



Money Market Contact Group

WORK PROGRAMME FOR 2024

This document sets out the work programme for Money Market Contact Group (MMCG) meetings in 2024. The work programme may be adjusted to address unforeseen events and/or specific topics of interest that may unfold from market developments in the course of the year. The MMCG will hold four regular meetings in 2024, out of which two are planned to be physical meetings at the ECB premises and two will be in a remote setting. The dates of the MMCG's meetings are published on the [ECB's website](#).

A. Regular items

At each meeting, the MMCG will discuss the outlook for the euro money market and spell out the main drivers for major developments in all segments (secured, unsecured, short-term securities issuance, foreign exchange swaps, and overnight index swaps). The group will also provide market views on ECB policy issues (e.g., changes to interest rates, asset purchase programmes, refinancing operations, etc.) to the extent that they have a material impact on the euro money market.

B. Specific items for 2024

- I. **The Eurosystem's operational framework:** Following the expected completion of the review of the Eurosystem's operational framework, the MMCG will discuss the outcome. The focus of the discussions will be on the effectiveness of the framework in steering short-term money market rates and its broader implications for money markets.
- II. **Redistribution of liquidity in the money market in the face of a declining Eurosystem balance sheet:** The MMCG will discuss how liquidity is redistributed in the money market, amid the ongoing decline in excess liquidity. The MMCG discussion will focus on money market instruments, market functioning aspects, and potential impediments to a smooth redistribution of liquidity across euro area banks.
- III. **Demand for central bank reserves:** The MMCG will reflect on the importance of several factors influencing banks' demand for central bank reserves, the distribution of reserves across the euro area, and banks' money market activity. These factors include inter alia regulatory liquidity requirements, banks' own liquidity targets, the operation of market infrastructures, as well as the availability of

Eurosystem liquidity providing operations. The MMCG also aims to discuss the predictability of these factors and consistency across euro area countries, as well as how they can be monitored.

- IV. **Evolving money market microstructure and use of platforms:** The MMCG will reflect on the increasing diversity of money market actors and its implications for monetary policy transmission and market functioning. In particular, the group will discuss the interactions among these different money market players, their access and usage of trading and central clearing platforms, potential limitations to integrated trading and settlement systems, and implications of such limitations for segmentation and fragmentation of the money market.
- V. **Developments in liquidity and payment infrastructures and the impact on the money market and banks' liquidity management:** The MMCG intends to discuss the implications for money markets and bank liquidity management of a range of topics encompassing the technological progress in the field of payments infrastructure, including i) the digital euro project, ii) instant payments (incl. TIPS) and intraday liquidity management, and iii) the introduction of the Eurosystem Collateral Management System, iv) T2/T2S; and v) other digital innovations, including securities issuance via blockchain, distributed ledger technology, and expansion of other FinTech activities in financial services.
- VI. **Environmental, social and governance (ESG) factors:** The MMCG will reflect on the growing importance of ESG factors in the money market, banks' treasury activity, and the Eurosystem's operational framework. Potential discussion points will be ESG relevance in loan and investment decisions as well as collateral management and the repo market.
- VII. **Artificial intelligence (AI) and big data analytics:** The MMCG aims to discuss the role of AI, big data analytics, and innovation in general in the money market and banks' treasury activity, how it has and will change common practices, as well as risks and opportunities of such innovations.

Cooperation with other ECB Contact Groups in the domain of market operations: The Operations Managers Group, the Foreign Exchange Contact Group and the Bond Market Contact Group will continue to exchange information with the MMCG and liaise with each other on relevant topics of mutual interest.