



Central bank liquidity lines



Liquidity lines between central banks are well-established instruments in the central banking policy toolkit, aimed at alleviating tensions in international funding markets. They are framework agreements that enable central banks to receive currencies issued by other central banks in exchange for some form of collateral based on predefined terms. Two basic types of financial instrument can be used to establish a liquidity line: a swap agreement and a repurchase agreement.

Swap and repo lines have been increasingly used by the ECB and other major central banks since the global financial crisis in 2008-09. The ECB is part of a swap-line network consisting of standing bilateral arrangements with five other major central banks (the Bank of Canada, the Bank of Japan, the Swiss National Bank, the Bank of England and the Federal Reserve System). In response to the coronavirus (COVID-19) crisis, the ECB swiftly reactivated existing swap lines with a number of central banks and also set up new ones. In addition to this, the ECB set up new bilateral repo lines with several non-euro area central banks.

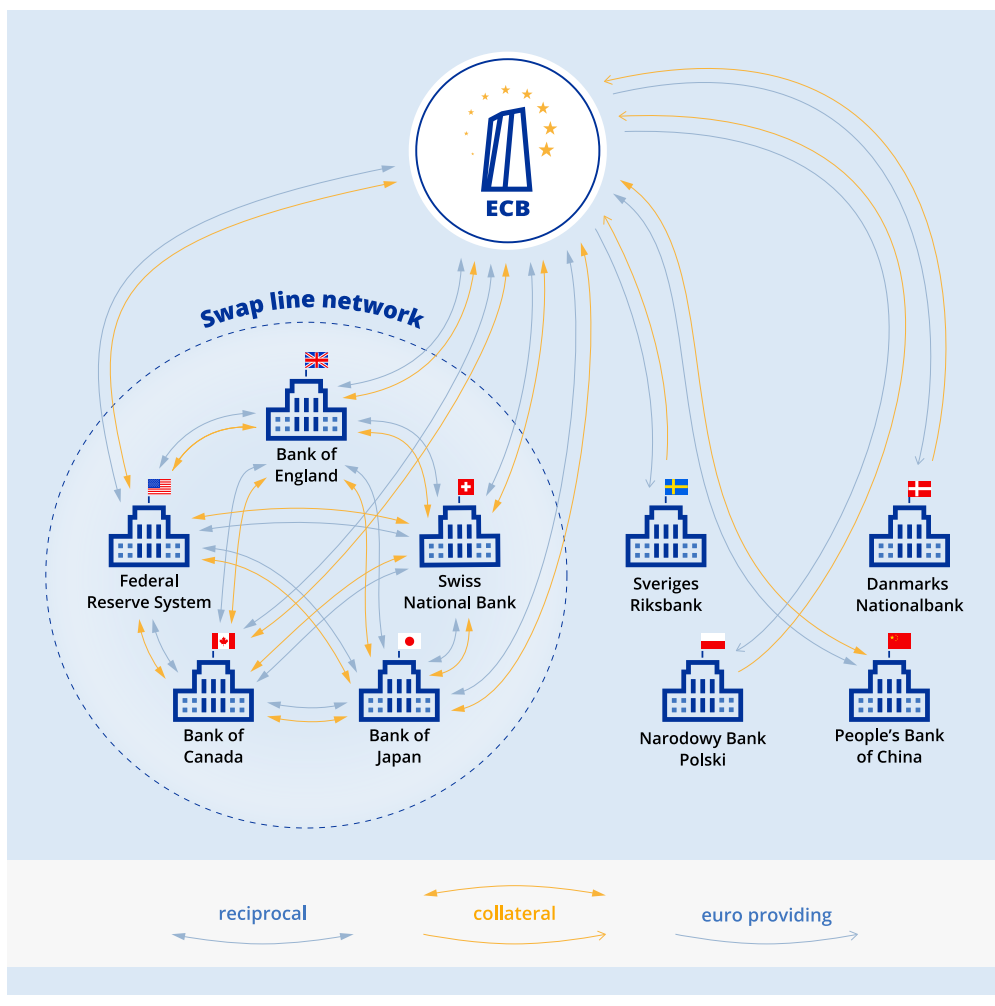
Currency swap agreements

Currency swap agreements between two central banks are contractual agreements in which the borrowing central bank obtains the currency of another in exchange for its own currency, which is provided as collateral. Both central banks are contracted to reverse the transaction and repay the borrowed currency plus a contractually agreed interest rate on a specified date.

Figure 1

Swap lines

The ECB provides euro against foreign currencies, which are accepted as collateral. Under reciprocal swap lines, the ECB may also receive foreign currency by providing euro as collateral.



Source: ECB.

Notes: Illustration of the agreements in place as at October 2022. For the current list of agreements under the ECB's main framework see the table further down.

Many of the ECB's swap agreements are reciprocal. This means that the ECB is able to (i) provide euro to a central bank while receiving foreign currency as collateral, and (ii) receive foreign currency from the issuing central bank while providing euro as collateral, whichever of the two is necessary in given circumstances. However, some ECB swap agreements only envisage the ECB providing euro to another central bank in exchange for foreign currency, issued by the requesting central bank, pledged as collateral with the ECB.

Repurchase agreements

Repurchase agreements are contractual agreements in which the borrowing central bank obtains foreign currency, for a specified period and at a contractually agreed interest rate, in exchange for financial assets denominated in that same currency provided as collateral to the lending central bank. Under all ECB repo agreements, the ECB provides euro to a non-euro area central bank and receives euro-denominated financial assets as collateral.

Figure 2 Repo lines

The ECB provides euro against adequate euro-denominated collateral accepted by the ECB.

Non-euro area counterpart	Type of arrangement	Maximum borrowable amount (in EUR million)	Expiry date	Reciprocal
Central Bank of the Republic of San Marino	Repo line	100	15 January 2023	No

* The table does not include repo lines established with non-euro area central banks under the EUREP, for which the ECB does not disclose its counterparties.

** Maximum borrowable amount is set to CNY 350 billion when CNY is provided to the ECB.

Data

The dataset below is published weekly. It provides data on the aggregate daily amount of liquidity provided across all central bank liquidity lines established under the main framework and the EUREP, denominated in euro, as from January 2020.

> [📄 History of liquidity provided across all central bank liquidity lines \(in euro millions\)](#) last update: 6 December 2022

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