



Back to school: Passing Europe's triple test

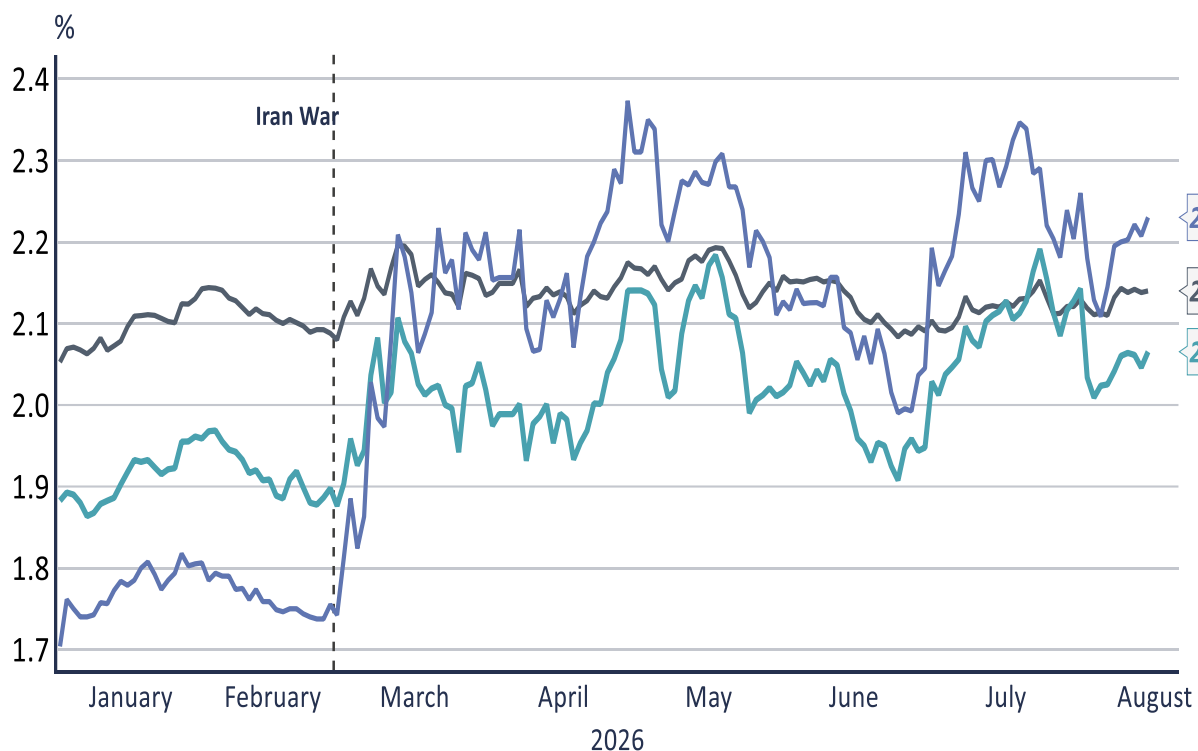
OMFIF Nordic SSA Forum
Helsinki, 19 August 2026

Governor Olli Rehn
Bank of Finland

Inflation and interest rate expectations

Inflation swap derived Euro Area inflation expectations

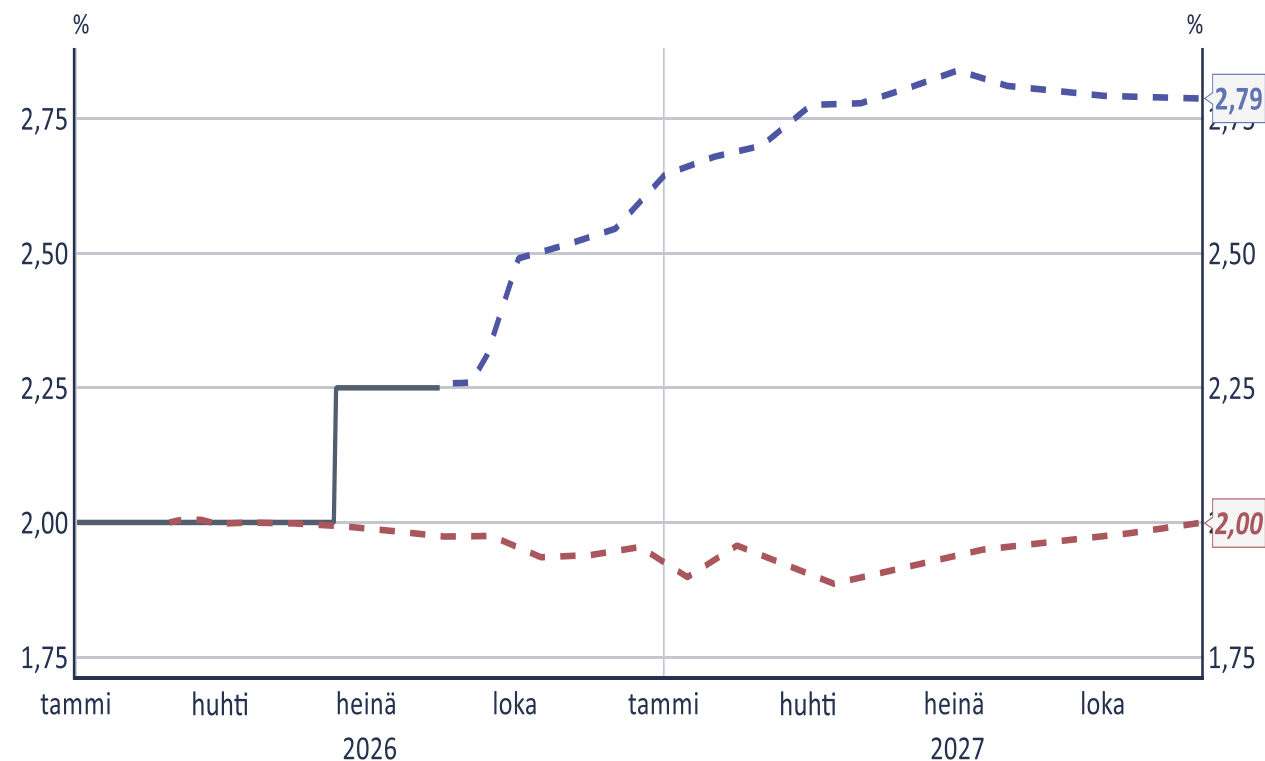
—1y1y —3y1y —5y5y



Source: Bloomberg.
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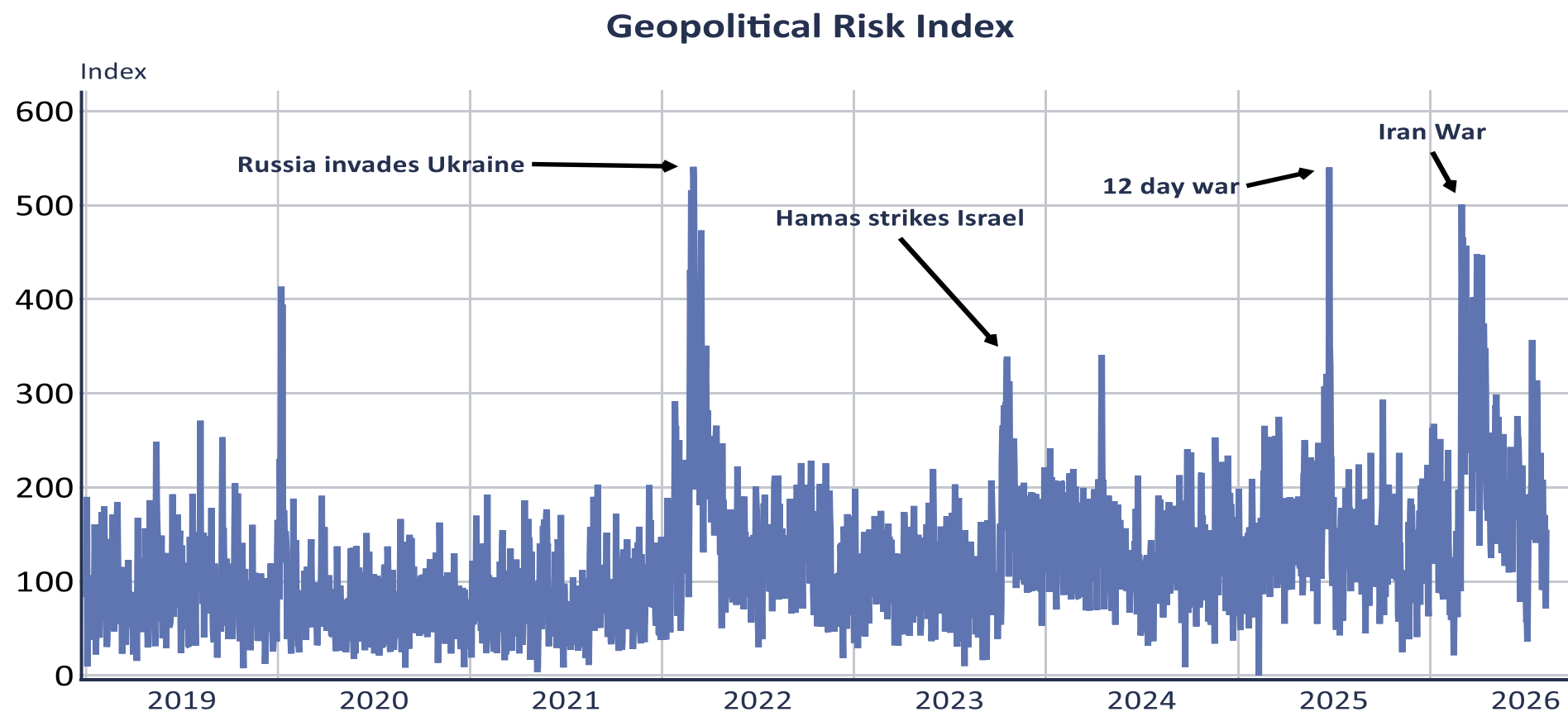
Realised and market priced deposit facility rate

—14.8.2026 —Before Iran War



Source: Bloomberg.
*BoF's calculation is based on €STR OIS rates and 7 basis point difference between DFR and €STR.
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Geopolitical uncertainty has increased



Source: Macrobond / Matteo Iacoviello.

Based on: Caldara and Iacoviello (2022), "Measuring Geopolitical Risk," American Economic Review.

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Europe's strategic triple test

01

Common defense

Take greater responsibility for Europe's security through joint investment and procurement.

SECURITY

02

Green transition

Build an energy system that is resilient, competitive and less exposed to shocks.

ENERGY RESILIENCE

03

Productivity

Lift long-term growth through human capital, deeper capital markets, innovation and removing regulatory barriers.

GROWTH POTENTIAL

EU and national measures will shape Europe's economic future and autonomy.
The ECB will provide a steady hand amidst the uncertainty.

European safe and liquid asset



01 Deepen capital markets

Foundation for more integrated markets; broader investor reach and lower funding costs through convenience yield.

02 Strengthen financial stability

Safe assets remain liquid in stress and can help reduce fragmentation and the sovereign–bank nexus.

03 Reinforce Europe's autonomy

Trusted benchmark supports reserve demand, keeps more European savings in Europe and finances shared priorities.

55%

Would increase euro holdings if the EU became a permanent large-scale issuer

OMFIF 2026 public investor poll

Design test Sufficient scale • simple and transparent structure • durable governance and secure cashflows



” *Securing stability,
in science we trust.*

