Question for written answer Z-028/2019
to the European Central Bank
Rule 131
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Subject: ECB seeking to mitigate the effects of negative returns on its deposits

Eurozone banks have had excess liquidity as a consequence of the ECB buying back almost EUR 2.6 billion in securities since 2015 in an effort to underpin the economy and prices. However, as the securities were not adequately injected into the economy, that liquidity remained in the central bank accounts, where they were taxed at a negative rate of 0.40%.

The result is an annual charge of, as reported to the ECB, some EUR 7.5 billion on European banks. This affects banks' profits. The banks claim that their US competitors are positively remunerated in their central bank deposits.

According to public statements, the ECB would be willing to offset the adverse effects of negative rates on the profitability of banks that consider themselves penalised by those rates.

Why has the President reversed his position, given that the negative rates were specifically intended to stimulate the application of those funds in the real economy? What is his analysis of the apparent failure of this measure given that, as reality has shown, his quantitative expansion programme has only very slightly boosted the real economy?