



EUROPEAN CENTRAL BANK

EUROSYSTEM

# International aspects of CBDCs: update on digital euro

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Eurogroup



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# Key considerations of the Eurosystem



## A digital euro should first meet the needs of the euro area

- To keep the project from becoming too complex, we will gradually introduce different use cases.
- We aim to make the digital euro accessible to everyone *within* the euro area before focusing on users *outside* the euro area



## But we should not miss the opportunities offered by the international dimension

- **access to and use outside the euro area** (no currency conversion)
- **cross-currency payments** (currency conversion), requiring interoperability

# International developments in CBDCs



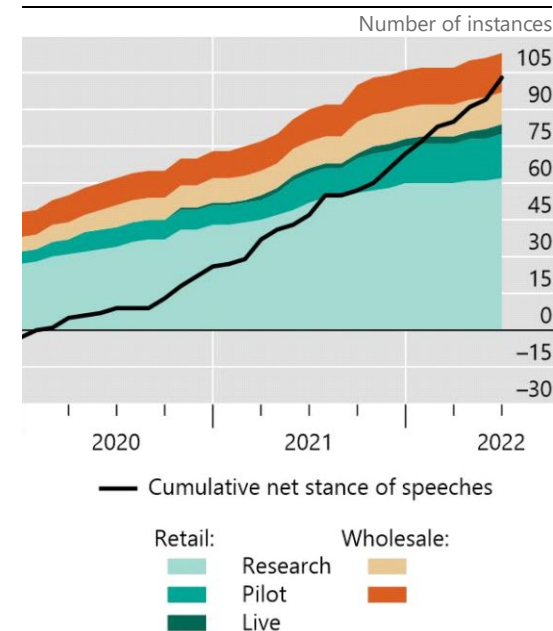
Most central banks around the world are exploring digital currencies (CBDCs)



The ECB supports ongoing international CBDC initiatives:

- **BIS:** working with group of seven central banks
- **G7:** following up on public policy principles for retail CBDCs
- **IMF:** developing CBDC Handbook

Rise in CBDC projects



Source: Bank for International Settlements, July 2022

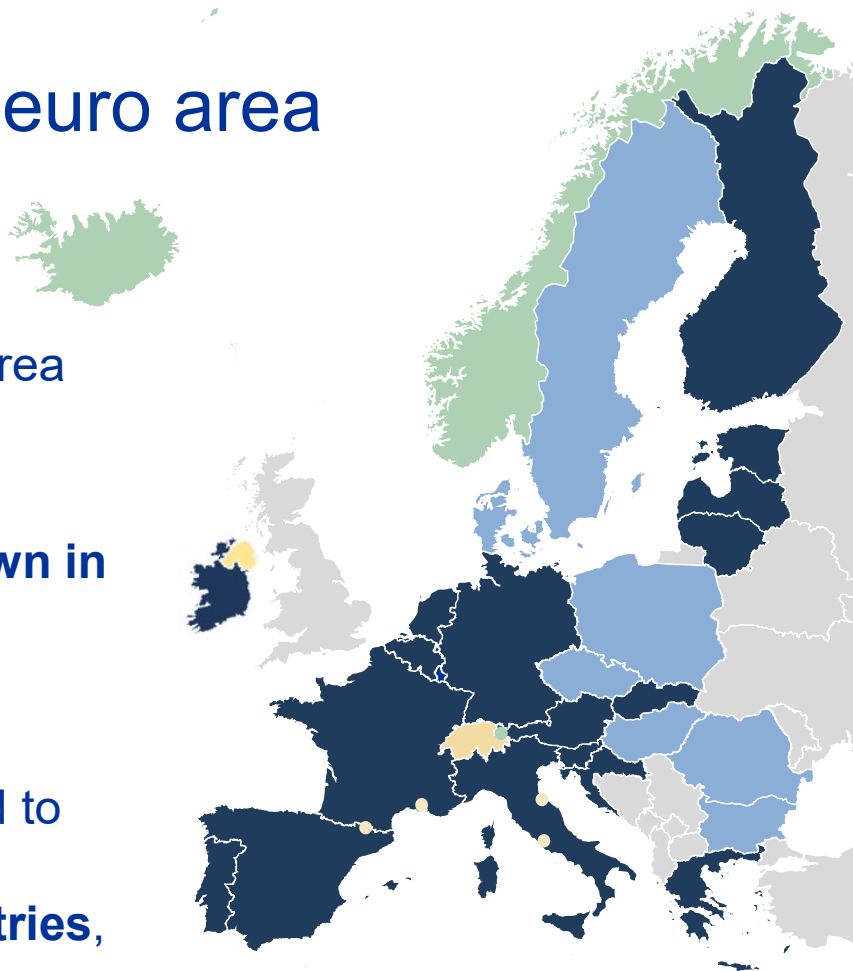
# Using digital euro outside the euro area

## Use cases

- Cross-border payments in digital euro
- Payments in digital euro outside the euro area
- Use by visitors

Rules for geographical access **will be set down in legislation** → design of digital euro can accommodate them

If legislation allows, access could be extended to consumers and merchants **in the European Economic Area and selected non-EU countries**, if they so wish



# Digital euro interoperability with other CBDCs

## Use cases



**Person-to-person** payments in CBDC (e.g. remittances)



**E-commerce** payments from an online merchant outside the euro area



**Payments to a merchant** outside the euro area



**Enabling cross-currency payments “takes two to tango”**

## Possible models



**Interlinking model:** allows transacting without participating in each system



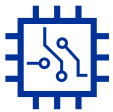
**Single system model:** single system across multiple currencies

# New initiative on wholesale central bank money settlement

New **Eurosystem task force** to explore new technologies for wholesale central bank money settlement:



Contribute to **digital innovation**, while ensuring that central bank money remains a **monetary anchor**



Gain insight into how different solutions could facilitate interaction between TARGET services and DLT platforms



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Thank you