



EUROPEAN CENTRAL BANK

EUROSYSTEM

Update on the digital euro project

Eurogroup

15 June 2023



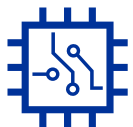
Why would we need a digital euro?



A payment option allowing **everyone** to pay digitally **everywhere** in the euro area



The **evolution of cash** in the digital age, protecting the role of public money as a **monetary anchor** for the financial system



A **European platform for innovation**, allowing intermediaries to build services for their customers that are instantly available across Europe



Increasing **resilience** of European payments and supporting **strategic autonomy**

Digital euro benefits all parts of society



Citizens

Additional European
digital **means of payment**

Ensures **privacy** and
access

Free for basic services



Merchants

Cost-effective **option**

Increases **resilience**

Strengthens **negotiating
position**



Intermediaries

Distribution to end
users

Opportunity to **offer
services** with euro
area reach

Key features of the digital euro



Complements, rather than substitutes, cash



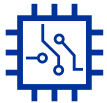
Available both **online and offline**



Ensures **high level of privacy** by default









The ECB has no interest in seeing or storing users' private information



The digital euro will **never** be **programmable money**: it will not constrain to whom, when and why people could do payments

How will people use the digital euro?



What?	How?	Where?
		Physical stores Person-to-person
		Physical stores
		Physical stores Person-to-person
		E-commerce

Making the digital euro a public good accessible to citizens



The **Eurosystem** will issue the digital euro and ensure payments' settlement



Supervised intermediaries will distribute the digital euro

- Managing customer relationships, digital euro payments and related services



Smooth onboarding and **simple access** for end users

- Via existing online banking or mobile banking apps
- Via a new digital euro app



Easy porting of digital euro holdings from one provider to another

Ensuring fair and adequate incentives for distribution

- 1 Free basic use by private individuals**
- 2 Network effects generating economic incentives for acquirers and merchants**
- 3 Economic incentives for distributing payment service providers**
- 4 Eurosystem bears its own costs, as for production and issuance of banknotes**

Digital financial inclusion is a key principle of the digital euro

A digital euro will be designed **take on board people with no access to a bank account** and with **low digital or financial skills**, as well as people with **disabilities**



Dedicated entities could make it easier for vulnerable groups to access the digital euro

- Offering **in-person support**
- Providing **physical digital euro payment cards**
- Allowing **(de)funding via cash**

How could the digital euro be rolled out successfully?

First
release



*Person-to-
person*

Support network effects

Option for pan-European person-to-person payments



E-commerce

Currently no option to pay in central bank money

Second
release



*Physical
store*

Longer delivery/adaptation times

Person-to-person and physical store payments include both **online** and **offline** options

Findings from prototyping



Digital euro can smoothly be integrated into the existing European payments landscape...

...while leaving ample room for innovation

- It could in principle work both **online and offline**
- Back-end prototype allowed for protecting users' **privacy**
- Front-end prototypes experimented with **innovative** approaches



Ensuring trust in our currency



- The digital euro would be the **natural, digital evolution of our currency.**
- The ECB is responsible for **preserving citizens' trust in our currency.**
- The digital euro would be **accessible to all and offer people greater choice** in how they pay.

Thank you
