EUROPEAN CENTRAL BANK

EUROSYSTEM

DG MARKET OPERATIONS

12 December 2025

# ECB Money Market Contact Group

Wednesday, 3 December 2025, 14:00-16:30 CET, virtual meeting

## Summary of the discussion[1]

### A) Main developments in money markets and ECB policy outlook

**Luis Barrigon Rodriguez (Banco Santander) and Jürgen Sklarczyk (Deutsche Bank) reviewed the developments across money market segments since the last Money Market Contact Group (MMCG) meeting on 17 September 2025.** Their focus was on key trends shaping short-term euro funding markets in the context of declining excess liquidity, offering insights into the current conditions and challenges facing the market.

**Since the last meeting, excess liquidity in the banking system had contracted further while key market indicators had remained stable within tight ranges, suggesting that the short end of the euro money market remained anchored and liquid.** However, term spreads, such as those between Euribor and the €STR OIS, had widened slightly, reflecting modest increases in funding costs in the unsecured segment. This development was not seen as a sign of market stress, as also evidenced by the overall favourable financing conditions and limited use of the Eurosystem facilities.

**The repo market had remained stable, supported by high trading volumes and relatively low fragmentation across jurisdictions.** The observed widening of GC repo spreads at the end of November was attributed to several factors, including an operational outage affecting one trading platform, month-end effects, and pre-hedging activity ahead of the year-end. A moderate spread widening for transaction covering the year-end had been noted in recent weeks due to increased demand for liquidity and balance sheet constraints. The spreads, however, were expected to normalise as the year-end approached. Term repo rates had remained broadly stable, showing no significant signs of reserve scarcity. Members agreed that a noticeable

[1] The views expressed in this summary are those of the MMCG members and do not necessarily reflect the views of the ECB.

increase in cash-driven repo transactions might indicate growing demand for secured funding, reflecting the evolving dynamics of the market.

**The outlook for reserve demand and liquidity remained complex.** Banks' liquidity coverage ratios (LCRs) had remained stable at high levels, despite declining excess liquidity owing to supervisory scrutiny and strategic considerations. Structural factors, such as the increasing adoption of instant payments and the growing intraday liquidity needs of banks, could lead to higher demand for liquidity buffers looking ahead. In this context, recent developments in the US and the UK might provide valuable insights into how reserve scarcity could in future impact repo markets and underline the importance of operational readiness and scalable ECB tools to manage potential liquidity pressures effectively.

## B) Enhancing the functioning of euro money markets

**Emma Cooper (BlackRock) and Ileana Pietraru (Société Générale) provided a lead-off, focusing on key inefficiencies, drivers of market fragmentation, and possible avenues to address these issues.**

The group discussed key barriers to euro money market efficiency. In this context, some members emphasised the importance of harmonising settlement systems and collateral frameworks, leveraging technologies such as tokenisation and distributed ledger technology (DLT) to enhance settlement and reporting efficiency and improve collateral mobility, and potentially expanding access to ECB facilities to a broader range of participants. The upcoming transition to T+1 settlement and real-time liquidity management was identified as a challenge, requiring infrastructure upgrades. The group highlighted the urgency of implementing solutions that foster integration and adaptability to ensure the resilience of euro money markets in the future.

| **Participant's organisation** | **Name of participant** | |
|---|---|---|
| Amundi Asset Management | Mr Patrick Siméon | |
| Banco Santander | Mr Luis Barrigon Rodriguez | |
| Barclays | Mr Isaac Davies | |
| Belfius Bank | Ms Julie Lardinois | |
| BlackRock | Ms Emma Cooper | |
| BNP Paribas | Mr Sébastien Figué | |
| BPCE/Natixis | Mr Olivier Hubert | |
| CaixaBank | Mr Xavier Combis | |
| Coöperatieve Rabobank | Mr Eric Scotto di Rinaldi | |
| Crédit Agricole/CACIB-CASA | Mr Pierre Le Veziel | |
| Deutsche Bank | Mr Jürgen Sklarczyk | |
| DZ Bank | Mr Oliver Deutscher | |
| Erste Bank | Mr René Brunner | |
| Eurex Clearing | Mr Frank Odendall | |
| Eurobank | Mr Dimitris Psichogios | |
| ING Bank | Mr Leif Domeyer | |
| Intesa Sanpaolo | Ms Maria Cristina Lege | |
| Société Générale | Ms Ileana Pietraru | |
| Unicredit | Mr Michele Montani | |
| | | |
| European Central Bank | Mr Roland Straub | Chairperson |
| European Central Bank | Ms Svetla Daskalova | Secretary |
| European Central Bank | Mr Vladimir Tsonchev | Secretary |
| European Central Bank | Ms Emily Witt | |
| European Central Bank | Mr Tobias Linzert | |