



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC
COURTESY TRANSLATION

Mario DRAGHI
President

Mr Bernd Lucke
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 27 March 2019

L/MD/19/89

Re: Your letter (QZ-012)

Honourable Member of the European Parliament, dear Mr Lucke,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs (ECON), accompanied by a cover letter dated 1 February 2019.

With regard to hypothetical future contingencies for Eurosystem central banks and the role of TARGET balances in such processes, please refer to the explanations I provided during the ECON hearings of 28 January 2019¹ and 24 September 2018², and those contained in my letters of reply on this matter, including the letter to Mr Zanni dated 13 September 2017³, which referred to an in-depth analysis of TARGET balances prepared by ECB staff. This analysis also includes a description of how TARGET balances relate to national central banks' balance sheets.

As I had the opportunity to indicate at the ECON hearing of 24 September 2018, and to reiterate at the hearing of 28 January 2019, intra-system balances are an inherent feature of the decentralised implementation of our monetary policy. TARGET2 is the Eurosystem's payment system and ensures the

¹ See transcript of the regular hearing of the ECB President at the Economic and Monetary Affairs Committee, 28 January 2019. Available at: https://www.ecb.europa.eu/press/key/date/2019/html/ecb.sp190128_transcript.en.pdf

² See transcript of the regular hearing of the ECB President at the Economic and Monetary Affairs Committee, 24 September 2018. Available at: https://www.ecb.europa.eu/pub/pdf/annex/ecb.sp180924_2_transcript.en.pdf

³ Letter from the ECB President to Mr Marco Zanni, MEP, dated 13 September 2017, available at: https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter170915_Zanni.en.pdf

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efficient and effective settlement of euro-denominated payments within the EU. It is therefore essential to the well-functioning of the monetary union.

Yours sincerely,

[signed]

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