



EUROPEAN CENTRAL BANK

EUROSYSTEM

DIGITAL EURO

Stocktake and next steps

Meeting of Central Bank Governors
of the Center for Latin American
Monetary Studies (CEMLA)

10 May 2024



Piero Cipollone
Member of the Executive Board of the ECB

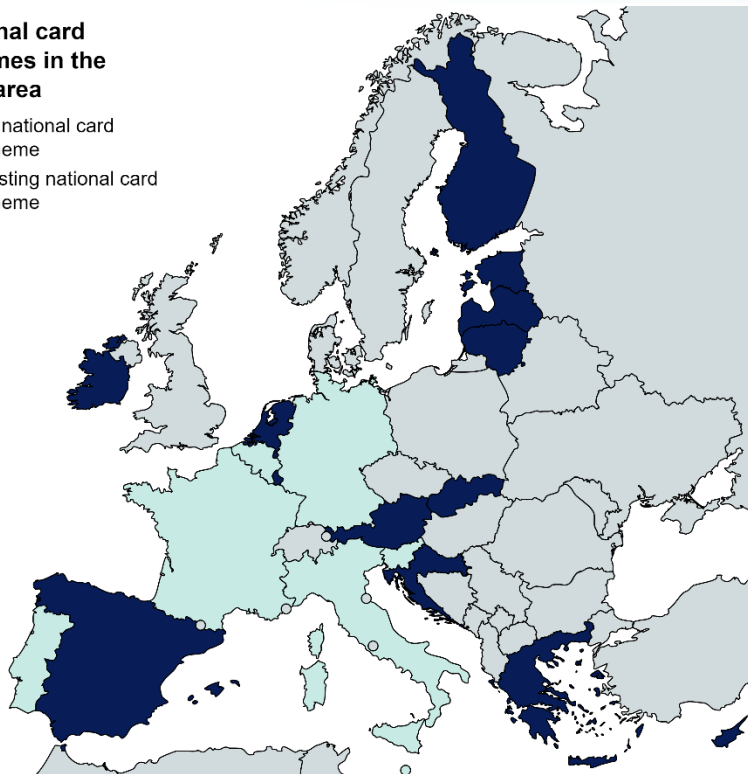
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A European digital payment solution for any occasion

Rationale and key design choices

National card schemes in the euro area

- No national card scheme
- Existing national card scheme



Payment landscape in Europe



Declining use of cash: the proportion of cash payments fell from 72% to 59% (2019-2022); number of banknotes in circulation decreased for the first time in 2023.



Fragmentation: there is no single European payment solution for digital payments at the point of sale anywhere in the euro area.



Dependence on international providers: 13 out of 20 euro area countries don't have a national card scheme and rely instead on international schemes for digital payments. These schemes account for 64% of all electronically-initiated transactions with cards issued in the euro area.



Responding to evolving payment trends

Reflecting people's increasing preference for digital payments while still offering the option to pay with cash



Making people's lives easier

Providing a public digital means of payment that people could use free of charge for any digital payment in the euro area



Strengthening Europe's resilience

Preserving Europe's strategic autonomy while reducing our dependence on non-European payment providers

A digital form of cash



CASH



CARD



BANK
ACCOUNT



OTHER DIGITAL
PAYMENTS



A digital euro would bring **cash-like features** to the digital world



Pan-European
reach



Free
for basic use



Respectful of
privacy



Also available
offline



Issued by the
central bank

Available for 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	✓	✓	Some	✗	✓ **	✓ **	✓	✓
E-commerce payments	✗	✗	Some	✗	✓ **	✓ **	✓	✓

* Only proximity transactions, unless mailing cash

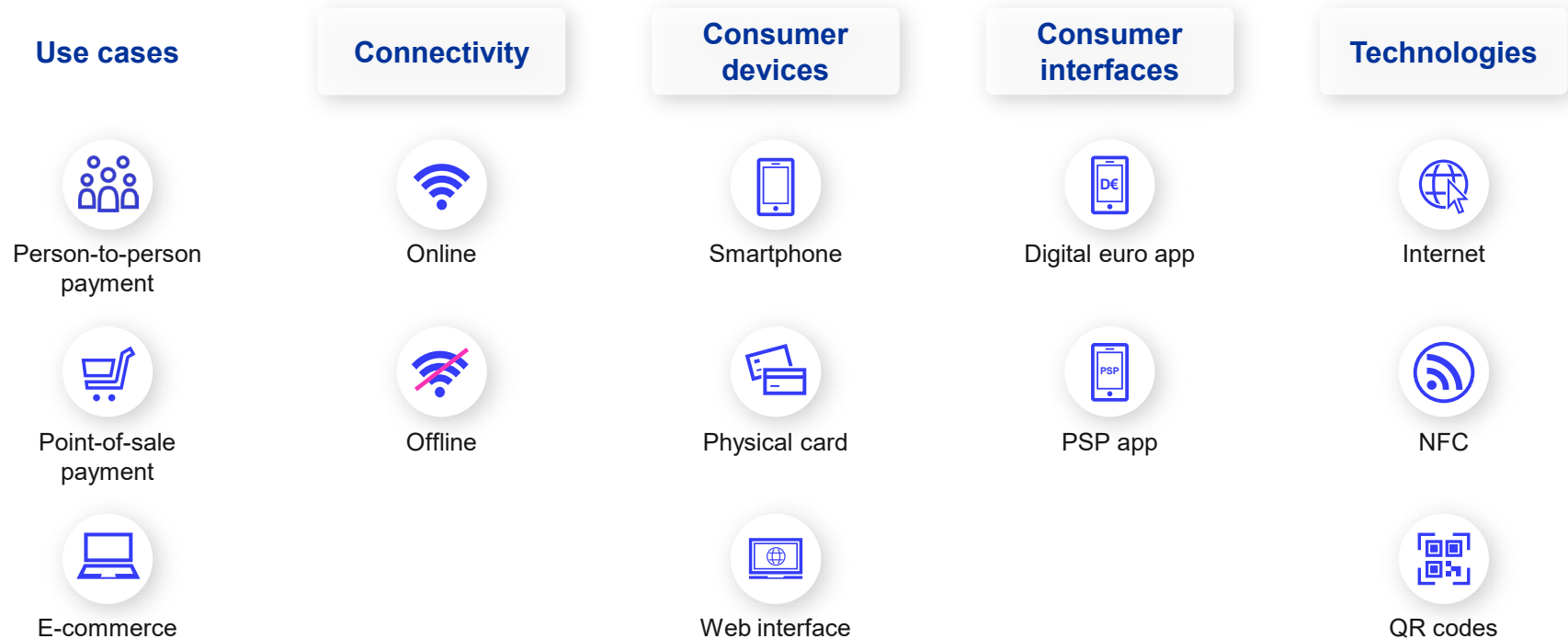
** Where accepted

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What would a digital euro look like?

Key design choices

Your euro, your choice: diverse use cases, devices and technology



Available online and offline

	Cash	Cards	E-payment solutions	Digital euro
Online	✗	✓	✓	✓
Offline	✓	✗	✗	✓

Accessible and inclusive: no one left behind



Digital euro payments could also be made using a **physical card**; cash can be used for digital euro funding/defunding



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



In addition to payment service providers, selected **public entities** would also operate as intermediaries for users that do not have a bank account

Protecting your data and privacy



State-of-the-art technological solution



The Eurosystem would not be able to identify people based on the payments they make – it would only see a minimal set of pseudonymised data

Strong data safeguards



The Eurosystem would implement **safeguards**, including internal data segregation and auditing, **to ensure high data protection standards**

Flexibility to ensure we are ready for the future



The Eurosystem would adopt additional, innovative **privacy-enhancing techniques** when ready and tested for large payments systems, fostering higher privacy standards for digital euro users

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**



Draft legislation outlines framework for 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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Payment service providers at the forefront of distribution

Public-private cooperation



Digital euro distribution would be carried out exclusively by payment service providers (PSPs)



PSPs would maintain **customer relations**



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

Sufficient safeguards included in the digital euro's design



Holding limits



(Reverse) waterfall functionality



No remuneration of digital euro holdings

Holding limits will be calibrated



A balance will be struck between the right to hold and pay with digital euro and the need to limit bank disintermediation

In-depth analysis is ongoing



Examine the implications for different banks and liquidity scenarios, keeping trends regarding banknotes in circulation in mind



Engage with a broad range of stakeholders, including banks and consumer groups



Share information about the work conducted to ensure transparency

A digital euro: pan-European rail tracks for private solutions...



... Offering **a platform for innovation** for private providers to build value-added services, such as conditional payments or the option of splitting a bill



... Helping to **avoid the proliferation of schemes that cover only part of the euro area and duplicate costs**, reducing their ability to compete with international schemes



... Enabling private retail payment solutions to **leverage the digital euro infrastructure** to provide new products in all euro area countries, which could give users access to services that may not yet be available in their domestic market



... Reducing our **dependence on other non-European players**

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 payment 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



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Project timeline

Next steps

Investigation phase

October 2021 – October 2023

Concept definition,
technical exploration and
design proposal

Preparation phase

November 2023 – October 2025

Main expected next steps:

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

Next phase

From November 2025

Potential development and
rollout



The project will evolve in parallel with the legislative process to ensure **readiness** in the event a digital euro is needed in the future

The ECB stands ready to:

- Provide **technical support** as required
- Make the **appropriate design adjustments** in line with legislative deliberations



A decision on whether to issue a digital euro will only be considered by the ECB's Governing Council **once the legislation has been adopted**



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Thank you

Additional supporting materials:

- Updated digital euro [FAQ](#)
- [Report](#): A stocktake on the digital euro
- [ECB opinion](#) on the European Commission's digital euro legislative proposal
- Digital euro [two-pager](#)
- Digital euro [booklet](#)
- Digital euro [LinkedIn page](#)



Annex

