

PREPARATIONS FOR JOINING THE EURO AREA

General framework

The adoption of the euro has been a strategic goal of Estonia and Eesti Pank since as long as the autumn of 2003, when the Estonian people voted in favour of joining the European Union and adopting the euro in a public referendum. Preparations for the changeover have been being made in all areas since 2004.

Immediately after becoming a member of the European Union in 2004, Estonia joined the exchange rate mechanism ERM II.

The National Changeover Committee¹ was established in January 2005 to prepare Estonia for the euro. Eesti Pank was represented in the Committee by Deputy Governors Andres Sutt and Rein Minka, and in addition, many specialists from Eesti Pank participated in its work. In pin-pointing the problems related to the changeover and finding solutions to them, the National Changeover Committee was initially supported by six working groups:

- the Eesti Pank and credit institutions WG;
- the business environment WG;
- the public sector technical readiness WG;
- the consumer protection WG;
- the legal matters WG; and
- the communications WG.

The first version of the National Changeover Plan was completed as early as autumn 2005, while the ninth and final version of the plan was published in 2010. In 2009, the Committee submitted two interim reports to the Government on the progress of preparations, and in 2010 the Committee submitted four reports, one for each quarter.

The preparations for joining the euro area slowed down in the summer of 2006, when it became

clear that Estonia is not able to meet the Maastricht inflation criterion in the near future, but the preparations picked up pace again in 2009. The decision was taken to set up another, seventh, working group to

- monitor and account for the fulfilment of the euro changeover criteria.

The euro preparations of Eesti Pank mainly focused on

- monitoring the fulfilment of the euro changeover criteria;
- working with credit institutions to guarantee the smoothness and security of the cash changeover;
- making changes in payment and settlement systems; and
- informing the general public.

Euro changeover criteria

Before the introduction of the euro, the main focus was on achieving the price stability and fiscal position criteria. The European Commission and the European Central Bank assessed Estonia's eligibility for the euro on the basis of the fiscal position of 2009 and the inflation indicators fixed in April 2010. The budget deficit for 2009 was 1.7% of GDP and Estonia achieved the inflation criterion in November 2009.

The long-term government bonds used to assess the interest rate criterion are not used in Estonia. Instead, other indicators were assessed thoroughly and with all the circumstances considered, the conclusion was reached that Estonia would not have a problem in fulfilling this criterion. Estonia has not had trouble meeting the public debt criterion, as our government sector's debt is among the smallest in Europe. Estonia has been in compliance with the exchange rate criterion since 28 June 2006, when it reached

¹ Order No 53 of the Government of the Republic of 31 January 2005 on the formation of the National Changeover Committee to coordinate the operations necessary to guarantee a smooth euro adoption process.

the required two years of membership of the exchange rate mechanism ERM II.

On 3 June 2010, the Minister of Finance Jürgen Ligi and Eesti Pank Governor Andres Lipstok sent a letter to the European Commission, the Eurogroup and the Ecofin council about Estonia's economic policy goals as a member of the euro area. The letter confirmed our readiness to continue with responsible fiscal policies and, in other areas, with policies that support balanced economic development.² Ecofin made its final decision about Estonia's accession to the euro area on 13 July 2010.

Preparations by Eesti Pank and credit institutions for the euro

Preparations in the area of cash and account money were central to the success of the euro changeover. The changeover went smoothly and without any major problems. At the turn of the year, Eesti Pank's work went smoothly with state agencies and with the private sector, that is the credit institutions and the security company G4S. Everything happened according to the planned scenario and there was no need to launch contingency plans. Three main threads can be identified in the enormous amount of work done by the commercial banks, and these were exchanging and distributing cash; managing and adjusting information systems; and informing the general public.

Front loading and sub-front loading of cash and returning cash

October 2010 marked the beginning of the **coin collection campaign** for Estonian kroons, run together with the Estonian Banking Association, the commercial banks, the G4S cash division and charity organisations. During the campaign

period, approximately 125 million coins, weighing 350 tonnes in total, were returned to Eesti Pank.

At the beginning of November, Eesti Pank received the first euro banknotes through the European System of Central Banks. The **front-loading of euro banknotes** to commercial banks started on 15 November 2010. During the front-loading period until 31 December 2010, the sum of euro cash issued to commercial banks totalled about 215 million euros. Commercial banks, in turn, **sub-front loaded euro banknotes and coins** to their clients for a total value of about 31 million euros.

To spread the work of cash exchange, the central bank and commercial banks decided to **let people already exchange kroons at the official exchange rate against euro banknotes in December**. On 1 December, the euro **starter kits** were made available for sale at the price of 200 kroons (€12.79) per kit; the kits contained 42 euro coins and a security token to verify their authenticity. The sale of starter kits in commercial banks and in branches of Eesti Post was very successful. By 31 December, 510,473 starter kits had been sold.

One indicators of the success of the currency exchange was the rapid and **smooth adoption of the euro in ATMs**. At the end of December, 867 ATMs were operating in Estonia. Refilling of the ATM network started on 30 December during the day and the procedure was finished in the evening of 31 December. There were no failures in the operation of ATMs due to the euro changeover, and immediately after midnight, the ATMs issued euro banknotes successfully. The first euro banknote was withdrawn from an ATM four minutes after midnight. In the first two days of 2011, about 85,000 withdrawals were made from ATMs for a total value of about 5 million euros.

² See the letter of 3 June 2010 from the Minister of Finance and Eesti Pank Governor to the European Commission, Eurogroup and the Ecofin council, which is also available on Eesti Pank's website (<http://www.eestipank.info/pub/et/EL/ELiit/euro/yhiskiri.pdf?ok=1>).

From the last week of December, the **amount of cash in kroons in circulation** started to decrease rapidly. At the beginning of December, about 8.1 billion kroons were still in circulation, but by the end of 2010 the amount of circulating cash only totalled 5.8 billion kroons. An additional 4.1 billion kroons were removed from circulation in January 2011 and by the end of the month the amount of circulating cash had dropped to 1.7 billion Estonian kroons. By the end of January, the net amount of euro cash issued by Eesti Pank had risen to 245 million euros, of which 216 million was in banknotes and 29 million in coins.

In contrast to the method used in other countries, **post offices in Estonia were also involved in the euro changeover**. The network of Eesti Post's branches contributed a great deal to the exchange of daily circulating money, enabling every person to exchange kroons worth a total of 1,000 euros every day. The participation of Eesti Post in the currency exchange process facilitated the changeover in areas where banking services are not so easily available.

Many bank branches and post offices were also open exceptionally on 1 and 2 January. On 1 and 2 January, the branches of Eesti Post exchanged a total of 8.6 million kroons into euros, with the average amount exchanged in each transaction remaining below 200 euros.

Euro cash training

At the beginning of June, the training specialists of credit institutions and the representatives of major companies took part in a training session. Over the course of three seminars, the training specialists heard from top experts at the Bank of Finland, the Finnish Central Criminal Police and Nordea Bank Finland.

From September until December, experts from

Eesti Pank arranged lectures for cash handlers in every county together with the county offices of Enterprise Estonia (EAS). The training gave an overview of the changeover principles and of the design and security features of euro cash. The target groups of the county lectures were cashiers, small traders and service establishments that directly handle cash. The lectures were also a suitable place for distributing over 50,000 copies of publications explaining the euro's security elements and appearance. The county lectures were extremely popular and additional lectures had to be arranged in several towns. Altogether, more than 3,000 cash handlers attended a total of 30 lectures.

Adoption of the euro as account money

The introduction of euro account money was the responsibility of the central bank, and credit institutions and their related infrastructures: the interbank payment and settlement system, the settlement system for card payments, and the securities settlement system. There was no transitional period for account money – the euro was introduced on €-day. The value date for the conversion of account money was 1 January 2011 and account numbers remained the same. On the first working day of the year, Eesti Pank's payment and settlement system for Ordinary Payments, ESTA, was also open as usual.

The **payment and settlement systems** of Eesti Pank were made available in euros on 1 January 2011. As of the first banking day of the changeover month, 3 January 2011, Eesti Pank's payment and settlement systems settle payments only in euros.

The preparations required for the transition of the payment and settlement systems to the euro had already been carried out in advance.³ On 19 May 2008, Eesti Pank launched TARGET2-

³ See more about these preparations in the chapter "Payment and Settlement Systems", p 51.

Eesti for express cross-border euro payments. On 1 January 2011, Eesti Pank closed the real-time settlement system EP RTGS and transferred most of the transactions that had been conducted through the EP RTGS, including interbank payments, collateral payments of ESTA and cash transactions, to TARGET2-Eesti. Since the euro changeover, the stock exchange and over-the-counter settlements that were performed through the EP RTGS have been executed on the custodians' liquidity accounts opened in the Estonian Central Securities Depository.⁴ On €-day, 1 January 2011, Eesti Pank stopped forwarding foreign exchange reference rates to credit institutions. The reference rates are available on the website of the European Central Bank and they are published on the working days of TARGET. When TARGET is closed on a working day in Estonia, such as the Easter Monday, the latest published rates apply.

Provision of information

In the distribution of euro information, Estonian state agencies followed a single changeover communication strategy, which focused on informing the public about the practical sides of the changeover. The national euro information campaign had two primary goals, which were also central for Eesti Pank in its euro-related communications:

- to ensure that all Estonian residents be informed of the changeover's impact on the country's economic development and of the accompanying practical changes; that the changeover be as smooth as possible; and that the community support the introduction of the euro;
- to reach 90% in the level of awareness and 65% in the level of support for the euro among the Estonian population by the end of the information campaign.

All the goals of the communication strategy were achieved. Furthermore, several additional, previously unplanned communication operations were carried out, as they became necessary due to changes in the general economic situation, the emergence of new topics of debate, and shifts in emphasis in several areas relating to economic events in the euro area and feedback received from public opinion polls.

The main target groups were the general public and the business sector, but minority groups were also covered. Eesti Pank paid a lot of attention to informing the visually impaired, the young and cash handlers.

The euro information campaign for the business sector was divided into several areas:

- the guaranteeing of technical readiness of information systems and accounting;
- the obligation to display dual prices;
- the fair pricing agreement;
- practical aspects of the euro changeover, including cash training.

No major technical problems have occurred in the business sector because of the adoption of the euro. The results from the campaign of informing business owners were revealed by the Eurobarometer survey arranged in September 2010, which showed that 93.8% of the business owners questioned considered themselves well or very well informed on the issues related to the euro changeover, while 62% of them regarded the adoption as beneficial or very beneficial in the medium or long term. Furthermore, the press have not spotted a single problem related to any specific target group that could have been caused by insufficient awareness.

According to the survey, for a long time support for the euro amount the whole population ranged between 48% and 54%, but a survey conducted

⁴ The euro changeover brought some changes to the securities settlement system of Eesti Pank.

in January 2011 showed that public support for the euro had increased to 60%. The rise in support undoubtedly stemmed from the smooth changeover process.

According to the survey⁵ ordered by Eesti Pank and arranged by TNS Emor, the national euro information campaign was successful across all target groups. The percentage noticing the euro information campaign was 95% or more in all the target groups, which were based on nationality, age, income and place of residence.

Eesti Pank's work in the area of changeover communication is described more thoroughly in the chapter "Public relations", p 68.

CHANGES IN EESTI PANK'S OPERATION FRAMEWORK IN 2011 IN CONNECTION WITH THE EURO AREA

Estonia has been a member of the Eurosystem⁶ since 1 January 2011. The Eurosystem consists of the European Central Bank (ECB) and the national central banks of the countries that have adopted the euro. The articles of the Treaty on the Functioning of the European Union that only apply to euro area countries came into force in Estonia on 1 January 2011. In addition, the articles of the Statute of the European System of Central Banks and of the European Central Bank that apply to the Eurosystem's members were also imposed on Eesti Pank. The main change in the legal environment is that all ECB legislation – regulations and decisions – now also apply in Estonia. The Currency Act and the Act on Security for the Estonian Kroon were repealed with

the Euro Adoption Act. The provisions of the Eesti Pank Act that brought the Eesti Pank Act into compliance with the requirements laid down in Article 131 of the Treaty on the Functioning of the European Union came into force. In consequence of these amendments, several decrees of the Eesti Pank Governor have been repealed or amended (see also "Decrees of the Governor of Eesti Pank in 2010", p 122; the full texts of the decrees are available on the website of Eesti Pank).

More extensive changes in the working arrangements of Eesti Pank began in the second half of 2010 after the Council of the European Union took the decision to allow Estonia to adopt the euro. From that moment on, Eesti Pank was invited to participate as an observer in all the committees and working groups of the Eurosystem. In addition to attending the meetings of the ECB General Council, which take place four times a year, the Governor of Eesti Pank also started participating as an observer in the meetings of the most important decision-making body, the Governing Council⁷ of the European Central Bank. Since 1 January 2011, Eesti Pank has also participated as a full member in all the committees, working groups and task forces of the ECB Governing Council. This means that on top of its existing responsibilities, the bank now has new ones related to the cooperation forums handling the euro area's monetary policy, the analysis of the ECB Governing Council's documentation and the preparation of Estonia's standpoints.

⁵ A summary of the survey is available on the website of Eesti Pank: http://www.eestipank.info/pub/et/dokumendid/publikatsioonid/seeriad/selgitused/emor_111.pdf.

⁶ Until recently, the term *Eurosystem* was used unofficially, but for the first time it was mentioned officially in the Lisbon Treaty (Article 282 of the Treaty on the Functioning of the European Union).

⁷ The ECB Governing Council consists of the members of the ECB's Executive Board and the governors of the national central banks of the euro area.

Tasks of the Eurosystem

Key tasks of the Eurosystem

- Setting monetary policy
- Executing currency operations
- Guaranteeing the smooth functioning of payment and settlement systems
- Holding and managing the currency reserve

Other tasks of the Eurosystem

- Performing advisory functions
- Collecting and compiling statistics
- Supervising the fulfilment of prudential norms and guaranteeing financial stability
- Issuing euro banknotes and guaranteeing their security
- Engaging in international partnership

The following briefly covers the areas related to the tasks of the Eurosystem where the year 2011 will bring major changes for Eesti Pank.

Monetary policy and economic analysis

The Eurosystem is responsible for setting and implementing the monetary policy in the euro area. For Estonia, the greatest change that stemmed from joining the euro area was that while Estonia used to apply a currency board system that helped to maintain price stability **in Estonia** through a fixed exchange rate, now Eesti Pank participates in setting the monetary policy for the **whole euro area** and in compiling the analytical materials⁸ that form the basis for monetary policy decisions. The interests of the euro area as a whole are also taken into account in the decision-making process of the ECB Governing Council, where the Governor of Eesti Pank

is a member. The main goal of the Eurosystem's monetary policy is to maintain **price stability in the euro area**. This has been laid down in Article 127(1) on monetary policy in the Treaty on the Functioning of the European Union. According to the definition approved by the ECB Governing Council,⁹ **price stability is a medium-term year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below but close to 2%**.

The euro area's monetary policy follows the principle of central decision-making and decentralised implementation. This means that all monetary policy issues fall under the responsibility of the Governing Council of the ECB, as does the enforcement of rules and decisions concerning the Eurosystem's tasks. **The Eurosystem cooperates closely to develop the monetary policy framework and set monetary policy goals.** Cooperation takes place in numerous ESCB committees, task forces, meetings and tele-conferences where all important issues are discussed before decisions are made. Eesti Pank started to participate in monetary policy cooperation immediately after the decision was taken to accept Estonia into the euro area. This meant a lot of work had to be done compiling various analytical materials and participating in the joint forecasting exercises.

The euro area's monetary policy framework is formed by regular refinancing operations, or repurchase auctions, the system of required reserves and the standing facilities for borrowing and depositing. In addition, extraordinary measures have been used to contain the financial crisis. The 2% reserve requirement currently

⁸ The ECB Governing Council makes interest rate decisions on the basis of a comprehensive analysis of the euro area's economy and money aggregates. The analytical work is divided between two major areas. The first focus is that the ECB and the euro area's national central banks monitor the euro area's economy in general, observing gross demand, the interest level and liquidity of financial markets, the capital and labour market situations, changes in the euro exchange rate and overall global economic developments; as a result of this economic analysis, a short and mid-term assessment is prepared to help anticipate inflationary changes. The other focus of attention is on the aggregate indicators of money supply and credit, and on their long-term effects on inflation. The analysis is supported by the Bank Lending Survey, which is regularly conducted among banks that are active in the loan market of a Member State.

⁹ See e.g. <http://www.ecb.int/mopo/strategy/pricestab/html/index.en.html>.

applies to liabilities due in up to two years on the balance sheets of credit institutions. **The most important monetary policy interest rate is the ECB's refinancing operations' minimum bid rate, the latest value of which was posted at 1.25% as of 13 April 2011.**

Monetary policy operations

Day to day monetary policy is implemented by the ECB and the other central banks of the Eurosystem. For instance, the volume of regular refinancing operations – the total amount of short-term loans granted against collateral to the Eurosystem's commercial banks – and, if necessary, other important conditions¹⁰, are determined by the Governing Council of the ECB, but monetary policy transactions are intermediated by national central banks. Essentially, the partner of a loan transaction is a national central bank of the euro area, not the ECB. The required reserves of commercial banks are also deposited on the accounts of the national central banks and accounting for this is the task of national central banks.

By the beginning of 2011, Eesti Pank had prepared and tested the procedure and documentation for participation in the monetary policy operations of the Eurosystem. Compared to the earlier currency board system, this meant thorough changes for Eesti Pank and commercial banks. New instruments were introduced, through which commercial banks would then obtain liquidity from the central bank, and the entire legal framework connected to these instruments also changed.

Reserve management

The implementation of the new monetary policy framework changes the central bank's reserve holding goals, which may in turn alter its invest-

ment principles, but this will be analysed more thoroughly in 2011.

One of the key goals of the Eurosystem's foreign currency reserve is to guarantee that the ECB has sufficient funds for currency operations. The management of the ECB's currency reserve is decentralised and is carried out by the national central banks that have decided to participate in the management of the ECB's currency reserve operations. The central banks operate on behalf of the ECB in accordance with the guidelines received from the ECB.

In 2010, Eesti Pank prepared the documentation and rules so as to be ready to participate in the ECB's foreign reserve management. Under the contract concluded between Eesti Pank and the Bank of Finland, investments with the share of the reserve managed by Eesti Pank are made by the Bank of Finland.

Payment and settlement systems

The flawless operation of payment and settlement systems is ensured by the Eurosystem's national central banks in three ways: as managers of the payment and settlement systems, as developers of policy for them, and as overseers of them. Eesti Pank continues to manage payment and settlement systems and as a member of the Eurosystem is more involved in developing policy for payment and settlement systems, by creating the ESCB standards and guidelines and legislation of the European Central Bank. Eesti Pank is also the payment systems' overseer, assessing the compliance of payment and settlement systems with the established standards.

After the introduction of the euro, all the country's important payment and settlement systems have to comply with the requirements of

¹⁰ Conditions are at present a little different from usual, for example the volume of loans is currently not limited.

the Eurosystem and be deemed suitable for the Eurosystem. In 2011, the important settlement systems in Estonia include two¹¹ payment and settlement systems managed by Eesti Pank:

- TARGET2-Eesti, the subsystem for settling cross-border express payments;
- ESTA, the Settlement System of Ordinary Payments¹²

The preparations required for the transition of the settlement systems to the euro had already been under way for years. On 19 May 2008, Eesti Pank launched TARGET2-Eesti for express cross-border euro payments. On 31 December 2010, Eesti Pank closed the real-time settlement system EP RTGS and transferred the transactions that had been conducted through the EP RTGS to TARGET2-Eesti.

Statistical work

The Eurosystem needs detailed information about the euro area's economy and financial system in order to carry out its key tasks. **The division of tasks between the ECB and national central banks for the collection, processing, analysis and publication of data and methodological work is similar to that in monetary policy.** The ECB Governing Council approves the standardised statistics requirements and due dates for the submission of statistics, having consulted with national central banks first. Central banks must then collect and process the statistical data and compile statistical outputs.

Joining the euro area brought many changes to banking and other financial statistics. A number of new areas were added to the composition of the transmitted data, the frequency of data transmission was increased and due dates were short-

ened. Changes involved the statistics of monetary financial institutions and investment funds, while new areas included the statistics of securities, insurance companies and pension funds.

Changes in the reserve requirement framework of credit institutions resulted in the creation of a new statement, and data collection for it was commenced. The data collected are used to check the size of the reserve requirement calculated by credit institutions and to compile the required reserve statistics for the European Central Bank.

In the area of the balance of payments statistics, joining the euro area imposed additional data transmission requirements on entries and geographical origin. The monthly balance of payments will become more detailed, especially for portfolio investments. Therefore, in 2010 the central bank paid great attention to preparations for the changeover to security by security reporting in the statistics on the external transactions and positions of portfolio investments. Besides security by security reporting, euro area countries have to submit the results of their portfolio investments by currency and by issuers' sector.

Additional data transmission requirements for general economic statistics also extended to statistics for corporate demography, assets (including household assets), wage agreements and commercial real estate prices.

Cash

Euro banknotes and coins are the sole legal tender in the euro area. The task of the Eurosystem is to guarantee a smooth and efficient supply of banknotes and maintain the public's trust in the euro. The security of euro banknotes is

¹¹ Until 2010, important payment and settlement systems also included the Real-Time Gross Settlement System EP RTGS for Estonian kroon payments, which was closed at the end of the year.

¹² The ESTA was not evaluated before the introduction of the euro; it will be assessed by Eesti Pank after the changeover.

achieved through the research and development of security elements and through prevention and surveillance of counterfeiting. Central banks, credit institutions and other cash handlers (for instance, cash transport companies) have to follow common quality standards and authentication requirements when handling banknotes.

Unlike the design of the banknotes, the design of euro coins falls under the competence of the Member States, not the ECB. A Member State that wishes to issue a coin with a new motif must inform the European Commission and other European Union countries of it in advance. The Commission checks that the new design complies with the guidelines and then publishes the relevant notification on its website.

The regulations and rules pertaining to the circulation of cash in the euro area are laid down by the ECB Governing Council. **The day to day management of cash circulation is the responsibility of the Eurosystem's central banks** and euro cash is issued into circulation by national central banks, not the ECB. This means that it is the duty of the national central banks to circulate euro cash, not of the ECB, and this is reflected accordingly on their balance sheets.

Ensuring financial stability

The Member States are directly responsible for guaranteeing financial stability. Meanwhile, according to the Treaty on the Functioning of the European Union¹³, the Eurosystem must also support policies that aim to guarantee financial stability. The key prerequisite of effective monetary policy is a strong and well-functioning financial sector. The ECB works closely with other euro area's central banks to analyse financial stability risks and compile assessments. In addition

to analyses, the euro area's central banks advise the Eurosystem on planning and on changing the policies and regulations for the European Union's financial sector.

The central bank's assets and liabilities after the changeover

Eesti Pank and the national central banks of other euro area countries are independent and self-sufficient central banks with their own assets and liabilities. However, the structure of Eesti Pank's assets and liabilities changed with the introduction of the euro.

Two major changes occurred on the **liabilities side** of Eesti Pank's balance sheet. First, the issuance of cash increased, and on the balance sheet, this is included under the central bank's liabilities. As of joining the euro area the entry for cash issued on the balance sheet is technically an approximate value, i.e. an estimate of Estonia's share of the cash released into circulation in the euro area. This estimate is calculated from Estonia's equity in the ECB's fixed capital and is determined by GDP and the size of the population.

Secondly, the level of liabilities and assets on the balance sheet of Eesti Pank fell, because the reserve requirement was reduced and so the funds of commercial banks were returned to their command.¹⁴

On the side of assets, Eesti Pank's share in the ECB's capital increased and some of the reserves were transferred. In addition, Eesti Pank's financial assets shrank because of the reduction of the reserve requirement, and the difference between the amount of cash actually issued and its estimate on the liabilities' side of the balance sheet is covered by a claim against the Eurosystem.

¹³ Article 127 of the Treaty on the European Union. The ESCB fosters the smooth supervision of the fulfilment of credit institutions' prudential norms and the flawless functioning of institutions that are connected with the stability of the monetary system.

¹⁴ The reserve requirement dropped from 15% to 2%. The actual decrease in the reserves deposited in the central bank will be smaller, as banks may fulfil about half of their reserve requirement with high-quality liquid external assets.

Governing Council of the European Central Bank

The Governing Council of the European Central Bank is the highest decision-making body of the ECB. It includes:

- all the members of the Executive Board of the European Central Bank;
- the governors of all the central banks of the EU countries that have adopted the euro.

By the Treaty on the Functioning of the European Union and the Statutes of the European System of Central Banks, the Governing Council of the ECB has been **granted the authority to make the most important and strategically crucial decisions about the Eurosystem**. In the decision-making process concerning monetary policy and the other tasks of the Eurosystem, the members of the Governing Council operate independently, not as representatives of their countries.

Currently, the meetings are held twice a month, usually on the first and third Thursday of each month. Interest rate issues are usually discussed only at the first meeting of the month.

Although the meetings are confidential, the Governing Council of the ECB publishes their results – especially the key interest rates – at a press conference that takes place after the first monthly meeting of the Governing Council. Since December 2004, the Eurosystem's central banks have also published other monetary policy decisions on their websites every month.