

DIGITAL EURO

Get the latest insights

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Exhibitor Stage 1 (ES1)



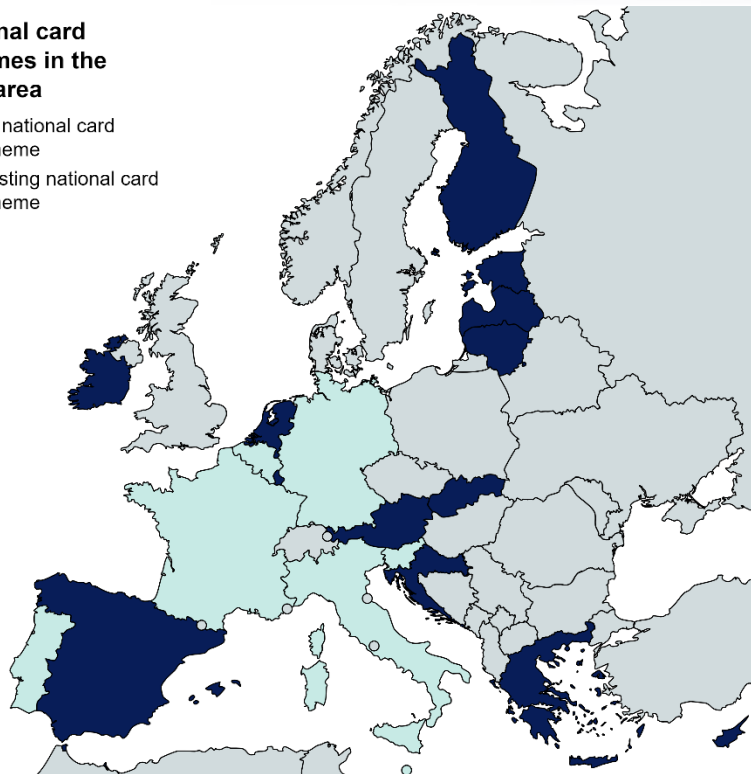
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The case of a digital euro

Why do we need a digital euro?

National card schemes in the euro area

- No national card scheme
- Existing national card scheme



There is currently no European digital means of payment covering all euro area countries: 13 out of 20 countries using the euro as their currency don't have a national card scheme and **rely on international schemes** for digital payments, which settle 64% of all digital transactions in the EU



Changing consumer preferences

- **Consumers pay less with euro banknotes and coins:** the proportion of cash payments in euro fell from 72% to 59% (between 2019 and 2022)
- **Digital payments on the rise:** from 2019 to 2022 card payments increased from 25% to 34%, alongside a surge in online purchases (from 6% to 34%)

The case for a digital euro in an increasingly digitalised world



FACILITATE

- A digital euro would integrate **central bank money** and the latest **payment trends**
- It would be a form of digital cash **universally accepted** in the euro area, complementing current means of payment



STRENGTHEN

- **An additional payment choice** for euro area citizens, complementing cash
- **Legal tender status**, ensuring pan-European reach and acceptance
- **Always an available option** for euro area citizens in all payment scenarios



- Preserving **Europe's strategic autonomy** and monetary sovereignty
- Reducing our **dependence on non-European payment service providers**
- Fostering **innovation** and **competition** in the European payments sector

For everyone, on all occasions

	Cash		National schemes (card or account based)		International schemes (card or account based)		Digital euro	
	Domestic	Euro area	Domestic	Euro area	Domestic	Euro area	Domestic	Euro area
Person-to-person payments	✓ *	✓ *	Some	✗	✗	✗	✓	✓
Point-of-Sale payments	✓	✓	✓ **	✗ ***	✓ **	✓ **	✓	✓
E-commerce payments	✗	✗	Some	✗ ***	✓ **	✓ **	✓	✓

* Only proximity transactions, unless mailing cash

** Where accepted

*** Only through co-branding with international schemes

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Focus on digital euro fundamentals

Use cases and design choices

Focus on the fundamentals: key design choices

**Pan-European
Reach**



Person-to-person
payment



Point-of-sale
payment



E-commerce

Use cases



Inclusive and accessible



Paying offline



More private than current payment methods



The Eurosystem would **not be able to directly identify people** based on their digital euro transactions



As with other digital payments, intermediaries would have access to certain data to be **compliant with EU regulations**



All personal data would be **bound by EU data protection law**, including the General Data Protection Regulation

Offline function with higher privacy



Paying **offline** would be almost like using cash. Transactions would only be known to the payer and the payee



Digital euro payments could also be made via a **physical card**, with funding and defunding options available via cash



Users would always have access to **face-to-face technical support** and the option to easily **switch intermediaries**



Offline functionality would enable transactions in locations with limited connectivity



As well as PSPs, selected **public entities** would also operate as intermediaries as an option for underbanked users



Paying with a digital euro would be possible **via devices such as their mobile or a payment card without internet connexion**



Users would have to **prefund offline payments** in their devices (e.g. via internet or an ATM)



To pay offline, users would **need to be close to each other or physically at a store.**



Our work has focus on investigating further the devices that could be used to pay offline and how prefunding would work

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Fit in the payments ecosystem

Balancing central bank and commercial money

Intermediaries would play a key role in digital euro distribution

Distribution via supervised payment service providers (PSP)



Digital euro distribution would be carried out **exclusively by PSPs**



PSPs would exclusively maintain **customer relations**



PSPs would benefit from **digital euro open standards**

Healthy equilibrium between central bank money and commercial money



Holding limits for end users (none for corporates)



(Reverse) **waterfall functionality**



No remuneration for digital euro users



Digital euro aims to maximize the use of existing standards

- Minimize the burden on intermediaries and reduce costs



Enable private players to reuse digital euro standards and infrastructure

- Support pan-European reach
- Build value added services as a source of revenue



Offer a new platform for innovation and resilience

- Private providers can build value added services
- Digital euro as a fallback for outages



Enable use cases for inclusion and resilience

Rulebook Development Group (RDG)

A **digital euro rulebook** would establish **common standards** to:

Ensure **pan-European reach** and a **harmonised payment** experience

Give **market participants** the **freedom** to develop innovative solutions

Enable domestic instant payments solutions to also achieve **euro area reach**



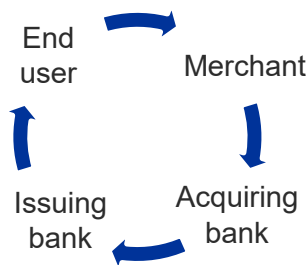
A digital euro scheme is being defined with **broad market involvement** in order to represent society at large:





Intermediaries

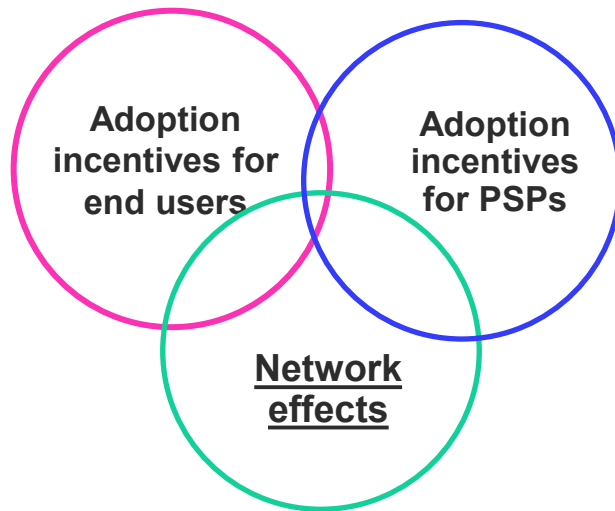
Retailers

Consumers





-  Wide **usability** across the euro area
-  **Free** for basic use by individuals
-  **Eurosystem will not charge scheme fees** to PSPs
-  **Safeguards for merchants**



* Subject to digital euro legislation.

The international dimension



The **international dimension** is being factored into the digital euro design from the start



Initial focus on euro area users

Project resources are now focused on the timely delivery of the first releases of a digital euro aimed at **meeting the needs of the euro area market**



Access outside the euro area

- Temporary access for **visitors**
- Ad-hoc agreements for permanent access for **non-euro area individuals and businesses**
- **Interoperability** will be facilitated (at a later stage)

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Our project progress

The digital euro preparation
phase

Investigation phase

Oct. 2021 – Oct. 2023

Concept definition,
technical exploration and
design proposal

Preparation phase

Nov. 2023 – Oct. 2025

Main expected next steps:

- Finalise the **scheme rulebook**
- Select **service providers**
- Learn through **experimentation**
- **Deeper dive** into technical aspects, including further research into offline functions and developing a testing and rollout plan for the future

Next phase

From Nov. 2025

Potentially developing and
rolling out digital euro use
cases

Milestones on the first part of the preparation phase



Selecting providers for technical components of a digital euro



Looking into payments **offline functionality** and an **Eurosystem app to pay with a digital euro, accessible** to citizens



Producing a first draft of the **rulebook with the standards** to pay with a digital euro across the euro area



Working on a **methodology for setting the limits** to the amount of digital euro holdings per account limit



Guaranteeing a high level of privacy for digital euro payments, coming close to cash



Providing support to the **legislative process with technical analysis on topics in debate**



EUROPEAN CENTRAL BANK

EUROSYSTEM

Thank you

Additional supporting materials:

- [Progress on the preparation phase of a digital euro](#)
- Updated digital euro [FAQ](#)
- Webpage: [Digital euro and privacy](#)
- [ECB opinion](#) on the EU Commission's digital euro legislative proposal
- Digital euro [one-pager](#)
- Digital euro [LinkedIn page](#)