

Feedback on the input provided by the European Parliament as part of its resolution on the ECB Annual Report for 2016

The ECB's Annual Report 2016 was presented by the ECB's Vice-President on 10 April 2017 in a dedicated session of the Economic and Monetary Affairs Committee of the European Parliament.¹ On 5 February 2018 the President of the ECB attended the Parliament's plenary debate on the Annual Report.² The following day, the plenary adopted its resolution on the ECB Annual Report for 2016 (hereinafter referred to as "the resolution").³

On the occasion of the transmission of the ECB's Annual Report 2017 to the European Parliament, the ECB is providing its feedback on the input provided by the European Parliament as part of the resolution.⁴ This feedback is made public in line with the practice adopted in 2016 in response to a request from the European Parliament.⁵ This provides an illustration of the ECB's commitment to accountability, going beyond the requirements of the Treaty.

1 The ECB's monetary policy

1.1 The effectiveness of the ECB's measures and their side effects

The resolution discusses the effectiveness of the ECB's monetary policy measures, their impact on financing conditions in the euro area and their side effects, for example in paragraphs 3, 11, 12, 15, 20, 22, 23 and 25.

The ECB believes that its monetary policy measures have contributed significantly to improving financial conditions for companies and households and to higher economic growth and inflation. The overall impact of all the monetary policy measures taken between mid-2014 and October 2017 on euro area

¹ See <https://www.ecb.europa.eu/press/key/date/2017/html/sp170410.en.html>.

² See <https://www.ecb.europa.eu/press/key/date/2018/html/ecb.sp180205.en.html>.

³ The text of the resolution as adopted is available on the European Parliament's website at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2018-0025+0+DOC+XML+V0//EN&language=EN>.

⁴ This feedback does not cover the issues raised in the European Parliament's resolution on the Banking Union. For a discussion on these matters, see the ECB Annual Report on supervisory activities (available at <https://www.bankingsupervision.europa.eu/press/publications/annual-report/html/ssm.ar2017.en.html>). The feedback on the resolution on the Banking Union will be published later this year.

⁵ See paragraph 23 of the European Parliament resolution of 25 February 2016 on the European Central Bank Annual Report for 2014 available at <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0063+0+DOC+PDF+V0//EN>.

growth and inflation is estimated, in both cases, to be around 1.9 percentage points cumulatively for the period between 2016 and 2020. The monetary policy transmission channels have operated well, ensuring the conditions necessary to secure a sustained return of inflation rates towards levels that are below, but close to, 2%.

While the resolution refers to a lack of adequate credit supply, the available evidence suggests that the ECB's monetary policy measures have been effective in easing financing conditions at large and supporting the recovery in the origination of credit to firms and households. Recent data show that the gradual recovery in loan growth has continued. Growth in lending to both non-financial corporations (NFCs) and households has significantly recovered since mid-2014 (by more than 6 percentage points for NFC loans and around 3 percentage points for household loans), reflecting the pass-through of the ECB's monetary policy measures. Firms' demand for loans, as indicated in the euro area bank lending survey (BLS), has increased considerably since 2015 and continues to support the gradual recovery in loan growth.⁶

As regards the resolution's emphasis on improvements in access to credit by small and medium-sized enterprises (SMEs), it should be noted that SMEs seem to have particularly benefited from the increasing pass-through of policy rates since the credit easing package of June 2014. The results of the latest Survey on the Access to Finance of Enterprises (SAFE) in the euro area (for the period from April 2017 to September 2017) confirm ongoing improvements in the availability of external finance for SMEs on the back of a greater willingness of banks to lend and the better economic outlook, including in countries more heavily affected by the crisis. Despite structural differences, bank lending rates for very small loans – a proxy for loans to SMEs – declined by 199 basis points between the beginning of June 2014 and end-January 2018, compared with a decline of 97 basis points for large loans.

The ECB monitors the side effects of its unconventional policy measures, frequently communicating on these matters and taking them into account when setting its monetary policy to the extent that they affect the achievement of the primary objective of price stability. Overall, the side effects so far appear to be limited. For instance, a broad-based stretch in euro area asset valuations is not evident. Modest credit developments support the assessment that the risk of a credit boom with excessive credit growth and asset price misalignments is currently low. At the same time, against the background of robust developments in newly granted mortgages, developments in bank credit should be carefully monitored, especially in jurisdictions where house prices are growing robustly and valuation estimates are above fundamentals. It would be up to other policies to act if the side effects of monetary policy were to become worrying, unless these effects could affect the

⁶ With regard to the perceived monetary abnormalities, which would be visible in the divergence of the growth rates of broad and narrow money, it can be observed that the growth of M3 has been robust since the announcement of the asset purchase programme. As emphasised in the report, it is correct that growth in M3 was mainly driven by its most liquid components, given the low opportunity cost of holding liquid deposits in an environment characterised by very low interest rates and a flat yield curve.

achievement of price stability in the euro area. Thus, for example, targeted macroprudential measures should be deployed, as has already been done in some jurisdictions, should risks related to asset bubbles become material in specific sectors/countries. It should also be noted that, by supporting the economic recovery and price stability, monetary policy is making an important contribution to strengthening the resilience of consumers, firms and financial institutions.

Regarding the resolution's concerns that a flat yield curve could dampen the stability and profitability of the banking system, it should be noted that so far the impact of the ECB's monetary policy measures appears contained. Overall, lower net interest margins, related to the flat yield curve and the downward stickiness of deposit rates, are being counteracted by improvements in the economic outlook that are having positive impact on credit quality (and therefore on banks' provisioning costs) and on lending volumes. At the same time, while cyclical challenges are gradually abating, bank profitability still remains fairly subdued. This reflects structural factors, including low cost-efficiency, weak revenue generation and diversification, and high stocks of non-performing loans (in some jurisdictions).

The ECB's monetary policy response to the crisis has evolved over the years in order to address the challenges faced by the euro area; it is currently organised around a multi-dimensional setting of conventional and complementary unconventional measures. The latter include targeted longer-term refinancing operations (TLTROs), negative interest rates, a large asset purchase programme (APP) and forward guidance on interest rates and the APP. The ECB's policy framework builds on a diversified theoretical foundation. The decision-making process of the ECB is underpinned by a rich set of analytical tools, developed not only within the ECB but also often in close cooperation with national central banks (NCBs) in a broad range of Eurosystem working groups. These tools are documented through various channels, including the Economic Bulletin, dedicated explainers on the ECB's website, Occasional Papers, Working Papers, Research Briefs and speeches by Executive Board members. Moreover, the ECB plays an active role in the discussion of ideas and refinements of central bank policy frameworks within the community of central banks, in close cooperation with academia. This is demonstrated by the large number of workshops and conferences hosted by the ECB. Going forward, the ECB will continue to document the evolution of its theoretical framework and communicate it to the public through all these channels.

1.2 **The corporate sector purchase programme and monetary policy implementation**

Paragraphs 28 and 29 of the resolution discuss the corporate sector purchase programme (CSPP) in particular. Other issues related to monetary policy implementation are discussed in paragraphs 5, 6, 38 and 47.

The CSPP contributed to a rise in the issuance of NFC bonds in the euro area which was not offset by a reduction in the flow of bank loans to the NFC

sector. This is corroborated by the results of the BLS, which show that the net percentage of euro area banks reporting that market-based debt financing has had a negative impact on NFC loan demand on average was less negative over the period from the second quarter of 2016 to the fourth quarter of 2017 than in March 2016 when the CSPP was announced. In addition, there are some indications that the CSPP may have indirectly benefited NFCs with little or no access to bond markets: some companies whose bonds are eligible for purchase by the Eurosystem have indeed shifted their funding away from bank loans, thereby freeing up some capacity on bank balance sheets to meet demand for credit from smaller firms. In addition, recent rounds of the SAFE have shown an ongoing improvement in SMEs' access to external financing, confirming a trend observed since 2014, i.e. over a period with several non-standard monetary policy measures in place. Moreover, a constant rise in net flows of very small loans to NFCs – a proxy for loans to SMEs – since 2014 substantiates the SAFE results.

As regards the points made in the resolution calling on the ECB to ensure full transparency on various aspects of the CSPP, the ECB publishes a wealth of information on the CSPP. The ECB publishes aggregated data on CSPP holdings on a weekly basis, including a single list of securities and the NCBs holding the bonds.⁷ The ECB has also published two dedicated Economic Bulletin boxes with additional information on how the CSPP operates and on holdings. To increase the transparency and hence the public understanding of the CSPP, in October 2017 the ECB started disclosing the breakdown of the CSPP holdings by economic sector, rating and country of risk set against the eligible bond universe on a semi-annual basis. Finally, in November the ECB started publishing historical monthly CSPP redemptions and expected redemptions for the coming twelve months. These are now updated every month. All relevant information regarding the implementation of the CSPP is available on a dedicated Q&A webpage.⁸

While the ECB is committed to transparency regarding the implementation of the APP, disclosing individual holdings would limit the effectiveness of the programme in its contribution to fulfilling the ECB's mandate of maintaining price stability. Revealing bilateral firm-level data could allow market participants to take advantage of the information, for example by anticipating the Eurosystem's purchases and deliberately steering market prices in a direction that would undermine the effectiveness of the CSPP and, thus, of an important part of the non-standard monetary policy measures decided by the Governing Council. In this context, even a delayed publication of holdings per security could diminish the flexibility and hence the effectiveness of the APP. The Governing Council may assess at a later stage whether a further increase in CSPP transparency could be considered after the net purchase phase of the APP has ended.

Regarding the resolution's concerns about the levels of non-marketable assets and asset-backed securities put forward as collateral, the Eurosystem has always accepted a wide range of collateral for its credit operations in order to

⁷ See <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>.

⁸ See <https://www.ecb.europa.eu/mopo/implement/omt/html/cspp-qa.en.html>.

ensure the effective and efficient implementation of monetary policy. A broad set of eligible collateral helps to ensure that monetary policy is implemented smoothly and effectively. The Eurosystem has in place a detailed set of requirements relating to the eligibility and use of assets as collateral, as well as a detailed set of risk control measures applied to collateral. These requirements and measures are publicly available, and the ECB publishes the list of marketable assets which are eligible as collateral on a daily basis. This fosters clarity and a level playing field. In order to cater for the (credit, market and liquidity) risks inherent in each type of asset, the Eurosystem's requirements and risk control measures include minimum credit quality standards and graduated valuation haircuts which take account of risks associated with different assets as a function of their type (haircut category), residual maturity and credit quality. In that respect, the increased use of certain asset classes is not a matter of concern for the Eurosystem per se. The risk control and valuation frameworks are also published on the ECB's website.⁹

As regards the reiterated concerns about TARGET2 expressed in the resolution, ECB analyses show that changes in the TARGET balances largely reflect the liquidity flows arising in the context of the APP and are not a symptom of renewed stress in financial markets. As explained on several occasions at the European Parliament¹⁰ and in various ECB publications¹¹, the settlement of these transactions gives rise to cross-border payments and changes in TARGET balances, while subsequent portfolio rebalancing can further affect these balances.

It should be recalled that the provision of emergency liquidity assistance (ELA) is currently a national task conducted by the NCBs. The ELA agreement of 17 May 2017 provides the Governing Council with the information it requires to competently perform its tasks under Article 14.4 of the Statute of the European System of Central Banks and of the European Central Bank (hereafter referred to as "the ESCB Statute"), i.e. to assess whether the provision of ELA interferes with the objectives and tasks of the ESCB. The ELA is actually provided by an NCB or possibly several NCBs acting jointly in the case of cross-border banking groups. With respect to the resolution's request to further clarify the provision of ELA, it should be noted that the term "financial institutions" which is used in the ELA agreement aims to cover a broad range of potential ELA beneficiaries. It does not correspond to the definition of financial institutions in Article 4(26) of Regulation (EU) No 575/2013 (the

⁹ Guideline ECB/2014/60 on the implementation of the Eurosystem monetary policy framework and Guideline ECB/2015/35 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework. Furthermore, the Eurosystem's collateral valuation and risk control frameworks are described in the 2015 ECB publication "The financial risk management of the Eurosystem's monetary policy operations".

¹⁰ See, inter alia, the remarks on the occasion of the regular hearing before the Committee on Economic and Monetary Affairs of the European Parliament on 20 November 2017 (https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp171120_1.en.html).

¹¹ See the Economic Bulletin box entitled "The ECB's asset purchase programme and TARGET balances: monetary policy implementation and beyond" (https://www.ecb.europa.eu/pub/pdf/other/ebbox201703_01.en.pdf), the Economic Bulletin box entitled "TARGET balances and the asset purchase programme" (https://www.ecb.europa.eu/pub/pdf/other/eb201607_box02.en.pdf) and the Occasional Paper entitled "The Eurosystem's asset purchase programme and TARGET balances" (<https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op196.en.pdf>).

Capital Requirements Regulation). This takes into account the fact that ELA is a tool which also serves financial stability purposes; this might go beyond the set of credit institutions established in euro area jurisdictions.

2 Banking union and other issues related to the European financial architecture

While the resolution was not intended to primarily discuss matters related to the ECB's supervisory tasks, paragraphs 4, 23, 26, 27, 31, 32, 33 and 39 touch on several matters related to the banking union and the capital markets union.

The ECB supports all of the efforts to complete the banking union and thus to strengthen the resilience of the euro area financial sector. The health of the European banking sector has improved over the past few years, thanks to strengthened prudential regulation and supervision, and above all the establishment of the banking union. Notwithstanding specific dividend payments, euro area banks increased their Tier 1 capital ratios from 11.6% to 13.6% between the fourth quarter of 2014 and the fourth quarter of 2016.¹² However, the banking union architecture has not yet been completed. Current favourable economic conditions should be used to finish this work, thus ensuring that it is prepared for the severest of crises. The ECB welcomes the fact that the resolution acknowledges the relevance of a European deposit insurance scheme (EDIS), which is the third pillar of the banking union and a crucial element underpinning the resilience of Economic and Monetary Union. The ECB believes that the banking union should move as quickly as possible towards a fully mutualised EDIS. Significant risk reduction has taken place, facilitating negotiations on moving to the first phase of EDIS and paving the way for an agreement on how EDIS should look in the steady state. This does not obviate the need for further qualitative risk reduction measures in the transition to a fully fledged EDIS.

As emphasised by the Chair of the ECB's Supervisory Board during the public hearings on the matter, the draft addendum to the ECB guidance to banks on non-performing loans was always intended to clarify supervisory expectations as a starting point for an institution-specific supervisory dialogue in the context of the Supervisory Review and Evaluation Process. Any automaticity in the application of measures was never intended. The Addendum was carefully reviewed in the light of the comments received during the public consultation. Also the legal concerns raised by Members of the European Parliament were fully taken into account. The final version of the addendum was published on 15 March.¹³

Regarding stress tests, the resolution calls for wide coverage, methodological pertinence and robustness, which is in line with the ECB's position. It is also

¹² Based on a sample of 103 significant institutions that reported risk-weighted assets (in COREP) and total assets (in FINREP) in all time periods between the fourth quarter of 2014 and the second quarter of 2017.

¹³ https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.npl_addendum_201803.en.pdf

important to emphasise the value of targeted, risk-specific analyses in complementing the comprehensive, large-scale supervisory stress tests in a way that is flexible and efficient for both supervisors and banks. Examples of recent work conducted by the ECB together with other European and national authorities in the area of stress test methodologies are the adaptation of the methodology for the 2018 EU-wide stress test to accommodate the new IFRS 9 accounting framework and the enhanced modelling requirements for non-interest income. Such adaptations of stress test methodologies to reflect market and regulatory developments are crucial to ensure that stress tests remain effective supervisory tools. It should be noted that the ECB also conducted a dedicated stress test for interest rate risk in the banking book in 2017.

The ECB agrees with the resolution's call for the timely and full completion and implementation of the capital markets union (CMU). As explained in the ECB contribution to the European Commission's consultation on Capital Markets Union mid-term review 2017¹⁴, the ECB has been a strong supporter of the CMU project since its inception. In this regard, further action is needed in areas such as the harmonisation of insolvency frameworks, taxation and company law to remove cross-border barriers to financial integration. Debt recovery procedures should become faster and less expensive. Furthermore, measures focusing on improving access to market-based financing must be complemented by other policy measures targeted at firms which depend on bank funding. CMU will require considerable ambition, also on the part of the Member States, which must be prepared to address legislative and other barriers to the cross-border flow of capital. All stakeholders should thus step up efforts towards achieving CMU.

Regarding the consequences of the UK's withdrawal from the EU, while the ECB is not a party to the negotiations, it is monitoring all relevant developments closely, in particular insofar as they could have an impact on the transmission of monetary policy, financial stability, banking supervision or the smooth functioning of payment systems. The ECB expects banks to prepare for all possible contingencies, including a no-deal scenario leading to a hard Brexit with no transition. The ECB has communicated to incoming banks the time required for supervisors to process the applications they receive. For those banks wishing to relocate to (or expand activities in) the euro area and needing an authorisation for their (expanded) activity post-Brexit, the ECB and national supervisors expect to receive authorisation applications as soon as possible, but by the end of the second quarter of 2018 at the very latest. If they are submitted after that, processing of the licences before April 2019 cannot be guaranteed. In this regard, banks are themselves responsible for ensuring that all the authorisations they require to carry out their activities as envisaged are in place in good time. As communicated in the FAQs published on the ECB Banking Supervision website, the ECB and national competent authorities may allow a longer build-up period for banks to meet certain supervisory expectations. However, should a transition period be agreed as part of the Withdrawal Agreement with the UK, banks would be expected to use this time to

¹⁴ https://www.ecb.europa.eu/pub/pdf/other/ECB_contribution_to_EC_consultation_on_CMU_mid-term_review_201705.en.pdf.

implement their Brexit plans and meet the Brexit-related supervisory expectations of the Single Supervisory Mechanism.

3 Issues related to market infrastructures and payment systems

Paragraph 34 discusses the ECB's recommendation to amend Article 22 of the ESCB Statute, and paragraph 39 discusses the Commission's proposal amending the European Market Infrastructure Regulation (EMIR). Paragraphs 35 to 37 of the resolution touch on several aspects of payments.

The ECB welcomes discussions in the European Parliament on its recommendation to amend Article 22 of the ESCB Statute. As stated by President Draghi in his remarks to the Committee on Economic and Monetary Affairs on 26 February 2018,¹⁵ the ECB needs the necessary tools to address risks in a limited number of areas which are crucial for the implementation of the single monetary policy and the smooth operation of payment systems. The ECB stands ready to engage as needed to provide further information during the parliamentary discussions.

The ECB strongly agrees with the European Parliament on the need to strengthen the recognition process for third-country central counterparties (CCPs), in particular with regard to euro-denominated clearing activities. Central banks of issue of EU currencies, including those of the Eurosystem, should be fully involved in this process to monitor and control the risks CCPs may pose to the transmission of monetary policy and the smooth functioning of payment systems. The ECB stresses the importance of finalising the adoption of key pieces of EU legislation – such as EMIR II – well in advance of Brexit, in order to be prepared for all possible contingencies, including a no-deal scenario.

The ECB agrees that it is important to study the relevance and implications of a central bank digital currency, which is also referred to as digital base money (DBM). In fact, in a world of closely interconnected financial markets, a central bank's decision to issue DBM to the general public could also have implications beyond its own jurisdiction. Regardless of the ECB's own eventual stance on DBM, it is therefore important to study the nature of DBM, potential reasons for central banks to issue DBM, as well as possible consequences for the euro payments landscape, the banking sector, and ultimately for financial stability and the smooth conduct of monetary policy.

The ECB has repeatedly been consulted by Member States on the introduction or lowering of cash payment limits, with these consultations also going beyond retail transactions to include restrictions on transactions between private persons. The euro is the only physical money for euro area citizens which allows instant settlement and is guaranteed by the central banks (as legal issuers). In view of this and the very high share of cash payments, euro area countries

¹⁵ See https://www.ecb.europa.eu/press/key/date/2018/html/ecb.sp180226_1.en.html.

envisaging further restrictions on cash payments should carefully assess the impact of such measures and the extent to which they are appropriate and effective for achieving the intended goals. Regarding the issuance of a euro banknote with legal tender status commemorating Charlemagne, as suggested in the resolution, the ECB deems it appropriate to invite the European Commission, in view of its coordination role for euro coin matters, to consider the joint issuance by all 19 euro area countries of a commemorative coin bearing the image of Charlemagne. In addition to those that may be issued by each country, such coins have been used to commemorate and celebrate a number of important anniversaries of historic, Europe-wide importance.¹⁶

4 ECB institutional issues

Paragraphs 1, 2, 41-46 and 48 of the resolution discuss several aspects of the ECB's institutional set-up and functioning.

The ECB agrees with the resolution on the need to preserve the ECB's independence while ensuring adequate accountability for its activities.

Independence and accountability are two sides of the same coin.¹⁷ The resolution contains a positive assessment of the current accountability arrangements between the European Parliament and the ECB. While calling for a further improvement of the exchanges of views with the ECB by strengthening their focus, interactivity and relevance, the resolution welcomes the current practices, i.e. the quarterly hearings with the President, as well as the additional meetings with Executive Board members and the written replies provided by the ECB. Moreover, the general call on the ECB to increase its transparency efforts appears to have been met given the acknowledgement contained in the resolution of the recent initiatives undertaken by the ECB to achieve this goal.

The resolution's call on the ECB to ensure the independence of the members of its internal Audit Committee has to be seen in conjunction with the recent ECB decision on the matter. On 2 November 2017 the ECB's Governing Council approved a revised mandate for its Audit Committee, introducing an adjustment of the selection criteria for members to reflect the extended scope of the ECB's responsibilities and to allow a less central banking-focused representation by the external members. Like the previous version, the revised mandate includes an explicit provision on the independence of its members. That said, on balance the benefits of an in-depth knowledge of the ECB's responsibilities, business processes and procedures far outweigh potential independence concerns when it comes to assessing the adequacy of the policy and business frameworks and the evaluation of

¹⁶ In 2007, to commemorate the 50th anniversary of the Treaty of Rome; in 2009, to celebrate the 10th anniversary of Economic and Monetary Union; in 2012, to commemorate ten years of euro banknotes and coins; and in 2015, to celebrate the 30th anniversary of the EU flag.

¹⁷ See also the speech by Benoît Cœuré in March 2017 (https://www.ecb.europa.eu/press/key/date/2017/html/sp170328_1.en.html) and the speech by Yves Mersch in September 2017 (<https://www.ecb.europa.eu/press/key/date/2017/html/ecb.sp170904.en.html>).

related risks. In fact, thanks to the profound expertise of its members, their standing and its trustful relationship with the Governing Council, the Audit Committee has been a driving force behind several enhancements to the ECB's corporate governance framework.

Regarding the resolution's request to ensure that the ECB's Ethics Committee is not chaired by a former President or other past member of the ECB's Governing Council, the ECB notes that it has no reservations about the appropriateness of the current Chair. Previous membership of the Governing Council could hardly be qualified as impairing the objective and impartial discharge of duties by members of the Ethics Committee. In fact, the standing and resulting impact of the Chair of the Ethics Committee as former President proved particularly helpful in cases requiring the Ethics Committee to interact with national authorities. Finally, the fact that the former President is prepared to take on the role of Chair of such a committee also sends a powerful signal inside the ECB that ethical conduct is taken seriously at the highest level of leadership.

While the resolution argues that Executive Board members should in principle abstain from being simultaneous members of fora which include executives of banks supervised by the ECB, it recognises that such membership is possible if it is in line with established practice at the global level and the ECB participates alongside other central banks. It is important to consider that, to ensure the proper execution of the ECB's mandate, ECB policymakers have to keep abreast of developments in the global economic and financial environment. For this purpose, the ECB and its Executive Board members maintain regular dialogues with a wide range of stakeholders and numerous fora, which naturally include supervised banks as members. These meetings clearly take place outside the supervisory context, and the Executive Board members fully observe the ECB's robust framework of governance safeguards, including the Codes of Conduct for the members of the Governing Council and the Executive Board, the Guiding principles for external communication by members of the Executive Board of the European Central Bank, and the obligations of professional secrecy and independence.

Regarding the resolution's call on the ECB to adopt a clear and public whistle-blowing policy, this is in line with the work already ongoing in the ECB. The enhancement of the ECB's whistle-blowing framework is included in the ECB's strategic priorities and business objectives for the years 2018 to 2020. In fact, work on this project has already started.

Regarding the resolution's comment about the ECB's current employment policy, the ECB would like to point out that it has engaged in a dialogue with its staff representatives to review and address potential shortcomings. The ECB, in collaboration with its staff representatives, has significantly reduced its reliance on temporary agents in particular over the past few years. Measures have included the creation of close to 170 headcount positions replacing agency staff contracts in various ECB business areas. Moreover, the resolution's call on the ECB to ensure equal treatment and equal opportunities for all of its staff, as well as to guarantee decent working conditions within the institution, is also in line with the ECB's aims and ongoing work.

The resolution acknowledges the ECB's initiatives to address, also through a strengthened dialogue with its staff representatives, the concerns of its employees on a number of matters.

It should be recalled that the staff survey conducted in 2015 showed a high degree of staff engagement with the ECB, revealing that they are proud to work for the institution and feel inspired to do their best. However, the survey also identified several areas for improvement – in the fields of career development and performance management, workload, work pressure and stress, and openness and fairness – where substantial steps have been taken, mostly in close cooperation with the staff representatives. The ECB further emphasises that it has conducted a second staff survey in 2018 to assess whether these initiatives are going in the right direction. The survey has now closed, and the results will soon be analysed and action plans drawn up to address the identified issues. Finally, the ECB notes that it has been working closely and constructively with its Staff Committee on a joint work programme focusing on several priority areas.