Question for written answer Z-000120/2016
to the European Central Bank
Rule 131
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Subject: Disparity in TARGET2 balances

TARGET2 is the platform managed by the European Central Bank, which private banks in the euro area use to manage their incoming and outgoing payments to and from other banks, government departments or the Eurosystem.

Until 2008, the TARGET2 balances of the countries concerned were essentially in equilibrium (i.e. close to zero), while after the financial crisis, the gaps between balances began to widen significantly.

In September 2016, Italy had a negative balance of EUR 344 billion, while Germany had a positive one of EUR 676 billion.

TARGET2 operates as if it were a net settlement system where in fact there is never any real balance settlement.

In view of the above, can the ECB say:

1. what the main reason is for the widening balance divergences between individual countries since the 2008 crisis;

2. whether those divergences constitute an element of imbalance that may affect the long-term sustainability of the macroeconomic fundamentals of an individual country, especially with regard to countries that are permanently in debt;

3. how the balances would, technically, be settled, especially those in net debtor countries, should a Member State participating in the system decide to quit the single currency?