



EUROPEAN CENTRAL BANK

EUROSYSTEM

Rollout approach for the digital euro

Euro Retail Payments Board

22 February 2023

Digital euro project team



Where do we stand?

Tentative - timing subject to change

July 2021
Governing Council
decision to launch
investigation phase

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



Q4-2021

Q1-2022

Q2-2022

Q3-2022

Q4-2022

Q1-2023

Q2-2023

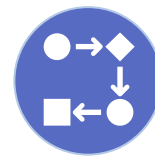
Q3-2023



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 **Eurosystem's analysis on the potential rollout approach for releasing the digital euro.**



Invite you to **share your input as part of a written procedure (deadline 24 March 2023)** that will feed into the ECB's decision-making on the **implementation plan** that will be brought to the Governing Council in Q3 2023.

What this decisions is about

How the digital euro could be successfully introduced into the market?

- Sequence and combination of use cases¹



- Maximising the balance between...



Market relevance



Eurosystem's policy considerations



Technical and implementation aspects

¹P2P and POS include both online and offline functionalities

Market analysis: research areas & main findings

1 European payment-market landscape analysis¹

2 Benchmarking of payment solutions rollouts

- **Multiple use cases** are required to address the variety of end-user needs and market gaps across EA countries, responding to a landscape with **diverse payment behaviours and preferences**
- This could be achieved by offering a **sufficiently broad and impactful set of use cases from the start** (Vs. a single use case)
- In practical terms, a **staggered approach** would contribute to:
 - Ensure a smooth **end-user payment experience** (i.e., gradual understanding and adoption of the different use cases and technologies by end-users)
 - Reduce the **implementation complexities** associated to (e.g. rolling out at pan-EA level)



¹Further details provided in the Annex to this presentation

Staggered approach: use cases assessment

Market relevance

Size and growth trend

Payment Offering

Digital payment adoption

Eurosystem policy considerations

Protect use of central bank money

Autonomy for European payments

Technical and implementation aspects *(ease of implementation)*

Staggered rollout with two product releases, for all EA markets

A

P2P and
e-commerce



Person-to-person



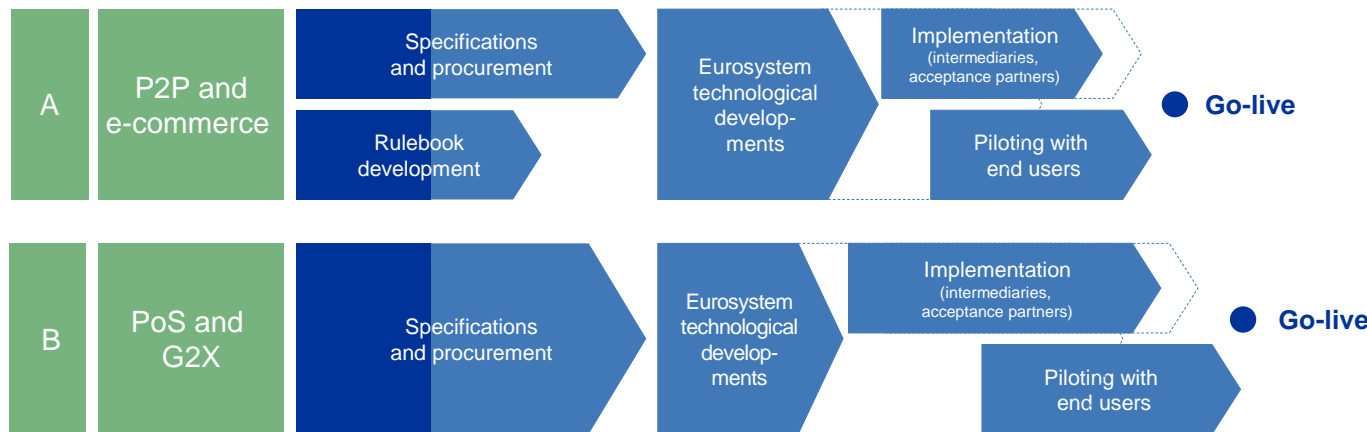
E-commerce

- Ability to generate network effects
- Less complexity: one-sided integration with intermediaries
- Fast-growing market segment
- No central bank money usage

B

Remaining
use cases

Rollout approach proposal for the digital euro



- Each product release to be preceded by a **piloting exercise** to prove design decisions
- **Parallel work** to optimise the release path

Illustrative – Assessment of implementation effort and timelines ongoing

¹Current analysis is still on going to estimate delivery timelines for both on- and offline functionality, the outcome of that will determine the final content of the product releases
E-commerce includes internet based X2G, while PoS includes PoS-based X2G.

Way forward and discussion

Way forward



Further work on detailing the rollout approach, including an analysis of the implementation effort and timelines, and align it with the results of the market research.



Consultation of Eurosystem committees



Outreach to external stakeholders



Finalization of Eurosystem views in Q2 2023 based on the outcome of Eurosystem committees' consultation, discussions with external stakeholders and further internal analysis



Integration into the implementation plan for the potential realisation phase which will be brought to the Governing Council in Q3 2023 for decision.

For feedback

We invite **reflections by participants**, including the following questions:

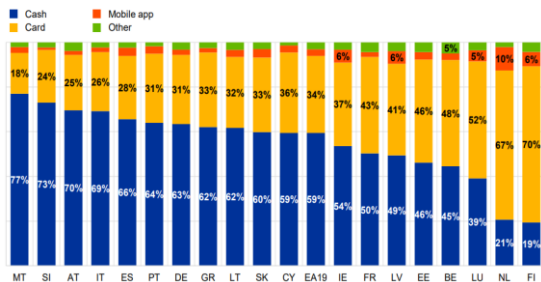
- 1) Is the proposed staggered approach the best way to ensure a successful rollout of the digital euro from market and policy perspectives, while ensuring a timely delivery?
- 2) What are your considerations on the sequence and composition of the two different product releases: (i) P2P and e-commerce (ii) PoS and G2X use cases?
- 3) Do you have specific considerations with regards to the technical and implementation efforts required for the different product releases?

Thank you

Annex

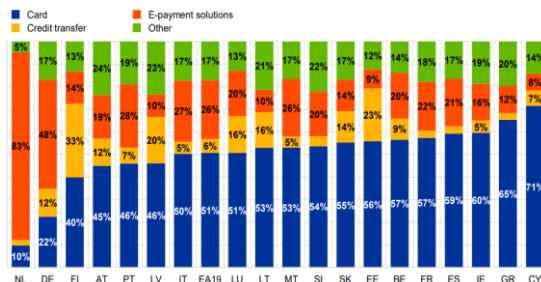
Market analysis: diverse payment behaviours across Europe

PoS [% on # of trx.]



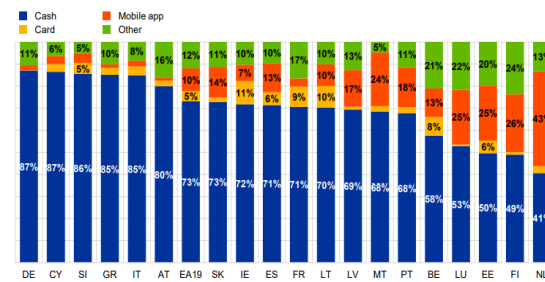
- Cash use at PoS is significant (45%+ in 16 of 19 countries), but much lower in Netherlands and Finland (at around 20%)
- Variation among countries is caused by level of cards activity

E-commerce [% on # of trx.]



- Card use for e-commerce is relatively similar across most countries (usually 40-60%)
- E-payments with greater market share than cards in some countries (NL, DE)

P2P [% on # of trx.]



- Cash still prevalent with the availability of mobile solutions (A2A schemes) major driver of difference
- Five Countries with least cash use at P2P also are those that use cash least at PoS (BE, LU, EE, FI, NL)



Multiple use cases are needed to address opportunities and mitigate risks in highly heterogeneous markets