MINUTES

8th MEETING OF THE DIGITAL EURO SCHEME RULEBOOK DEVELOPMENT GROUP (RDG)

10 October 2023, 09:00 – 16:00 (CET)

Welcome note by the Chair and review of agenda

The Chair of the Rulebook Development Group inaugurated the 8th meeting of the Rulebook Development Group (RDG) and introduced the participants.

The Chair then introduced the foreseen agenda, which was confirmed by the participants.

Review of Minutes from the 7th RDG meeting

The Chair referred to the draft minutes from the 7th RDG meeting (September) and opened the floor for reactions. RDG members did not have any comment and the minutes were endorsed.

Update on feedback received from the RDG

The ECB team provided statistics on the types of comments received from RDG members on rulebook v06, covering mainly updates made to E2E flow annex as well as section 5 on technical scheme requirements. The ECB team also indicated that, as a next step, comments will be implemented in the rulebook (as long

as they are within the scope of the RDG mandate). As in previous rounds of comments, traceability will be captured within the traceability matrix.

There was no comment from the RDG members.

Update on rulebook section 2

The ECB team provided an overview of edits made to section 2 of rulebook for v0.7, such as editorial comments, simplification of the paragraph on scheme scope and enrichment of the paragraph on benefits of the scheme.

There was no comment RDG members.

Update on workstream F1

The ECB team provided an update on workstream F1, explaining how the shortlist of standards proposed by workstream participants had been complemented by a qualitative analysis from the digital euro programme such as governance-related and licensing considerations. The ECB team indicated that, as a next step in case of "go" for the preparation phase, discussions with standardization bodies will be initiated.

Some RDG members highlighted that some standards rely on other underlying standards, which the digital euro team confirmed is being considered as part of the analysis. Some RDG members also emphasized that decisions on standards will be critical and could have high impacts for intermediaries. They asked for a timeline and the extent to which the RDG would be involved in the standard selection process. ECB team confirmed that standard selection was on the critical path for the next phase and the process and timeline remain to be defined as part of the overall planning.

Update on workstream A1

The ECB team presented the updated executive summary of the final report for workstream A1 as well as an overview of the types of comments received on the interim report and associated answers from the digital euro programme/

RDG members highlighted that, once and if approved by the digital euro programme governance, the report would need to be translated consistently into the rulebook. Some RDG members also expressed reservations about relying on eIDAS for authentication, due to various reasons such as privacy and inclusion as well as impact for intermediaries. The digital euro team took the point and reminded that the digital euro scheme rulebook will need to be consistent with the final digital euro legal act.

Some RDG members also asked for further details on how authentication would work in the context of offline use cases. The digital euro team reminded that the details of the functioning of offline use cases are foreseen to be investigated in the next phase of the programme, in case of "go – and potentially through a 3rd sprint with workstream A1.

Some RDG members also pointed out that some of the options presented in the report for identification and/or authentication could have different cost impacts for intermediaries. They recommended to take cost assessments into account for the decision-making. The ECB team acknowledged the important of impact assessment and invited RDG members to provide such assessments, at least high-level and qualitative, which, if shared in time, would be taken into account.

Regarding a potential 3rd sprint, some RDG members highlighted that merchant-initiated transactions, such as refunds, should be looked at, as well as liabilities.

Update on workstream C1 and section 5 of the rulebook

The ECB team provided an update on workstream C1 as well as an overview of section 5 of the rulebook on technical scheme requirements.

Some RDG members asked whether an optimization of E2E flows would be done and, if so, when and how it would be incorporated in the draft rulebook. ECB team answered that flow optimization was indeed being considered for the potential next phase.

Some RDG members highlighted that a phased roll out could minimize execution risk. The ECB team reminded that a phased roll out was envisaged, but that this does not mean the rulebook should not cover the full scope foreseen for the digital euro. Roll out strategy and rulebook drafting are two separate work areas.

Some RDG members also pointed out that KPIs of 99.9% performance are ambitious and higher than existing infrastructures. The ECB team took note of the comment.

Update on user journeys

The ECB team provided a quick update on the user journey document, attached as an annex to the rulebook, highlighting the edits made on the last version (v32), which are mostly editorial.

No comment from the RDG.

Update on E2E flows

The ECB team presented an overview of the changes made in the E2E flows which included several flows related to QR codes (adjusted to ensure that end users always communicate with the DESP via their respective intermediaries) as well as (de)tokenisation steps (adjusted to improve consistency and remove redundant steps).

RDG members asked a number of questions and the following clarifications were made:
- In several NFC flows a payer token is used. This is the token which is created during onboarding and stored on the user's device.
- Waterfall and reverse waterfall are mandatory for business users, but not for individual users. If an individual user chooses not to activate waterfall and/or reverse waterfall, this will result in transactions being rejected if the holding limit would be breached or if the user does not have sufficient digital euro balance.
- To avoid the need for thousands of point-to-point connections between intermediaries, communication between intermediaries (including ATM Acquirers) always passes through the DESP.
- Fee settlement is still under discussion internally.
- Authentication of the user at the ATM is assumed to be handled through the app (apart from card-based scenarios)
- Offline balance cannot be ported by the intermediary because the intermediary cannot access it. Therefore the offline balance needs to be defunded separately (and as per the current assumption) before the porting starts.
- Conditions of recurring payments cannot be unilaterally changed by the merchant. Such changes required the explicit consent of the payer.
- Although generation of a QR code by the intermediaries would be technically possible, the Eurosystem offers a central tokenisation and QR code service.

Detailed responses to the review comments will be provided separately.

Concerns were also raised that the tokenisation service should be accessible to third party providers that are not participants in the scheme and that the QR codes should not be proprietary to the digital euro scheme. The ECB team took note of the concern.

Furthermore, it was stressed that the way merchant fees are booked (gross/net) depends on the merchant's preference and should not be prescribed by the scheme.

Next steps and 2-month rolling plan

The ECB team presented an overview of the foreseen next steps as well as the updated 2-month rolling plan.

In terms of immediate next steps, RDG members are invited to share feedback on the workstream A1 and C1 reports by the 17th of October – acknowledging that the potential high-level qualitative assessment on costs related to workstream A1 report (see above) could take more time.

Regarding potential planning for phase 2, RDG members emphasized that more time should be granted for reviewing material. ECB team took note and answered that this should be considered as discussing planning for phase 2 - hopefully during the November RDG depending on progress made.

RDG members also highlighted that the adherence model section is key and should be shared with RDG members as soon as available. The ECB team took note and indicated that it was indeed on the critical path for a potential consultation on the rulebook.

Closing remarks and way forward

The Chair thanked members for their participation and summarized the key next steps for the Rulebook Development Group.

ANNEX 1. Participants to 2ⁿᵈ MEETING OF THE DIGITAL EURO SCHEME RULEBOOK DEVELOPMENT GROUP (RDG) on 14 March 2023

Representatives from the European retail payments market

    Consumers – AGE: Anne Sophie Parent *(remote)*

    Consumers – BEUC: Anna Martin *(remote)*

    Corporate Treasurers – VDT: Regina Deisemann *(remote)*

    Merchants – Eurocommerce: Axel Schaefer

    Merchants – Ecommerce Europe: Roberto Liscia *(excused)*

    Credit Institutions – ESBG: Pedro Martinez

    Credit Institutions – EBF: Rita Camporeale

    Credit Institutions – EACB: Vincent Maissin *(remote)*

    Payment Institutions – EPIF: Hartwig Gerhartinger *(remote)*

    Payment Institutions – ETPPA: Ralf Ohlhausen *(remote)*

    European Payments Council: Manfred Richels *(remote)*

    Electronic Money Institutions: Thaer Sabri *(remote)*

    Acquirers – EDPIA: Alessandro Agnoletti

Representatives from the European Commission as Observer

    Lazlo Butt *(remote)*

Representatives from the Eurosystem

    Banco de Espana: Justo Arenillas *(remote)*

    Bank of Finland: Maria Huhtaniska-Montiel

    Banque de France: Mamadou Gueye *(remote)*

    Banca d'Italia: Riccardo Cerruti

    Banco de Portugal: Rui Pimentel

    Deutsche Bundesbank: Johannes Seibel (remote)

    Eesti Pank: Anu Keller

    Oesterreichische Nationalbank: Eva Kiss *(excused)*

    European Central Bank:

        Evelien Witlox (digital euro programme manager)

        Christian Schäfer (chair digital euro scheme rulebook development group)

        Maria Teresa Arraez Gonzalez

        Daniel McLean

        Thomas Janik

        Ernst Kokke

        Paul Le Manh