



EUROPEAN CENTRAL BANK
EUROSYSTEM

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Mario DRAGHI
President

Mr Marco Zanni
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 13 September 2017 2017

L/MD/17/351

Re: Your letter (QZ-054)

Honourable Member of the European Parliament, dear Mr Zanni,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 19 June 2017.

As mentioned during the discussions at the European Parliament's Committee on Economic and Monetary Affairs on 6 February 2017, I am pleased to provide you with a link to an in-depth analysis of the evolution of TARGET balances by ECB experts.¹ This ECB Occasional Paper discusses several factors related to the functioning of the TARGET2 payment system and also includes a comparison between the TARGET balances and the Federal Reserve's interdistrict settlement account. The in-depth analysis contained in the paper shows that the current increase in TARGET balances largely reflects the cross-border payments that arise in the context of the asset purchase programme in an integrated euro area financial market and is not indicative of increased financial market stress, growing market fragmentation or unsustainable balance of payments developments.

Yours sincerely,

[signed]

Mario Draghi

¹ See "The Eurosystem's asset purchase programme and TARGET balances", *Occasional Paper Series*, No 196, September 2017, available on the ECB's website at <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op196.en.pdf>.

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