

Press release

23 July 2020

ECB publishes good practices for banks to prepare for benchmark rate reforms

- Banks not sufficiently prepared for benchmark rate reforms, survey shows
- Reforms affect both EONIA and EURIBOR in the euro area
- ECB Banking Supervision publishes good practices to help banks prepare

The European Central Bank (ECB) has today published the results of its industry-wide assessment of banks' preparedness for the benchmark interest rate reforms. While banks are generally well aware of the complexity of the reforms and the challenges involved, their level of preparation leaves room for improvement, according to the survey. Banks are also generally behind schedule in implementing risk mitigation measures.

The assessment of the survey results, which was conducted by ECB Banking Supervision, also revealed that banks had focused more on the transition from the euro overnight index average (EONIA) to the euro short-term rate (€STR) than on the risks associated with the reform of the euro interbank offered rate (EURIBOR). This is despite the fact that EURIBOR is currently the most frequently used benchmark rate for contracts in the euro area.

To assist banks in their preparation, ECB Banking Supervision is publishing [good practices](#) outlining how banks can best structure their benchmark-rate related governance, identify benchmark-rate related risks, and create action plans and documentation in relation to the reforms.

Given the widespread use of benchmark interest rates such as EONIA, EURIBOR and LIBOR in financial contracts, it is also critical that banks update the contracts that reference these rates in good time.

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Notes

- For more information about benchmark rates, see the [dedicated webpage](#) and the [Explainer](#).

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