

Our response to the coronavirus pandemic

We at the ECB have put in place a set of monetary policy and banking supervision measures to mitigate the impact of the coronavirus pandemic on the euro area economy and to support all European citizens.

Extraordinary times require extraordinary action. There are no limits to our commitment to the euro.

Our response to the coronavirus pandemic



Our measures to support the euro area economy

Helping the economy absorb the shock of the current crisis

Keeping borrowing affordable

Supporting access to credit for firms and households

Ensuring short-term concerns do not prevent lending

Increasing banks' lending capacity

Preserving financial stability through international cooperation

Helping the economy absorb the shock of the current crisis

The €1,850 billion pandemic emergency purchase programme (PEPP) aims to lower borrowing costs and increase lending in the euro area. This in turn should help citizens, firms and governments get access to funds they may need to weather the crisis. This programme complements the asset purchase programmes we have had in place since 2014.

We buy several different kinds of assets in this programme. For example, when we buy bonds directly from banks, we make more funds available that they can lend to households or businesses. We can also buy companies' bonds, giving them an additional source of credit. Both kinds of purchases help boost spending and investment, with the aim of supporting economic growth.

Press release: Monetary policy decisions on 10 December 2020

Press release: Monetary policy decisions on 4 June 2020
Press release: ECB announces €750 billion pandemic emergency purchase programme (PEPP)
Explainer: how quantitative easing works

Keeping borrowing affordable

We have kept our key interest rates at historically low levels so borrowing costs remain low.

Our rates impact how much it costs to take out a loan. Low rates make it easier for people and companies to borrow funds, and should support spending and investment.

Key ECB interest rates

Supporting access to credit for firms and households

We have increased the amount of money that banks can borrow from us and made it easier for them to borrow specifically to make loans to those hardest-hit by the spread of the virus, including small and medium-sized firms. One of the ways we have made borrowing easier is by easing our standards for the collateral that banks give us as a form of insurance when we lend to them. We are temporarily expanding the list of assets that banks can use as collateral. We are also being less strict with the measure we apply to determine these assets' value (known as a "haircut").

Press release: ECB prolongs support via targeted lending operations for banks that lend to the

real economy

Press release: ECB extends pandemic emergency longer-term refinancing operations

Press release: ECB announces new pandemic emergency longer-term refinancing operations

Press release: ECB recalibrates targeted lending operations to further support real economy

Press release: ECB announces easing of conditions for targeted longer-term refinancing

operations (TLTRO III)

Press release: ECB announces package of temporary collateral easing measures

Explainer: what is collateral?

Explainer: what are haircuts?

Ensuring short-term concerns do not prevent lending

In times of great uncertainty, banks may find it harder to secure funds for short-term needs. We aim to help smooth over any temporary funding issues for solvent banks by offering immediate borrowing options at favourable rates. This support helps banks continue granting loans to citizens and firms in need.

Press release: ECB announces measures to support bank liquidity conditions and money market

activity

Increasing banks' lending capacity

We are being temporarily less strict about the amount of funds, or "capital", that banks are required to hold as a buffer for difficult times. We are also giving banks more flexibility on supervisory timelines, deadlines and procedures.

All of these measures help euro area banks focus on playing their vital role as lenders during this extraordinary period. Banks are expected to use any freed-up funds to absorb losses and support the economy, and not to pay out dividends.

Press release: ECB Banking Supervision provides temporary capital and operational relief in reaction to coronavirus

Press release: ECB Banking Supervision provides further flexibility to banks in reaction to

coronavirus

Press release: ECB asks banks not to pay dividends until at least October 2020
ECB Banking Supervision

Preserving financial stability through international cooperation

Central banks around the world hold reserves of currencies that are not their own. This is because their domestic banks also do business in these currencies, and thus sometimes require foreign-currency loans in the course of daily business.

In times of great uncertainty, customers' demand for foreign currency assets can increase. If banks do not have enough foreign currency reserves on hand to meet increased demand, markets can become unstable. So central banks have established so-called currency swap lines. These swap lines let central banks of one country exchange their national currency reserves for those of the central bank of another country – thus ensuring that central banks can meet increased demand.

We have recently reactivated swap lines and enhanced existing swap lines with central banks across the globe in response to the current difficult situation.

Press releases and other information on swap lines
Explainer: what are currency swap lines?

Watch our research seminars on coronavirus

Battling new challenges requires insights from research. That's why we invite leading academics from the fields of economics, epidemiology, demography, finance, and public policy to offer their views on the crisis and the implications of the pandemic for central banks in the ECB's COVID-19 webinars.

COVID-19 webinar playlist on YouTube
Upcoming conferences and seminars
