

New ECB boss quizzed for the first time by Economic Affairs Committee

- Climate change should be included in the ECB's macroeconomic models
- Price stability and inflation at the centre of strategic review of monetary policy
- Call to protect consumers on digital currencies

Christine Lagarde, European Central Bank President since 1 November, was heard for the first time in her new office by the Economic and Monetary Affairs Committee.

Questions on how the ECB is responding to the threat of climate change were a recurring subject on Monday, during the new Central Bank President's first hearing at the Parliament. MEPs across the political spectrum wanted to know how the ECB can include action on climate change in its monetary policy and whether it would stop supporting unsustainable companies through its asset purchase programme.

Ms Lagarde pointed out that the climate issue, while secondary to protecting price stability, would be included in the ECB's macroeconomic models and taken into account when assessing risks and supervising EU banks. She also reminded MEPs that the ECB is the main buyer of European Investment Bank bonds, which committed to phase out investment in fossil fuels.

Inflation, asset purchase programme, digital currencies

With the planned strategic review of the ECB monetary policy in mind, MEPs asked about inflation forecasts, limits to the asset purchase programme and the prospects for the Eurozone budget. President Lagarde agreed that, during the strategic review, all the above-mentioned issues should be looked into, including the present inflation target of close to 2%, as well as the fiscal capacity of the euro area.

MEPs were also concerned with the ECB's slow reaction to disruptive global technological developments, such as 'stablecoins', which present an opportunity to make cheap and fast cross-border payments, but at the same time pose risks to consumer protection. Ms. Lagarde replied that the ECB is attentive to technological developments, conducting research projects into digital coins, including the risks they might pose to stability, safety and the security of the monetary system and individual customers.

Finally, Ms Lagarde reiterated her commitment to dialogue with the EP, and the Economic and Monetary Affairs Committee in particular, stating that such two-way communication brings her

closer to understanding how the ECB's policy decisions affect ordinary citizens that MEPs represent.

Further information

[Watch video recordings of Ms Lagarde's opening statements, MEPs' questions and her answers](#)

[Briefing papers prepared in advance of the monetary dialogue
Monetary Dialogue Preparatory Meeting
Committee on Economic and Monetary Affairs](#)

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