

The Euro in Crisis: Decision Time at the European Central Bank



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1. European Central Bank

1.1 General information

- responsible for the finances of the European countries that use the euro as their currency (eurozone)
- forms the system of central banks together with national central banks of the European states
- founded in 1998 and located in Frankfurt am Main
- most important objective: keeping the price stability in the eurozone
- A recession in the member states should be prevented by the work of the institution.

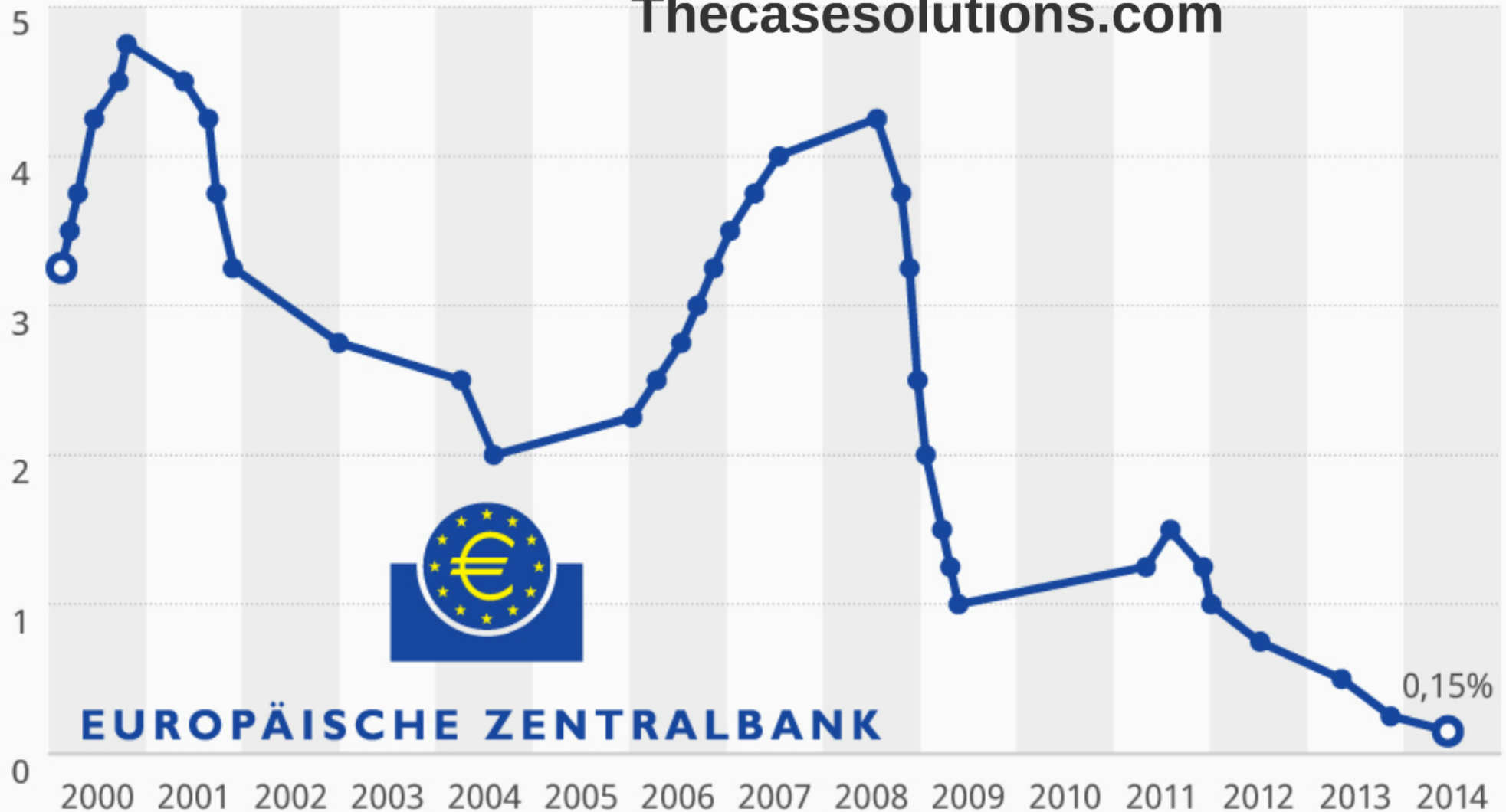
1.2 Tasks of the ECB

- written down in the “Treaty on the Functioning of the European Union”:
- define and implement the monetary policy in the eurozone: interest rates are established to react on inflation or deflation
- supply of the member states with money (example: Greece)
- approval of giving out money paper through the national banks
- control of the national banks (Germany: Deutsche Bundesbank)
- political and financial independence of the ECB

Rekordtief: EZB senkt Leitzins auf 0,15%

Entwicklung des Zinssatzes der EZB für das Hauptrefinanzierungsgeschäft (in %)

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Quelle: EZB

statista

Europäische Zentralbank

EZB-
Direktorium
(Executive Board)

EZB-Rat
(Governing Council)

Erweiterter
Rat der EZB
(General Council)

1.3 Organs and functions

Executive Board:

- leads the work of the ECB and is responsible for the carrying out of decisions by the Governing Council
- formed by the president, the vice-president and four other members (from politics and economy)

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