



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mr Giommara Uggias  
Mr Gianni Vattimo  
Mr Andrea Zanoni  
Mr Niccolò Rinaldi  
Members of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 13 June 2012

L/MD/12/433

Re: Your letter

Dear Mr Uggias, dear Mr Vattimo, dear Mr, Zanoni, dear Mr Rinaldi,

Thank you for your letter passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 27 April 2012.

As regards your question on credit provision to the real economy, both the three-year long-term refinancing operations (LTROs) were specifically designed to prevent a credit crunch. The operation conducted in February attracted 800 banks, the vast majority of which are smaller banks; it is precisely those institutions that lend mostly to small and medium-sized enterprises. Please see the survey on the access to finance of small and medium-sized enterprises in the euro area for more detailed information on access and availability of bank loans.<sup>1</sup> As regards the impact of our 3-year LTROs, please take note of the box entitled “Impact of the two three-year long-term refinancing operations” published in the March 2012 issue of the ECB Monthly Bulletin.<sup>2</sup> This analysis shows that the two 3-year LTROs have helped, *inter alia*, improve market sentiment for a broad range of assets and helped to gradually reopen some previously closed market sectors.

As regards your question on the interest rate charged by euro area banks to obtain mortgages and loans, interest rates on loans to non-financial corporations and loans to households for house purchase mostly declined, albeit to varying degrees. The latest developments of the interest rate statistics can be found at the Euro area MFI Interest rate statistics press release.<sup>3</sup>

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<sup>1</sup> <http://www.ecb.europa.eu/pub/pdf/other/accesstofinancesmallmediumsizedenterprises201204en.pdf>

<sup>2</sup> <http://www.ecb.europa.eu/pub/pdf/mobu/mb201203en.pdf>

<sup>3</sup> <http://www.ecb.europa.eu/press/pdf/mfi/mir1205.pdf>

As regards your question on the use of central bank liquidity, the Treaty on the Functioning of the European Union is very specific, requiring the conduct of monetary policy to be “*in accordance with the principle of an open market economy with free competition*”. Any decision on business conduct is taken by the individual banks themselves.

Yours sincerely,

*[signed]*

Mario Draghi

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