European Central Bank, ECB: minimum reserves

1998/0808(CNS) - 06/10/1998 - Text adopted by Parliament, 1st reading/single reading

In adopting the report by Mr Karsten HOPPENSTEDT (PPE, D), the European Parliament sought the inclusion of 'electronic money' in the basis for calculation of reserve requirements. It was also concerned that the minimum reserve requirement might place banks in the euro zone at a competitive disadvantage in comparison with other financial centres where requirements were less stringent. The minimum reserve requirement was in effect a tax on deposits, raising the prices at which banks were able to lend money. In order to solve this problem, Parliament proposed that deposits with the ECB should bear interest. The remuneration of the minimum reserves, which the ECB could specific freely, should be close to market rates.