The euro as a digital currency – state of play

Eurogroup

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Use cases for a digital euro

- **Person-to-person**: a payment between two individuals
- **Consumer-to-business**: a payment for goods or services purchased in a physical store or online via e-commerce
- **Business-initiated**: a payment between two businesses or from a business to an individual (e.g. wages)
- **Payments to the government** (e.g. taxes) and **by the government** (e.g. allowances and subsidies)
- **Machine-initiated**: a fully automated payment initiated by a device and/or software on the basis of predefined conditions
Strategic importance of use cases

Two key prioritisation criteria:

1. Does the use case support the policy objective of a digital euro?
2. Does the use case target an important market segment that can expand and attract further users?
Maintain *public access* to and *full usability* of *central bank money* in a world in which consumers and firms are turning to electronic payments.

- Supporting **digitalisation** of the European economy
- Responding to a **decline in the use of cash** as a means of payment
- Tackling **sovereignty concerns** relating to foreign CBDC or private digital means of payment in the euro area
Non-European solutions dominate digital payments in e-commerce and physical stores.

Cash dominant for person-to-person payments, but segment open to disruption and strategically important to drive adoption and foster network effects.

European solutions available for business-initiated payments.

Machine-initiated payments could support innovation, but private sector also likely to develop solutions.
Some important developments to consider:

- Strong **growth of e-commerce** as a percentage of total retail sales
- Digital payments between individuals (**person-to-person**) still limited, but preferences could change as more digital solutions become available

Prioritisation of use cases
Next steps

• **Governing Council to endorse prioritisation of use cases**

• **Ongoing Eurosystem assessment of key design features**, with a focus on the needs of payers and payees in the prioritised use cases (e.g. as regards privacy, online/offline use and programmability)

• Related **Eurogroup discussions in Q2 2022**
  
  • Trade-offs in the design of a digital euro between privacy and other EU policy objectives (April 2022)
  
  • Potential impact of a digital euro on the financial system and the use of cash (June 2022)
Thank you for your attention
References


eMarketer (2021), Ecommerce sales in Western Europe beat expectations. https://www.emarketer.com/content/ecommerce-western-europe-continues-beat-previous-expectations


