

Glossary:European currency unit (ECU)

Statistics Explained

The **European currency unit** , abbreviated as **ECU** , was the former currency unit of the European Communities, from its adoption on 13 March 1979 (replacing the 'European Unit of Account') to its own replacement by the **euro** on 1 January 1999, at a ratio of 1:1. The ECU was composed of a basket of currencies of the European Communities Member States and it served as the standard monetary unit of measurement of the market value/cost of goods, services, or assets in the European Communities, thus constituting the cornerstone of the **European Monetary System (EMS)** .

Apart from the official role in the EMS, a private market for the ECU also developed, allowing its use in monetary transactions and for denominating financial instruments including bonds. A major advantage for investors was that securities denominated in ECUs made foreign diversification possible without reliance on the currency of a single country.

Unlike the euro, the ECU was only an electronic unit of account without any official coins or notes that could be used for cash transactions.

Related concepts

- [Euro](#)
- [European Monetary System \(EMS\)](#) .