



EUROPEAN CENTRAL BANK

EUROSYSTEM

# End-user on-boarding and digital euro access & holdings

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Euro Retail Payments Board

6 December 2022

Digital euro project team



# Where do we stand?

Tentative - timing subject to change

Use case prioritisation  
Report on focus groups with  
citizens and merchants



Design options to moderate take-up  
Distribution model



Compensation model  
Access to ecosystem  
Value added services  
Advanced functionalities

Prototyping results



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



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

Q4-2021

Q1-2022

Q2-2022

Q3-2022

Q4-2022

Q1-2023

Q2-2023

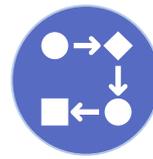
Q3-2023



Project team on-boarding  
Governance set-up



On-line/off-line availability  
Data privacy level  
Transfer mechanism



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



User requirements

Preparation for possible  
project realisation phase  
decision making

**autumn 2023**  
Governing Council  
decision to possibly launch  
realisation phase

# Objective of today's exchange



Present the investigation on **access to digital euro** and subsequently question on **who can onboard whom to the digital euro**.



Invite **your feedback on the analysis of access and onboarding** identified by Eurosystem (followed by written procedure until 23 January 2023) as input for Eurosystem preparations of final decisions on these functionalities by Governing Council in Q1 2023

# Access to the digital euro

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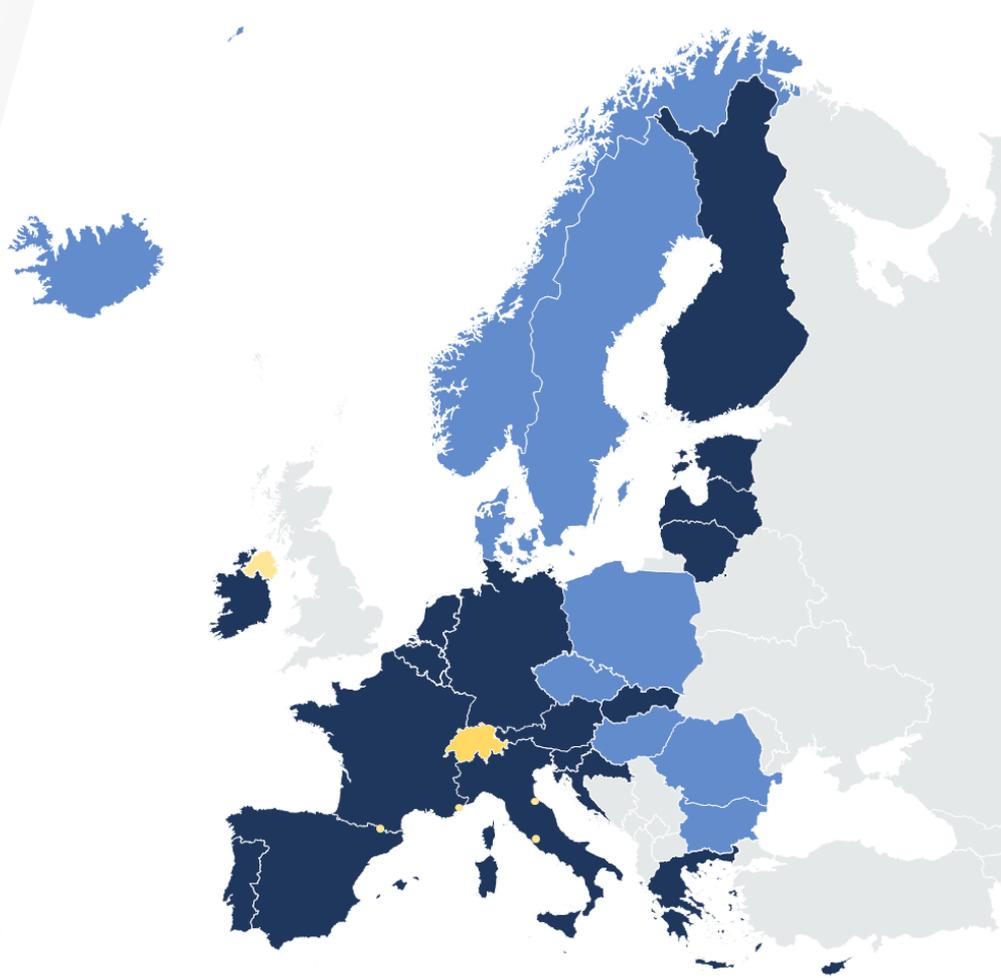
# Towards a staggered approach

**Prioritisation in access to the digital euro requires a clear distinction**

**Three user categories have been identified in the strategic use case prioritisation** (individuals, businesses and governments)

**Providing access to users from jurisdictions beyond the (E)EA is nontrivial**

- **Euro area (EA):** Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain and Croatia (*as of January 2023*)
- **European economic area (EEA):** EU-member states and three European Free Trade Area (EFTA) states (i.e. Iceland, Liechtenstein and Norway)
- **Special third countries:** Microstates with a monetary agreement (i.e. Andorra, Monaco, San Marino and Vatican City) and states aligning with the EEA via agreements (i.e. Northern-Ireland and Switzerland)
- **Other jurisdictions**



# Focus on facilitating prioritised use cases within EA

Digital euro will first be a product for the euro area and later potentially expand via a staggered approach

Access	Individuals	Businesses	Governments
First releases	<ul style="list-style-type: none"><li>EA residents</li><li>Non-resident EA citizens via EA PSP</li></ul>	<ul style="list-style-type: none"><li>EA businesses</li><li>Non-EA merchants via EA PSP (collecting model)</li></ul>	<ul style="list-style-type: none"><li>EA governments</li></ul>
Subsequent releases	<ul style="list-style-type: none"><li>EEA residents</li><li>Special third countries residents</li><li>Non-EEA visitors</li></ul>	<ul style="list-style-type: none"><li>EEA businesses</li></ul>	

# Focus on facilitating prioritised use cases within EA

Digital euro is designed as a retail payment instrument which will be facilitated with the respective holdings

Holdings	Individuals	Businesses	Governments
EA	<ul style="list-style-type: none"><li>EA residents &amp; citizens same holding limit (decided close to launch)</li></ul>	<ul style="list-style-type: none"><li>Zero daily holding limit (intraday holdings possible)</li></ul>	<ul style="list-style-type: none"><li>Zero daily holding limit (intraday holdings possible)</li></ul>
Non-EA	<ul style="list-style-type: none"><li>Bi-lateral agreements with the competent authorities, not exceeding EA holding limit</li></ul>	<ul style="list-style-type: none"><li>Zero holdings</li></ul>	<ul style="list-style-type: none"><li>Zero holdings</li></ul>

# Onboarding to the digital euro

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# Onboarding principles

I Onboarding according to access rights

II Simple as possible from an end-user perspective

III On PSP side existing onboarding procedures should be re-used

A

User is **known** to the PSP → **Re-use** available data,  
Nearly no data requirement

98,5% of euro area  
citizens have an account  
at a financial institution

B

User is **unknown** to the PSP → Use existing **default onboarding** process\*

IV One account/wallet per citizen

Imposing **holding limits** requires **identification**

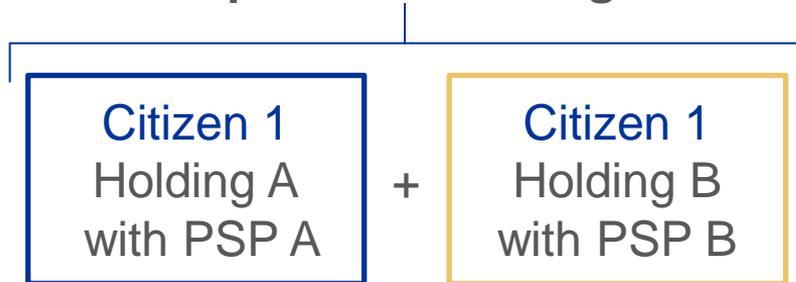
How to implement (unique) personal identifier still needs to be investigated

\*Limited in the sense that no data for credit provision required (like e.g. profession)

# One holding per citizen

Controlling amount in circulation results in **individual holding limit**

## Limited aggregated personal holding



Due to conscious decision for high privacy set up of the digital euro, the eco system cannot easily accommodate aggregated personal holdings across multiple intermediaries

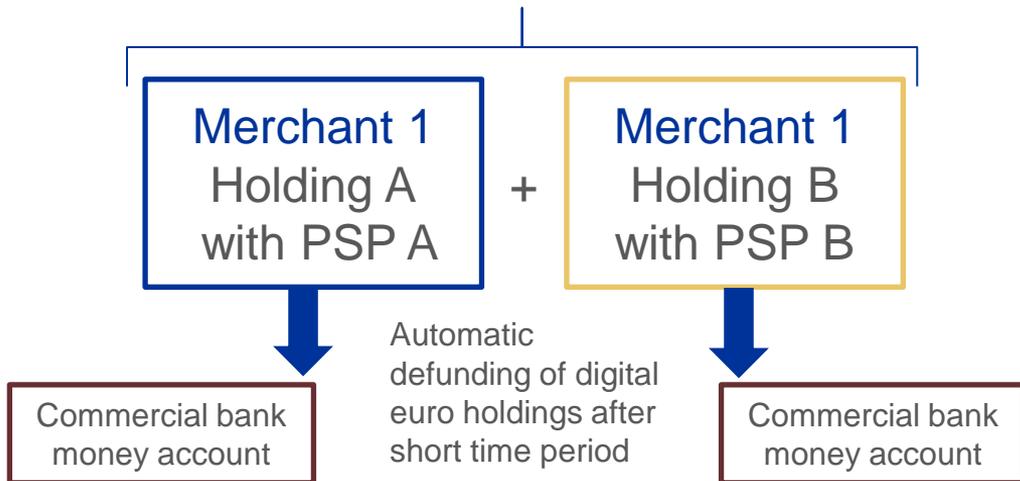
→ Therefore, it is considered for the initial releases to allow for one digital euro holding per citizen

- End user have a choice of VAS-offers as PSPs can offer services in their capacity as **PISP** and **AISP – competition among PSPs is ensured**
- Additionally **easy portability between PSPs** for user will be ensured

# Multiple holding per merchant

It is proposed that merchants will have a **zero digital euro holding limit** which would enable an **unlimited number** of digital euro accounts/wallets per merchant.

## Zero digital euro holding limit with possible intraday deviations



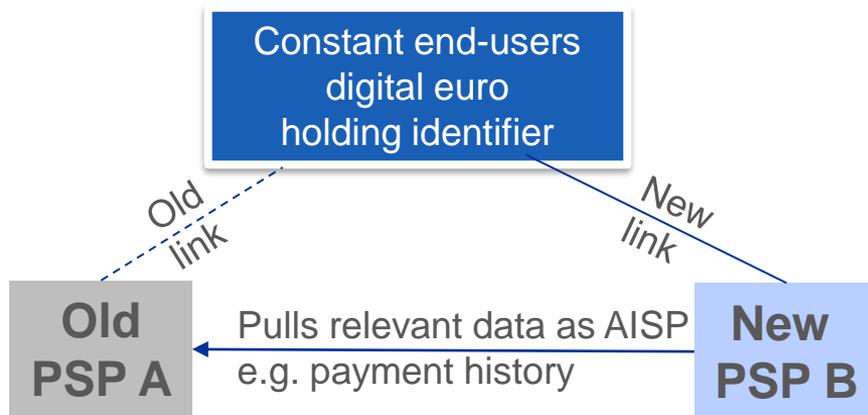
→ Initial releases will allow merchants to open an unlimited number of digital euro holdings (e.g. for every branch or even every checkout desk)

# Digital euro account portability

**Easily porting** the digital euro holdings held by the end user from one PSP to another is an **important feature**.

Eurosystem and scheme will support this and set common rules for market participants.

## Standard portability procedure



Exceptional cases where the old PSP would not be accessible will be further analysed.

# Way forward and discussion

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# Way forward



**Further investigation** on personal identifier and requirements for unified European onboarding



**Consultation of Eurosystem committees**



Eurosystem views to be **updated in Q1 2023** based on the outcome of Eurosystem committees' consultation, preliminary external discussions and further internal analysis, and to be **finalized towards the end of the investigation phase**



Review of combined design decisions (“Bringing it all together”) in Q2 2023 and feedback by stakeholders on overall design prior to Governing Council decision making thereafter

# For feedback

We invite **reflections on all aspects of the analysis**, including the following questions:

- What are your considerations with regard to one or multiple digital euro holdings per citizen?
- What implications would you see of a zero holding limit for merchants?
- What are the implications for financial institutions to allow merchants to build up a position during a specific short timeframe? And what timeframe could be considered?
- What would be the considerations from a merchant perspective to build up a position during a specific short timeframe? And what timeframe could be considered?
- What are your considerations around the staggered approach for access to the digital euro holdings?
- What are your considerations regarding the need for portability and the proposed implementation?

**Thank you**

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