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PRESS RELEASE

ECB PUBLISHES TARGET ANNUAL REPORT 2010: THE SYSTEM FUNCTIONED SMOOTHLY AND REGISTERED A HIGHER TURNOVER

The TARGET2¹ system functioned smoothly in 2010, with a market share of 91% of the total value of payments in large-value euro payment systems, according to the TARGET Annual Report 2010 that has been published by the European Central Bank (ECB) today. The availability of the single shared platform reached 100%.

The report indicates that, by 31 December 2010, a total of 866 direct participants had opened an account in the TARGET2 system. These direct participants had registered 3,585 indirect participants from countries in the European Economic Area, as well as 12,950 correspondents worldwide. When all branches of these direct and indirect participants are included in the figures, almost 60,000 credit institutions across the world can be addressed via TARGET2. Consequently, TARGET2 continues to be instrumental in promoting an integrated euro area money market, which is a prerequisite for the effective conduct of the single monetary policy and contributes to the integration of the euro financial markets.

In 2010 the number of payments processed by the TARGET2 system was stable, having increased by only 0.1% in comparison with the previous year, with an average daily volume of 343,380 transactions. The value of payments grew by 7.6%, corresponding to an average daily value of €2,299 billion. The reason for the growth in the value of TARGET2 traffic in 2010 is largely attributable to the

¹ TARGET stands for Trans-European Automated Real-time Gross settlement Express Transfer system. It is the Eurosystem's real-time gross settlement system for the euro. The first-generation TARGET system was replaced by TARGET2 in May 2008. In TARGET2, the decentralised structure of the first-generation system was replaced by a single technical platform, or the "Single Shared Platform" (SSP), to which all payment orders are submitted for processing. Three Eurosystem central banks – the Banca d'Italia, the Banque de France and the Deutsche Bundesbank – jointly provide the SSP for TARGET2 and operate it on behalf of the Eurosystem.

fact that some European banks have progressively normalised their refinancing behaviour. The contribution of the Eurosystem's open market operations to banks' refinancing activities decreased over the last few months of the year, indicating that banks had a higher recourse to the money market to meet their short-term money demand.

Chapter 1 of the report provides information on TARGET2 traffic, its performance and the main developments that took place in 2010. Chapter 2 presents the TARGET2 system and gives background information on its predecessor. The annexes provide details of the main features of TARGET2, as well as a chronology of developments in TARGET/TARGET2. The report contains four information boxes on current topics of interest, such as the ISO 20022 strategy for TARGET2 and the interaction between CCBM2, TARGET2 Securities and TARGET2. Lastly, the report contains a list of general terms and acronyms, and a glossary.

The TARGET Annual Report 2010 can be downloaded from the ECB's website.

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