



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Jonás Fernández
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 18 April 2016

L/MD/16/188

Re: Your letter (QZ-027)

Honourable Member of the European Parliament, dear Mr Fernández,

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 10 March 2016.

The current level of policy interest rates, including a negative interest rate on the ECB's deposit facility, is warranted in view of our mandate to achieve price stability. The ECB's current monetary policy stance is aimed at easing financing conditions in the economy at large, most notably for firms and households, to further support the recovery of the euro area economy and to promote a more rapid return of inflation to levels below, but close to, 2%.

While monetary policy accommodation is clearly warranted in support of the recovery in growth and inflation, and is proving to be very effective, low interest rates also have implications for those who are dependent on interest income, such as holders of savings accounts.

However, it should be noted that monetary policy, by supporting economic growth and employment and the overall return to more normal macroeconomic and financial conditions, is laying the ground for higher interest rates in the future. By contrast, departing from the current accommodative monetary policy stance by raising interest rates prematurely would discourage borrowing and thereby further curtail economic dynamism, thus ultimately contributing to prolonging the period of low interest rates.

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As I have repeated on many occasions, the ECB is monitoring the situation very closely to see if its very accommodative monetary policy is having any side effects.

Yours sincerely,

[signed]

Mario Draghi

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