector. At the same time, the trade environment remains challenging owing to higher tariffs, a stronger euro and a persistently volatile global environment, adding to the uncertainty that we have experienced.

Inflation declined to 1.7 % in January, as I have mentioned, from 2 % in December, owing to lower energy and services inflation. Again, you have a chart in the paper that has been circulated. Core inflation, which excludes energy and food, eased to 2.2 % after 2.3 % in December. Now, with inflation lower than nominal wage growth, real wages – wages that are adjusted for inflation – have not only recovered but have on average risen above levels seen back in 2019. Again, you have a chart detailing this. Wage growth remains elevated, but has eased gradually and is expected to continue to moderate to around 3 % in the medium term. We continue to expect inflation to stabilise at our 2 % medium-term target. As a result, we decided to keep the three key ECB interest rates unchanged at our monetary policy meeting earlier this month.

Looking ahead, we will continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, our interest rate decisions will be based on our assessment of the inflation outlook and the risks surrounding it – that's a new development since our assessment of our strategy – in light of the incoming economic and financial data – as well as the dynamics of underlying inflation and the strength of monetary policy transmission, and we are not committing to any predetermined path.

Let me now turn to your chosen topic, which is this divergence between actual and perceived inflation and why it matters for our mandate. Inflation perceptions describe people's beliefs about recent price changes. While these perceptions tend to move with measured inflation, they are typically higher. This is not a phenomenon that is specific to the euro area – it's a global phenomenon that is observed around the world.

Since the launch of our ECB Consumer Expectations survey – we started that in April 2020 – perceived inflation in the euro area has, on average, exceeded measured inflation by 1.2 %. Inflation perceptions increased in 2021 and 2022, in line with measured inflation, and have since declined substantially, in line with inflation.

So why does inflation perception matter? Three reasons. First, perceptions directly influence economic behaviour. When people believe prices are rising faster, they may adjust their consumption and their savings decisions, as well as their wage demand. This in turn can affect aggregate economic activity and inflation dynamics. Second, perceptions of current inflation shape expectations about future inflation. We monitor these expectations closely for any signs of a sustained deviation from our 2 % medium-term target. Third, as I mentioned in my introduction, inflation perceptions can influence public trust in institutions, including the ECB and, as we know, trust is a valuable good in its own right, but it also helps to anchor inflation expectations.

So why is it that perceptions always exceed measured inflation? I think a useful starting point is that there is no single perception of inflation. Survey responses are shaped by personal experience. While the questions typically refer to changes in the general level of consumer prices, each individual interprets them through the lens of his or her own consumption patterns and experiences. That is why perceptions of inflation differ across demographic groups. What people buy and how often they buy certain goods or certain services – you can think of food or petrol, for instance – actually matters. Price developments in frequently

purchased items tend to weigh more heavily on perception than broader movement in the overall consumption basket. Food is a case in point, and food inflation has been above HICP inflation since 2022, and still is. Looking forward, we expect it to continue to decline and stabilise somewhat above 2 % as of late 2026 – I'm talking about food here.

Psychology adds another layer. People tend to focus more on price increases, rather than price decreases of equal size, which leads to an upward bias in their perceptions of inflation. These everyday experiences are further shaped by the wider economic environment. The recent inflation surge, heightened uncertainty, particularly in relation to geopolitics and trade policy, and sustained media attention, can all amplify people's experience of inflation.

Finally, financial literacy matters. People with greater financial knowledge tend to report perceptions that are closer to measured inflation rates.

This raises an important question: what can policymakers do to bring perceived inflation closer into line with actual inflation? First and foremost, we must continue to deliver on our primary objective, ensuring that inflation stabilises at our symmetric 2 % target over the medium term, do it and communicate about it so that it is understood.

Effective communication is important. Following up on our 2021 Strategy review, we have worked hard to make our communication more accessible to the wider public. For example, we have sought to explain our policies in as simple terms as possible and we have increased our presence on all digital platforms.

Third, Europe should invest in financial education to raise financial literacy levels. While there have been encouraging improvements in recent years, financial literacy in Europe is still lagging behind that of other jurisdictions. At the ECB, we are taking active steps to communicate in a more accessible manner, for example by offering explainers on YouTube through our Espresso Economics channel – yes, the ECB has a channel on YouTube: Espresso Economics. These actions are one element within a wider effort among national central banks to improve financial literacy across Europe. I welcome the initiative on financial literacy within the Savings and Investment Union agenda. Improving people's understanding of economic and financial concepts will not only bring perceived inflation closer to measured inflation, but it will also allow them to make informed financial choices, strengthening resilience in the face of future economic shocks.

In conclusion, we pay close attention to households' inflation perceptions, not only because these have an impact on economic activity and expectations, but also to ensure that we continue to earn the trust of the people we serve. But strengthening individuals' trust is a shared task. Your role is to channel their concerns and act as a bridge between the ECB and the people we serve. Our role is to focus on delivering our mandate and to explain not only what we do, but also why and how we do it, and to do so in a way that can be easily understood.

So I hope we can continue working together to understand exactly what the expectations are, and to assuage concerns when they are not relevant, and to try to reduce this gap between perceived inflation and actually measured inflation.

I very much look forward to your questions.

1-0007-0000

**Markus Ferber (PPE).** – Herzlich willkommen, Frau Präsidentin! Schön, dass Sie wieder da sind. Ich habe zwei Fragen, die sich auch um das Thema Inflation drehen, wo Sie jetzt noch nichts dazu gesagt haben. Das eine ist, dass wir schon im letzten Jahr beginnend eine Dollarschwäche spüren, auch mit Signalen aus den USA, dass ein Interesse da ist, dass der Dollar im Verhältnis zu anderen Währungen schwächer sein soll. Das heißt für uns natürlich, dass wir Aufwertungstendenzen haben. Und insbesondere in den Bereichen, wo global noch in Dollar gehandelt wird, bedeutet das ja, dass wir uns zusätzliche Inflation in die Eurozone holen können. Wie bewerten Sie die aktuelle Dollarschwäche in Ihrer Inflationsanalyse?

Und das zweite Thema kommt auch aus den USA, nämlich der richtige Umgang mit künstlicher Intelligenz. In den USA wird gerade sehr prominent von jemandem, der in Zukunft ja auch Verantwortung für Geldstabilität übernehmen soll, die These vertreten, künstliche Intelligenz könne die Produktivität so stark erhöhen, dass der Inflationsdruck strukturell sinken würde und niedrigere Leitzinsen ermöglicht werden würden. Sehen Sie hier ähnliche Tendenzen in Ihren Prognosen bei der Europäischen Zentralbank oder wie bewerten Sie das Potenzial der künstlichen Intelligenz – nicht nur, was Produktivitätswachstum betrifft, sondern auch was Inflationserwartungen betrifft?

1-0008-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you very much for your two questions. On the first one, concerning the exchange rate, first of all we monitor exchange rates, we do not set targets, and we measure it to the extent that it impacts our inflation outlook. Yes, there has been depreciation of the US dollar, whether it's a determined policy by the US authorities or whether it's a reflection of the fundamentals, the lack of certainty, the view that investors have about the currency is something that will be determined in due course and it's not for us to do that. But there has been appreciation of the US currency which, again, we monitor to see how it impacts our objective of price stability.

To the extent that it has an impact on inflation, obviously, we factor that into our projections and we give our projections on the basis of all factors, including the assessment we have based on several factors, including market intelligence, as to where we anticipate that currency to go. But don't forget that when we establish our projection, we set not a deadline, but we set a date at which we just stop the clock, because otherwise we would have sort of constantly changing projections. We will have projections coming out for the next monetary policy meeting around 17 and 18 March, and what we will then produce will be based on the exchange rate as at a certain point in time. We do look very carefully at those movements.

On AI, this is a multifaceted issue because, on the one hand, it has already been a massive investment wave in the United States – but not only in the United States, as we are seeing significant investment in Europe as well for the diffusion of artificial intelligence in multiple sectors of the economy. There is a lot of financing that goes into artificial intelligence, both in terms of production, predominantly in the US and possibly in China as well – although we don't have the same degree of data as far as China is concerned – and in Europe for the diffusion of artificial intelligence. Now as to what impact it will have on productivity, we are beginning to see some results and some data that we can identify. What we are seeing for the moment is that it's increasing productivity.

On this front, Europe is not lagging behind. Europe is equally moving and equally benefiting from those productivity increases, including in the SME sector. That's what our data and our surveys are telling us. What we don't know yet, and we're looking at very carefully, is the impact that it will have on the labour market. The literature at the moment tells us that the

massive investment is leading to some productivity improvement, but we are not yet seeing consequences in terms of the labour market and the waves of redundancies that are feared, but we will be extremely attentive to that going forward.

1-0009-0000

**Markus Ferber (PPE).** – Ja, vielen Dank. Ich habe noch ein Thema, das uns eher intern betrifft. Normalerweise läuft ja der Weg. Sie setzen Leitzinsen fest, das wirkt sich auf die Kreditzinsen der Banken aus, und daraus folgen dann Kreditangebot und -nachfrage in der realen Wirtschaft. Wenn wir jedoch verstärkt Privatkredit-Fonds und andere Nicht-Banken haben, die in der Kreditvergabe tätig sind, dann funktioniert dieser Transmissionsmechanismus ja nicht mehr so selbstverständlich. Haben Sie da Analysen innerhalb der EZB, welche Auswirkungen diese Privatkredit-Anteile an den geldpolitischen Entscheidungen haben, und welche Konsequenzen ziehen Sie daraus?

1-0010-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you for your question on private credit and the phenomenon of private credit, because this is increasing, it has doubled since 2009 and it represents roughly 30 % of the financing of the non-financial corporate sector. So it matters.

We are looking at it from two angles. Number one, to make sure that our monetary policy is transmitted. What we're seeing for the moment is an unimpaired monetary policy transmission, but we are very attentive to it and we have observed, in particular in relation to lending to the corporate sector, a slight increase since November, so we are looking at that very carefully.

The second aspect that we have to be attentive to – but it is more in the remit of the SSM – is the link between the banking sector and private credit. In that respect, I think that the level and the granularity of data that we have available is not as optimal as we would like. So I'm sure that the SSM, within its prerogatives, and the ESRB, for instance, which I have the privilege to chair as well, will be making some recommendations and guidance in that respect.

1-0011-0000

**Nikos Papandreou (S&D).** – *Bienvenue* and welcome, Ms Lagarde. It's good to see you again in our group here. I'm going to get away a little bit from economics, but stay close to it. We're living in a moment where the assumptions that we've had about economic policymaking are being challenged: globalisation is fragmenting, capitalism is under pressure from inequality, climate risk and geopolitical conflict, economic shocks that originate from outside the traditional economic sphere. Even Markus Ferber's good question about AI is something that we would not have had to talk about five years ago. It's new things that we have to deal with all the time, that we're completely learning at this point.

As President of the ECB, you have to take all these things into account: technical, systemic, geopolitical, tariffs, what Trump will do the next day, what happens in Venezuela. So given that I'm not sure how many more times we'll have you here in front of us, given your recent statements that you'll leave earlier than expected, what kind of worldview or *Weltanschauung*, as they say on my left here, or the Cosmotheory, as they say in Greek, guide your own critical thinking about capitalism?

How do you translate the broader understanding of today's unstable global order into monetary policy choices that preserve credibility, stability and trust in the euro? You can do a whole class on philosophy on this one!

1-0012-0000

**Christine Lagarde**, *President of the European Central Bank*. – I was going to ask you how much time we have! I have plenty of time, by the way. You raise a very deep question. Let me start with two things. One is the level of uncertainty. This has definitely risen, as has the speed at which it moves, the velocity of uncertainty and the factors that are behind it. You rightly said that five years ago we would not have talked about artificial intelligence – actually, not even three years ago, because ChatGPT came about – or whatever, I don't want to promote anyone – but these things came out three years ago, and the speed at which they replaced each other, the speed at which they update is something that I don't think that we have seen before.

It's a combination of uncertainty, shock to the economy, a transformative factor – for good or for bad – at a speed which is just incredible. So for legislators, for policymakers, for us to adjust to that and to appreciate the changes that will result from this accelerated pace is, in my humble view, new. As a result of that, we need to adjust.

So in response, what can we do? First of all, I think that the monetary policy stance that we have adopted is perfectly legitimate and adequate for the state of affairs that we are dealing with, when we are deciding meeting by meeting, when we say that we are data dependent and not data-point dependent, and when we say that there is no pre-set pace for our policy, and I think it's perfectly legitimised by the current situation. Some people argue that we have too many data, that we should stop this data dependency. I'm sorry, but I'm really convinced that that's what we should be really focusing on.

Now, that doesn't stop us from also bringing an element of judgement in the work that we do because, as you rightly said, there are factors which we would not have predicted three years ago, and there are developments that we can anticipate, but we have no certainty about. So in terms of the work that we do, we try to respond to that by using scenario analysis – 'what if', 'what if', 'what if' – and then we roll out and use our model and our tools in order to respond and try to have ranges and probabilities of occurrences. We also use sensitivity analysis. Other examples include when we have future prices available, on oil and gas, for instance.

We cannot take all that totally for granted, as totally rooted and cast in stone, because that changes as well. But we try to have as broad a spectrum as possible of what will actually inform the decisions that we make. This is really the work that we have been doing, that we will continue to do in the future, and when we say that we are in a good place but agile, that's really what we mean. We have to be attentive to all these developments, their consequences and the monitoring that we can do of it.

1-0013-0000

**Gilles Boyer (Renew)**. – Merci, Madame la Présidente, d'être avec nous à nouveau. Nous apprécions toujours ces échanges, et au risque de vous surprendre et de vous ramener sur un dossier plus terre à terre je vais vous parler de l'euro numérique, qui est un dossier absolument emblématique, qui prend une nécessité absolue eu égard au contexte géopolitique auquel nous faisons face.

Je me réjouis que notre Parlement ait, lors de notre dernière séance plénière, adopté deux amendements qui témoignent un soutien massif pour un euro numérique ambitieux et qui vont, je l'espère, guider l'équipe de négociation du Parlement dans ces discussions qui battent leur plein.

À présent je crois que le secteur a tout à fait compris, après avoir exprimé des réticences, la nécessité absolue du projet. Et maintenant qu'il semble désireux de l'accompagner, je crois qu'il est important que nous prenions en compte les objections – ou que nous y répondions – qui sont formulées sur les modalités techniques et opérationnelles de ce projet. Je voudrais prendre deux exemples.

Le secteur privé estime que la réutilisation – le plus possible – des infrastructures et des standards existants serait la meilleure solution, alors que la Banque centrale européenne semble considérer, elle, qu'il faudrait également construire de nouveaux standards et de nouvelles infrastructures pour garantir l'interopérabilité du système. Pouvez-vous nous dire ce qui, à votre avis, manque aujourd'hui dans ce qui existe et comment nous pourrions optimiser la réutilisation de l'existant pour un euro numérique optimal?

J'aimerais aussi vous questionner sur la question de la distribution de l'euro numérique par d'éventuels acteurs non européens, par l'intermédiaire de *wallets* comme Apple Pay ou Google Pay. Je voulais savoir si vous estimiez pouvoir ou devoir mettre un frein à cette possibilité pour préserver la souveraineté des paiements européens.

1-0014-0000

**Christine Lagarde**, *Présidente de la Banque centrale européenne*. – Merci beaucoup pour vos deux questions. Au risque de vous décevoir, je pense qu'en fait elles rejoignent tout à fait le débat un peu philosophique évoqué par le rapporteur Papandréou. Cela me donne une chance, d'ailleurs, de vous remercier tous, rapporteurs, de l'attention que vous avez portée et de l'implication que vous démontrez dans ce dossier, qui est technique, qui est compliqué, mais qui est déterminant. Je dis que vous rejoignez ce débat parce que – j'aurais dû le mentionner en réponse à votre question – je pense que le travail que nous faisons pour renforcer le rôle international de l'euro, pour consolider nos infrastructures de paiement et pour obtenir une alternative européenne aux modes de paiement relève aussi de la réponse que nous façonnons ensemble, avec vous, face aux incertitudes et aux attaques dans un certain nombre de domaines. Donc, ces sujets-là sont vraiment profondément liés.

Alors vous me posez des questions techniques sur lesquelles mon très cher collègue Piero Cipollone serait beaucoup plus compétent que moi pour répondre. Mais ce que je sais, c'est que, premièrement, l'infrastructure que nous construirons après que le Parlement européen aura fixé le cadre législatif dans lequel l'euro numérique peut fonctionner, cette infrastructure-là, sera financée sur des fonds publics, parce que cela relève de la compétence et de la nécessité publiques: de la même manière que nous émettons et portons le coût, par exemple, de l'imprimerie des billets ou de l'impression des pièces, nous devons porter la responsabilité et le financement de l'infrastructure nécessaire à l'utilisation de l'euro numérique.

Je sais que, dans la construction par les techniciens et par les experts de cette infrastructure numérique, tous les efforts sont déployés pour, dès que c'est possible, utiliser les infrastructures existantes. Mais les infrastructures existantes, elles, ne sont pas paneuropéennes, et pour certaines elles n'existent pas. Donc, ce que nous disons aujourd'hui, c'est que notre construction utilisera au maximum les infrastructures

existantes – pour tout simplement réduire le coût général du projet – et que – et là j'en viens à votre deuxième question – cette infrastructure-là, elle sera disponible pour les acteurs du secteur privé qui veulent, eux aussi, faire circuler leurs instruments de paiement.

Cela rejoint votre deuxième question, qui est: qui aura accès à ces infrastructures? Là, je pense que ce que vous allez travailler comme projet à cet égard sera déterminant. Et donc, pour organiser un *gate*, une porte d'entrée et des éléments de sécurité permettant de réserver et d'utiliser de manière optimale, pour une solution européenne, ces infrastructures, je sais pouvoir compter sur vous.

1-0015-0000

**Damian Boeselager (Verts/ALE).** – I'll come maybe back to the digital euro in a second, but I want to start with inflation perception. The real wage development that you show is positive, but it's not very impressive. When you look at the reference date of 2021, we have maybe reached the same level again. I was wondering in what way you think after-tax income also affects inflation perception? So if I spend a lot on food and housing, but due to the rising costs of the social systems because of an ageing population, maybe my own income is reduced and then the relationship between my after-tax income and prices could also affect my inflation perception. I was just wondering if you had a thought on that.

Then I was wondering how you assess the overall growth outlook when it comes to, for example, a new trade agreement, the provisional application of Mercosur. Do you think that there will be an effect? Also, what measures are not being done at the moment by the European Commission to strengthen the internal market next to the capital markets union? So in the way of easing services and product flows across the Union, as we don't really see any proposal there. I was just wondering if you had any idea about what the most important points were.

I'll come back to the digital euro in my follow-up.

1-0016-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you very much for these two questions. On the impact of tax on income, we factor that in on the basis of each and every annual budget that is passed by each and every Member State, so that we can incorporate as much as possible in our projections. At the micro level, how that impacts the perception of the citizens is something that we do not measure with enough granularity. I'm not going to invent anything here; I don't think that we have the data and all the information as to what this sort of demographic solidarity that increases the costs of social benefits and, as a result, is contributed to not only by debt financing, but by reduced income as a result of increased taxes. I don't know how that impacts direct perception. My assumption is that it probably follows the same pattern, which is: I look at what I pay, I look at what the prices are, I look at what my tax withholding is, and then I have available a certain income that helps me determine my purchasing power and, as a result, have a view on inflation. That's what I suppose but, as I said, I don't think we have that level of granularity.

On the GDP outlook, we have done quite a lot of work on that. As you know, there was an IMF study that was often quoted, that I think Enrico Letta picked up on in his single market report. Essentially, the thinking is the following: if we were to remove all the internal barriers that we impose upon ourselves, what would the reduction in price be as a result?

For goods, the IMF found out that it was 40 %, for services 110 %. We have done the same exercise, because of course we feel more confident basing our findings on our own research, and we have found out ourselves that, on goods, it's higher than that – it's a little bit north of 60 % – and on services it's a little under 100 %, but what it tells us is that whatever it is – whether it's 40 % or 69 %, whether it's 110 % or 96 % – directionally, it's a significant imposition on ourselves, so we are our worst enemies.

Some economists, rightly so, have said, well, your findings are interesting, but there are barriers that you will never remove. You will not force – I want to use something that is not offensive! – you know, a French person to eat, with exactly the same level of appetite, a non-French cheese. Okay, so then I don't offend anyone! That's good. But that's what they call cultural preference. That I don't think that we can remove, and it is part of the study that we did, it's in there.

1-0016-5000

**Damian Boeselager (Verts/ALE).** – The Germans will always eat French cheese, though!

1-0016-7500

**Christine Lagarde, President of the European Central Bank.** – And we'll always drink your beer, so that's okay! Sorry, maybe I shouldn't have said that either!

*(laughter)*

Right, but there's an interesting calculation that the team did as well. They assumed that across the euro area if we could lower the barriers, so having taken cultural preference into account, we removed the barriers to the same level that the Netherlands has reduced them, we would have a significant increase in the movement of goods between our Member States and that trade would be increased as a result and it would actually, for that matter, more than compensate for the additional tariffs that have been imposed on us by the United States under the ante decisions.

So there is a huge potential. Our study shows, you know, that it's not probably 67 % or 69 %; it's not probably 96 %, but there is a significant gap that can be filled.

And the digital euro?

1-0017-0000

**Damian Boeselager (Verts/ALE).** – Yes, a very quick one. I mean, there are technical questions, but I think we saw large support in this House for the digital euro, but there seems to be still a divergence in philosophy as to what that actually means. So I was just wondering if you can outline again the need for both the online and the offline version.

Then, just as a question, what does your personal forecast for your own career look like for the next five years?

1-0018-0000

**Christine Lagarde, President of the European Central Bank.** – The digital euro is one of the elements of the mission that I regard as critically important. As I have said in other places, my baseline is that it will take until the end of my term to deliver and to consolidate the mission of price stability and financial stability, a solid euro in digital form, both online, offline, wholesale, retail – all of it.

I think it's important, because in this digital world towards which we're going, we need to have digital central bank money. Just as you want to have a banknote, I want to have a banknote that is my euro banknote, but I also want to be able to use a euro that is my euro and that is in digital form. If it is in addition to that, faster, simpler, cheaper, identifiable and usable throughout the whole euro area both online and offline, then I think we will have delivered a huge service to our economies, and reinforced significantly, by the same token, the forming of an alternative payment system that is truly European.

1-0019-0000

**Pasquale Tridico (The Left).** – Madame Lagarde, I will avoid asking again about the digital euro as you have already told us very nicely now what you mean.

I will come back to inflation. As you illustrate correctly, in particular referring to the literature and the empirical evidence, we know that low income households perceive higher inflation due to food and energy. At the ECB, you track this distributional effect. We would like to know, first of all, how do you track it and what the consequences are of this different perception? Because I would like to add one specific thing, which is what we translate from Italian as 'inflation as an excuse'.

The Italian Central Bank and other central banks have started to measure this so-called 'inflation as an excuse' – 'pretext inflation', if you want – which occurs in particular for food, for services, and this has an impact. I know that it is not really monetary policy measures which can cope with this pretext inflation, and it's more about fiscal policy which should cope with that, but I think that the European Central Bank should start to calculate as well, for low income, the impact of this 'pretext inflation', inflation as an excuse. I don't know if you ever had this information, for instance, from the Italian Central Bank or from other central banks, which in particular during the last years started to measure this new form of inflation, which has a consequence for low income households in particular.

1-0020-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you for your question, but I'm not sure that I understand exactly. What I can tell you is how we try to measure. But I'm not familiar with pretext inflation. Maybe you will explain separately to me what it is exactly, or I should ask my Banca d'Italia colleague about the research that they produce.

There is this distribution analysis of how inflation is perceived depending on the quartile that households find themselves in – that we know and that we try to analyse. We do that on the basis of our consumer survey, which we started establishing and publishing as of 2020. So it's not a very old survey, but it's one that is really rooted in very solid assessment and which is on a broad-based number of countries and a very large sample of households. So that's what we use predominantly to analyse and to understand the perception by households of inflation as opposed to measured inflation. That's the technical tool that we use.

It is a fact, as you rightly said, that there are some components to which people are particularly attentive if they repeat the purchases – as we all do for food – and if they repeat purchases for transportation, whether it's public transportation or otherwise. Those are the sort of regular purchases that inform the perception that people have of inflation probably even more so than rentals.

That's also the reason why we have core inflation that is also measured taking out of the measure both food and energy.

But you will explain to me the pretext inflation.

*(In response to remarks by Pasquale Tridico off mic)*

Greedflation? I see. So some people take advantage of inflation to actually increase prices.

1-0021-0000

**Pasquale Tridico (The Left).** – The Italian central bank started to measure it. This was interesting to me. It means that it is a phenomenon that occurs, and then the authorities started to capture it.

1-0022-0000

**Christine Lagarde, President of the European Central Bank.** – I think they are probably going to have a hard time – not measuring it, because Banca d'Italia can measure so many things and so well.

But, given that we brought inflation back to target – asymmetric 2 % medium term and, in some countries, because of the heterogeneity between Member States, lower than the 2 % target, it's going to be difficult for those, eventually, as measured by Banca d'Italia, who use that pretext inflation, to actually argue that it is there. Because it's under control.

1-0023-0000

**Siebert Frank Droese (ESN).** – Zunächst mal für Sie, Frau Vorsitzende, eine kleine Vorbemerkung: Also, Sie sprachen und stellten ab auf die nach Ihrer Wahrnehmung breite Zustimmung zum digitalen Euro in der Debatte neulich in Straßburg. Also, ich war auch bei der Debatte dabei, und ich habe durchaus sehr, sehr viel Kritik gehört und sehr kritische Fragen und Anmerkungen. Also, mit der breiten Zustimmung, also, da haben wir offenbar eine unterschiedliche Wahrnehmung.

Frau Präsidentin, schön, dass Sie da sind. Ich freue mich immer, wenn Sie uns Rede und Antwort stehen. Ich komme aus einem Land, das aktuell doch ökonomisch in schwierigem Fahrwasser ist. Also, der deutschen Wirtschaft geht es nicht gut. Es ist eben eine kleinteilige mittelständische Wirtschaft, und da spielt auch Ihre Geldpolitik eine Rolle. Die Frage dazu: Wie bewertet denn die EZB, wie bewertet Ihr Haus, das Risiko, dass eine länger anhaltende restriktive Geldpolitik die Kreditvergabe an kleine und mittlere Unternehmen strukturell schwächt und dadurch Investitionen sowie Wettbewerbsfähigkeit – letzten Endes Europas – beeinträchtigt? Der zweite Teil meiner Frage ist: Also, wenn man sich die Bilanzen ansieht, ich habe jetzt zwar diese Charts auch angesehen, aber wenn man sich die Entwicklung von Unternehmen in Europa anschaut, viele europäische Unternehmen verlieren im globalen Wettbewerb, insbesondere gegenüber asiatischen Mitbewerbern und Wettbewerbern, zunehmend an Dynamik. Das ist ein Zustand, der uns, glaube ich, beunruhigen sollte. Hat die EZB eigentlich mal analysiert, wie weit ihre expansive Geldpolitik, expansive Bilanzpolitik zu Zombifizierung beiträgt, Marktpreise verzerrt und ineffiziente Unternehmen am Leben hält? Und wie begegnen Sie der Kritik, dass damit private Investitionsentscheidungen zunehmend durch Zentralbankinterventionen ersetzt werden?

1-0024-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you very much for your questions. There are many questions, actually.

First of all, don't get me wrong, I was not characterising the debate that took place on the digital euro. I just looked at the votes because this is something that my team has brought back to me, and that's what really matters at the end of the day, isn't it?

On the German economy, I don't want to go deep down into the changes that we're observing. I think that the president of the Bundesbank, Joachim Nagel, keeps us very regularly informed of developments. What we have seen in terms of PMI numbers, in particular, and changes is rather in the positive direction. However, yes, there has been a period of a difficult economic situation as far as Germany is concerned because of the business model on which its economy had been built for a long period of time and with very successful results for the country.

Our mission at the Central Bank – our primary mission, my mandate – is to deliver price stability. I think that whether you're a large corporate or whether you're a small business, you always want to be certain that prices are going to be kept under control and certain of the inflation target that we have published, that we are setting, which is an element of importance in investment decisions and hiring decisions. That's what we can contribute to the most and the best. We dedicate all our energy to that: delivering price stability.

If I'm a small businessperson and I know that prices are going to rise in the range of 2 % because my central bank is keeping its target, then I know exactly how I'm going to organise my business.

On the balance sheet, I'm a bit curious about your question, because we have been steadily reducing the size of our balance sheet. Compared with the highest point at the time of COVID, when we had to massively support the economy, we have reduced that by EUR 2.5 trillion. The commitment is now at 6.2 and will continue to gradually, predictably reduce as we have determined.

In relation to zombie firms, this is certainly not the experience that we've had. As I said, the balance sheet is in constant, predictable and gradual reduction.

1-0025-5000

**Siegbert Frank Droese (ESN)**. – Sorry, Chair.

1-0025-7500

**Chair**. – Sorry, you don't have a lot of time for a follow up because you took two minutes for your question.

If you want to follow up, then it will be in ten seconds or something like that. Very short.

1-0026-0000

**Siegbert Frank Droese (ESN)**. – Der Kollege Boeselager fragte vorhin nach. Es gibt die Aussage „Vertrauen in die Märkte, Vertrauen in die EZB“. Erfüllen Sie Ihr Mandat, Frau Präsidentin?

1-0027-0000

**Christine Lagarde**, *President of the European Central Bank*. – So you're asking me if I'm fulfilling my mandate? Yes, I think so. I really think so.

I think that markets are seeing it and I have no doubt that we will continue collectively. It's the Governing Council that makes decisions under my leadership, but we will continue to be riveted to the mission that we have.

1-0028-0000

**Marco Falcone (PPE)**. – Le recenti dichiarazioni sulla continuità del Suo incarico alla guida della Banca centrale europea rappresentano certamente un elemento di stabilità, importante per i mercati e quindi anche per le istituzioni europee. Un chiarimento anche oggi, qui al Parlamento europeo, potrebbe contribuire a rafforzare questo clima di fiducia istituzionale.

Appunto, quello che chiedono l'Europa e i mercati è la stabilità, soprattutto davanti a quelle che sono le turbolenze e le incertezze commerciali, anche nei confronti e nei rapporti con gli Stati Uniti.

L'Unione europea deve mettere in campo azioni concrete, azioni che vanno verso una necessità di rafforzare il sistema produttivo e l'industria europea.

Ecco perché, alla luce delle Sue considerazioni, chiedo anche sulla percezione dell'inflazione e sui dati sull'inflazione: ritiene che si possano attuare politiche meno restrittive da parte della BCE, anche in ragione dei tassi di interesse?

E – concludo – ritiene che la BCE stia facendo di tutto per rafforzare il sistema europeo produttivo...

*(La Presidente toglie la parola all'oratore)*

1-0029-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you so much for your long question.

I think that every institution has to do what it was assigned to do. Our assignment is price stability. Our assignment is, as a result, financial stability, because there is no price stability without it. The Central Bank is very attentive to that.

The SSM has its duties in relation to supervision, and we have to continue to deliver that undeterred, independently, and other authorities have to do their job as well. So I'm not going to comment on industrial policy, for instance. I'm not going to comment on Made in Europe. I know those are topics and subjects that you will be debating and are of somebody else's competence.

My determination is to make sure that, in our remit, we deliver on our mission and our objective. I mentioned earlier the international role of the euro. To me, this is an important element of the work that we have to do continuously.

We have introduced changes recently, and I think that it belongs to that objective of the international role of the euro, so that people anywhere in the world can feel confident that they can trade in euro, that in case of crisis, there will be euro available at their central bank. That is the purpose of this repo line that is called EUREP, which we have extended

the scope of, with the securities and the guarantees associated with it, because we are the custodian of the euro.

A man's got to do what a man's got to do. But I don't want to substitute anyone. We will do our job, I can assure you.

1-0030-0000

**Eero Heinäluoma (S&D).** – Thank you, Madam President, the market integration package is quite high on our political agenda today, and rightly so. We believe we have to set ambitions quite high to tackle regulatory fragmentation in all parts of the financial sector.

I noticed the recent comments by ECB economists on the need for centralised supervision of big asset managers. However, I was little bit surprised by the reaction of the business sector when the European Fund and Asset Managers Association said quite rapidly that the ECB needs to better understand the ABCs of asset management.

I would be interested in hearing your viewpoints. Is there a need for more centralised supervision of the big asset management sector? If so, how could we do it?

1-0031-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you very much for your question on the value of integration and the value of supervision at European level.

We have seen the Commission's package on EU market integration and the efficient supervision that was delivered on 4 December. We support it, and we believe that, in relation to all the areas that have been identified by the Commission, supervision should be more efficient. Supervision should not be fragmented.

Some supervision of sometimes very large asset management funds should not be left to the remit of one jurisdiction or the other because of some forum-shopping determination. So we do support the supervision at a much more centralised level.

This does not mean that it excludes all the other supervisors, but we need to have sufficient harmonisation of that supervision so that there is one interpretation, not 27 different interpretations.

1-0032-0000

**Anouk Van Brug (Renew).** – Good morning, Madame Lagarde. Europe's financial system is highly interconnected with the United States and, in certain critical areas, structurally dependent upon it.

In the current political geopolitical context, it would be prudent not to assume that such interdependencies will never be subject to political or strategic leverage.

Could you therefore elaborate on the concrete measures the ECB is taking to enhance the resilience of our financial system in the face of potential geopolitical tensions or disruptions? Where do you assess that the most pressing structural vulnerabilities lie today?

1-0033-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you very much for your question. There is no doubt in anybody's mind that a financial market as large and deep and innovative as the US market plays a role around the world – not specifically in Europe, but around the world. There is a geopolitical context that is, as we know, changing regularly, where the level of uncertainty tends to increase and where there is quite a high degree of unpredictability.

It is a determination from the Governing Council and it is also a determination by the supervisory authorities, for which I'm not going to speak, because they have their own job. But it's pretty obvious that we want to stick to the international framework within which financial institutions operate. Basel III comes to mind. The speed at which it is implemented, the eventual delay that is observed – all of that is decided at European level and then discussed at length in the Financial Stability Board.

Those discussions are ongoing, but I remain convinced that we have to strengthen and maintain the resilience of the banking sector. I'll remind you that our banking sector is solid. If you look at the Common Equity Tier 1, for instance, we are a little over 16 %. If you look at the various ratios that are important, in particular the liquidity ratios, we are a little north of 150 %. So we have a financial sector in the banking area which is solid.

There are other financial sectors. We call them the NBFIs. It used to be called shadow banking, but it's now the NBFIs. You have lots of animals in that NBFIs – you have insurance companies, you have the private credit, you have equity funds. You have a lot of things. There are institutions in charge in those domains. EIOPA is one that comes to mind, concerning insurance.

One thing I'm certain of, though – we need as much transparency and as much reliable data as possible, so as to identify the interactions between these various components. NBFIs is the topic of the FSB. We are ourselves looking at it as well. The ESRB is looking at it and we need to be very attentive given the developments that we've observed.

1-0034-0000

**Luděk Niedermayer (PPE)**. – It's great to have you here again, Madam President. I share your view that inflation outlook is good and I would congratulate the ECB for doing a good job. But I will look at the other part of the equation because growth is also relevant, not for the economy, but also for inflation. Here I appreciate your strong, clear comments enforcing importance of single market development.

But there is also the other part of the equation, and this is growth in individual Member States. Looking at the data shows that there are big divergences. Some economies are systematically doing well, some are doing very poorly. It doesn't seem to me that it's cyclical; it should be structure. Also, the divisive point is not how rich the economy is, because some rich are doing well and some poor are doing poorly.

So I wonder to what extent you think that it's very essential that the Member States also introduce growth-enhancing reform, and without that there will not be prosperity of the EU as such.

1-0035-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you very much, and thank you for acknowledging the success on the inflation front.

On GDP, I agree with you that we cannot regard this heterogeneity between Member States as strictly cyclical. There is always an element of cyclicity, but it's not the decisive factor.

I think we have to look under the skin of those economies. Some of them have been built over the course of time on business models that are no longer justified by the geopolitical transformations that are taking place – number one.

Number two, there is a sectoral component as well. When you look at the contribution of tourism, for instance, in some economies versus others, it's obvious that tourism, transportation, hospitality sectors play a significant part in the success of some countries. Spain is an obvious example of that sectorality.

There's another component which also matters quite a lot, and that is energy cost. You can tell that for those countries where the cost of energy is high by virtue of the grid or by virtue of the sources of energy, then it has an impact on the growth level as well.

So I'm not sure that we can transform and equalise, or that it is actually appropriate to do so. What I'm certain of, though, is that this one market – one market – that we all hope for will have an impact across the board. I think we should we should take all necessary measures and push the actors in charge to go in those directions.

1-0036-0000

**Evelyn Regner (S&D)**. – Herzlichen Dank, Frau Präsidentin! Das Jahr 2025 war ein extrem erfolgreiches für die europäischen Banken. Die europäischen Bankaktien haben extremen Erfolg gehabt. 2026 scheint sich der Fokus nun auf weiteres Gewinnwachstum und anhaltend hohe Ausschüttungen an Aktionärinnen und Aktionäre zu verlagern.

Und daher jetzt vor diesem Hintergrund meine Fragen an Sie: Wie beurteilt die Europäische Zentralbank die Nachhaltigkeit der Rekordentwicklung bei europäischen Banken, insbesondere angesichts der weiterhin hohen Finanzierungskosten für Haushalte und KMU? Und sieht die EZB Risiken darin, dass dieser starke Fokus auf Margen und hohe Ausschüttungen an Aktionäre die Kreditvergabe und die langfristige Finanzstabilität und damit Preisstabilität beeinträchtigen könnte?

1-0037-0000

**Christine Lagarde**, *President of the European Central Bank*. – Thank you very much for your question.

Two points. One is that banks in Europe play a significant role for the transmission of our monetary policy, and we are very attentive to transmission. It's one of the three components that we have in our monetary policy stance – inflation outlook, underlying inflation, proper transmission of our monetary policy. So we look at that aspect very carefully.

I would say that, from a different angle, which is not necessarily my remit directly, but the SSM is very attentive to how risks are assessed, anticipated, provisions made, buffers constituted. Not all banks like it, but there is a constant reminder of the cost associated with operating in a different world and with a green transition that is also in the works as well.

1-0037-5000

*Interventions à la demande*

1-0038-0000

**Fabio De Masi (NI).** – Ms Lagarde, first of all, if the wage share took some time to recover, or real wages took some time to recover, this means, conversely, that the profit share must have benefited. We know the tendency that corporations tend to hike prices if they know the others do it as well, but they bring it down more reluctantly. So would you also see some room for fiscal responses, such as taxing excess profits, instead of putting too much burden of adjustment on the wage share by using the blunt instrument of the interest rate?

The second question is that there has been some debate around your salary for the Bank for International Settlements. I don't want to discuss your salary here. I just want to know: would you be willing to publish that additional income in a more transparent way in the future and for the past years?

1-0039-0000

**Ludovít Ódor (Renew).** – Thank you, Madam President. We had a joke in socialism that bread is more expensive, but locomotives are cheaper. So that is the spirit actually of perceived inflation. Usually we are more sensitive to what we buy more frequently.

But I have a question on a different part of the equation, which is actual inflation. There are tendencies where we underestimate or overestimate actual inflation. One is, for example, on housing costs. Sometimes it is not easy to include relevant parts of the housing costs in CPI indices.

But, on the second part, we already talked about the technological revolution. We have a lot of services for free because of zero marginal costs and also quality adjustments are extremely hard to measure. We usually have the same price on our phones, but the quality is much higher, so it is not easy to evaluate.

Do you look also into the problems of estimating actual inflation?

1-0040-0000

**Christine Lagarde, President of the European Central Bank.** – Thank you very much. On the on the first part of your questions, concerning wages versus profit, I think we've observed different movements. For a period of time in the initial part of the COVID shock, in particular, and the energy price increases, we observed an increase in profits and a compression of wages, then the movement reversed so that profits were reduced, squeezed and wages increased. There was a loss of wages in the first place, compensated by reduced profit margins for a period of time. We are now at a point – a long time into the process, I agree with you – where wages have caught up with the pre-20, pre-COVID period.

Fiscal is a prerogative of Member States, and some Member States, in certain sectors in particular, have decided on fiscal withholding and special and exceptional tax withholding. I can think of a couple of countries that have actually done that. But it's something that is decided by Member States in their respective capacity.

Now, concerning my compensation – I wouldn't call it remuneration because I'm a board member, I'm not an employee of the BIS. I have disclosed that compensation very clearly, very

transparently in response to a Member of Parliament letter. I have indicated all the terms and conditions and what is to be known about that, and I have no qualms in doing so.

In 2025, in our annual accounts we have been more readable. It's not that any of those numbers concerning ECB Executive Board members' compensation was hidden or not disclosed, because all is disclosed in our declarations of interests. You can check my employment contract, the terms and conditions; everything is available. In 2025, as I said in my letter, we had hoped that everything would be more easily combined and readable. The Executive Board suggested it. The Governing Council approved it yesterday at its meeting. In the disclosure of all financial information, it will be a much more readable set of data.

Compensation for all board members of the BIS is not paid by the ECB; it's paid by the BIS. But I'm perfectly happy, each and every year, to tell you how much that is.

I don't understand the issue of bread and locomotives, but you will explain to me later on. I'm lost! On actual inflation, when we did our strategy review back in 2021, we tried to figure out whether we could insert the actual overall cost of housing. We asked all the statistical offices – and Eurostat in particular, as an aggregator of all of them – to let us have those data. It is not possible.

So, we try to have some of the cost of housing borne by the people as close as possible but with approximation. It's not ideal. We don't have it. We don't give up – we hope the statistical offices can actually get there. We hope that artificial intelligence, collection of data, analysis of data can help us have a true assessment of all the costs borne by households. But at the moment, we don't have it.

You also asked me about the impact of technology. That is something that we try to measure as much as we can in terms of expenditure, in terms of investment, in terms of output when it comes to productivity and usage. We do that on the basis of the numbers that we receive, and we do that on the basis of the corporate surveys that we conduct on a very regular basis, to ask them whether they are looking at massive investment in AI, for instance. We try to draw intelligence from that.

1-0041-0000

**Dirk Gotink (PPE).** – Welcome again, Madam President. It's great to have you here. It's very instructive and always enlightening that you spend so much time with us every time you are here.

First of all, there was a question on the digital euro vote from a question behind. He voted in favour of the Tridico amendments and he hasn't corrected his votes. So if anyone is contributing to the confusion, it's the AfD party in Germany. Check the roll-call votes. It's there; it's very amusing.

Secondly, there's one sentence in your opening statement, and it's not about inflation, but it's about the external contribution of economic growth. You said it's actually negative. Is that a temporary phenomenon? Is that just due to the absolute chaos that is going on at the moment on the other side of the Atlantic? How does this feed into – and I know you don't want to talk about it – the 'Buy European' discussion? Because if we're so dependent on domestic demand, what is the role that, for example, international trade and trade treaties can play in helping to support that? Because our future, I believe, is not to have an economy that is totally dependent on public expenditure.

1-0042-0000

**Gaetano Pedulla' (The Left).** – Presidente Lagarde, io ho molto rispetto del Suo lavoro e del lavoro della BCE e, per questo, penso che sia un lavoro che vada oltre la stabilità finanziaria, il Tier 1 e il contenimento dell'inflazione.

Guardiamo allora alcuni dati concreti: il 2025 – è stato ricordato in un precedente intervento – è stato un anno eccezionale, come quelli precedenti, per le banche, per il sistema bancario.

In Italia è atteso un aumento degli utili del sistema bancario dell'anno scorso tra il 10 e il 13 %. A fronte di questo, gli impieghi bancari sono stati positivi, +0,8%, tra il 10 e il 13 utili, 0,8 impieghi. Gli impieghi nelle microimprese sono negativi, sono diminuiti.

Allora Le chiedo – anche come SM – avete in mente di attivare un'operazione di *moral suasion*, un'iniziativa sul sistema bancario perché torni a fare quello che deve fare: erogare credito alle imprese, perché stiamo assistendo a una grande difficoltà.

Possiamo parlare di Unione degli investimenti, ma se non diamo credito alle imprese, riattivare l'economia sarà impossibile.

1-0043-0000

**Irene Tinagli (S&D).** – I was interested by the raising of the issue of housing. Recently, Ms Bowman, Vice-President of the Federal Reserve, said that they are considering measures to lower requirements to make it easier for banks to loan and hold mortgages. This is justified as a way to make it easier for people to own homes, but also, most importantly, to bring back loans and mortgages in the banking sector rather than non-banks, because they've seen a drop in these.

I don't know if this is really the way we want to monitor things – to lower capital requirements or to loosen the regulation. I don't want you to comment too much on what Bowman said, but I would like you to tell us how the situation is in Europe. How do you see that? Are you seeing pressures in the internal debate to follow these kind of measures in Europe as well? How do you see that?

1-0044-0000

**Christine Lagarde, President of the European Central Bank.** – That's a lot of great questions, actually.

So, Mr Gotink, you asked me about the point that I made, which is not actually in my written introductory remarks, but I think that it is such a significant change that I wanted to mention it. Our growth at the moment is decisively produced by domestic factors – investment, consumption. But investment is not just from the public sector. When you look at the details and numbers, you have quite a lot of investment coming from the private sector as well. Those are the two big drivers.

The external factors – from memory, and don't quote me, we'll double check that – I think reduce our growth by 50 basis points, 0.5. So it's not it's not a completely trivial element. It's clearly a testimony to geopolitical changes, to the fragmentation of markets, to the uncertainty about trades, to all sorts of components that are out there.

Is it for the long run? Is it a temporary factor? I think we should just be prepared that it is for the long run. As a result, we should deepen our internal market and make sure that we eliminate much of the barriers that we impose on ourselves. If external relationships shift

because trade in goods and services improves, because we have more certainty, that will be an add-on. But I think that is the approach that is reasonable risk management. That's how I would put it. I don't want to drop anything.

On banks' lending, this is obviously partly ex-post and partly a projection. What we do is we have two studies. One is our bank lending survey, which we conduct on a quarterly basis, and the other one is SAFE, which is also a survey about households' and non-financial corporates' demand for lending. So we try to cross the supply of banks, on the one hand, with the demand of borrowers, on the other hand.

What we are seeing at the moment is that banks are lending a little more. It is growing at a pace of about two-point-something percent on a regular basis. On the SAFE side, we are not receiving from those that we survey any complaints that they would not have access to lending. We are receiving feedback concerning the types of guarantees or the types of securities that are being asked for, but not in a very obvious way. For the moment, we see the meeting of the supply and demand in terms of bank lending as being reasonable and slightly increasing – not a lot, but slightly increasing.

We are very attentive to that because we know that it's part of monetary policy transmission. So we look at that very carefully. We have this thermometer out there constantly on the pulse of the banking sector and banking services' customers.

On the issue of the housing sector: I've lived through the global financial crisis. I know how much the housing sector was, way before 2007, at the origin of a meltdown that we don't want to see again. I think that we have to be particularly attentive to the standards, to the requirements, to the criteria, to the ratios concerning the housing sector. Because, just as the construction sector is generally a trigger for future growth, I think the housing sector can be a strong indicator of things that have to be under control.

1-0044-2500

*(Fin des interventions à la demande)*

1-0044-5000

**Chair.** – Thank you. Are there more requests for the floor? I see there are not.

So, Ms Lagarde, you have a couple of minutes to conclude if you want.

1-0045-0000

**Christine Lagarde, President of the European Central Bank.** – I want to thank you all. I'm really happy when I come here before you and we can have these discussions and debates. I hope you enjoyed it at least a little bit as much as I enjoyed it and will continue to enjoy it.

1-0046-0000

**Chair.** – Thank you so much for being with us today and for answering all of our questions. It's a pleasure for us also.

1-0047-0000

*(Le dialogue monétaire termine à 11h00)*