

Digital euro glossary

Disclaimer: Terms and definitions refer to what applies to a digital euro environment.

Term	Definition
digital euro	A retail central bank digital currency (rCBDC) that the Eurosystem may issue in the future.
retail central bank digital currency (rCBDC)	A central bank liability in digital form offered to the general public (e.g. individual users , business users and governments or other public authorities) for retail payments.
wholesale central bank digital currency (wCBDC)	A central bank liability in digital form used by eligible entities (usually banks) for the settlement of wholesale payments.
synthetic central bank digital currency (sCBDC)	A digital asset issued by private-sector firms (i.e. not by a central bank) and backed by central bank liabilities. It is therefore not a CBDC.
(payment) account	An account held in the name of one or more end users with a contractual relationship vis-à-vis an eligible payment service provider (PSP) and used for the execution of payments .
account information service provider (AISP)	A payment service provider (PSP) offering consolidated information on digital euro holdings of end users with either one or multiple payment service provider(s) (PSP(s)) .
account portability	The process enabling to move a digital euro account from one access manager to another.
acquirer	An entity participating in the digital euro scheme in accordance with the scheme's access criteria and enabling business users and governments or other public authorities to accept payments at the point-of-sale (POS) or in e-commerce .
anonymity	A state in which no personal data (i.e. data relating to an identified or identifiable living individual user) are disclosed.
application to application (A2A) interface	An interface permitting the interaction between software applications and external services (e.g. wallet services) without human interaction.
assisted use	Any situation in which an end user accesses digital euro services via an access manager , e.g. by visiting its branch or using its telephone service.
authentication	A security mechanism for verifying the identity of an individual or other entity (including verification by means of a computer or computer application).

Term	Definition
back-end infrastructure	All hardware and software components (e.g. servers, applications) necessary for data storage and processing of digital euro holdings and transactions. The infrastructure interacts with front-end services or other back-end infrastructures via defined interfaces. Its functions include processing payment instructions and storing data on updated digital euro holdings .
Blockchain	A type of distributed ledger technology (DLT) in which transactions are validated and recorded in a distributed ledger in separate but connected batches known as blocks.
business user	A natural or legal person allowed to open multiple digital euro accounts , each with a holding capacity of zero. Payments received on the digital euro account(s) are immediately transformed into private money (waterfall) and refunds made from the digital euro account(s) are instantly funded from private money (reverse waterfall) .
business-to-business (B2B) payment	A payment from one business user to another.
central bank money (CeBM)	Central bank liabilities, in the form of either banknotes, bank deposits or digital euro held at the Eurosystem, which can be used for settlement purposes.
centralised infrastructure	A back-end infrastructure controlled by an operationally single entity. A centralised infrastructure could use either a centralised or a distributed system .
conditional payments	Payments that are instructed automatically when predefined conditions are met.
confidentiality	An obligation enforced through a set of rules and operational measures which restricts the accessibility and interpretability of data to authorised users within a specific context.
countering the financing of terrorism (CFT) check	A check aimed at countering the solicitation, collection and provision of money that may be used to support terrorist acts or organisations. As a minimum, the check includes customer due diligence (CDD) and the monitoring, detection and reporting of suspicious transactions.
credit institution	An undertaking (as defined in the Capital Requirements Regulation) whose business is to receive deposits or other repayable funds from the public and to grant credit for its own account.
cross-border payment	A payment in which the intermediaries of the payer and the payee are in different jurisdictions.
cross-currency payment	A payment that requires transferring different currencies.

Term	Definition
crypto-asset	An asset recorded in digital form and enabled by the use of cryptography that is not and does not represent a financial claim on, or a liability of, any identifiable entity.
cryptography	Techniques and algorithms that can be applied to data to ensure properties such as confidentiality , data integrity, secure authentication and non-repudiation of messages.
customer due diligence (CDD)	A process to obtain sufficient knowledge of end users (e.g. via know your customer (KYC)) enabling obliged entities to determine the money laundering and terrorist financing risks of end user relationships or transactions.
customer-to-business (C2B) payment	A payment from an individual user to a business user . Typical C2B payments include point-of-sale (POS) payments in shops and e-commerce payments over the internet.
cyber resilience	The ability to anticipate, withstand, recover from and adapt to adverse conditions, stresses, cyberattacks or compromises that use or are enabled by cyber resources.
decentralisation	The process of transferring a degree of control over an activity, service or organisation from one single entity to several entities.
decentralised infrastructure	A back-end infrastructure for which control is shared between multiple operationally independent entities.
defunding	The process of reducing an end user's digital euro holdings in their account or device through digital euro redemption . See funding and waterfall approach .
digital bill	A digital representation of an asset of fixed value whose owner changes as the result of a payment . Like cash, but unlike UTXOs , digital bills come in a fixed set of denominations (e.g. €10, €20).
digital euro distribution	The process of transferring digital euro from the digital euro issuer to end users' accounts or devices through the processes of digital euro issuance and funding .
digital euro environment	A combination of IT platforms, actors and their roles that enables digital euro services to be provided to end users in accordance with the relevant legal framework and technical documentation.
digital euro issuance	A process controlled and performed by the Eurosystem which results in the creation of digital euro units equal to the face value of the euro on the Eurosystem's balance sheet.
digital euro issuer	The Eurosystem will be responsible for (i) the issuance of digital euro holdings and (ii) the redemption of digital euro holdings in circulation.

Term	Definition
digital euro redemption	A process controlled and performed by the Eurosystem which results in the destruction of digital euro units and of the corresponding liability on the Eurosystem balance sheet.
digital euro remuneration rate	An interest rate applicable to digital euro holdings .
digital euro service	A payment service or other service accessible to an end user in a digital euro environment .
digital euro service platform (DESP)	A technical platform enabling the issuance and redemption of digital euro and providing functions (e.g. settlement) that cannot be accomplished by an individual intermediary on its own.
direct access	A type of access to a retail CBDC for which the central bank provides onboarding , distribution and settlement services directly to end users .
distributed ledger technology (DLT)	A family of technologies aimed at solving the problem of reaching a consensus between participating entities, which is required to validate and record data in multiple places (i.e. in the distributed ledger) without relying on a central entity for validation and recording.
distributed system	An infrastructure where multiple independent components appear as a single coherent unit to its users, which requires these components to collaborate on their tasks, typically via the exchange of messages over a network. These components can be made redundant and/or be separated geographically to increase performance, scalability, availability and/or resilience, e.g. to avoid single points of failure or to mitigate geographic concentration risks. The components can be operated either by a single entity – resulting in a centralised infrastructure – or multiple entities – resulting in a decentralised infrastructure .
distributing payment service provider	An entity participating in the digital euro scheme in accordance with its access criteria and providing individual users with electronic payment instruments to enable payments to be executed.
ecological footprint	A measure of the demand placed by humans on natural capital, i.e. the quantity of natural resources it takes to support people or an economy.
e-commerce payment	An electronic payment between two end users for the purchase of goods or services via the internet.

Term	Definition
electronic money (e-money)	A monetary value, represented by a liability of its issuer, which is: 1) stored on an electronic device (e.g. a card or computer); 2) issued upon receipt of funds in an amount not less in value than the monetary value received; and 3) accepted as a means of payment by undertakings other than the issuer.
electronic money institution (EMI)	A term used in EU legislation to designate institutions governed by a simpler regulatory regime than credit institutions because their activity is limited to the issuance of electronic money and the provision of financial and non-financial services closely connected to the issuance of electronic money .
electronic payment instrument	A personalised device (or set of devices), software and/or set of procedures agreed between the end user and the payment service provider (PSP) to request the execution of an electronic payment . Typical examples of electronic payment instruments are payment cards, credit transfers, direct debits and electronic money (e-money) transfers.
end user	An individual user , a business user , a government or other public authorities making use of digital euro , whether in the capacity of payer , payee or both.
access manager	An intermediary that provides end users with access to the digital euro service platform (DESP) . An access manager can act as an instructing party or authorise a third party to act on its behalf.
enhanced due diligence (EDD)	Detailed rules for particularly rigorous end user identification and verification procedures beyond the regular customer due diligence necessary for the establishment of the identity and business profile of an end user .
entries	Recordings in back-end infrastructure representing the holdings that are available to an end user .
euroisation	The legal or de facto replacement of a domestic currency by the euro.
European Data Protection Representatives (EUDPR)	Representatives in the EU (with regard to obligations under the General Data Protection Regulation) of non-EU firms which act as controller or processor of personal data while offering goods or services, irrespective of whether a payment of the data subject is required, to data subjects in the EU.

Term	Definition
form factor	A combination of an end user device (e.g. mobile device, physical card), an end user interface (e.g. a payment application) and a communication technology (e.g. Quick response (QR) code-based payment or near field communication (NFC)), together supporting the exchange of payment information between payer and payee for payment initiation and authentication .
funding	The process of increasing an end user's holdings in their account or device through digital euro issuance . See defunding and reverse waterfall approach .
government or other public authorities	Public authorities allowed to open multiple digital euro accounts , each with a holding capacity of zero. Payments received on the digital euro account(s) are immediately transformed into private money (waterfall) and refunds made from the digital euro account(s) are instantly funded from private money (reverse waterfall).
government-to-person or business (G2X) payment	A payment from a government or other public authorities to an individual user or business user (e.g. subsidies and rebates).
holdings	An amount of digital euro available to an end user . Holdings may be accessed by end users under their contractual relationship with digital euro payment service providers (PSPs) . The holdings increase or decrease as the result of a successful payment , funding or defunding operation.
identification	The process of determining a living individual user's , business user's , government or other public authorities' identity.
individual holding limit	The maximum amount of digital euro that can be held by each end user .
individual user	A natural person who is allowed to open one digital euro account on which to hold digital euro , subject to certain holding limits.
initiation channel	Technological means through which a payment can be initiated and verified by a payment service provider (PSP) . This differs based on the type of payment environment, particularly remote payments versus proximity.
instructing party	An intermediary that can instruct digital euro transactions and receive notifications and reports sent by the digital euro service platform (DESP) . See access manager .
intermediary	An entity acting between a central bank and end users . Intermediaries are supervised and/or overseen by a designated public authority ensuring that their business is conducted in accordance with the relevant regulatory framework.

Term	Definition
intermediated access	A type of access to a retail CBDC in which the central bank does not interact directly with end users but relies on intermediaries to provide onboarding , authentication , distribution or other payment services.
interoperability	The set of arrangements/procedures that allows the settlement of payments across different systems or front-end layers.
know your customer (KYC)	A check aimed at identifying end users and risks attached to providing services to them. The check is also aimed at ensuring that these services are used in line with intermediaries' expectations and for legitimate purposes. See customer due diligence (CDD) .
ledger	A record of events and their outcomes, such as transactions between payers and payees and the resulting holdings .
legal tender	A means of payment whose acceptance is mandatory by default (i.e. unless its acceptance is restricted for reasons of public interest or waived by contractual agreement), at full face value, for the discharge of payment obligations.
local storage	The secure storage and computational capabilities of an end user's physical devices, such as smart cards or mobile phones.
local storage settlement model	A settlement model referring to Secure Elements in the end user's devices performing the technical tasks of verification and recording, in line with rules set by a central bank.
machine-to-machine (M2M) payment	A payment from one machine to another, requiring a transfer solution that can work without human interaction.
Near-field communication (NFC)-based payments	A short-range wireless connectivity technology that enables communication between devices when in proximity.
offboarding of an end user	A set of activities conducted by the access manager to revoke an end user's access to a payment solution and/or payment instrument.
offboarding of an intermediary	A set of activities conducted by a back-end infrastructure operator to revoke an intermediary's access to the infrastructure.
offline payment	A payment in which settlement takes place between payer and payee with no need for network connectivity at the time of their interaction.
offline wallet	A combination of hardware and software that allows an end user to pay offline with offline holdings that are stored on the end user's device.
onboarding of an end user	A set of activities conducted by the access manager to enable an end user to access a payment solution and/or payment instrument.
onboarding of an intermediary	A set of activities conducted by a back-end infrastructure operator to enable an intermediary to access the infrastructure.

Term	Definition
onboarding repository service	A service operating a database required for the identification of end users and their digital euro account(s) .
online payment	A payment in which settlement requires that at least the payer or the payee is connected to a network.
online wallet service	A service accessed through an end user device (e.g. smartphone or personal computer) which allows the end user to securely access and transfer holdings .
operator	An entity operating one or more digital euro components, e.g. a proxy lookup service or an onboarding repository service .
payee	A party in a payment that receives a payment from a payer . A payee can be an individual user , a business user , a government or other public authorities .
payee-initiated transaction	A transaction involving an instruction from a payee to its payment service provider (PSP) to debit a payer .
payer	A party in a payment that agrees to the payment to the payee . A payer might be an individual user , a business user , a government or other public authorities .
payer-initiated transaction	A transaction involving an instruction from a payer to the payment service provider (PSP) to credit a payee .
payment	A transfer of digital euro between end users .
payment authorisation	The consent given by a payer or a third party acting on behalf of the payer to pay .
payment initiation service provider (PISP)	A payment service provider (PSP) offering services for the initiation of payments at the request of end users with respect to accounts held with account servicing payment service providers.
payment institution	A legal person that has been granted authorisation (in accordance with Article 11 of the revised Payment Services Directive) to provide payment services throughout the EU.

Term	Definition
payment scheme	A set of formal, standardised and common rules enabling payments between end users via electronic payment instruments . It is managed by a governance body . The scheme rules are applicable to all participants in the payment scheme. They describe the procedures and functions which enable payers and payees to use or accept electronic payment instruments . The functions cover, as a minimum, the governance of the scheme and may also include payment service provision, payment guarantee, processing, clearing or settlement . The functions of the payment scheme, other than governance, can be provided by the governance body itself, participating payment service providers (PSPs) or technical service providers, or other third parties.
payment scheme governance body	An entity responsible for managing a payment scheme and taking all necessary and appropriate measures to mitigate the risks to which the payment scheme is exposed.
payment service provider (PSP)	A legal person providing services (e.g. issuing of payment instruments, acquiring , payment authorisation , end user authentication) enabling payments between end users .
peer-to-peer validated digital euro	A digital euro payment solution in which a payment between a payer and payee does not require validation by a third party.
person or business-to-government (X2G) payment	A payment from an individual user (or a business user) to a government or other public authorities (e.g. payments of taxes, duties and fines).
personal data	Any information relating to an identified or identifiable living person, individual user or business user .
person-to-person (P2P) payment	A payment from one individual user to another.
point of sale (POS)	A physical place at which goods and services are sold and paid for, such as shops and restaurants.
private money	Money not issued by a central bank.
proxy	End user data, such as mobile telephone number, email address or other means of identification .
proxy look-up service	A service that stores end users' proxies and connects them to the respective end users' financial addresses, such as an account number . The service enables this information to be looked up when a payment is initiated, thus enhancing usability and the end user's payment experience.
Quick response (QR) code-based payment	Payment initiated via the use of a two-dimensional matrix barcode in the form of a machine-readable optical label with digital information, shared between payer and payee .

Term	Definition
recovery point objective (RPO)	The maximum amount of time for which data updates (creations, modifications, deletions) can tolerably remain lost/unrecovered as a result of a failure or disaster event. Data changes that precede a failure or disaster event by at least this amount of time are preserved by a recovery.
recovery time objective (RTO)	The maximum tolerable amount of time required to restore one or more applications and associated data to a correct operational state after a failure or disaster event has compromised availability.
reverse waterfall approach	A method for facilitating the use of a digital euro whereby private money from a linked liquidity source chosen by an end user (e.g. a commercial bank account) is automatically converted into digital euro when the end user's digital euro holdings are not sufficient to make a payment . See waterfall approach and funding .
Secure Element (SE)	A tamper-proof chip with pre-installed software that can store confidential and cryptographic data and run secure applications.
settlement	The completion of a payment or of its processing with the aim of discharging end users' obligations.
settlement model	A model according to which the two technical settlement tasks, namely verification and recording, are allocated among operational entities, or to the local storage devices possessed by end users .
settlement provider	An entity that performs settlement verification (i.e. checking the availability of the payer's money to assess whether it can be transferred from payer to payee) and/or settlement recording (i.e. performing the bookkeeping of the root of title of holdings).
simplified due diligence (SDD)	A simplified or reduced set of scrutiny measures applicable in low money laundering and terrorist financing risk situations, which should address all components of the standard customer due diligence (CDD) procedure.
stablecoin (backed asset)	A digital unit of value that is not a form of any specific currency or basket of currencies. It relies on a set of stabilisation tools to minimise fluctuations in its price against a currency or currencies.
strong customer authentication (SCA)	An authentication based on the use of two or more elements categorised as knowledge (something only the user knows), possession (something only the user possesses) and inherence (something the user is) that are independent, in that the breach of one does not compromise the reliability of the others, and is designed in such a way as to protect the confidentiality of the authentication data.

Term	Definition
technical acquirer	An entity that enables business users , governments or other public authorities to technically accept digital euro payments (e.g. terminal provision). It does not hold end users' digital euro and does not necessarily adhere to the scheme.
third party-validated digital euro	A solution in which a third party determines the validity of a transaction between payer and payee .
tiered remuneration	Remuneration is tiered if interest rates applicable to holdings are differentiated across holding buckets, with the latter being defined via thresholds.
trusted execution environment (TEE)	An isolated processing environment that ensures (i) the integrity and confidentiality of the data that is being processed and (ii) the authenticity of the software/application running on it.
unspent transaction output (UTXO)	A digital representation of an asset of fixed value which can only be spent once in its entirety in one payment . This transaction results in the recording of (i) the spending of the UTXO and (ii) the creation of one or more new UTXOs. Unlike cash or digital bills , UTXOs do not come in a fixed set of denominations but can represent any value (e.g. €0.07, €4.321).
user to application (U2A) interface	An interface suitable for human interaction to permit the exchange of information between software applications of a retail central bank digital currency (rCBDC) and an end user through a graphical user interface.
validation of a transaction	A process of checking at the level of intermediaries to ensure that the payer is entitled to make a payment , or that the payment request fulfils all technical standards.
verification of a transaction	A set of processes to check the availability of the payer's holdings and perform any other task that may be necessary for the verifying entity, or entities, to assess whether the transaction can be settled .
waterfall approach	A method for facilitating the use of a digital euro by automatically converting the amount of digital euro that exceeds a defined holding threshold into private money , in a linked liquidity source chosen by the end user such as a commercial bank account. See reverse waterfall approach and defunding .
wearable	A broad category of worn or carried physical devices which include a variety of options from less complex devices (e.g. tags) to smart watches.