

ECB – European Central Bank

The European Central Bank (ECB) manages the euro and frames and implements EU economic & and monetary policy. Its main aim is to **keep prices stable**, thereby supporting economic growth and job creation.

What does the ECB do?

- sets the interest rates at which it **lends to commercial banks** in the eurozone (also known as the euro area), thus controlling money supply and inflation
- manages the eurozone's **foreign currency reserves** and the buying or selling of currencies to balance exchange rates
- ensures that **financial markets and institutions** are well supervised by national authorities and that payment systems work well
- ensures the safety and soundness of the European banking system
- authorizes **production of euro banknotes** by eurozone countries
- monitors **price trends** and assesses risks to **price stability**.

Composition

The **ECB President** represents the Bank at high-level EU and international meetings. The ECB has the 3 following **decision-making bodies**:

- Governing Council – the **main decision-making body**.
Consists of the Executive Board (see below) plus the governors of the national central banks from eurozone countries.
- Executive Board – handles the **day-to-day running** of the ECB.
Consists of the ECB President and Vice-President and 4 other members appointed for 8-year terms by the leaders of the eurozone countries.
- General Council – has more of an **advisory and coordination role**.
Consists of the ECB President and Vice-President and the governors of the central banks from all EU countries¹.

How does the ECB work?

The ECB works with the national central banks of all EU countries. Together they form the European System of Central Banks.

It leads to cooperation between central banks in the eurozone. This is referred to as the Eurosystem.

The work of the governing bodies

- **Governing Council** – assesses economic and monetary developments, defines eurozone monetary policy, and fixes the interest rates at which commercial banks can borrow from the ECB.
- **Executive Board** – implements monetary policy, manages day-to-day operations, prepares Governing Council meetings and exercises powers delegated to it by the Governing Council.
- **General Council** – contributes to advisory and coordination work and helps to prepare for new countries joining the euro.

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[https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-central-bank-ecb_en#:~:text=The%20European%20Central%20Bank%20\(ECB,economic%20growth%20and%20job%20creation.](https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-central-bank-ecb_en#:~:text=The%20European%20Central%20Bank%20(ECB,economic%20growth%20and%20job%20creation.)