

Press release

17 April 2024

ECB confirms remuneration ceiling for euro area government deposits and adjusts remuneration of other non-monetary policy deposits

- Remuneration ceiling for euro area government overnight deposits remains unchanged at euro short-term rate (€STR) minus 20 basis points
- Uniform remuneration rate for most non-monetary policy deposits held with the Eurosystem adopted at €STR minus 20 basis points
- Small amount of non-monetary policy deposits not yet aligned to this uniform rate to be aligned
- Legal provisions for the remuneration of non-monetary policy deposits combined in single legal act to improve transparency

On 16 April 2024 the Governing Council of the European Central Bank (ECB) decided to adopt a single legal act setting out a uniform remuneration rate for non-monetary policy deposits held with the Eurosystem. This rate will be set at the €STR minus a spread of 20 basis points. The rate will also continue to apply as a ceiling for remunerating euro area government overnight deposits. As most overnight deposits held with national central banks under the Eurosystem reserve management services (ERMS) framework have already been remunerated at the €STR minus a spread of 20 basis points, only a limited amount of remaining overnight deposits under the ERMS will be aligned to the new uniform rate.

Exceptions will apply particularly for non-monetary policy deposits held in TARGET for guarantee funds and prefunded accounts by financial market infrastructures (FMIs) domiciled in the European Economic Area (EEA). These deposits will be remunerated at the €STR. The Governing Council

European Central Bank
Directorate General Communications
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, email: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.

considers these exceptions necessary given the relevance of these deposits for the smooth operation of payment systems and financial stability in the euro area.

These decisions follow a comprehensive review of the remuneration of the different types of non-monetary policy deposits. The new regime creates a consistent set of rules robust to alternative interest rate environments and minimises the risk of potential interference with the single monetary policy. It should maintain the incentives for the holders of these deposits to reduce their cash holdings with the Eurosystem in a gradual and orderly manner. In the long-term, the new remuneration regime aims to ensure that non-monetary policy deposits with the Eurosystem are stable over time at relatively low levels. This encourages market intermediation in line with the principle of an open market economy.

The Governing Council will continue to monitor money market developments and the evolution of these deposit holdings, and stands ready to adjust the remuneration regime if necessary.

The Governing Council has decided to bundle the legal provisions for the remuneration of non-monetary policy deposits into a [single legal act](#) to increase transparency.

All changes to the remuneration regime will apply as of 1 December 2024.

For media queries, please contact [Lena-Sophie Demuth](#), tel.: +49 162 2952316.

Notes

- Government deposits are non-monetary policy deposits accepted by the Eurosystem from any public entities of an EU Member State or any public entities of the European Union mentioned in Article 123 of the Treaty on the Functioning of the European Union, except for publicly owned credit institutions, as laid down in [Guideline ECB/2019/7](#) and [Decision ECB/2019/31](#).
- The ERMS is a framework governing the terms and conditions under which the Eurosystem offers reserve management services in euro to central banks, monetary authorities and countries located outside the euro area and to international organisations, as laid down in [Guideline ECB/2021/9](#).
- Overnight balances held in TARGET by FMIs can be used for prefunding and guarantee funds. Prefunding is used to support ancillary systems' settlement in real time or across different time zones; funds in the technical accounts of ancillary systems are placed by the ancillary systems' participants to enable the settlement, of e.g. instant payments or FX payments. Guarantee funds are provided by FMI participants to be used in the event of failure of one or more participants to meet their payment obligations in the FMI.
- Press release from 7 February 2023: [ECB adjusts remuneration of certain non-monetary policy deposits as of 1 May 2023](#)

European Central Bank

Directorate General Communications

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

Tel.: +49 69 1344 7455, email: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.

- Press release from 8 September 2022: [ECB temporarily removes 0% interest rate ceiling for remuneration of government deposits](#)

European Central Bank
Directorate General Communications
Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, email: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.