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# ECB communication and its post-pandemic challenges



Policy Department for Economic, Scientific and Quality of Life Policies  
Directorate-General for Internal Policies  
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## **Abstract**

The ECB considers communication a critical instrument in its policy toolkit. Since its creation, the ECB has devoted significant attention to the mechanisms through which it conveys to the public information relevant to its decision-making and ensures its accountability. This paper assesses whether existing ECB communication practises are adequate to continue ensuring the effectiveness and accountability of monetary policy in light of the recent and upcoming challenges that the ECB confronts.

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## LIST OF ABBREVIATIONS

<b>BIS</b>	Bank for International Settlements
<b>ECB</b>	European Central Bank
<b>ECON</b>	Committee on Economic and Monetary Affairs
<b>EP</b>	European Parliament
<b>ESCB</b>	European System of Central Banks
<b>EU</b>	European Union
<b>MEP</b>	Member of the European Parliament
<b>NCB</b>	National Central Bank
<b>OMT</b>	Outright Monetary Transactions
<b>TEC</b>	Treaty establishing the European Community
<b>TFEU</b>	Treaty on the Functioning of the European Union

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## EXECUTIVE SUMMARY

- **Communication is key to central banks' monetary policy.** Communication helps central banks steer expectations and thus increases the effectiveness of their monetary policies. It also helps monetary policymakers to give account for their policy decisions, thus contributing to their legitimacy as public institutions.
- **The ECB considers communication a critical instrument in its policy toolkit.** Since its creation, the ECB has devoted significant attention to the mechanisms through which it conveys to the public information relevant to its decision-making and ensures its accountability.
- **ECB communication policy has developed and expanded over the years.** Since its creation, the ECB has kept improving its communication strategy with its audiences: the European Parliament, European citizens, and financial market participants.
- **The ECB has particularly stepped up its communication in the wake of the 2008 global financial crisis and European sovereign debt crisis as well as the COVID-19 crisis.**
- **Going forward, the ECB is likely to confront important challenges to its communication policy.** In particular, the "normalisation" of monetary policy, financial stability considerations, and the transition to a greener economy are likely to represent critical challenges for ECB communication towards its different audiences.
- **The complex challenges ahead as well as their reverberations on the role and independence of the ECB require even more clarity and transparency in ECB communication.**
- **ECB communication on monetary policy decisions, including the one on the end of its bond buying programmes, should provide information about the broad motives behind the decisions,** i.e., including motives related to fiscal sustainability, financial stability, and environmental well-being.
- **Two communication channels might be expanded: monetary policy accounts and communication with the public.** The publication of monetary policy accounts might be expanded to include information on individual preferences and voting in the Governing Council. Non-technical summaries could help citizens navigate among the policy options discussed during the monetary meetings and the pros and cons of the different choices.
- **Better and expanded coordination between ECB and National Central Banks (NCBs) communication is required.** ECB communication via social media should be improved by coordinating policy announcements with NCBs in order to favour the dissemination of monetary policy-related announcements among the non-English speaking public.
- **Communication with the European Parliament should be improved by increasing the interactions between the two institutions on the ECB's secondary mandate.** In particular, the ECB President should use the introductory statements before the ECON within the framework of the monetary and financial stability dialogues to explain how the central bank has contributed to achieving objectives such as employment or the green transition with the implementation of its monetary policies.



## 1. INTRODUCTION

The importance of communication to monetary policy is now widely recognised. Communication helps central banks steer expectations and thus increases the effectiveness of their monetary policies. It also helps monetary policymakers to give account for their policy decisions, thus contributing to their legitimacy as public institutions. In the euro area, where a single monetary policy applies to different countries, the importance of communication to monetary policy effectiveness and legitimacy is attested by the attention the European Central Bank (ECB) devotes in conveying its message to its principals, i.e., Members of the European Parliament and citizens, as well as to financial markets.

The importance of communication to central banks has become even more critical in light of the challenges that monetary policy has confronted over the past decade and that central banks are likely to confront in the years to come. For example, in response to the 2008 global financial crisis and, more recently, the COVID-19 global pandemic, central banks have implemented extensive asset purchase programmes to ease financing conditions and support economic recovery. Over the last two decades, central banks have also taken on greater responsibility to achieve financial stability, following increased involvement in micro and macroprudential supervision. More recently, central banks have been asked to take actions in support of governments' efforts to make the economy greener.

The purpose of this paper is to assess whether existing ECB communication practises are adequate to continue ensuring the effectiveness and accountability of monetary policy in light of the recent and upcoming challenges that the central bank confronts. In particular, this document evaluates the extent to which ECB communication practises need to be revised as the ECB faces the challenge of "normalising" its monetary policy in a context characterised by high public debt, ensuring financial stability, and contributing to fighting climate change.

The document is organised as follows. Section 2 examines the theoretical arguments that support the case for transparent and enhanced communication. Section 3 reviews existing ECB communication practises towards financial markets, the European Parliament, and the public at large. Section 4 assesses the communication challenges that the ECB confronts in three areas: the "normalisation" of monetary policy in a context characterised by high public debt, the financial stability mandate, and climate change. Section 5 discusses policy recommendations.

## 2. CENTRAL BANK COMMUNICATION: WHY AND HOW

### 2.1. Why is communication important?

*“A few decades ago, conventional wisdom in central banking circles held that monetary policymakers should say as little as possible and say it cryptically. Over recent years, the understanding of central bank transparency and communication has changed dramatically. As it became increasingly clear that managing expectations is a central part of monetary policy, communication policy has risen in stature from a nuisance to a key instrument in the central banker’s toolkit. As a result, many central banks have become remarkably more transparent by placing much greater weight on their communication”.* (Blinder et al., 2008)

For a long time, central banks around the world have lived by the motto “never justify, never excuse” attributed to the Governor of the Bank of England, Montagu Norman, in the early 20th century. The rationale for the lack of monetary policy transparency and communication was the theory of ambiguity, credibility, and inflation under discretion and asymmetrical information developed in the seminal paper by Cukierman and Meltzer (1986). The bottom line was simple: under the assumption that only unanticipated rate of money growth matters, and that the central bank’s preferences are not precisely known by the public, some degree of opacity enhances the effectiveness of monetary policy, as a fully transparent central bank cannot create surprises. The rationale against transparent communication also rested on the observation that disclosure could provide a channel for political interference on the conduct of monetary policy and compromise the quality of internal deliberations (Mishkin, 2004). However, the theoretical literature did not reach a consensus on the optimal degree of central bank transparency. For example, Faust and Svensson (2001) extend the Cukierman and Meltzer (1986) model and find that operational transparency tends to reduce the inflation bias and improve social welfare.

Over the past two decades, central banking practises have been significantly reshaped as a growing number of central banks have directed their communication towards the principles of openness and transparency (Geraats, 2002; Demertzis and Hallett, 2007; Dincer and Eichengreen, 2014). Although the debate is still open on the possible limits to central bank transparency (e.g., Morris and Shin, 2002; Mishkin, 2004; Svensson, 2006) and on what constitutes an optimal communication strategy (see discussion in Section 3 below), the existing consensus in monetary theory stresses the importance of transparent communication for the effective transmission of monetary policy decisions (see Eijffinger and Masciandaro, 2014, for a review). In particular, the development of modern monetary policy theory has stressed that the ability of central banks to affect the economy critically depends on the ability to influence market expectations regarding the future path of overnight interest rates and not just their current levels. To understand why this is the case, it is useful to briefly summarise how monetary policy works.

Conventional monetary policy typically involves influencing short-term interest rates by managing the rate at which private banks can borrow funds from the central bank. That rate in turn affects the interest rates charged in consumer and institutional lending and thus translates to the real economy. That is, central banks control interest rates only at the shorter end of the maturity spectrum, but the impulse of their decisions is transmitted throughout the economy via the expected impact on longer-term interest rates as well as on asset prices and exchange rates. This transmission mechanism is thus essential for monetary policy to work, that is, for the lowering (or raising) of interest rates to stimulate (or reduce) demand and, in turn, boost (or cool down) economic activity. This means that monetary policy is more effective when the central bank is able to influence markets and households’

expectations, which are critical to the transmission of monetary policy. Monetary policy can thus be conceived as the art of managing expectations (Woodford, 2005).

Communication is key to this purpose as it can help enhance the effectiveness of monetary policy by increasing its predictability, clarifying policy objectives and strategies to allow for more informed decisions by financial markets, firms, and households. In particular, communication allows central banks to guide financial markets to form expectations about their current and future monetary policy decisions, shape firms' and households' consumption and investment decisions, and facilitate actions that move the economy toward the central bank's intended goals (Blinder et al., 2008).

How central banks communicate is important for the effectiveness of monetary policy not only in "normal times" but also during economic and financial crises. Under these circumstances, communication helps to boost confidence by quelling instability and creating the conditions for economic recovery. The "whatever it takes" speech by Mario Draghi on 23 July 2012 is a classic example of the strength of central bank communication. This speech alone had powerful effects on market confidence without being accompanied by any policy action. Indeed, although the outright monetary transactions (OMT) programme was introduced shortly after this statement, this policy was never implemented in practice; ultimately, this statement and the mere announcement of the policy alone were sufficiently effective to reduce fragmentation in European bond markets and stimulate credit and economic activity (Altavilla et al., 2016). In general, the use of unconventional policies since the start of the global financial crisis in 2008 has been accompanied by central banks' increased efforts to explain the scope and implementation of their unconventional policies, as well as to build a common understanding of their limitations and their expected effectiveness. Furthermore, many central banks became more explicit in signalling the future course of monetary policies through various forms of forward guidance (Coenen et al., 2017). That is to say, central banks have stepped up their communication about the future conduct of monetary policy, mostly related to the future path of policy rates. The ECB has not been an exception. In particular, the ECB forward guidance has not been confined to information regarding the future course of policy rates. The ECB has also provided forward guidance in relation to its asset purchases too and placed significant emphasis on its state (data)-contingent nature (Coenen et al., 2017).

Beyond the considerations on its policy effectiveness, the importance of communication also rests on its democratic accountability: the way central banks communicate their policy objectives, deliberations, and decisions to the public is of central importance to remaining accountable as a public policy institution (Bank for International Settlements 2009, pp. 149-150). This is particularly the case given the degree of independence central banks are granted (Blinder, 1996). In other words, "Central bank independence does thus not diminish the need to be transparent and accountable to the public" (Buch, 2021). Like any other public institution, and even more so in virtue of their statutory independence, central banks must "be able and willing to explain to society their actions" (Hayo and Hefeker 2010, p. 188) by providing information on their objectives, the instruments to achieve them, and the rationales that inform their decision-making.

## 2.2. How to communicate and to whom?

Communication has thus become a crucial instrument in the central banks' policy toolkit. However, what constitutes an optimal communication policy remains open to debate. It is therefore not surprising that communication policies differ across central banks and evolve over time.

In general, in designing their communication strategies, central banks are confronted with questions pertaining to how to communicate and to whom to address their messages.

### 2.2.1. How

The design of communication policy requires central banks to navigate among multiple policy options. While some options might be mutually supportive, others might entail a trade-off.

To start with, central banks have to decide what objective they want to prioritise through their communication. As argued by Blinder et al. (2008), managing expectations through communication can be achieved in at least two ways, i.e., by “creating news” or “reducing noise”. Central banks can manage expectations by “creating news” when central bank communication focuses on providing information. Central banks’ communication can also effectively influence expectations by “reducing noise”, i.e., when communication is focussed on enhancing the predictability of monetary policy decisions and central banks’ reaction functions.

In designing their communication strategies, central banks also have to decide how much information they want to disclose. This issue is particularly important especially when monetary decisions are adopted by a monetary policy committee rather than a single individual, as is the case for most central banks around the world today (Blinder, 2008). Indeed, as will be discussed in greater length below, when communication is delivered through multiple voices there is always the risk that cacophony prevails over clarity (Blinder, 2007).

### 2.2.2. Audiences

Like other public institutions, central banks communicate simultaneously with multiple audiences. In general, central banks communicate with expert and non-expert audiences. Navigating across different audiences comes with distinctive challenges. As audiences vary in terms of economic knowledge and interest in central banking issues, their ability to process the message coming from central banks can vary significantly. This means that central banks have to tailor their communication to the characteristics of the audience they address while, at the same time, not undermining the consistency of the message they want to get through.

Expert audiences, including financial markets practitioners and central bank watchers, have long constituted the standard target of central bank communication and the focus of the bulk of academic scholarship on the topic (Blinder et al., 2008). This attention largely stems from questions related to the effectiveness of monetary policy. Given the central role that financial markets play in the transmission of the monetary policy impulse, a substantial body of scholarship has been keen on investigating the impact of central bank communication on asset prices ranging from stock market indices to sovereign bonds at different maturities (see Gürkaynak et al., 2005; Altavilla et al., 2019; Cieslak and Schrimpf, 2019, among others).

Recently, however, increasing attention has been devoted to exploring how central banks’ communication affects public expectations, including households and societal groups’ expectations (Haldane and McMahon, 2018). This attention stems from the recognition that communication with the general public is “at least as important” as communication with financial markets (Blinder et al., 2008, p. 941). In the end, it is the general public that gives central banks their democratic legitimacy and the evolution of inflation is shaped by the public’s inflation expectations, through wage claims, savings, investments, and consumption decisions. Furthermore, although governments and legislatures are their formal principals, central banks have “a dual responsibility”, as they not only

must respond to the government but also have the responsibility to explain their actions and views to the public at large (Siklos et al., 2010, p. 361).<sup>1</sup>

Communication with the public has also become particularly important in the wake of the 2008 global financial crisis. The use of unconventional policies has increased the public visibility of central banks' actions calling for greater accountability on a set of tools with no established track record (Lombardi and Moschella, 2016). The distributional effects of unconventional monetary policies also increase the public's interest in monetary policy decisions requiring central banks to clarify the rationale of their actions as well as the modalities of their implementation.

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<sup>1</sup> *"Central banks are part of an institutional infrastructure that provides stability in a changing world. They act as guardians of price and financial stability on behalf of the general public. As public institutions, central banks must act in accordance with society's basic political values. To fulfil their role, central banks cannot work in an ivory tower, and they need to cooperate with other government bodies. Independence does thus not imply isolation from societal trends, and transparency ensures that the public can hold central banks accountable to their role"* (Buch, 2021).

### 3. THE ECB EXPERIENCE: WHAT HAS BEEN DONE AND WHAT IS STILL ON THE TABLE

Like other central banks among advanced economies, the ECB considers communication a critical instrument in its policy toolkit. Since its creation, the ECB has devoted significant attention to the mechanisms through which it conveys to the public information relevant to its decision-making and ensures its accountability (see Issing, 2005). As will be examined in greater length below, the ECB has been one of the first central banks to use regular press conferences to provide information on the rationale of its decisions. Further information is regularly provided through the publication of press releases, macroeconomic projections, the speeches of the ECB President and Executive Board members, and the President's testimonies before the European Parliament. Following the 2008 global financial crisis, the ECB has also significantly expanded these forms of engagement with the public to satisfy its "duty to engage, explain and listen" as one of the members of the ECB Executive Board put it (Jones, 2018).

Table 1: Central bank communication practises as of January 2022

	MPD	PC	MIN	TR	VOT
Federal Reserve	Yes	Yes	Yes	Yes	No
European Central Bank	Yes	Yes	Yes	No	No
Bank of Japan	Yes	Yes	Yes	No	No
Bank of England	Yes	Yes	Yes	No	Yes
Sveriges Riksbank	Yes	No	Yes	No	Yes

Source: Authors' own elaboration.

Note: The table provides an overview of the communication tools used by five major central banks (Federal Reserve, European Central Bank, Bank of Japan, Bank of England, and Sveriges Riksbank). Events pertaining to i) monetary policy decisions (MPD), ii) press conferences (PC), iii) the release of minutes of the policy meeting (MIN), iv) the release of the transcripts (TR), and (v) the publication of voting preferences in terms of interest rate decisions (VOT).

Table 1 provides an international comparison of the communication practices adopted by central banks as of January 2022, while we examine the existing ECB communication practises in what follows. The analysis is organised according to the main audience to which communication is addressed. It is important to stress, however, that this is an analytical distinction: in practice, as already noted (Section 2.2.2), the communication strategies discussed below are simultaneously addressed to more than one audience and their purpose is to reinforce each other. At the same time, though, different audiences vary depending on their interest in and knowledge about central banking and economics in general. Evidence also suggests that expectation formation varies considerably across audiences (Coibion et al., 2018; Coibion et al., 2019). It is thus appropriate to distinguish between the communication strategies that the ECB follows across different audiences.

### 3.1. Communication with financial markets

There are four main channels through which the ECB enhances markets' ability to monitor and forecast central banks' behaviour: the release of the monetary policy decisions and the attendant press conference, the publication of the accounts of policy meetings, the dissemination of economic data, and speeches by members of the ECB's Executive Board.

#### 3.1.1. Monetary policy statement and press conference

The main communication channel through which the ECB conveys information and explanations about its monetary policy decisions includes a press release at 13:45 CET on the day of the Governing Council monetary policy meeting and a following press conference held at 14:30 CET by the President and the Vice-President of the ECB<sup>2</sup>. More specifically, after the publication of the decision adopted by the Governing Council, the ECB holds a press conference where the ECB President takes the lead in explaining the details of the decision<sup>3</sup>. At the beginning of the press conference, the ECB President reads an Introductory Statement that provides the ECB's assessment of economic and monetary developments and explains the rationale of the decision taken by the Governing Council. After the Introductory Statement, the ECB President and Vice-President are available to take questions from the attending journalists<sup>4</sup>. The press conference is broadcast live on the ECB's website. The transcript of the press conference is also made available to the public.

The structure through which the ECB conveys information on its policy decisions has been in place since the ECB's creation. In this respect, the ECB has set a precedent for other central banks to follow. For instance, in 2011, the Fed started to hold quarterly press conferences to explain the unconventional policy measures adopted after the 2008 global financial crisis. Since 2019, a press conference is held after every policy meeting.

#### 3.1.2. Monetary policy accounts

In January 2015, the ECB started publishing the accounts of its monetary policy meetings, four weeks after each meeting. These accounts are released prior to the next monetary policy meeting, following approval by the Governing Council.

Before 2015, the ECB was one of the few central banks in advanced economies that did not publish the minutes of the policy meetings. The rationale rested in the supranational design of the ECB decision-making process, where Governing Council members are required to act in the interest of the euro area as a whole and not in the name of national interests (Howarth, 2012, p. 131). This peculiar design has influenced the way the ECB has traditionally provided information on its internal deliberations, as it was considered that too much information would have exposed individual policymakers to national pressure and thus weakened their independence. However, the decisions adopted since the start of the 2008 global financial crisis have lifted the veil on the traditionally protected ECB decision-making. Indeed, with the onset of the crisis, the news in the financial press on the divisions and cracks among Governing Council members have increased (see Moschella and Diodati, 2020, for a review).

<sup>2</sup> Since 2015, the Governing Council takes its monetary policy decision every six weeks, while monthly meetings are held prior to that date.

<sup>3</sup> Up until 10 March 2016 meeting of the ECB Governing Council, the press release made at 13:45 CET only contained information on the decisions related to the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility. Since then, the text of press releases also contains information on the decisions related to unconventional monetary policies.

<sup>4</sup> Focusing on the content of the ECB communication, Coenen et al. (2017) find that post-crisis communications have, on average, been more forward-looking than the statements prior to it. Amaya and Filbien (2015) document how the similarity of ECB statements has increased over time, particularly since the 2008 global financial crisis, and suggest that this facilitates the extraction of forward-looking information by investors. Acosta and Meade (2015) find similar results for the FOMC.

The decision to make the accounts public has been influenced by the recent crisis experience and, in particular, by the adoption of unconventional monetary policies. In particular, the increased complexity and unconventional measures introduced since the start of the global financial crisis have increased the urgency to provide information on the full range of arguments considered during the Governing Council's monetary policy deliberations. Furthermore, the publication of minutes had been a long-standing request from the European Parliament, as a way to enhance transparency and thus accountability (Assenmacher et al., 2021, p. 34).

The monetary policy accounts that have been made public since 2015 provide information on the assessments and discussions that take place during the Governing Council's policy meetings. In particular, the accounts contain an overview of financial market, economic, and monetary developments. This is followed by a summary of the discussions on the economic and monetary analyses and on the monetary policy stance. However, in contrast to what happens for other central banks, such as the US Fed, the accounts do not contain information on the policymakers who voted in favour or against the proposed policy deliberation. Indeed, while deciding on making the ECB minutes public, the Governing Council decided that the summary of the policy discussion should be done "in an unattributed form", with a view to conveying a fair and balanced reflection of policy deliberations (European Central Bank, 2014).

Existing evidence suggests that the type of information released on central bank decision-making affects markets' abilities to infer the central bank's reaction function. For instance, using the voting records provided in the minutes published by the Bank of England, the Sveriges Riksbank, and the US Federal Reserve, Riboni and Ruge-Murcia (2014) find that dissents in monetary policy committees are useful in forecasting future policy decisions. Jung (2016) examines whether the release of the minutes of the Federal Open Market Committee (FOMC) helped to predict future changes of the Fed funds rate and find that timely FOMC meeting minutes have provided assurance to markets about the most likely path of future interest rates. Similarly, El-Shagi and Jung (2015), find that the publication of the MPC's deliberations of the Bank of England has helped markets in forming their expectations on future monetary policy decisions. As the ECB does not publish voting records, Tillmann (2021) constructs an index of dissent based on the answers provided by the ECB President to journalists during ECB press conferences and finds that yield response is stronger when decisions are taken unanimously.

### 3.1.3. Data dissemination

The ECB further communicates with financial market participants, and enhances their ability to predict its reaction function, by providing information on the data and assessments that inform its policy decisions.

Since its creation, the ECB has communicated its policy objective and the type of economic analysis that underpins its decisions. In particular, the ECB monetary policy strategy has been built on two major planks: a quantitative definition of price stability and the "two-pillar" analysis in assessing the risks to price stability, namely economic and monetary analysis. Both the quantitative definition of price stability and the criteria for the ECB assessment have been modified and clarified over time. In the last revision, which took place with the 2021 strategy review, the ECB established that price stability is best maintained by aiming for a symmetric 2% inflation target over the medium term<sup>5</sup>. Furthermore, the

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<sup>5</sup> Before the recent modification, the ECB's Governing Council defined price stability as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below, but close to, 2%. The existing literature has emphasised how the ECB 2% inflation aim is a "ceiling" rather than a target for the ECB (Begg et al., 2002). This evidence is confirmed in Maih et al. (2021), who analyse the implications of such an asymmetric target and that between 1999 and mid-2014 the ECB's response to inflation has been stronger when inflation was above the ECB's aim.



“two-pillar approach” has been replaced by an “integrated analytical framework”, where the monetary analysis has been expanded to incorporate a more explicit analysis of financial stability considerations.<sup>6</sup>

The ECB also regularly publishes its economic analyses that form the basis of the ECB assessment of economic conditions. This information was included in the Monthly Bulletin, which contained an explanation of the monetary policy decisions and the underlying and detailed analysis of the economic situation and risks to price stability. Since January 2015, the Economic Bulletin has replaced the Monthly Bulletin. This publication presents the economic and monetary information which forms the basis for the Governing Council’s policy decisions. It is released eight times a year, two weeks after each monetary policy meeting. Further information on ECB actions is provided through the regular publication of the consolidated financial statement of the Eurosystem, which provides information on monetary policy operations, foreign exchange operations, and investment activity.

### 3.1.4. Speeches

The speeches of the President, Vice-President, and other members of the Executive Board also contribute to providing information on the ECB’s economic analysis and policy decisions. Members of the Executive Board routinely address various audiences via public speeches delivered before national policymakers, at academic and economic conferences, and before business and consumer associations<sup>7</sup>. Given the supranational nature of the ECB, national central bank (NCB) governors and board members also play an important role in conveying consistent messages across national audiences. To this end, NCB websites publish the public speeches made by the members of their central bank board.

When monetary decisions are taken and subsequently explained by a committee rather than by a single individual, there is always the risk that too many different voices might translate into cacophony, confusing markets about the central banks’ intended goals (Blinder, 2007). As for the ECB, there is mixed evidence on the extent to which consistency is actually achieved when communication works through multiple senders. On the one hand, evidence suggests the limits to consistent communication. For instance, Moschella and Diodati (2020) use text analysis to compute a measure of the time-varying semantic distance between the speeches issued by the ECB President on the one hand, and the national central bank governors on the other hand. Their findings suggest that the level of semantic disagreement is partly associated with the ideological inclinations of national central bank governors’ home governments. Bennani and Neuenkirch (2017) also find that the consistency of ECB communication is weakened when the head of the central bank addresses a domestic audience as opposed to a supranational one. On the other hand, Jansen and de Haan (2013) analyse whether the ECB uses consistent language in its communication and find that it has remained consistent over time. This finding is in line with the characterisation of the ECB Governing Council as an ideal typical example of “a genuinely collegial committee” as opposed to an “individualistic” committee (Blinder, 2007). Whereas in individualist committees, members are encouraged to act as individuals by making votes

<sup>6</sup> “In view of these changes, the economic and monetary analyses have evolved in several ways that should be reflected formally within the ECB’s analytical framework. Changes to the economic analysis reflect the availability of new data and information sources, as well as modelling and computational developments, the important role of the Eurosystem and ECB staff macroeconomic projections in forming a view on the medium-term outlook for economic activity and inflation, and also the more systematic analysis of (changes to) structural trends. The monetary analysis has shifted from its main role of detecting risks to price stability over medium to longer-term horizons towards a stronger emphasis on providing information for assessing monetary policy transmission. This shift in focus reflects a weakening of the empirical link between monetary aggregates and inflation, impairments in monetary policy transmission during the global financial crisis and the broadening of the ECB’s monetary policy toolkit”. See “An overview of the ECB’s monetary policy strategy”: [https://www.ecb.europa.eu/home/search/review/html/ecb.strategyreview\\_monopol\\_strategy\\_overview.en.html#toc19](https://www.ecb.europa.eu/home/search/review/html/ecb.strategyreview_monopol_strategy_overview.en.html#toc19)

<sup>7</sup> “To assist researchers in the field of central bank communication”, recently, the ECB has also started to publish a precompiled dataset containing the text of all speeches published on the ECB websites. Database available online: <https://www.ecb.europa.eu/press/kev/html/downloads.en.html>

and dissent public, in collegial committees, “members may argue strenuously for their own points of view behind closed doors. But they ultimately compromise on a group decision, and then each member takes ownership of that decision” (Blinder, 2007, p. 114; Maier, 2010, 336).

To further ensure consistency and prevent strategic communication ahead of monetary policy meetings, the ECB has recently introduced a “quiet period” according to which Governing Council members have agreed to refrain from making public statements referring to the future stance of monetary policy and economic developments during the seven days preceding monetary policy meetings. This practice is particularly important to shape market expectations and avoid the risk of market volatility (Assenmacher et al., 2021). Indeed, evidence suggests that market reactions to public statements by monetary policymakers are three to four times stronger shortly before monetary policy decisions than at other times (Ehrmann and Fratzscher, 2009). However, the introduction of a quiet period has been only partially effective in preventing potentially market-sensitive statements in the run-up to monetary policy meetings (Gnan and Rieder, 2021).

### 3.2. Communication with the European Parliament

Under the Treaty on the Functioning of the European Union (TFEU), the ECB is primarily accountable to the European Parliament (EP). The main provision governing the relationship between the EP and the ECB can be found in Article 284 (ex Article 113 TEC). According to it, the ECB shall produce an annual report on the activities of the ESCB and on the monetary policy pursued by the central bank during the previous and current year. The report, which must be presented to the EU institutions (namely the Council, the European Council, the European Commission, and the European Parliament), therefore constitutes a critical channel for the ECB communication with its principals. In particular, the ECB President presents its annual report to the EP, which may decide to hold a general debate following the presentation.

In addition to the communication that takes place via the annual report, the ECB communicates with the Members of the European Parliament (MEPs) via regular meetings that take place within the framework of the Monetary Dialogues. The legal basis of the Monetary Dialogues can be found in Article 284 of the TFEU. As the Treaty reads, “The President of the European Central Bank and the other members of the Executive Board may, at the request of the European Parliament or on their own initiative, be heard by the competent committees of the European Parliament”. Although the language of the Treaty is not binding, over time, the ECB accountability and communication practises towards the EP have become established. Specifically, under the Monetary Dialogues framework, the President of the ECB appears on a quarterly basis before the European Parliament’s Committee on Economic and Monetary Affairs (ECON). The ECB communication that takes place within the framework of the Monetary Dialogues is structured around the introductory statement that the ECB President delivers to MEPs, before opening the floor to questions coming from the MEPs. The introductory statement includes information on the ECB’s reading of recent and current economic conditions as well as information on the policy decisions adopted by the Governing Council. Two specific topics are also selected for each Monetary Dialogue. The ECB President, after presenting the outlook and key monetary policy decisions, gives an introduction on the two topics<sup>8</sup>.

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<sup>8</sup> There are also other accountability mechanisms that have been developed in recent years beyond the ones prescribed in the TFEU. These include: i) questions for written answer based on agreement between the ECB and the EP, formalised in EP Rules of Procedure, Rule 140; and ii) written feedback to European Parliament resolutions on the ECB annual report provided by the ECB since 2016 (See, for example the Feedback on the input provided by the European Parliament as part of its resolution on the ECB Annual Report 2019: [https://www.ecb.europa.eu/pub/pdf/other/ecb.20210414\\_feedback\\_on\\_the\\_input\\_provided\\_by\\_the\\_european\\_parliament~7d4de6f4c2.en.pdf](https://www.ecb.europa.eu/pub/pdf/other/ecb.20210414_feedback_on_the_input_provided_by_the_european_parliament~7d4de6f4c2.en.pdf))

With the expansion of the ECB mandate to financial stability, in 2014<sup>9</sup>, the communication with the European Parliament has been extended to cover issues related to the ECB financial supervisory role. The communication on financial stability issues with relation to the EP is modelled on the communication that takes place in the area of the ECB's primary monetary policy mandate. First, the ECB publishes an annual report on how it has carried out its supervisory tasks. The report is usually published in March and is presented to the European Parliament by the Chair of the Supervisory Board of the ECB at a public hearing. Second, the Chair of the Supervisory Board appears before the European Parliament three times a year: once to present the ECB's Annual Report on supervisory activities, and twice to explain the ECB's supervisory actions to the EP's Committee on Economic and Monetary Affairs (ECON) and to answer questions from Committee members. Similar to what happens in the Monetary Dialogues, the ECB communication on its supervisory actions is largely structured around the introductory statement that the Chair of the Supervisory Board of the ECB delivers before the ECON and the full transcripts of the hearings are available on the ECB website.

A number of studies have investigated the ECB's communication with the European Parliament. There is ample qualitative evidence that casts doubt on the ability of the ECB communication to fully achieve the objective of accountability towards the European Parliament. This happens because the structure of the Monetary Dialogues gives too much time to the ECB President to present the central bank's view while MEPs are not active or unable to challenge it, although the ECB has over time shown increased responsiveness to criticisms coming from the ECON (Eijffinger and Mujagic, 2004; Wyplosz, 2006; De Grauwe and Gros, 2009; Collignon and Diessner, 2016). Quantitative assessments of the exchanges that take place in the Monetary Dialogues also show the limits of the ECB's communication in shaping the terms of the debate with the EP: MEPs regularly raise questions that do not directly fall within the ECB price stability mandate and are more inclined to keep the ECB accountable for its secondary objectives (Ferrara et al., 2021). While this finding can be used to suggest an increased ability of the European Parliament to keep the ECB accountable and direct its actions, it can also be read as a signal of a problem in the ECB's communication in explaining and justifying its activities. The 2008 global financial crisis and the European sovereign debt crisis have nonetheless led the ECB to enhance its accountability practises, including its communication strategies, in terms of frequency, format, and content, as well as in terms of interactions with other stakeholders (Fraccaroli et al., 2018), as discussed below. In spite of these efforts, the ECB accountability framework has often been criticised as inadequate to justify the unconventional policies adopted since the start of the crisis period (see Braun, 2017).

### 3.3. Communication with the general public/non-experts

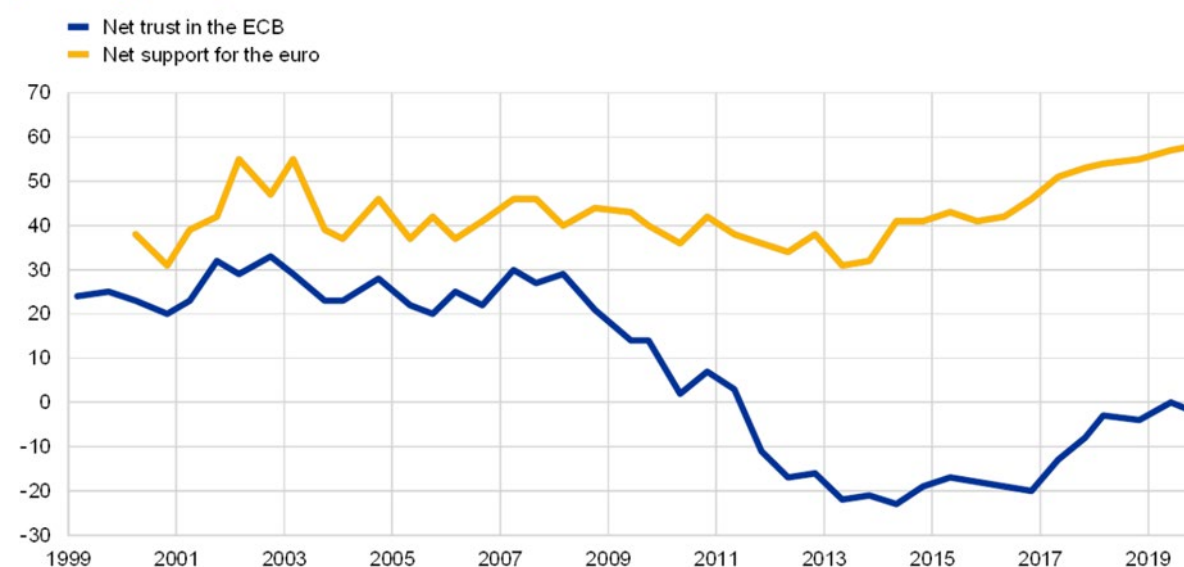
Like other central banks, "the Eurosystem's monetary policy communication has primarily targeted expert audiences such as financial market participants, academics, policymakers and specialised media, rather than the wider public" (Assenmacher et al., 2021, p. 43). Although this strategy has been largely successful in explaining the Eurosystem's monetary policy decisions to expert audiences, the communication with European citizens has largely lagged behind. Along with the deterioration of the macroeconomic conditions during the recent crisis period, the public's limited understanding of the ECB's role and actions might have contributed to the growing distrust towards the ECB, as attested by public surveys towards the institution (Figure 1). By contrast, citizens' support for the euro remained stable at high levels even at the peak of the crisis.

<sup>9</sup> The ECB's official involvement with financial stability has taken place following the entry into force of the Single Supervisory Mechanism (SSM) Regulation and the conferral of macroprudential powers and responsibilities.

Figure 1: Net trust in the ECB and net support for the euro

Euro area, spring 1999 – autumn 2019

(percentage points)



Source: Bergbauer et al. (2020).

Notes: Net support for the euro is calculated as the share answering “for” minus the share answering “against” to the question “Please tell me whether you are for or against it: A European economic and monetary union with one single currency, the euro.” Net trust is calculated as the share of respondents giving the answer “Tend to trust” minus the share giving the answer “Tend not to trust” to the question “Please tell me if you tend to trust it or tend not to trust it: The European Central Bank.” Respondents who answered “don’t know” are excluded in both cases.

As a result, in recent years, the ECB has devoted increased attention to communication with the public also with the view to strengthen its accountability (Moschella et al., 2020). As already noted, the use of unconventional policies has also contributed to stepping up the ECB’s communication efforts<sup>10</sup>. During the September 2019 parliamentary hearings on the appointment of the President of the European Central Bank, Christine Lagarde, reinforced the idea that communication with non-experts will be one of the priorities of her presidency<sup>11</sup>. Recognising the importance of communication with the general public, Haldane et al. (2020) identify the 3 E’s of central bank communication with the public, i.e., explanation, engagement, and education, which may help central banks to avoid potential pitfalls of communication with non-experts. Explanation has been a top priority of the ECB since its establishment. For instance, like most of the central bank websites of advanced economics, the ECB website hosts educational pages. In particular, “The ECB explains” page aims to make complex central banking topics understandable for all audiences. The ECB has also tried to educate and engage with young people by creating national competitions such as the “Generation Euro Students’ award” which asks young economists to play the role of the ECB’s Governing Council, perform their own analysis of the economy, and set what they believe is an appropriate interest rate for the euro area. In addition, the ECB and NCBs maintain institutional accounts on social media such as Facebook, LinkedIn, and

<sup>10</sup> “For instance, as part of its unconventional monetary policy, the ECB has embarked on several Asset Purchase Programmes (APPs). Given the novelty of this tool, new announcements were always accompanied by several communication initiatives. One example is the launch of an APP in January 2015, which was inter alia explained in the accompanying press conference, in the subsequent ECB’s Economic Bulletin and in a speech by Vítor Constâncio, Vice-President of the ECB, in the same month. It is also explained on the educational section of the ECB’s website. Furthermore, Draghi (2014) laid out the ECB’s reaction function with regard to the usage of its non-standard measures” (Coenen et al., 2017).

<sup>11</sup> “The ECB needs to be understood by the markets that transmit its policy, but it also needs to be understood by the people whom it ultimately serves [...] One of the priorities of my Presidency, if confirmed, will be to reinforce that bridge with the public” (Lagarde, 2019).

Twitter. Table 2 provides information on the number of followers recorded on the various social media platforms as of January 2022. The ECB and all NCBs have an institutional LinkedIn account. This social media is also the one which records the highest number of followers for all NCBs, with the exceptions of the Bank of Estonia, the Deutsche Bundesbank, the Bank of Latvia, and the Bank of Lithuania. As for Twitter, the ECB account has almost twice as many followers as the LinkedIn one. Interestingly, both the LinkedIn and Twitter accounts of the President of the ECB, Christine Lagarde, have more followers than the ECB official accounts. Finally, if we look at the social media presence of current ECB Executive Board members, only Frank Elderson and Isabel Schnabel have an active account on Twitter.

Table 2: ECB, Executive Board members, and National Central Banks social media presence and followers as of January 2022

		Facebook	LinkedIn	Twitter
	European Central Bank	n.a.	346,056	<b>656,200</b>
Executive Board members	Christine Lagarde	n.a.	<b>2,425,337</b>	715,423
	Luis de Guindos	n.a.	n.a.	n.a.
	Frank Elderson	n.a.	n.a.	<b>3,697</b>
	Philip R. Lane	n.a.	n.a.	n.a.
	Fabio Panetta	n.a.	n.a.	n.a.
	Isabel Schnabel	n.a.	n.a.	<b>23,674</b>
National Central Banks	Oesterreichische Nationalbank	151	<b>7,260</b>	5,058
	National Bank of Belgium	1,005	<b>26,136</b>	4,492
	Central Bank of Cyprus	219	<b>4,261</b>	n.a.
	Bank of Estonia	<b>5,351</b>	283	1,652
	Bank of Finland	667	<b>17,323</b>	11,533
	Bank of France	10,237	<b>147,903</b>	40,325
	Deutsche Bundesbank	8,306	23,092	<b>32,366</b>
	Bank of Greece	478	<b>11,321</b>	3,629
	Central Bank of Ireland	n.a.	<b>57,944</b>	15,133
	Bank of Italy	n.a.	<b>93,088</b>	17,970
	Bank of Latvia	<b>3,927</b>	3,681	9,422
	Bank of Lithuania	<b>22,493</b>	18,954	1,958
	Central Bank of Luxembourg	631	<b>8,290</b>	n.a.
	Central Bank of Malta	1,923	<b>5,380</b>	1,629
	De Nederlandsche Bank	2,723	<b>48,322</b>	20,257
	Banco de Portugal	n.a.	<b>103,127</b>	11,409
National Bank of Slovakia	345	<b>6,506</b>	1,349	

		Facebook	LinkedIn	Twitter
	Bank of Slovenia	549	<b>4,872</b>	1,302
	Bank of Spain	n.a.	67,791	19,813

Source: Authors' own elaboration.

Finally, a more direct form of engagement with the general public rests in running citizen's consultations. In the framework of the monetary policy strategy review, the ECB and the national central banks hosted listening events with the general public, civil society, and academia. Such events, even if time consuming, might boost engagement with the public.

The clarity of central bank communication appears to be an important predictor of the media engagement generated by the ECB via its speeches, press conferences, and Twitter messages (Ferrara and Angino, 2021). In recent years, a growing number of central banks have started to use social media channels to engage with the general public. Korhonen and Newby (2019) examine the extent to which the ECB and national central banks of the euro area maintain an institutional Twitter account and analyse their tweeting activity. They find that central banks' Twitter activity has no relation to citizens' online participation and that communication on financial stability has increased more in comparison to the one on monetary policy. However, Ehrmann and Wabitsch (2021) analyse Twitter traffic about the ECB and find that Twitter is a useful channel of communication with non-experts as it fosters more factual and moderate discussions. Looking at the United States, Gorodnichenko et al. (2021) analyse the Federal Reserve System communication on Facebook and Twitter and its effectiveness. In the case of the Fed, Twitter appears to be more popular and gains greater public engagement. Importantly, they show that market participants do update their inflation expectations based on information contained in the Fed's social media posts. Overall, these findings suggest that, despite the difficulties, central banks can effectively communicate with the public, thus shedding doubt on more pessimist accounts (see, for instance, Blinder, 2018).

## 4. THE CHALLENGES TO ECB COMMUNICATION

Since the onset of the 2008 global financial crisis, the ECB and other central banks around the world have embarked on a multitude of policies, ranging from micro and macroprudential policies to unconventional monetary policies. In addition, in recent years, the role of central banks and financial regulators in addressing climate-related financial risks has rapidly expanded. These policies, which could be broadly considered as part of the secondary mandate of many central banks, are likely to represent a challenge for monetary policymakers and their communication strategies. This section summarises some of the key challenges the ECB might face in the near future in relation to these policies.

### 4.1. Communication on “normalising” monetary policy

Similar to other advanced economies’ central banks, the ECB undertook extensive asset purchase programmes to respond to the 2008 global financial crisis, the European sovereign debt crisis, and, more recently, the COVID-19 global pandemic. As the economic context will change, providing guidance and information about the path and speed towards the removal of monetary accommodation will be a key communication task for the ECB. Besides, in various occasions, the ECB has indicated that government bond purchases on the secondary markets were meant to “deliver financial conditions that are consistent with a return of inflation to [the ECB] medium-term aim” (Schnabel, 2020). The adoption of a symmetric 2% inflation target over the medium-term in 2021<sup>12</sup> might provide some additional time for the ECB before it starts to normalise the stance of its monetary policy. However, a persistent level of harmonised index of consumer prices (HICP) inflation in the euro area at the levels recorded in November and October 2021, i.e., 4.9% and 4.1%, respectively, might force the ECB to normalise its monetary policy stance sooner rather than later. Following the last ECB Governing Council meeting on 16 December 2021, the ECB press release mentioned that “The Governing Council judges that the progress on economic recovery and towards its medium-term inflation target permits a step-by-step reduction in the pace of its asset purchases over the coming quarters”. This announcement, which was somehow already anticipated by the market, had a limited effect on asset prices and suggests an effective communication strategy. However, given the high level of public debt to GDP of many euro area countries, coupled with the stock of public sector bonds purchased by the ECB and NCBs since mid-2014<sup>13</sup>, clear communication is key to avoid market instability<sup>14</sup>.

In this context, important lessons can be learned from “taper tantrum”, i.e., the 2013 surge in US Treasury yields, which followed former Fed Chair Ben Bernanke’s announcement of the future tapering of the Fed quantitative easing programme. A clear and effective central bank communication is even

<sup>12</sup> While this target has been de facto revisited, the ECB website still reports information on the old target and advises that the reader can “find all the latest news on our new monetary policy strategy and price stability objective on our strategy review hub page”. <https://web.archive.org/web/20220104233256/https://www.ecb.europa.eu/mopo/strategy/prices/tab/html/index.en.html>

<sup>13</sup> The large amounts of government debt held by many central banks have often revived discussion on the alleged risk of fiscal dominance, i.e., the situations in which the credibility of monetary policy could be undermined with interest rates pegged at low levels to reduce the costs of servicing sovereign debt.

<sup>14</sup> For example, during the Q&A session of the press conference held by the ECB at the beginning of the pandemic, on 12 March 2020, the ECB President said that the ECB was “not here to close spreads” in regard to the sovereign debt markets brought to a sell-off on Italian bonds. Immediately after the press conference, and in response to the strong market reaction to the announcement, the ECB President clarified her statement during a CNBC interview: “I am fully committed to avoid any fragmentation in a difficult moment for the euro area. High spreads due to the coronavirus impair the transmission of monetary policy. We will use the flexibility embedded in the asset purchase programme, including within the public sector purchase programme. The package approved today can be used flexibly to avoid dislocations in bond markets, and we are ready to use the necessary determination and strength”. To the best of our knowledge, this is the first case in which the text of a press conference has been amended to incorporate a clarification statement (See Footnote [1] in <https://www.ecb.europa.eu/press/pressconf/2020/html/ecb.is200312~f857a21b6c.en.html>).

more important “when the monetary policy stance is shifting” (Coenen et al., 2017). Meinusch and Tillmann (2017) use Twitter data to identify shocks to peoples’ beliefs about the timing of the exit from Quantitative Easing (tapering) and show that shocks to tapering beliefs have profound effects on interest rates, exchange rates, and asset prices.

## 4.2. Communicating on financial stability

Following the 2008 global financial crisis, many countries have changed their financial supervisory architecture by increasing the involvement of central banks in supervision (Masciandaro and Romelli, 2018). In addition to microprudential responsibilities, the ECB mandate has been broadened to include macroprudential supervision. As a consequence, the ECB and other central banks started to expand their communication to cover issues related to financial stability. For example, Article 127 of the TFEU mentions that “The ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system”.

Since 2008, a general consensus has emerged among academics and policymakers about the relationship between price and financial stability, which might motivate the use of monetary policy to address financial stability concerns. This has motivated the decision of many central banks, especially in high-income countries, to communicate how financial stability considerations would have been incorporated into their monetary policy decision-making frameworks (Albertazzi et al., 2021). In this respect, the Bank of England is the central bank which has taken the most transparent approach by introducing “financial instability escape clauses”. This approach allows the Bank of England Monetary Policy Committee (MPC) to deviate from its inflation target if the Financial Policy Committee (FPC) raises concerns that policies aimed at keeping inflation at the target could pose a risk to financial stability. The implementation of such an approach has also been recently discussed by the US Federal Reserve, where “participants noted that a communication strategy could include the possible use of financial instability escape clauses to help explain the rationale for policy actions when a build-up of financial vulnerabilities poses risks to the achievement of the Committee’s goals” (Federal Open Market Committee, 2020).

Moving to microprudential supervision in particular, the evidence available up to now seems to indicate that the revamped central bank communication in this area has been, so far, effective. For instance, national surveys show that most French and German respondents consider banking supervision and/or preserving financial stability to be among the ECB’s main tasks (Assenmacher et al., 2021). In the context of central bank communication on financial stability, Born et al. (2014) find that optimistic Financial Stability Reports are associated with significant and long-lasting positive abnormal stock market returns. Londono et al. (2021) assess the effectiveness of communication strategies in preventing a worsening of financial cycle conditions. They find that central bank communication effectively mitigates a deterioration in financial conditions and advertises a potential financial crisis. At the same time, Correa et al. (2021) find that the sentiment captured by the Financial Stability Reports explains movements in financial cycle indicators and that the sentiment in central banks’ communications is a useful predictor of banking crises.

## 4.3. Communicating on greening the economy

In 2015, Mark Carney, former Governor of the Bank of England, was among the first central bankers to discuss how climate change might have profound implications for insurers, financial stability, and the real economy. His speech jumpstarted the discussion on the implications of climate change among central bankers. In response to this increased attention by monetary policymakers, the Bank for



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International Settlements (BIS) website, which hosts most of the speeches of the central banks' part of the BIS networks, records at least 290 speeches dedicated to "green finance", "climate change", and "sustainability". As noted by Christine Lagarde (2021): "climate change [has] macroeconomic and financial implications and [has] consequences for [the European Central Bank's] primary objective of price stability, other areas of competence including financial stability and banking supervision, as well as for the Eurosystem's own balance sheet".

As noted in Romelli (2022), so far, no central bank around the world has formally changed their statute to include environmental and climate goals. However, governments and the public are pressuring central banks to take action in this direction<sup>15</sup>. In this environment, central bank communication is fundamental as, contrary to the previous two challenges, societal preferences have changed while the monetary policy tools in the central banks' toolkit have remained the same. As a result, "Independent central banks have a duty to respond to the concerns of the public and to carefully evaluate whether and how they may be able, within their mandate, to respond to these concerns" (Schnabel, 2021). This implies that central banks need to improve the clarity of their communication strategy. In the case of the ECB, improving the clarity of its messages is particularly important because there are concerns that the energy transition might pose upside risks to the ECB baseline projection of inflation over the medium term (Schnabel, 2022).

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<sup>15</sup> For example, in March 2021, Rishi Sunak, the Chancellor of the Exchequer, stated that the Bank of England will have to support the government's efforts to make the UK economy greener and achieve zero greenhouse gas emissions by 2050. While reaffirming the Bank of England's longstanding inflation target, Rishi Sunak also said that monetary policy should now "also reflect the importance of environmental sustainability and the transition to net zero" (Hodgson et al., 2021).

## 5. CONCLUSION

Since its creation, the ECB has kept improving its communication strategy with the European Parliament, European citizens, and financial market participants. The ECB has particularly stepped up its communication in the wake of the 2008 global financial crisis and European sovereign debt crisis as well as the COVID-19 crisis. Going forward, the ECB is likely to confront important challenges to its communication policy, some of which stem from its previous actions to address the recent crisis period. In particular, as discussed above, the “normalisation” of monetary policy, financial stability considerations, and the transition to a green economy are likely to represent critical challenges for ECB communication. Based on the analysis developed so far, four major recommendations follow. All of them are staked on the principle that more clarity and transparency is warranted given the complexity of the challenges ahead and their reverberations on the role and independence of the ECB in the EU.

**ECB communication on monetary policy decisions, including the one on the end of its bond buying programmes, should provide an indication about the broad motives behind the decisions.** In particular, the ECB might want to explain and justify its future decisions not only based on the assessment of the economic and monetary situation, but also on its assessment regarding fiscal sustainability, financial stability, and green considerations. Leaving the public and the markets to guess about the reasons for future policy decisions risks fuelling concerns about the independent judgement of the institution and thus risks weakening its credibility and legitimacy. In the case of normalisation of monetary policies, this implies that the ECB should communicate not only about the path and speed of policy normalisation but also about the fiscal and financial considerations that were discussed to achieve the decision.

**Two communication channels might be expanded: monetary policy accounts and communication with the public.** As differences in views among the members of the ECB Governing Council have been extensively discussed in financial newspapers especially since the 2008 global financial crisis, hiding this dissent might nurture public distrust towards the institution. To this end, the publication of monetary policy accounts might be expanded to include information on individual preferences and voting during Governing Council meetings. In addition, the ECB might want to expand the communication with the public by providing a non-technical summary of its monetary policy accounts. These non-technical summaries could help citizens navigate among the policy options discussed during the monetary meetings and assess the pros and cons of the different choices. By providing information of individual monetary policymakers’ positions and voting, the monetary accounts could also help increase their accountability towards the euro area rather than to their nationality.

**Central bank communication via social media should be improved by coordinating policy announcements between the ECB and NCBs.** Both the ECB and NCBs communicate with the public using their institutional accounts on social media such as Facebook, LinkedIn, and Twitter. However, most of the social media communication made by the ECB is in English. To this end, the ECB might coordinate its communication with NCBs in order to favour the dissemination of monetary policy-related announcements among the non-English speaking public and to reach a bigger audience.

**Communication with the European Parliament might be improved by increasing the interactions between the two institutions on the ECB secondary mandate.** The EP is the key venue for ECB democratic legitimacy and accountability. Although the ECB accountability practises towards the EP have already been developed beyond the Treaty requirements, ECB accountability continues resting on the provision of information mostly. Accountability towards the EP, and ultimately to EU citizens, could be improved by favouring more discussions on the ECB secondary objective. That is to say, the

ECB President should use the introductory statements before ECON within the framework of the monetary and financial stability dialogues to explain how the institution has contributed to achieving objectives such as employment or the green transition during the implementation of its monetary policies. This would not entail a deviation from the price stability objective but provide the means for the ECB to be more responsive to the concerns expressed by the representatives of EU citizens and thus improve its institutional accountability.

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The ECB considers communication a critical instrument in its policy toolkit. Since its creation, the ECB has devoted significant attention to the mechanisms through which it conveys to the public information relevant to its decision-making and ensures its accountability. This policy briefing assesses whether existing ECB communication practises are adequate to continue ensuring the effectiveness and accountability of monetary policy in light of the recent and upcoming challenges that the ECB confronts.

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