

Chapter-8

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Central Bank Responses to Coronavirus Pandemic in Europe

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Abstract

Beginning in January 2020, the spread of the coronavirus in Europe picked up quickly, forcing several European governments, like most other affected countries, to enact “lockdown” measures. This led many businesses to close, at least temporarily, especially those in the restaurant, leisure, travel, and retail industries. Due to the lengthy lockdown period—which lasted for months—many enterprises failed and others suffered large losses, resulting in a sharp decline in GDP over the following few years. Consumer spending and investment also fell sharply, and despite government efforts to help, the problem’s size and limited resources have made a recovery time-consuming. This study aims to discuss and evaluate the numerous activities supported by financial regulators and central banks in Europe and the US to raise financial institutions’ understanding of the tools and resources at their disposal during the challenging pandemic conditions. We assemble a list of these programs that the Bank provides for International Settlements (BIS), the European Central Bank (ECB), the Bank of England (BOE), and the Federal Reserve (Fed) in the United States. After outlining these categories, we provide some conclusions and suggestions for best practises among treasury departments in financial institutions that must comply with this rule.

Keywords: banking, central banks, pandemic, regulation
