

Banking Union and the ECB

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Objectives

- To assess the weaknesses of the current banking union, the European Central Bank design and implementation
- To evaluate possible conflicts between the banking union, European Central Bank and national authorities
- To recommend improvements and alternatives

Since the creation of the euro area, price stability has been the primary objective of the European System of Central Banks (ESCB), with the Eurosystem and the ECB as its core institutions, being responsible for the implementation of monetary policy. However, the recent financial and euro crises have highlighted a secondary mandate of the ESCB as one of the EU priorities, namely, the prudential supervision of credit institutions and the stability of the financial system. Accordingly, a new legislative wave has endowed the ECB with additional powers regarding banking supervision. In addition, decisive steps have been taken in developing a new set of institutions, embedded in the European Banking Union, to contribute to the fulfilment of this second mandate.

The relationship between the banking Union and the ECB is a key link in the Financial and Monetary Framework of the Economic and Monetary Union (EMU). In the further reading related to this policy brief, I briefly review some of the research being done under the ADEMU project related to: i) the weaknesses of the current Banking Union-ECB design and its implementation; ii) the new roles of the ECB, and iii) the possible conflicts between the ECB-Banking Union and the national central banks (NCBs) or the corresponding national competent authorities (NCAs).

Further reading

To read the full paper which accompanies this policy brief, see chapter eight (pages 75-84) of the ADEMU e-book published by VoxEU.org:

www.voxeu.org/The-emu-after-the-crisis

You can see a short video summary of this topic by the author at:

www.ademu-project.eu/ademu-explained-banking-union-and-the-ecb-with-hugo-rodriguez-mendizabal

This topic also relates to the following policy brief:

Financial stability: The role of macroprudential policies

www.ademu-project.eu/financial-stability-the-role-of-macroprudential-policies

There are 23 working papers related to this topic. See the full list:

www.ademu-project.eu/ademu-working-papers-related-to-work-package-3

www.ademu-project.eu



Horizon 2020

ADEMU (A Dynamic Economic and Monetary Union) has received funding from the European Union's Horizon 2020 research and innovation programme (call H2020-EURO-SOCIETY-2014) under grant agreement No. 649396.

