Scheme access criteria and supervised intermediary distribution

Euro Retail Payments Board

10 November 2022
Where do we stand?

Tentative - timing subject to change

- **July 2021**
  - Governing Council decision to launch investigation phase

- **Q4-2021**
  - Project team on-boarding
  - Governance set-up

- **Q1-2022**
  - Use case prioritisation
  - Report on focus groups with citizens and merchants

- **Q2-2022**
  - Design options to moderate take-up
  - Distribution model

- **Q3-2022**
  - Compensation model
  - Access to ecosystem
  - Value added services
  - Advanced functionalities
  - Prototyping results

- **Q4-2022**
  - On-line/off-line availability
  - Data privacy level
  - Transfer mechanism

- **Q1-2023**
  - Settlement model
  - Distribution of amount in circulation
  - Role of intermediaries
  - Integration and form factor
  - Funding and defunding
  - Prototype development

- **Q2-2023**
  - Selection of service provider(s) for possible project realisation phase
  - Decision making document including advice on potential issuance digital euro, its design and implementation plan

- **Q3-2023**
  - User requirements
  - Preparation for possible project realisation phase decision making

**Tentative** - timing subject to change

- **September 2023**
  - Governing Council decision to possibly launch realisation phase
Objective of today’s exchange

Present Eurosystem’s analysis of the scheme access criteria for the digital euro and subsequently the supervised intermediaries which should distribute it.

Invite you to share your input as part of a written procedure (deadline 5 December) that will feed into the ECB’s decision-making on the distribution model that will be brought to the HLTF-CBDC in Q1 2023.
Scheme access criteria and supervised intermediary distribution
Based on the analysis the following scheme access criteria has been derived

**Scheme access criteria**

**Ensure distribution is undertaken by trusted and sound intermediaries**
- Capacity to
  - offer payment services
  - offer digital euro accounts
  - provide front-end solutions
- Subject to AML/CFT framework
- Solvency
- Operational readiness and risk control
- Regulatory details

**Contribute to digital euro key objectives**
- Capacity to offer basic digital euro services
- Access to digital euro settlement mechanism to carry out (de)funding
- Capacity to provide PSD2 APIs to allow third parties access and the development of value-added services

1: Those access criteria aim to support the digital euro as monetary anchor and the achievement of strategic autonomy and economic efficiency objectives
Payment service providers (PSPs), as defined in PSD2\(^2\), meet the scheme access criteria

PSPs fulfil the defined digital euro scheme access criteria, depending on the payment services they are licensed to provide under the PSD2.

Thus, the following PSPs could distribute the digital euro:

- Credit institutions (CIs)
- Electronic money institutions (EMIs)
- Payment institutions (PIs)
- Payment initiation service providers (PISPs)
- Account servicing payment service providers (ASPSPs)\(^3\)
- Account information service providers (AISPs)

\(^2\): Payment Services Directive 2
\(^3\): When offering payment accounts
# Proposal on services provided by different supervised intermediaries

<table>
<thead>
<tr>
<th>Supervised intermediaries →</th>
<th>CIs / EMIs / PIs</th>
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<tbody>
<tr>
<td><strong>Services</strong>4 ↓</td>
<td></td>
</tr>
<tr>
<td>Offer digital euro payment services</td>
<td>✓</td>
</tr>
<tr>
<td>Provide digital euro account5</td>
<td>✓</td>
</tr>
<tr>
<td>Make APIs to digital euro accounts available</td>
<td>✓</td>
</tr>
<tr>
<td>Offer digital euro basic services6</td>
<td>✓</td>
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- **PISP** and **AISP** could provide payment initiation and account information services based on the digital euro account APIs.

- Eurosystem works with the Commission on legally facilitating the digital euro distribution by the different types of intermediaries.

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4: The full list of services provision is shown in the PSD2.
5: Implementation of funding and defunding services might differ between different types of PSPs.
6: Digital euro basic services are yet to be defined but should be similar in nature to the basic services that credit institutions are to provide under the Payment Accounts Directive (PAD).
Future outlook and discussion
Way forward

The Eurosystem will continue engaging with the European Commission with options being discussed with member states with a proposal that can be addressed with external stakeholders.

In parallel, consultation of Eurosystem committees.

Outreach to external stakeholders.

Review of combined decisions (“Bringing it all together”) in Q2 2023 and feedback by stakeholders on overall design prior to Governing Council decision making thereafter.
We invite reflections by participants, including the following points:

1. Do you agree that PSPs as designated in the PSD2 would be best placed to distribute the digital euro?

2. Do you agree on the proposed services to be provided by the different categories of PSPs?

3. Do you see any drawbacks in the proposed approach and if so, how could they be overcome?
Thank you for your attention!