Interactive map of national financial education websites

The European Insurance and Occupational Pensions Authority (EIOPA) launched today an interactive European map of national financial education websites. The map is targeted to consumers who will have the opportunity to explore information about financial education in an interactive way. The websites typically include practical information about insurance and pensions products, warnings about public scams and unauthorised practices, provide answers to frequently asked questions or contacts where consumers can turn to in case of complaints.

The interactive map will help consumers to learn about key concepts about insurance and pensions in different EU Member States. At the same time, it is an important step in promoting EIOPA's mandate in the area of financial education and literacy.

Go to the map

Unai Leva: in memoriam

Unai was a well-liked and well-respected colleague who worked constantly to support FRA and his colleagues ever since he joined us in 16 April 2018, after coming to us from our sister agency, the European Agency for Safety and Health at Work in his native Bilbao.

FRA has not only lost a valued and dedicated ICT expert, but a cherished friend who brought joy and professionalism in equal measure in all his service to the Agency.

Colleagues and friends will miss him greatly. Our thoughts go out to his family at this challenging time.

[Europol warning on the illicit sale of false negative COVID-19 test certificates]

As long as travel restrictions remain in place due to the pandemic, it is very likely that criminals will seize the opportunity of producing and selling fake COVID-19 test certificates, warns a Europol Early Warning Notification published today.

Several cases have already emerged of fraudulent COVID-19 test certificates being sold to travellers:

- A forgery ring selling negative test results to passengers was dismantled at the Charles de Gaulle Airport in Paris, France;
- In the UK, fraudsters were caught selling bogus COVID-19 documents for GBP 100;
- In December 2020, a fraudster was apprehended by the Spanish National Police for selling fake test results for EUR 40.

Europol received additional intelligence on the alleged use of a mobile application by the Rathkeale Rovers Mobile Organised Crime Group which allows members of the organised crime group to manually falsify test results.

Given the widespread technological means available, in the form of high-quality printers and different software, fraudsters are able to produce high-quality c
counterfeit, forged or fake documents.

Member States are encouraged to share any relevant information on criminal activities related to fake COVID-19 test documentation with Europol.

[Read Europol’s Early Warning Notification here]

[Philip R. Lane: Interview with]

Süddeutsche Zeitung

Interview with Philip R. Lane, Member of the Executive Board of the ECB, conducted by Markus Zydra on 26 January and published on 1 February 2021 as a shortened version in Süddeutsche Zeitung

31 January 2021

Mr Lane, the ECB aspires to be closer to the people. Distributing helicopter money would be a good way to go about that. Why does the ECB prefer to channel its support to banks rather than directly to citizens? Is this a taboo topic?

Of course we track the academic and the wider debate. But at the ECB we should focus on the policies that we are actually pursuing and the options that are on the table, and not the outer reaches of monetary theory.

Is the idea of helicopter money off the table for good?

It’s not particularly productive to engage in hypothetical discussions, but let me come back to the basic issue. We expect economic growth and inflation in the euro area to return to their pre-pandemic levels before the end of this year. Prior to the pandemic, inflation was hovering around 1 per cent, but with a dynamic where inflation would, over time, rise closer towards 2 per cent, it was not a crisis situation. If economic developments are reasonably stable and moderate, monetary policy should be similarly stable and moderate.

The ECB repeatedly emphasises that it would be prepared to loosen monetary policy even more in an emergency. What options are still open to you?

Purchases of equities or bank bonds or something like that?

The ECB and the Eurosystem have many excellent monetary economists, so everything is considered at some level. But these measures are not part of our current toolbox. Our active toolbox is a combination of our short term rates, asset purchases, targeted lending and our forward guidance, which is not only about explaining today's policy, but also about how we would respond to unfolding conditions in the future.

The ECB is working on a new strategy, one aspect of which is communication. The public expects you to better explain your decisions. Rightly so?

We are living in extrordinary times. Compared to 15 years ago, the role of central banks is very different now to perhaps its more traditional role. For example we are very active in quantitative easing and targeted lending to banks. All of this needs explaining. And the way people absorb information is also very different now, with the use of social media and a greater focus on visuals, for example. Through our "ECB Listens" event, for instance, we have received thousands of comments. It is clear that we need to explain our decisions to people clearly and in the simplest possible terms.

So let's give it a try: many Germans take a poor view of the ECB's zero rate policy. Convince the critics in simple words.

Low interest rates are a global development. We are experiencing a major structural change in the global economy. People want to save more but the global demand for investment is low. By comparison, the role of the central bank is secondary. Would it be that helpful to increase interest rates in this environment? Hardly, because it would make the situation worse, leading to more unemployment and less growth.

Is there no simpler way of explaining monetary policy?

I know of some comic strip-type presentations which attempt to do just that. We try as hard as we can to simplify, but we always need to be careful that simplification is not misleading. The most important factor is trust in the ECB: as a driver, I don't need to know exactly how the engine operates. I need to trust the car dealer and the mechanic to do a good job. The same goes for monetary policy. Not everybody needs to be a financial expert.

Trust in the ECB has declined considerably over the past few years. That's a bad thing for a central bank which sees itself as providing a service for citizens.

That's true. The surveys show that people have more trust in the euro than they do in the ECB. This is a clear signal that we need to better explain our task and policies. Perhaps then the level of trust in us would go up.

Some say central banks are plumbers. Are you a plumber?

There are two dimensions to this. The first is: when we talk about the economy and interest rates, there is a whole machinery behind how the central bank connects the financial system and that really is similar to plumbing.

The second is: Keynes once referred to economists as dentists, which is maybe similar to a plumber in some respect. People go to the dentist or call a plumber when they need one. Perhaps the same applies to central bankers.

Was it your childhood dream to become a central banker?

I grew up in Ireland in the 1980s, a time when the economy was in a bad state and unemployment was high. That was reinforced by the global financial crisis, during which Ireland suffered a lot from the boom-and-bust cycle. It was clear to me that economic policy had an important role to play in preventing these terrible outcomes. But the reason I studied economics was not just to understand the world, but maybe where I can, to play my part in making sure that economic policy, and in my particular role monetary policy, was supporting society and the economy. My move from academia to the Central Bank of Ireland, and now to the ECB, was very much in line with that.

The ECB has become the white knight in the euro area. Would you agree that without the ECB, the euro area governments would be incapable of carrying the debt burden?

Actually, over the past year, the far more important aspect has been the joint actions of European governments, especially the Next Generation EU facility. The major issue has been Europe standing together. That said, central banks are playing an important supporting role. But the reason for the low interest rates and our bond purchases are the low inflation pressures, which is also true in the United States and in the United Kingdom. We need to have a very supportive monetary policy, because without that we're not going to maintain stable prices and we're not going to bolster a recovery.

Still, the central bank is now the largest creditor of the euro area countries. Is there an upper limit to that support?

It's important to keep in mind that sovereign bond purchasing is a worldwide phenomenon. There are increasingly high holdings by the Federal Reserve, Bank of England, Bank of Japan and other central banks. We now hold around 30% of all sovereign debt outstanding in the euro area. And we have safeguards in place. What we do is driven by the price stability mandate and asset purchase programmes are only required when inflation pressures are too weak and interest rates are already very low.

European Commission surveys regularly show that people's perception of the inflation rate is much higher than the official figure. Does this perceived level of inflation undermine the ECB's credibility? After all, the ECB bases its monetary policy on the inflation rate.

It is inevitable that there are different perceptions of price changes in the general population. We look at whether our monetary policy decisions move perceptions of the inflation rate in the right direction. If anything, the fact that people across Europe perceive the inflation rate in different ways suggests that prices are stable overall. In countries with really high inflation rates, everyone is acutely aware of just how much the prices have increased.

Some economists have called for the ECB to cancel sovereign debt at some point. What is your response to that?

The simple answer is: no, we cannot do that, because the Treaties don't allow sovereign debt cancellation. But, regardless of the legal aspects, cancelling debt would not be a good idea in general, and the debate is a digression. We are seeing that governments are able to issue a lot of debt and to do it at low interest rates in a sustainable way.

The ECB and European politicians have been speaking with one voice throughout the coronavirus crisis. They coordinate their actions, cooperate over support measures. Isn't this closeness dangerous?

We all have a problem to solve. I don't need to speak to a finance minister to discover that we need a loose monetary policy. Equally, every politician knows that governments need to invest more. So it is quite obvious that in this situation monetary policy and fiscal policy are pushing in the same direction. But I think life is made easier for everyone by good communication between the Eurogroup and the ECB so that they have a good understanding of our policy and we have a good understanding of what the finance ministers are up to. But this does not affect our independence. Indeed, the ECB is the most independent central bank. And there are plenty of examples where the ECB has tightened policy even if it might not have been convenient for governments.

The ECB wants to develop a "green" monetary policy. Environmental protection is a job for the politicians, not the central bank.

All sectors of the economy have to make sure that the way they operate is green and consistent with carbon transition, and that applies to the central bank as well. But the role of the central bank in the financial system means we can be a leader and a catalyst.

What is your relationship with ECB President Christine Lagarde like?

We have a very good strong relationship. She is an extremely impressive leader of the ECB, with decades of leadership experience at the IMF, running a global law firm, and of course her time in the French government. Leadership is also about making sure that the senior team works well, and there is a strong team spirit at the ECB.

For a while, the two of you were struggling with communicating your decisions. Ms Lagarde presented the decisions at the press conference and a day later you wrote your own blog. Are you better placed to explain the technical details than Ms Lagarde?

It was not my intention to give that impression, and it's wrong. Our monetary policy is a team effort – I, as chief economist, work in close coordination and agreement with the President. The intention was to reinforce and support the communication of our monetary policy decisions across multiple channels. But perhaps it was all a bit too much. I stopped doing the blog on the day after the press conference in the autumn, because if it led to perceptions of difference, then it was problematic.

The ECB’s working language is English, and you are the only member of the Executive Board who is a native speaker. What is it like?

People at the ECB have very good English. Of course, it makes my life easier because it’s my primary language. That said, my Irish accent maybe adds a facet to the diversity of spoken English at the ECB!

Isabel Schnabel: Interview with Deutschlandfunk

Interview with Isabel Schnabel, Member of the Executive Board of the ECB, conducted by Klemens Kindermann on 29 January 2021 and published on 31 January 2021

31 January 2021

Perhaps a question of general interest to start off with: how is the ECB operating during the coronavirus pandemic? Is everyone working from home?

The ECB put some comprehensive measures in place very early on. And this means that the vast majority of our people have been working from home for many months now. To be honest, I find it really remarkable how well it has worked because the ECB is a very complex institution that now is almost completely in teleworking mode.

Talking of coronavirus: the pandemic has caused the euro area economy to collapse – by 5% in Germany alone last year. The prospect of a vaccine has made many more optimistic about the year 2021. Now there are problems with vaccine distribution. There are coronavirus mutations. There are numerous lockdowns all over Europe. Is there a threat of another setback for the economy?

The pandemic has led to the biggest economic collapse since the Second World War. There was a dramatic decline in the wake of the first lockdown. And then there was an unexpectedly strong recovery over the course of the year. Unfortunately, this has now been interrupted by the second wave of the virus. It is becoming apparent that the euro area suffered negative growth in the fourth quarter of last year. In the light of the worsening health situation in many countries, a very weak first quarter is to be expected this year. The speed of the vaccination rollout will now be decisive because ultimately that will be the only way to contain the pandemic in the longer term. And then when the lockdown measures are lifted again, we could see another strong recovery similar to what we saw last year.

Where do you see the euro area economy at the end of the year then? Will we have seen significant growth over the course of the whole year?

There will, of course, be positive growth this year. We see growth for the euro area at close to 4% for the current year. Nonetheless we will not have reached pre-crisis GDP levels even by the end of this year.

The European Union came together to agree on a €750 billion plan to combat the coronavirus crisis. Is that enough money to alleviate the economic problems caused by the pandemic?

First, I would like to emphasise what a great achievement it is to have succeeded in finding a European response to this crisis. And now the first thing to do is to actually implement it and put this really quite large programme into practice. Above all, it needs to be ensured that these funds are used sensibly. It is paramount to succeed in returning the euro area economy to a path of higher sustainable growth after the crisis. To achieve this, it is essential that the money is used to invest to support structural change, namely in the direction of a more digital and greener economy.

When you say it depends on implementing this quickly – the money is only supposed to start flowing in the middle of this year at the earliest. Is that good enough? Don't things have to move faster than that?

The countries themselves have already done quite a lot and they will continue to do that. These measures on the national level are also very important. But certainly one has to speed up a little bit so that these European tools become available soon and so they can be used.

You mention activities on the national level. Much depends on how the national governments in the euro area combat the economic consequences of the

pandemic. Some national governments – like Germany – can provide more economic support than others. Is that a problem for the recovery of the euro area as a whole?

The crisis indeed affects different euro area countries in different ways. And this is primarily because certain sectors are being hit harder by the crisis than others. We are seeing a slump in the services sector, while areas like manufacturing have been less severely affected and are now profiting, for example, from the fact that China has recovered quickly. This has led to a certain divergence in the euro area. In addition, countries that were particularly severely affected – because they have very large tourism sectors, for instance – were also those that were already in a weaker initial situation and had less fiscal space. This is why it is so important that there is a European response to this crisis.

Many euro area states, especially those that you were just talking about, are significantly increasing their levels of indebtedness. Is that not dangerous?

In view of the difficulties of the pandemic, massive government measures are required. This has to be financed through increased debt. If it hadn't been for these measures, these countries would have fallen into a much deeper crisis. Just think about the short-time work schemes that are so important in ensuring that people can keep their jobs. Without the measures, many viable firms would have gone under. If these measures had not been taken, the crisis would have been much deeper. And that could even have led to higher levels of debt in the medium term. It is crucial that the countries succeed in returning to a sustainable growth path in order to manage the increased debt levels. If the countries return to strong growth after the pandemic, then the higher levels of debt aren't a problem.

So, to ask one more time, you don't see a new sovereign debt crisis coming?

No, I don't see that coming.

There is a discussion in Germany at the moment about suspending what is known as the debt brake [the constitutional limit to the ability of federal and state governments to take on new debt] for a number of years. How do things stand at the European level? Because the rule that limits deficits to 3% of economic output for EU Member States is currently suspended in the light of pandemic-related deficit spending. Would it not also make sense to consider suspending the rule over a number of years so as to afford the countries more space for the future?

It was certainly important for the European rules to be temporarily suspended. It is equally important to return to a framework of fiscal rules after the pandemic. But there is broad consensus about the need to reform these rules – above all, because the rules are not binding enough in good times and are too restrictive in bad times. This limits their effectiveness. And that is why I think it makes sense to consider modifying the regulatory framework.

Ms Schnabel, last year the ECB initiated a massive emergency bond purchase

programme to counter the economic consequences of the pandemic, which was increased again in December. How can you explain these huge sums to our listeners? Why does it have to be a truly incredible 1.85 trillion euro?

Let me reiterate that we are in the middle of the worst economic crisis since the Second World War. And extraordinary situations call for extraordinary measures. 2020 saw dramatic upheavals on the financial markets, which were reminiscent of the upheavals at the time of the global financial crisis from 2007 to 2009. The markets collapsed. Liquidity dried up. And at the same time, many companies desperately needed liquidity as their revenues had crumbled. And that was the situation in which the ECB – fortunately, you might say – responded very quickly and adopted a wide-ranging package of measures that had two main components. One was to provide liquidity on a large scale to banks at very low terms. And then there was the new bond purchasing programme that you mentioned, characterised by a large degree of flexibility. With this package of measures, we succeeded in calming the financial markets relatively quickly. But I would like to emphasise that the real turning point in the crisis did not arrive until agreement emerged on the European rescue package. And this is where you can see very well how in this crisis, unlike in earlier crises, monetary and fiscal measures reinforced each other, by which I mean they multiplied each other's impact. And that was very important.

Does this mean that the bond purchases under this emergency programme known as PEPP do not have be increased again?

That depends on how the pandemic evolves. The economic performance will largely be determined by how quickly we manage to reach what is known as herd immunity. And this is where vaccination will play a key role. In December, we already extended our programmes as it was becoming evident that the pandemic would also last a lot longer. We have extended them up until March and June of next year. We do of course hope that that will be enough.

Particularly highly indebted euro area states have to pay a premium on their sovereign bond yields, if they want to take on more debt. The question is this: Does the ECB targeted purchases of sovereign bonds from these countries in order to keep down these premia?

Our purchase programmes are set up in such a way that we make purchases in line with what is known as the ECB capital key. Roughly, the shares correspond to each country's share of gross domestic product in the euro area as a whole. However, the new bond purchase programme has been set up with a special form of flexibility that would make it possible in a crisis to buy more bonds in those countries suffering particular dislocations. This is because we wanted to ensure that common monetary policy reaches the euro area as a whole. We had precisely a situation like this in March of last year, when a clear fragmentation occurred in the euro area. At that point, bonds of certain euro area countries were bought in larger amounts. The situation calmed down quickly and it was no longer necessary to buy more bonds from certain countries. This then also led to a decline in the deviations from the capital key.

Well, in its spectacular ECB judgement last year, the German Constitutional Court had ruled that the ECB needed to comply with precisely this capital key. Does that mean the parameters set by the Constitutional Court, to which the ECB is not actually fully obliged, are met as far as you're concerned?

Absolutely. What the Constitutional Court specifically highlighted was that our measures need to be proportionate. And that has always been a major concern of ours. In other words, when we make decisions on measures, we need to consider whether these measures are effective, whether they are appropriate and whether other measures would possibly be more effective. And, of course, whether the measures cause side effects that are possibly greater than their positive effects. And this review is something we do continuously, and it plays an important role when we decide which measures are taken.

You've explained quite clearly that, with these bond purchases, you're keeping the financing conditions favourable for enterprises and for states, thus supporting the economy. But is that your mandate in the first place? Isn't your mandate actually to safeguard price stability in the euro area?

Yes, you are of course completely right. The goal is to safeguard price stability. But this is done by stimulating the economy. This requires the financing conditions in the euro area to be favourable for households and for enterprises.

Not only are you buying bonds, you're also keeping interest rates low. The benchmark rate has been at a record low of 0.0% since March 2016. How long will we need to wait until interest rates start rising in the euro area?

First of all, I would like to point out that the low interest rate environment is not attributable solely to the ECB's monetary policy. This is being driven by long-term macroeconomic trends. Due to the global demographic situation, more is being saved. And at the same time, less is being invested because productivity growth has declined. That is a global phenomenon over which central banks have little influence. This excess saving has led to interest rates falling. This is not first and foremost the result of central bank policy; instead, it has to do with the underlying macroeconomic factors. Monetary policy has to deal with these circumstances. In order to stimulate the economy, interest rates need to be set even lower. I can of course not predict when interest rates might be raised. What I can tell you, though, is that raising interest rates in the current situation would have disastrous effects. Seen in that light, that is not something anyone should wish for.

Excess savings is, however, the right keyword. What would you say to savers who have seen no interest accumulating in their accounts but who actually want to put something aside for their old age?

For savers, the current interest rate environment is difficult. But people are, of course, not just savers. They are also borrowers. Borrowers benefit from low interest rates. And, in addition, low interest rates stimulate the economy, as I described earlier. Among other things, this means that this low interest rate policy has had a positive impact on the labour market. Many people have kept their jobs or found a new job because, thanks to the expansionary monetary policy, the economy has performed better. Seen in that light, it’s not helpful to view interest rates in isolation. Most euro area citizens have benefited from our policy.

We’re currently observing a sharp rise in yields on long-dated US government bonds. This is usually the precursor of higher inflation expectations. Should the ECB already be starting to change direction, getting ready for higher inflation?

What we’re seeing is an interesting short-term movement. The first estimates of the January inflation rate in Germany have just been published. And they were surprisingly high.

True, but this is down to the VAT cut and the price of CO2, isn’t it?

Indeed. In the first instance, it is these one-off effects that are responsible. Moreover, it’s not easy to measure inflation right now because our basket of goods has changed significantly. We have almost stopped consuming certain things altogether – we’re no longer eating out, going to the hairdresser’s or travelling. All of this is reflected in the basket of goods considered for inflation measurement. The weights of individual goods in the basket have shifted significantly. As a result, it is very difficult to compare the figures over time. Besides, this year we are also going to see base effects in the price of energy. Last year, energy prices plummeted. This means that one year later, we will see that inflation will be particularly high. We are expecting the inflation rate to pick up in the course of this year. We must be careful, however, not to mistake these short-term developments for a sustained increase in inflation. We are faced with very weak demand. And it does not look like this is going to fundamentally change. This is why we continue to be more worried about inflation being too low rather than too high.

The ECB intends not only to scrutinise its monetary policy but also to communicate better. This interview is certainly part of that approach. What else, Ms Schnabel?

We are facing a very challenging economic situation and we need to see how we can bring inflation closer to levels that are consistent with our inflation target. We are currently conducting a thorough review of our strategy. The review will look at several topics, including communication, as you mentioned. It is a topic that is particularly close to my heart. Climate change is another topic that we’re looking at.

Indeed, this week the ECB set up, or announced the setting up of, a climate change centre. Why does a central bank look after environmental protection? Aren’t others better equipped to do that?

The main responsibility for climate action lies with the governments. Central banks can contribute to a more limited extent. But no one can ignore the fact that climate change is the greatest challenge to society, much greater even than the pandemic. The ECB cannot ignore it. This is why we ask ourselves which role we can play, within our mandate, in combating climate change.

Does this mean buying green bonds?

It means many different things. We must ask ourselves how we take climate change into account in our economic models. Traditionally, climate change does not feature, and this is something we certainly have to change. We must ask ourselves what impact climate change has on risk assessment. This is important for banking supervision, but also for monetary policy. Then we must ask ourselves what climate change means for our monetary policy operations. And as an institution, we need to think about how we can get greener, how much business travel is necessary, how we invest our pension funds.

I have to ask again – should the ECB also buy green bonds?

This is a topic that's being discussed as part of our strategy review. But, in fact, the ECB is buying green bonds in not insignificant amounts already. The question, therefore, really is whether the ECB should buy more green bonds than its share in the current market. And this is a question that's provoking a lot of controversy, but it will be a significant part of our strategy review.

What will happen when the ECB reduces its bond purchases because, for example, of a threat of higher inflation? We already spoke about this. Will the extent of climate action depend on inflation then?

It must be equally possible to increase and to decrease bond purchases. And when we do, we must not be guided by any considerations other than that of our primary mandate, which is price stability.

To finish off with, let's talk about the digital euro, which is something that you're also planning to embark on, or at least are considering. What would it look like? Do you want to compete with Bitcoin?

Digitalisation affects all aspects of our lives, a trend that the pandemic strengthened further. This is also clear when you look at how people pay for things. Digital payments now play a bigger role. A digital euro would give citizens access to secure central bank money. You can think about it as banknotes in digital form. It is not about replacing cash, which is still very popular in the euro area. A digital euro would just be an alternative form of money. We are seeing a lot of different developments in this field. Private digital currencies are being developed, other currency areas are considering creating digital money. The ECB needs to be prepared and able to potentially issue its own digital currency to secure monetary sovereignty. But let me stress that no decision has been made yet. A lot of preliminary work needs to be done first. Nevertheless, it is of course a topic that the ECB needs to tackle in this digital age.

When you say "other currency areas" I'm guessing you mean China. Work on this has been going on there for more than five years now. The digital yuan is being trialled already, people are being randomly selected to test it. Can you even catch up with China?

Some countries were quicker than others to launch such projects. But it's not like that boat has sailed. What’s important is to properly prepare for a digital euro so that if we do introduce it, it is a well thought-out and robust system. I don’t think it would make sense to rush into this and launch a half-finished concept. Money is simply too important.

Facebook now wants to launch its own currency, called Diem. It was referred to as Libra before. Would it compete with the euro?

First we need to ask whether these so-called private currencies can be considered as real currencies, or whether they’re simply investment products. A currency needs to have very specific features. Trust is a very important one. I doubt that a private provider can ever manage to inspire trust like the ECB does.

We’re almost finished, but I’d still like to ask you one last question, if I may, Ms Schnabel.

Of course.

How do you invest your own money?

You can look it up on our website – not the amounts, but the names of assets. Of course, we have certain restrictions. For example, we are not allowed to invest in financial institutions because we supervise them. But I always try to invest in future-oriented areas, like digital, green and of course ETFs.