High level design as basis for the next phase

13th Digital Euro MAG meeting

8 November 2023
We see three constants in monetary history (with few exceptions at specific times and places):

1. **Ruling authorities issue money for people to use**, in order to facilitate commerce within their territories, exercise monetary sovereignty and preserve price stability.

2. **The form which that money takes has evolved over time** to meet people’s payment needs.

3. **Money issued by the state often coexists with other forms of money.**
A digital euro would be designed to serve 347 million people that pay with the euro every day in the euro area

Responding to evolving payment trends
Bridging people’s changing preference for digital payments with the benefits of central bank money

Making people’s lives easier
Providing a digital means of payment for everyone to pay any time and anywhere throughout the euro area

Strengthening Europe’s resilience
Preserving Europe’s strategic autonomy. Addressing current dependencies on non-European private providers & fostering competition in the payment sector
A holistic digital euro design for an increasingly digitalised European payments sector

- Access
- Payment features
- Business model
A digital euro to serve an increasingly digitalised European society

Available in several payment scenarios

+ Person-to-person payments
+ Payments in physical and online stores
+ Payments to and from the government

Widely accessible and accepted

In line with the legislative proposal presented by the European Commission:
+ All euro area banks will offer digital euro to customers who ask for it
+ All euro area merchants accepting digital payments will also have to accept digital euro

Leaves no one behind

+ Digital inclusion, supported via legislative proposal and ECB measures
Bringing together the advantages of cash with the benefits of digital payments

**Distinctive features welcomed by consumers and merchants alike**

+ Like cash, digital euro would be accepted everywhere in the euro area
+ Online and offline functionalities
+ High level of privacy by default
+ Conditional payments, but NOT programmable money
+ Easy porting of digital euro holdings, including for emergency situations

**Comfortable payment experience**

+ Smooth onboarding and simple access for end-users via (i) existing online banking apps or (ii) new digital euro app
+ Payments via mobile phone and/or physical card
+ Contactless payments via QR-codes and alias
+ Usability with holding limits and linked account, without remuneration
A digital euro would support different use cases through a wide range of devices and technologies.
The EU as global leader in privacy – also as money becomes more digital

**Online functionality:** all use cases covered

- Remote & proximity payments for person to person and (online) shops
- Privacy comparable to existing digital payments without the Eurosystem seeing any private information

**Offline functionality:** closer to cash features

- Proximity person-to-person and in store payments
- Highest privacy level possible: only payer and payee are aware of the payment
- If payment device is lost, underlying access to money in it is also lost
Supervised intermediaries play a key role as distributors of the digital euro

Intermediaries at the front line

+ Intermediaries, including banks, will distribute the digital euro, managing customer relationships, digital euro payments and related services
+ Digital euro would offer a platform for innovation, enabling intermediaries to achieve pan-Euro area reach and expand use cases based on the Euro area’s monetary anchor
+ The Eurosystem will issue the digital euro and settle payments
+ The Eurosystem will develop a digital euro scheme to ensure a digital euro can be equally used throughout the euro area
A digital euro would be free for citizens

Adequate compensation principles

- A digital euro would be **free for basic** use by citizens
- **Merchants** would **not pay more than for comparable payment services**, provided adequate legal safeguards are established
- Eurosystem bears its **own costs**, as for production and issuance of banknotes
- **Payment service providers** would obtain **comparable compensation as for comparable payment services**, without facing scheme or settlement costs
The digital euro in a nutshell

A complement to cash in the digital age and a complement to private means of payment.

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

Brings valued features of cash to the digital sphere (e.g., offline-functionality, privacy, acceptance and availability).

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

Increasing resilience and economic efficiency of European payments and contributing to (open) strategic autonomy.
Thank you
Digital and financial inclusion

A digital euro will be designed to take on board people with no access to a bank account and 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

Accessibility to digital services should be facilitated free of charge.