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European banks celebrate 10th Anniversary of Euribor

The European Banking Federation and ACI the Financial Markets Association, launched Euribor®¹ exactly 10 years ago, on 1st of January 1999, in the wake of the Euro launch.

Ten years on, the euro has established itself as a reliable global currency. It is secure and stable and comes across as the European Central Bank's greatest achievement.

Euribor, in the meantime, has become one of the most important financial benchmarks in the world in terms of money referenced against it, not only within the inter-bank market but also for an increasing number of derivative instruments, both exchange traded and over-the-counter.

Until 1999, several European countries had their own national inter-bank rates which were set by the demand and supply of money as banks lent to each other to balance their books on a daily basis. The challenge set by the creation of this truly European rate was to be met by the pan-European financial industry with commitment and close cooperation. Gradually, Euribor became the benchmark for short fixed-term inter-bank deposits within the Eurozone, successfully replacing the national inter-bank rates.

The current situation has taken its toll on Euribor as well as on other financial services references. Over the past three months however, Euribor has dropped considerably from its summer-end high positions. This trend is in direct correlation with the lowering of the official European Central Bank rates, as well as with the general calming of the interbank markets. The latest measures of European governments are also having a very positive impact on the market.

“Confidence levels may take a while to be restored but they will ultimately be supported by lower bank lending rates”, declared Guido Ravoet, Secretary General of the European Banking Federation. “Meanwhile we are convinced that Euribor remains a reliable instrument and the support of the 44 banks providing quotes to its panel remains crucial. Their adhesion to Euribor's code of conduct, regularly reviewed by an independent steering committee, has ensured a robust governance structure and made the Euribor fixing a good and acceptable reflection of the current *non-homogenous* European money market.”

“Euribor is a success story, comparable to the Euro”, stated Manfred Wiebogen, President of ACI The Financial Markets Association. “Soon after its launch the Euribor immediately established itself as the representative rate of the large Euro money market. The broad range of quoting banks ensured over the years reliable fixing levels in line with the market. The young benchmark weathered the recent market storm. The introduction of the Euro in Slovakia as of January 1st 2009 could be seen as its birthday present. *ACI* is extremely proud of having had visionaries amongst its members, helping industry to establish a truly European tool to mirror the audacious introduction of the Euro by the authorities.”

¹ *Euribor® (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits within the euro zone are offered by one prime bank to another prime bank (www.euribor.org). Euribor is a registered trade mark of Euribor EBF.*