

Abstract

The aim of this diploma thesis is to evaluate what influence has the ECB decision-making on the Eurozone economy and above all to consider the ECB's involvement in solving of the recent financial and persisting European debt crisis.

First two chapters represent rather a theoretical part of the thesis, in which the author is dealing generally with the importance and the role of the ECB in the course of the European integration, including its origin, its management structure and internal decision-making process.

The second chapter focuses in detail on the ECB's tasks and competencies with emphasise mainly on the monetary policy and on the clarification how a so called transmission mechanism enables the measures adopted within the monetary policy to transform into the real economy. There is also more elaborated the primary task of ECB which is to maintain the price stability.

The second part of this thesis is more analytical and reflects current trends and development in the EU banking sector with an accent on the ECB's attitudes. The recent financial crisis is discussed in the third chapter together with the new regulatory rules.

Financial crisis tend to have some joint characteristics like e.g. the source of their origin that often lies in an excessive and rapid loan expansion, in leverage increase, in price bubbles or in the fast lowering qualitative standards of loans. The genesis and the development of recent financial crisis is described in the third chapter, in which the author concentrates besides other things on the steps taken by the ECB in its response to a present situation, including the comparison with the emergency measures adopted by the FED and by the Bank of England.

The last chapter is dedicated to examine the close relation between the banking sector and some individual governments. This relation highlights the interconnection with public finance, which results in negative impacts on the economies of given states during the crisis period. In this connection the author points out the statistical data that are indicating how the financial and consequently the debt crisis have been reflected on the performance of EU economies and what impact the ECB's interventions have had in practise.

Key words: European central bank; monetary policy; price stability; EU banking sector; financial crisis; European debt crisis