



Feedback on the input provided by the European Parliament as part of its resolution on the ECB Annual Report 2020

The ECB Annual Report 2020 was presented by the ECB's Vice-President on 14 April 2021 in a dedicated session of the Committee on Economic and Monetary Affairs of the European Parliament.¹ On 14 February 2022 the President of the ECB attended the European Parliament's plenary debate on the Annual Report.² The following day the Parliament adopted its resolution on the ECB Annual Report 2020 (hereinafter referred to as "the resolution").³

On the occasion of the transmission of the ECB Annual Report 2021 to the European Parliament, the ECB is providing its feedback on the input provided by the European Parliament as part of the resolution.⁴

1 Monetary policy

As regards the resolution's call for the ECB to closely monitor elevated inflation rates and take action to safeguard price stability, the ECB remains firmly committed to its 2% inflation target. The ECB's monetary policy decisions continue to be geared towards achieving price stability in the medium term. The war in Ukraine is severely affecting the euro area economy and has significantly increased uncertainty. The impact of the war on the economy will depend on how the conflict evolves, on the effect of current sanctions and on possible further measures. Inflation has increased significantly and will remain high over the coming months, mainly because of the sharp rise in energy costs. Incoming data since March reinforced the Governing Council's expectation that net asset purchases under the ECB's asset purchase programme (APP) should be concluded in the third quarter. The calibration of monetary policy will remain data-dependent and reflect the evolving assessment of the outlook. The ECB stands ready to adjust all of its instruments within its mandate, incorporating flexibility if warranted, to ensure that inflation stabilises at its two per cent target over the medium term.

With respect to the reference on ensuring and monitoring the necessity, suitability and proportionality of its monetary policy measures, the ECB systematically assesses these aspects when taking monetary policy

¹ See the ECB [website](#).

² See the ECB [website](#).

³ The text of the resolution as adopted is available on the European Parliament's [website](#).

⁴ This feedback does not cover the issues raised in the European Parliament's resolution on banking union. For a discussion on these matters, see the [ECB Annual Report on supervisory activities](#). The feedback on the resolution on banking union will be published later this year.

decisions. This assessment includes an analysis of the effectiveness and efficiency of monetary policy measures towards achieving price stability, their benefits and possible side effects, as well as their interaction and balance over time. This is particularly important in view of the use of monetary policy instruments other than the standard policy rates. The result of the assessment may affect both the intensity with which these measures are employed and their design, which can be calibrated to limit or counteract possible side effects.⁵

As regards the references made in the resolution to the impact of low interest rates on businesses, on incentives for reforms and investment, and on pension and insurance systems, the ECB's proportionality assessment mentioned above takes into account all relevant aspects related to the real economy and the financial system. The ECB's monetary policy instruments are constantly monitored to ensure that they are proportionate to achieving the statutory objective, especially as side effects on the financial system and beyond may intensify the longer the low interest rate environment persists.

With regard to the effectiveness of the ECB's monetary policy instruments, including the impact of targeted longer-term refinancing operations (TLTROs) on the real economy, particularly small and medium-sized enterprises (SMEs), the ECB's monetary policy has been calibrated to ensure liquidity gets through to all sectors of the economy. TLTROs are providing euro area banks with funding at very attractive rates on condition that they sustain their lending to the real economy, which is particularly important in times of high uncertainty. Overall, there is ample evidence that TLTROs have been very effective in easing bank funding costs and encouraging bank lending to firms and households, including the provision of liquidity to micro enterprises and the self-employed, who typically rely on banks for access to credit.⁶ During the pandemic, the effectiveness of the measures has been enhanced by microprudential and macroprudential measures and fiscal policy support, in particular government guarantees and moratoria schemes. The ECB introduced a targeted collateral easing package in April 2020, with a special focus on loans to smaller businesses, including the self-employed and private individuals.⁷ Banks can finance loans to these groups by accessing the favourable terms of the TLTROs, thereby supporting this lending. All these monetary policy measures are aimed at helping to maintain favourable financing conditions, thereby alleviating financial constraints for SMEs and improving their resilience to financial shocks. The ECB continues to closely monitor SMEs' financing conditions, especially in the context of the semi-annual ECB survey on the access to finance of enterprises (SAFE).⁸

⁵ For instance, the ECB has excluded household mortgages from the TLTROs to limit the risks of credit extension fuelling unsustainable house price increases. Another example is the two-tier system for remunerating excess liquidity holdings, which was introduced to counteract the impact of negative rates on bank-based transmission of monetary policy.

⁶ For more information, see also "[TLTRO III and bank lending conditions](#)", *Economic Bulletin*, Issue 6, ECB, 2021.

⁷ See [press release](#), "ECB announces package of temporary collateral easing measures", ECB, 7 April 2020.

⁸ See "[Survey on the access to finance of enterprises](#)", ECB website.

Regarding the eligibility of Greek government bonds under the public sector purchase programme (PSPP), the ECB notes that the credit quality of Greek government bonds has steadily improved in recent years but has not yet reached the eligibility threshold for the PSPP. The eligibility of Greek government bonds for the PSPP is subject to a decision by the Governing Council based on a number of considerations, including risk management. Although Greek public sector securities have so far not been purchased under the PSPP, the ECB's accommodative monetary policy has contributed substantially towards easing financial conditions in Greece, as shown by the historically low bank lending rates to Greek households and non-financial corporations.⁹ The ECB maintains a strong presence in the market for Greek government bonds through reinvestment of the holdings under the pandemic emergency purchase programme (PEPP), for which marketable debt securities issued by the Greek government are eligible under a waiver. The ECB will continue reinvesting all redemptions of the accumulated PEPP holdings as they mature until at least the end of 2024. Moreover, if risks to the smooth transmission of monetary policy to the Greek economy are observed, the ECB can adjust the PEPP reinvestments flexibly across jurisdictions to counter any unwarranted market fragmentation.¹⁰ Finally, Greek government bonds are temporarily accepted as collateral in Eurosystem credit operations and will continue to be so for at least as long as reinvestments in Greek government bonds under the PEPP continue.¹¹

2 Inflation target and measurement

With regards to the ECB's new inflation target and the resolution's reference to the absence of an arithmetic reference in the definition, the ECB considers that price stability is best maintained by aiming for a 2% inflation target over the medium term. This quantitative formulation of the price stability objective is simple, clear and easy to communicate and is therefore expected to contribute to the better anchoring of inflation expectations. The medium-term orientation is important to account for uncertainties in the inflation process and the transmission, to recognise the imperfect control of inflation by monetary policy in the short run owing to variable transmission lags to the economy and inflation. The definition of the timespan for the medium term is not fixed and does not necessarily coincide with the end of the staff projection horizon. Instead, it includes some in-built flexibility to assess the origin of shocks and to look through temporary shocks that may dissipate of their own accord, as well as those shocks that create trade-offs for policy by temporarily moving inflation and output in different directions (as in the case of supply shocks).¹²

As regards the incorporation of owner-occupied housing (OOH) into the harmonised index of consumer prices (HICP), the ECB notes that Eurostat and

⁹ For more information on financial conditions in Greece, see also the [letter](#) on monetary policy from the ECB President to Mr Dimitrios Papadimoulis, Member of the European Parliament, 4 February 2022.

¹⁰ See [monetary policy decisions](#), ECB, 16 December 2021.

¹¹ See [press release](#), "ECB announces timeline to gradually phase out temporary pandemic collateral easing measures", ECB, 24 March 2022.

¹² For more information, see also "The ECB's price stability framework: past experience, and current and future challenges", *Occasional Paper Series*, No 269, ECB, September 2021.

the national statistical institutes are currently discussing, in close liaison with the European System of Central Banks (ESCB), how to address the Governing Council recommendation to include OOH in the HICP in a stepwise approach.

As communicated in the ECB's new monetary policy strategy, the Governing Council considers the net acquisition approach as the preferred method for including OOH in the HICP. This approach reflects price changes in expenditures related to the purchase of dwellings new to the household sectors as well as those related to the ownership of owner-occupied houses and flats. Concrete steps towards the full inclusion of OOH in the HICP have been presented in the form of a roadmap.¹³ The relevant price indices, the HICP and the owner-occupied housing price index (OOHPI) are developed, produced and disseminated by the European Statistical System (ESS), which includes Eurostat and the national statistical offices of the EU Member States. The decision on how to follow up on the requirements set out by the Governing Council is therefore within the remit of the ESS. With respect to the impact on the HICP, preliminary ECB staff analysis shows that, over the last decade, the HICP combined with the OOHPI has exhibited inflation rates that do not differ greatly from those of the HICP without OOH-related costs.¹⁴

As regards the adequate measurement of consumer expenditure, the ECB's view is that an integration of OOH in the HICP would serve the purpose of better capturing the phenomenon of consumer price inflation, while recognising that isolating the consumption component is complex.

The HICP in its current form includes expenditures on actual rentals for housing as well as the running costs incurred by owners and tenants.¹⁵ However, the most important part of household OOH costs – purchases of houses and flats and expenditures related to owning a dwelling or, alternatively, the estimated cost of living in an owner-occupied dwelling – is not included in the HICP. Hence, price developments related to housing markets are not completely covered by the HICP. At the same time, it is important to note that in accordance with its legal basis, the HICP should focus on consumption expenditure only and thus exclude investment. However, isolating the consumption part is a complex issue, both from a conceptual and a technical viewpoint.¹⁶ The separation of the consumption element in OOHPIs needs to be thoroughly investigated, since commonly accepted and convincing approaches do not yet

¹³ For more information, see Section 3 in "[An overview of the ECB's monetary policy strategy](#)", ECB, July 2021, and the [speech](#) by President Christine Lagarde at the Hearing of the Committee on Economic and Monetary Affairs of the European Parliament, 15 November 2021.

¹⁴ The analysis shows that a price index combining the HICP and the OOHPI exhibits inflation rates which are more cyclical than current HICP inflation rates. In the period between 2012 and 2020, the differences were of a limited size, reaching -0.3 percentage points (pp) and +0.3 pp in the maximum cases, and +0.1 pp on average. For more information, see "[Owner-occupied housing and inflation measurement](#)", *Economic Bulletin*, Issue 1, ECB, 2022. The article also explains the features of the combined HICP and OOHPI index, its underlying statistical concept and compilation methods and the progress to be achieved until OOH may eventually be integrated into the HICP.

¹⁵ The running costs include material and services for minor repairs, insurance connected with the dwelling, electricity, gas and other fuels, water supply, wastewater removal and waste collection.

¹⁶ A notable challenge related to the implementation of the net acquisition approach in the HICP is that housing has a dual nature: at first glance, buying a house could be considered as an investment in an asset. However, buyers may have different intentions: they can use the house for investment purposes only (by renting it out) or they can use it primarily for consumption (by occupying it as an owner). As the owner-occupier will also benefit from any increase in the value of the dwelling over time, the dwelling will be used for both investment and consumption.

exist.¹⁷ Further analytical work, possibly jointly undertaken by the ESS, the ESCB and other interested international organisations, is required to eventually agree on a widely accepted approach. This, in turn, is a pre-condition for compiling an official HICP which includes OOH. Currently, it would be premature to form concrete expectations about how and by when progress in this area could be achieved. In addition to this, progress regarding the timeliness and frequency of the OOHPI also needs to be made before OOH can be included in the HICP.

3 Climate change

As regards the ECB's new action plan and its detailed roadmap of climate change-related actions to further incorporate climate change considerations into its policy framework¹⁸, the ECB notes that implementation is on track to deliver the agreed milestones for 2022. These include a detailed plan for disclosure requirements in the collateral framework and asset purchases, a pilot stress test on the Eurosystem balance sheet and proposals to adapt the corporate sector purchase programme (CSPP) framework. Some parts of the implementation of the action plan will partly depend on, but also support, the progress on relevant EU policies and initiatives in the field of environmental sustainability disclosure and reporting, meaning that any delay in the entry into force of relevant legislation, such as the Corporate Sustainability Reporting Directive (CSRD), is likely to also affect the timeline of corresponding ECB actions. The ECB notes the urgent need to adopt and implement the CSRD and calls upon the co-legislators to ensure that its entry into force, reporting start date and scope of covered entities adequately reflect its vital importance.

In addition to the action plan, the ECB and the Eurosystem are already taking climate change considerations into account in many areas. For example, the ECB regularly purchases green bonds under the asset purchase programmes and takes climate change risks into account in its due diligence procedures for corporate bond purchases. In the fields of financial stability and banking supervision, the ECB published the methodology and results of its economy-wide climate stress test in September 2021¹⁹ and launched its supervisory climate stress test in January 2022.²⁰ Moreover, the ECB identified exposure to climate-related and environmental risks as a key vulnerability to be tackled in its supervisory priorities for 2022-2024.²¹

¹⁷ In the deliberations so far it has been considered that the purchase of land on which an owner-occupied dwelling sits could be identified as the investment component, also related to the fact that the value of land does not depreciate while being used. However, a case could also be made for the purchase of the structure also being an investment. In national accounts both the purchase of land and the structure are classified as investment. Hence, when following a national accounts-based approach, OOH expenditures related to the purchase of dwellings would be considered to be outside the consumption sphere.

¹⁸ See [press release](#), "ECB presents action plan to include climate change considerations in its monetary policy strategy", ECB, 8 July 2021.

¹⁹ See [press release](#), "Firms and banks to benefit from early adoption of green policies, ECB's economy-wide climate stress test shows", ECB, 22 September 2021.

²⁰ See [press release](#), "ECB Banking Supervision launches 2022 climate risk stress test", ECB, 27 January 2022.

²¹ See ["ECB Banking Supervision – Supervisory priorities for 2022-2024"](#), ECB, 7 December 2021.

Lastly, the establishment of the ECB climate change centre is helping to harness internal expertise and shape the ECB climate agenda.²²

Regarding the ECB's corporate sector purchase programme (CSPP) and the principle of market neutrality, the ECB notes that work on this topic is ongoing. Action 9 in the ECB's roadmap of climate change-related actions in monetary policy operations outlines its commitment to adjust the framework guiding the allocation of corporate sector bond purchases to incorporate climate change considerations, in line with its mandate.²³ These criteria will include the alignment of issuers with, at a minimum, EU legislation implementing the Paris Agreement. An assessment of potential biases in the ECB's purchase benchmarks, also taking into account potential market inefficiencies, will serve as input for the development of possible alternatives, as detailed in Action 4. In line with the roadmap, work is on track to develop concrete proposals to adapt the CSPP framework by mid-2022, with implementation foreseen for end-2022.

With respect to the call made in the resolution for the ECB to speed up its work on increasing the share of green bonds in its portfolio, the ECB notes that its thematic investment strategy in its own funds portfolio has resulted in an increase in the share of green bonds to 7.6% in 2021. The ECB purchases green securities directly in the secondary market and via an investment in the euro-denominated green bond investment fund for central banks (EUR BISIP G2) launched in January 2021 by the Bank for International Settlements (BIS). The ECB plans to further increase this share over the coming years, while acknowledging some challenges stemming from the passive management of the ECB's own funds portfolio and the rather low liquidity of green bonds in the secondary markets. The ECB cannot resort to primary market purchases of public debt instruments due to the monetary financing prohibition laid down in Article 123 of the Treaty on the Functioning of the European Union.

As regards the incorporation of climate-related risks into the ECB's collateral framework, the ECB notes that work is ongoing to take relevant climate change risks into account when reviewing the valuation and risk control frameworks for assets mobilised as collateral by counterparties for Eurosystem credit operations. The ECB will introduce disclosure requirements for private sector assets as a new eligibility criterion or as a basis for the differentiated treatment of collateral and asset purchases. The ECB notes that while work is on track to announce a detailed plan in 2022, the implementation of this initiative will take into account EU policies and initiatives in the field of environmental sustainability disclosure and reporting as discussed above. Lastly, the ECB notes that its action plan also includes enhancing its risk assessment capabilities. These actions include introducing climate stress tests for the Eurosystem balance sheet in 2022 and assessing whether the credit rating agencies accepted by the Eurosystem Credit Assessment Framework have disclosed the necessary information to understand how they incorporate climate change risks into their credit ratings. In

²² See [press release](#), "ECB sets up climate change centre", ECB, 25 January 2021.

²³ See [press release](#), "Detailed roadmap of climate change-related actions", ECB, 8 July 2021.

addition, the ECB will develop minimum standards for the incorporation of climate change risks into its internal ratings.

The ECB agrees on the importance of cooperating with international networks and engaging in dialogue with civil society. The ECB is actively and intensely involved in the work of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)²⁴ and provides substantive input to the EU policy agenda as part of its advisory function under the EU Treaties.²⁵ The ECB is also a member of the Platform on Sustainable Finance and is an observer of the European Financial Reporting Advisory Group (EFRAG) Sustainability Reporting Board. At the international level, the ECB gave strong support to the sustainable finance and climate risk agenda in international fora, including the G7²⁶ and the BIS²⁷. At the European level, the ECB contributed to the Sustainable Finance Network of the European Banking Authority (EBA) and to the EBA subgroups on transparency and reporting. The ECB is also actively involved in interinstitutional networks to exchange information and best management practices related to the internal environmental management system of the participating institutions.²⁸ Regarding the dialogue with civil society, the ECB greatly values the key role of civil society organisations in raising awareness of climate change and contributing to the debate on policy measures that fall within the ECB's mandate.²⁹ The ECB's role in tackling climate change was the topic of one of its civil society seminars held on 13 January 2022³⁰ and the ECB intends to hold more seminars on climate-related topics in the future.

With respect to the resolution's call for intensifying work to incorporate climate considerations into the ECB's routine business, the ECB notes that in 2021 it communicated its decision to align the organisational environmental targets for 2030 with the Paris Agreement objective of limiting global warming to 1.5 degrees Celsius above pre-industrial levels.³¹ This commitment is also accompanied by an extension of the ECB's reported carbon footprint boundary, which will make impacts along the value chain more visible. The extended scope will be disclosed in the ECB's Environmental Statement for 2022 together with the

²⁴ In 2021 the ECB made a significant contribution to all work streams of the NGFS (microprudential and supervision, macrofinancial, scaling up green finance, bridging data gaps, and research) and the Legal Task Force.

²⁵ In 2021 the ECB published its opinions on legislative proposals in areas within the ECB's competence, such as the proposal for a Corporate Sustainability Reporting Directive and the proposal for a Regulation on European Green Bonds. Moreover, it participated in EU fora discussions on the matter, such as meetings of the ECOFIN, Eurogroup and relevant committees and working groups, as well as interactions with the European Parliament.

²⁶ Notably in the G7, G20, the re-established G20 Sustainable Finance Working Group and the G20 Data Gaps Initiative.

²⁷ The ECB contributed to the Basel Committee on Banking Supervision's high-level Task Force on Climate-related Financial Risks and actively took part in the three work streams of the Financial Stability Board dealing with climate-related issues.

²⁸ These include the Interinstitutional Environmental Management Group (GIME), which comprises institutions and bodies of the European Union, and the Environmental Network of Central Banks (ENCB), which connects European national central banks for the exchange of information on the institutions' environmental performance and awareness raising activities.

²⁹ For more information, see "[Civil society seminar series](#)", ECB.

³⁰ Executive Board Member Frank Elderson and the head of the ECB's climate change centre, Irene Heemskerck, met with representatives of 15 civil society organisations and discussed how the ECB integrates climate and environmental considerations into its work.

³¹ See "[2021 update of the ECB's Environmental Statement](#)", ECB.

updated environmental management programme, which contains the ECB's objectives and planned measures to achieve its overarching environmental targets outlined above. Moreover, in line with the call made by the European Parliament in last year's resolution, the ECB has also included an additional chapter in the Annual Report 2021 summarising its approach to environmental, social and governance (ESG) sustainability topics, which were identified through a materiality assessment exercise.³² Lastly, the ECB has been registered with the European Eco-Management and Audit Scheme (EMAS) and certified in accordance with the ISO 14001 standard since 2010 in a continued effort to improve the way in which it integrates environmental considerations into its internal processes.

4 Digital euro, payment services, crypto-assets and cybersecurity

With regard to the resolution's call for the ECB to ensure that the digital euro addresses the public's expectations, the ECB agrees that the digital euro needs to meet the payment needs of the people. The primary aim of a digital euro is to maintain public access and full usability of central bank money in an increasingly digitalised economy. But to fulfil this role, people need to be able and willing to use it. The investigation phase will thus examine and prioritise the use cases that a digital euro should provide to meet its objectives: a riskless, accessible, and efficient form of digital central bank money. The ECB is also actively engaging with multiple stakeholders during the investigation phase, including citizens and merchants through dedicated surveys and focus groups.³³ Lastly, the alignment of European authorities and institutions, mindful of their respective mandates and independence, will be key. The ECB therefore continues to cooperate closely with the European Parliament and is committed to regular exchanges on the digital euro with the Committee on Economic and Monetary Affairs of the European Parliament following progress made during the investigation phase.³⁴

Concerning the references to the ECB's TARGET2 operations and cybersecurity, the ECB, together with the Eurosystem, is monitoring the timely completion of the action plan endorsed by the Governing Council in December 2021 to address recommendations made following on from the incidents which occurred in 2020. Measures addressing several recommendations were already implemented in 2021, while most of the remaining measures will be implemented by the end of 2022.³⁵ Market participants will be kept informed of their deployment. In relation to cybersecurity, a number of cyber resilience enhancements were agreed upon in 2018 to strengthen the cyber resilience of TARGET2 and these

³² See paragraph 43, European Parliament [resolution](#) of 10 February 2021 on the European Central Bank - annual report 2020 (2020/2123(INI)).

³³ See [press release](#), "ECB publishes report on payment preferences as part of digital euro investigation phase", ECB, 30 March 2022.

³⁴ See [letter](#) from Fabio Panetta to Irene Tinagli, Member of the European Parliament, on the ECB Governing Council decision to launch the investigation phase of a digital euro, 14 July 2021.

³⁵ See [letter](#) from Fabio Panetta to Irene Tinagli, Member of the European Parliament, on the action plan to address recommendations after TARGET incidents in 2020.

enhancements have now been fully implemented.³⁶ Further cyber resilience enhancements will be implemented later in 2022. At the same time, as part of its oversight role, the ECB actively promotes the cyber resilience of European financial market infrastructures (FMIs), for instance by requiring their compliance with the Eurosystem's cyber resilience oversight expectations. The ECB further supports the cyber resilience of European FMIs through threat-led penetration testing via the European framework for threat intelligence-based ethical red-teaming (TIBER-EU). The ECB also collaborates continuously with key FMIs and relevant stakeholders via the Euro Cyber Resilience Board for pan-European Financial Infrastructures on topics such as information sharing, crisis management, training and awareness and third-party cyber risk management.

With respect to the resolution's call for the ECB to ensure an adequate balance between innovation in the fintech area and ensuring financial stability, the ECB recognises the benefits that financial innovation could bring to financial services in terms of convenience, efficiency and accessibility for broader segments of society. Realising these benefits is predicated on a well-functioning financial system which can adequately and effectively contain the associated risks to financial stability and meet other public policy objectives (such as market integrity, the smooth functioning of market infrastructures and payments, and consumer/investor protection). The ECB will continue to support financial innovation, bearing in mind the need for adequate safeguards under the principle of "same risk, same rules".

Concerning monitoring the development of crypto-assets, the ECB has intensified its monitoring of the risks posed by crypto-assets to financial stability, as well as their impact on monetary policy transmission and on the safety and smooth functioning of market infrastructure and payments. During 2021 the ECB published several opinions recommending, inter alia, to extend traceability requirements to crypto-assets, to develop a robust new bespoke regime for crypto-assets and to enhance the cybersecurity and operational resilience of the financial sector.³⁷ Furthermore, the Eurosystem published the oversight framework for electronic payment instruments, schemes and arrangements (PISA) in November 2021.³⁸ Lastly, the ECB, through its participation in the international standard setting bodies, proactively supports the development of international standards to mitigate the risks of crypto-assets, stablecoins and decentralised finance.

³⁶ See ["Cyber resilience oversight expectations for financial market infrastructures"](#), ECB, December 2018.

³⁷ See ["Opinion of the European Central Bank of 30 November 2021 on a proposal for a regulation to extend traceability requirements to transfers of crypto-assets \(CON/2021/37\)\(2022/C 68/02\)"](#), ["Opinion of the European Central Bank of 19 February 2021 on a proposal for a regulation on Markets in Crypto-assets, and amending Directive \(EU\) 2019/1937 \(CON/2021/4\) \(2021/C 152/01\)"](#), and ["Opinion of the European Central Bank of 4 June 2021 on a proposal for a regulation of the European Parliament and of the Council on digital operational resilience for the financial sector \(CON/2021/20\) \(2021/C 343/01\)"](#).

³⁸ See [press release](#), "The Eurosystem oversight framework for electronic payments (PISA) is published", 22 November 2021. The framework establishes a set of oversight principles, based on international standards, to assess the safety and efficiency of electronic payment instruments, schemes and arrangements including digital payment tokens (e.g. crypto-assets used within a payment scheme as well as stablecoins) and digital wallet providers.

As regards the resolution’s expression of concern regarding the unfair clauses and practices employed by the banking sector in consumer contracts in certain Member States, the ECB would like to restate that the European legislator has refrained from conferring tasks relating to consumer protection on the ECB. In this vein, Recital 28 of the SSM Regulation explains that supervisory tasks not conferred on the ECB should remain with the national authorities, including consumer protection tasks.³⁹ Hence, it is the national authorities of the Member States that are entrusted with consumer protection tasks.

5 Institutional matters

With regard to the resolution’s call to further enhance the ECB’s transparency and accountability arrangements, the ECB appreciates the role played by the European Parliament in effectively discharging the ECB’s accountability obligations and acting as a bridge between the ECB and citizens. The flexibility that has shaped the accountability practices in recent years has been effective and ensured that the relationship continues to evolve in line with developments. At the same time, the ECB is open to engaging in further discussions on how it can contribute, together with the European Parliament, to improve the existing accountability practices. These discussions need to take place within the parameters of the Treaty and fully respecting the ECB’s independence. Moreover, following the practice established during the listening events held during the ECB strategy review, the ECB is committed to continuing a meaningful dialogue with the broader public and civil society. As of September 2020 the ECB has introduced quarterly civil society seminars⁴⁰ – an example was already mentioned in Section 3 on climate change – and it is further exploring new meeting formats, such as roundtable discussions, that would allow a greater degree of interaction and exchange of views with civil society organisations, both on a regular and an ad hoc basis. Regarding the broader public, the ECB is developing strategies to connect to and engage in a dialogue with citizens across the euro area, considering different virtual, physical and even hybrid formats that will help reach a large number of citizens from different nationalities, age groups and socio-economic backgrounds.

Concerning the resolution’s call for the ECB to ensure the independence of the members of its Audit and Ethics Committees, the ECB notes that such independence is expressly provided for in the Audit Committee’s mandate and in the Decision establishing the Ethics Committee. Recent initiatives to further strengthen members’ independence, such as the requirement for external members of the Audit Committee to provide a Declaration of Interests, have been implemented.⁴¹ While an in-depth knowledge of the ECB’s institutional set-up, roles and responsibilities is considered crucial for the smooth and effective functioning of the Committees, the ECB fully acknowledges that members with different experience

³⁹ See [Council Regulation](#) (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

⁴⁰ The seminars feature ECB decision-makers and experts providing insights into different topics of common interest and engaging in a discussion with representatives from civil society organisations.

⁴¹ See [Audit Committee - Declarations of Interests](#), ECB, 31 March 2022.

and backgrounds also bring important added value. As such, the membership of both Committees has been opened to externals and the Ethics Committee has for several years now counted among its members the Chief Ethics Counsel of a non-governmental organisation and a former ethics adviser at the International Monetary Fund.

As regards the composition of the ECB's advisory groups, the ECB notes that such groups have been established as an efficient and effective means of allowing the ECB to directly gather specialised market intelligence. Given its mandate, and similarly to other major central banks, the ECB has frequent interactions with financial market participants and other economic agents, with a view to, inter alia, verifying and ensuring the correct functioning and high service quality of the infrastructure for monetary policy operations and payment systems.⁴² The ECB is fully transparent about its interactions with such groups and publishes their mandates, membership composition, agendas and meeting summaries on the ECB website.⁴³

With respect to the ECB's whistleblower tool, the ECB notes that the tool is fully aligned with the principles of the EU Whistleblowing Directive.⁴⁴ The ECB's framework provides a user-friendly tool allowing for anonymous reporting, as well as strong rules to protect whistleblowers against retaliation. In the course of 2021 approximately two-thirds of whistleblower complaints were received through this new tool, more than half of which were submitted anonymously.

Concerning the references in the resolution to the low representation of women on the ECB's Executive Board and Governing Council, the ECB notes that it does not decide on the composition of the two decision-making bodies. The process for appointing members of the ECB's Executive Board is laid down in the Treaty.⁴⁵ Changes to how the Treaty is implemented as regards the selection process for ECB Executive Board members are a matter for the Council of the European Union and the European Parliament.

Lastly, with regards to the ECB's work to ensure a gender-balanced representation in all its positions across the organisational hierarchy, the ECB notes that improving the gender balance has been high on its agenda since the introduction of the first gender targets in 2013. Those targets aimed at doubling the share of women in management positions in the period from 2013 to

⁴² For more information, see also the [letter](#) from the ECB President to several Members of the European Parliament on the ECB's interactions with external parties, ECB, 23 January 2018.

⁴³ See, for example, [Bond Market Contact Group](#), [Money Market Contact Group](#), [Foreign Exchange Contact Group](#) and [ECB Operations Managers Group](#).

⁴⁴ See [Decision](#) of the European Central Bank of 20 October 2020 amending the European Central Bank Staff Rules as regards the introduction of a whistleblowing tool and enhancements to the whistleblower protection (ECB/2020/NP37), and [Decision](#) (EU) 2020/1575 of the European Central Bank of 27 October 2020 as regards the assessment of and follow-up on information on breaches reported through the whistleblowing tool where a person concerned is a high-level ECB official (ECB/2020/54).

⁴⁵ Members of the ECB's Executive Board are appointed by the European Council, on a recommendation from the Council of the European Union, after consultation of the European Parliament and the ECB's Governing Council. See Article 283(2) of the Treaty on the Functioning of the European Union and Article 11.2 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank.

2019.⁴⁶ Stepping up its efforts towards achieving greater gender balance, in 2020 the ECB announced a new gender diversity strategy.⁴⁷ The strategy defines target percentages focusing on the annual share of women being appointed to new and open positions, as well as targets for the overall share of female staff at various salary levels and covers the period until 2026. The new targets extend beyond management positions⁴⁸ and aim to increase the share of women to between 36% and 51%, depending on the level, by 2026. Another objective is to fill at least half of new and open positions with women on several levels. The ECB will publish an interim assessment later this year followed by another in 2024. The targets are accompanied by a set of additional measures to support gender diversity. The aim is to strengthen the female pipeline, enhance recruitment practices, increase managerial accountability, invest in leadership development and support flexible working. Beyond initiatives to improve gender balance, the ECB has also launched measures to promote diversity and inclusion more broadly. One such measure is an inclusive leadership training introduced in 2021 to raise awareness, improve decision-making, collaboration and staff engagement. The ECB has also launched diversity and inclusion e-learning courses for all staff focusing, amongst other things, on unconscious bias and dignity at work.

⁴⁶ Women held nearly 31% of senior management positions at the end of 2019, compared with 12% at the end of 2012. Moreover, 30% of all ECB managers were women at the end of 2019, up from 17% at the end of 2012. Overall, the share of female staff at the ECB stood at 45% at the end of 2019, compared with 43% at the end of 2012.

⁴⁷ See [press release](#), “ECB announces new measures to increase share of female staff members”, ECB, 14 May 2020.

⁴⁸ They also include the levels of Lead Expert (H band on the ECB’s salary scale), Expert (F/G and G on the salary scale) and Analyst (E/F on the salary scale).