



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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ECB to publish new unsecured overnight interest rate

- Overnight benchmark interest rates important for financial markets and monetary policy implementation
- ECB overnight rate will complement existing benchmark rates produced by the private sector and serve as a backstop to private sector benchmark rates
- Preparations for rate to be finalised before 2020, including industry consultation

The Governing Council of the European Central Bank (ECB) decided to develop a euro unsecured overnight interest rate based on data already available to the Eurosystem. The interest rate, which would be produced before 2020, would complement existing benchmark rates produced by the private sector and serve as a backstop reference rate.

This interest rate will be based entirely on transactions in euro that are reported by banks in accordance with the ECB's money market statistical reporting (MMSR).

Interest rate benchmarks are currently undergoing in-depth reforms. The ECB decided to take action as benchmark rates have an important anchoring role for contracts in financial markets. Monetary policy is transmitted through financial markets and benchmark rates play a pivotal role in the operationalisation and monitoring of the transmission of the ECB's monetary policy.

The high-level features of this new overnight interest rate will be communicated to market participants in the course of 2018. They will then be invited to provide their feedback on the suggested approach.

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Additionally, the ECB will provide more information on money market activity. Based on the MMSR, aggregated rate and volume data will be released for various money market segments and tenors. The purpose of such regular publications will be to enhance market transparency and therefore improve money market functioning.

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Notes:

- *Money market statistical reporting is governed by ECB Regulation No 1333/2014 of 26 November 2014 (ECB/2014/48) concerning statistics on the money markets. Daily data collection by the ECB, conducted with the support of several national central banks, started in July 2016. Its main purpose is to provide the ECB with comprehensive, detailed and harmonised statistical information on the money markets in the euro area. They are a necessary set of statistics for monetary policy purposes in the euro area.*